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DEC 14 2005
DEPARTMENT OF REAL ESTATE

Laura B. [Signature]

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-31268 LA
VINCENT EDWARD SERHAN,)	L-2004090366
Respondent.)	
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)	

DECISION AFTER REJECTION

The hearing in the above-captioned matter was held on May 27, 2005, at Los Angeles, California. Joseph D. Montoya, Administrative Law Judge, Office of Administrative Hearings, presided. Complainant was represented by Kelvin K. Lee, Counsel, Department of Real Estate. Respondent did not appear but was represented by his attorney, Mona Z. Hanna, Esq., Michelman & Robinson, LLP.

Evidence was received, the case was argued, and the matter submitted for decision on the hearing date. The Administrative Law Judge ("ALJ") hereby makes his factual findings, legal conclusions, and orders, as follows:

1 findings, legal conclusions, and orders, as follows:

2 FACTUAL FINDINGS

3 1. Complainant, Maria Suarez, filed the Accusation
4 in the above-captioned matter while acting in her official
5 capacity as a deputy real estate commissioner of the
6 Department of Real Estate (Department), of the State of
7 California.

8 2. Respondent VINCENT EDWARD SERHAN is licensed as
9 a real estate salesperson, and has been since February 27,
10 1999. His license, number 01254997, is due to expire February
11 26, 2007, unless otherwise renewed.

12 3. (A) The Accusation seeks to revoke, suspend, or
13 otherwise discipline the real estate salesperson's license
14 held by Respondent. Complainant does not seek any monetary
15 compensation for herself, the Department, or any third party.

16 (B) Respondent failed to appear in this matter
17 despite notice, and despite the fact that a motion to continue
18 the May 27, 2005, hearing had been denied by Janis Rovner,
19 Presiding Administrative Law Judge. It should be noted that
20 Respondent had obtained continuances of two earlier hearings
21 in this matter, and that he had notice of the May 27, 2005
22 date for at least two months, as the order continuing the
23 March 30, 2005, hearing to May 27, 2005 had issued On March
24 24, 2005.

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1 (C) Respondent's motion to continue was renewed
2 on the morning of this hearing, and again denied. The grounds
3 were that he was a debtor in bankruptcy proceedings, and it
4 was asserted that such stayed this proceeding. Further, he
5 was to appear at the first meeting of creditors on May 27,
6 2005, at 11:00 a.m., at a place noted by the ALJ to be
7 approximately two miles from the place of the administrative
8 proceeding. After hearing argument, and conducting research,
9 the ALJ assigned to hear the matter upheld the prior denial of
10 a continuance.

11 4. (A) Respondent was formerly licensed in
12 California to transact insurance. Effective July 1, 2002, his
13 license was revoked by the Insurance Commissioner, pursuant to
14 a Stipulation and Waiver (stipulation) made by Respondent to
15 resolve a disciplinary proceeding brought against him.

16 (B) The stipulation contains two paragraphs
17 especially salient to this proceeding. First, at paragraph 2,
18 the stipulation states:

19
20 "For purposes of this Stipulation and Waiver, and
21 any Order issued pursuant thereto, Respondent acknowledges
22 that the allegations contained in the Accusation constitute
23 grounds for the Insurance Commissioner of the State of
24 California to revoke Respondent's licenses to act as a Life
25 Agent and to transact Variable Contracts, pursuant to the
26 provisions of the Insurance Code of the State of California
27 referred to in said Accusation;"

1 Paragraph 6 of the stipulation states that:

2 "Respondent hereby acknowledges that insofar as the
3 future application of subdivision (d) of Section 1669 of the
4 California Insurance Code[is concerned, the license revocation
5 herein Provided shall be considered as revocation for cause."
6

7 Section 1669, subdivision (d), provides that the
8 Insurance Commissioner may deny a license application without
9 a hearing where the applicant has had a professional,
10 occupational, or vocational license suspended or revoked for
11 cause within five years of the pending license application, if
12 the license discipline was for grounds that would otherwise
13 allow the Insurance Commissioner to deny the new application.

