

1 Department of Real Estate  
2 320 West Fourth Street, Ste. 350  
3 Los Angeles, California 90013  
4  
5 (213) 576-6982  
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**FILED**  
JUL 15 2004  
DEPARTMENT OF REAL ESTATE

By 

8 DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \* \* \*

11 To:	)	No. H-31067 LA
	)	
12 ZERNOX FINANCIAL	)	<u>ORDER TO DESIST</u>
13 SERVICES, INC., and	)	<u>AND REFRAIN</u>
14 EVELYN ARNOLD, as designated	)	
Officer of Zernox Financial	)	
Services, Inc.	)	

15 The Real Estate Commissioner of the State of California  
16 has caused an investigation to be made of your activities as a  
17 real estate broker, and based on the findings of that  
18 investigation is of the opinion that ZERNOX FINANCIAL SERVICES,  
19 INC., and EVELYN ARNOLD have violated Section 10145(a) of the  
20 Business and Professions Code (hereinafter Code) as well as  
21 Regulation 2725, 2752, 2831, 2831.1, 2831.2 (all references  
22 herein to Regulations refer to the California Code of  
23 Regulations, Title 10, Chapter 6), and Section 17006 of the  
24 Financial Code.

25 I

26 That at all times herein mentioned, you, ZERNOX  
27 FINANCIAL SERVICES, INC., were licensed by the Department of Real

1 Estate of the State of California (hereinafter Department) as a  
2 corporate real estate broker and you, EVELYN ARNOLD, were  
3 licensed as the designated officer of said corporation.

4 II

5 At all times herein mentioned, you, ZERNOX FINANCIAL  
6 SERVICES, INC., and EVELYN ARNOLD, on behalf of others in  
7 expectation of compensation engaged in the business, acted in the  
8 capacity of, advertised or assumed to act as a real estate broker  
9 in the State of California within the meaning of Section 10131(a)  
10 and (b) of the Code, including soliciting buyers and sellers and  
11 negotiating the sale of real property and collecting rents from  
12 real property. In addition, Respondents operated pursuant to the  
13 exemption set forth in Financial Code Section 17006(a)(4).

14 III

15 During 2002 and 2003, in connection with the aforesaid  
16 brokerage activities, you, ZERNOX FINANCIAL SERVICES, INC., and  
17 EVELYN ARNOLD, accepted or received funds from buyers and sellers  
18 and renters and thereafter made disbursements of such funds. You  
19 maintained Trust Account Nos. 1891396655 and 1891087791, Co-  
20 America, 9920 S. La Cienega Blvd. 11<sup>th</sup> Floor, Inglewood, Cal.

21 IV

22 In connection with your activities as a real estate  
23 broker, as described above, you, ZERNOX FINANCIAL SERVICES, INC.,  
24 and EVELYN ARNOLD, acted in violation of the Real Estate Law as  
25 follows:

26 (1) Violated Regulation 2831 in that the columnar  
27 record was not complete and accurate. The control records

1 consisted of separate check and receipt reports, but did not  
2 provide a daily balance of all trust funds received and  
3 disbursed. The total of trust funds received and disbursed when  
4 merged did not reflect the proper balance of the trust funds  
5 being held.

6 (2) Violated Regulation 2831.1 in that the separate  
7 records were not complete and accurate. The records did not  
8 provide a daily balance of all trust funds received and  
9 disbursed.

10 (3) Violated Regulation 2831.2 by failing to maintain  
11 monthly reconciliation for the trust account between the control  
12 records and the separate records.

13 (4) Violated Regulation 2725 by failing to establish  
14 policies for reviewing the handling of trust funds in connection  
15 with escrow and property management activities.

16 (5) Violated Regulation 2752 by failing to notify the  
17 Department upon the employment of salespersons.

18 (6) Violated Section 17600 of the Financial Code by  
19 acting in the capacity of an escrow holder in the Pace  
20 transaction in which you did not perform acts for which a real  
21 estate license is required.

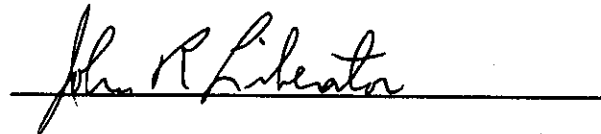
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1 NOW, THEREFORE, YOU, ZERNOX FINANCIAL SERVICES, INC.,  
2 AND EVELYN ARNOLD, ARE ORDERED TO DESIST AND REFRAIN from  
3 performing any and all activities for which a real estate broker  
4 license is required until you comply with all provisions of the  
5 Real Estate Law as discussed in this Order.

6  
7 DATED: June 29, 2004.

8  
9 JOHN R. LIBERATOR  
Acting Real Estate Commissioner

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13  
14 cc: Zernox Financial Services Inc.  
15 10850 South Atlantic Ave.  
Lynwood, California 90262

16 Evelyn Arnold  
17 10850 South Atlantic Ave.  
Lynwood, California 90262

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