14 (C) The stipulation also contained an explicit
15 waiver by Respondent of the procedural protections afforded
16 him under the Administrative Procedure Act (APA).

17 5. The Accusation by the Insurance Commissioner
18 alleged that Respondent, as an officer of Face to Face
19 Financial Inc., dba FTF Financial Corp., participated in
20 unregistered stock offerings, and thereafter was the subject
21 of actions by the United States Securities and Exchange
22 Commission (SEC) whereby cease and desist orders issued, along
23 with the imposition of sanctions. Essentially, it was alleged
24 that Respondent was ordered to cease and desist any violations
25 of federal securities laws, and suspended from association
26 with any broker or dealer for three months. It was also
27 alleged that the State of Oregon had taken action against

1 Respondent as a result of these securities dealings, and that
2 he had failed to timely report the SEC and Oregon actions to
3 the Insurance Commissioner. Respondent acknowledged in the
4 Stipulation that the allegations against him in the Accusation
5 constitute cause dor discipline.

6 6. Complainant herein also asserted, as grounds for
7 discipline, the action taken against Respondent in the State
8 of Oregon, which had also been asserted as grounds for
9 discipline by the Commissioner of Insurance. In the Oregon
10 proceeding, the Director of the Department of Consumer and
11 Business Services for the State of Oregon, acting under the
12 Oregon Securities Law, issued a cease and desist order against
13 Respondent, seven other individuals, and two corporations, FTF
14 Financial Corporation and FTF Securities Corporation. That
15 order was issued in July 1998, and Respondent and the others
16 named in the proceeding were provided with an opportunity for
17 a hearing. Respondent, and the others named in the Oregon
18 proceeding, had requested a hearing but they did not appear
19 and defend at the time of the hearing. For example, a
20 memorandum produced in the record indicates that the attorney
21 defending the matter left the case in March 1999, and
22 thereafter, a Mr. Erickson, one of the Respondents in the
23 Oregon proceeding, purported to represent the interests of
24 Respondent and the others named in that proceeding. He
25 indicated they would likely default.

1 6. (A) The decision that issued in the Oregon
2 proceeding was entitled "Final Order to Cease and Desist,
3 Denying Exemptions, and Assessing Civil Penalties." That
4 decision found that Respondent Serhan had been a Vice-
5 President and Director of FTF Financial Corporation, and that
6 his firm, through others, had sold stock to residents of the
7 State of Oregon although the stock had not been registered.
8 Thus, it was determined the sales violated Oregon law. These
9 sales occurred in the summer of 1997.

10 (B) It was found that in connection with the sales,
11 persons other than Respondent made untrue statements regarding
12 the nature of the investment and the capacity of the corporate
13 respondents to participate in the transactions, including
14 those corporations licensing status.

15 The prospectus issued in connection with the stock
16 offerings stated that Respondent Serhan was licensed as a
17 securities dealer, when in fact he was no longer (at the time
18 of the offering) so licensed. The fact that he had, prior to
19 1997, been the subject of disciplinary proceedings in
20 connection with his securities licenses was not disclosed.

21 (C) It was determined that as an officer of the
22 Corporations, Respondent had controlled, directly or
23 indirectly, the activities of the individual salesmen who had
24 acted improperly. Further, it was determined that Respondent,
25 acting through others, "fraudulently attempted to evade
26 provisions of the Oregon Securities Law when they told
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1 investors to indicate on investor questionnaires that they had
2 a net worth in excess of \$1 million when the investors told
3 Respondents that they did not have a net worth in excess of
4 \$1 million." (Ex. 4, p. 16, line 24 to p. 17, line 2.)

5 (D) Respondent and the other parties to the Oregon
6 proceeding were ordered to cease and desist their activities,
7 and all the respondents in that proceeding were ordered to pay
8 penalties totaling \$27,000.
9

10 7. Respondent has never been the subject of
11 discipline by the Department. There is no evidence of even a
12 complaint against him resulting from his real estate business.
13 However, by failing to appear he did not provide evidence in
14 mitigation or of rehabilitation.

15 LEGAL CONCLUSIONS

16 1. (A) The Department has jurisdiction to proceed in
17 this matter, pursuant to Business and Professions Code Sections
18 10100 and 10175, based on Factual Findings 1 and 2.
19

20 All further statutory references shall be to the
21 Business and Professions Code unless otherwise noted.

22 (B) The Department was not deprived of the power to
23 proceed by Respondent's bankruptcy, as the automatic stay
24 generally does not apply to proceedings to discipline a
25 professional license, under section 362, subdivision (b)(4) of
26 the Bankruptcy Code (Title 11, United States Code). (E.g.,
27 Board of Governors of the Federal Reserve System v. McCorp

1 Financial, Inc. (1991) 502 U.S. 32, 39-40; Arizona
2 Corporations Commissioner v. Knoell, (D. Ariz. 1993) 160 B.R.
3 825, 826; In re Thomassen, (Bankr. 9th Cir. 1981) 15 B.R. 907,
4 909 [Medical Board of California not barred by the automatic
5 stay from proceeding against a physician's license]; In re
6 Poule, (Bankr. 9th Cir. 988) 91 BR 83.) This Conclusion is
7 based on Factual Findings 1 through 3.

8 2. (A) Cause has been established to discipline the
9 real estate salesperson license issued to Respondent pursuant
10 to Section 10177, subdivision (f), based upon Factual Findings
11 4 through 6.

12 B) Section 10177, subdivision (f), allows the
13 Department to discipline a license where the licensee has been
14 disciplined by another agency of California, the United
15 States, or another state. There are further requirements: the
16 action by the other governmental agency must have occurred
17 after the licensee received fair notice of those underlying
18 proceedings, had an opportunity for a hearing and to defend
19 himself in a context where the procedural safeguards were
20 similar to those provided under the APA, and then "only upon
21 an express finding of a violation of law by the agency or
22 entity."

23 (C) It appears that the Insurance Commissioner
24 provided Respondent with notice and an opportunity to be
25 heard, and he waived those rights, and explicitly waived the
26 protections of the APA.
27

1 (D) The stipulation and subsequent order clearly
2 establish that his liability arose from acts that would lead
3 to discipline by the Department. The Respondent admits that
4 the allegations in the Accusation against him constitute
5 grounds for the revocation of his license. The Order states
6 that grounds exist for the revocation of his license.
7 Therefore, the allegations in the Accusation must be
8 considered true in order to serve as grounds for the
9 revocation of his insurance licenses for cause.

10 (E) Further, pursuant to the decision in Berg v.
11 Davi, an express finding of violation law as stated in
12 Business and Regulations Code 10177(f) does not require that
13 the agency imposing license discipline upon a Respondent make
14 specific findings in its order imposing such discipline. The
15 requirement of "an express finding of violation of law" is met
16 when there is a final determination on the merits, and another
17 agency has previously found there to be violations of law that
18 serve as grounds for license revocation.

19 (F) It is settled that license discipline cases
20 brought before the Department must be proven by clear and
21 convincing evidence. In these circumstances, the stipulation
22 and order clearly state the Respondent was revoked for cause,
23 and meet that standard, as far as the charges brought under
24 Section 10177, subdivision (f), are concerned.

25
26 3. (A) Cause has been established to discipline
27 Respondent's salesperson license pursuant to Section 10177,

1 subdivision (c), based on Factual Findings 7 and 8.

2 4. (A) The State of Oregon concluded that
3 Respondent, an officer of FTF Financial Corporation, acted
4 through two others in fraudulently attempting to evade
5 provisions of the Oregon Securities Law by asking potential
6 clients to misrepresent their net worth.

7 (B) Section 10177, subdivision (c), allows the
8 Department to discipline a salesperson where he or she has
9 "knowingly authorized, directed, connived at, or aided in the
10 publication, advertisement, distribution, or circulation of
11 any material false statement or representation concerning his
12 or her business, or any business opportunity, or any land or
13 subdivision.

14 (C) The record in this case leads to the reasonable
15 inference that the Respondent knowingly authorized, directed,
16 connived at, or directed the circulation of the false
17 statements referenced in the Order generated by the State of
18 Oregon.

19 5. However, since more than three (3) years has
20 elapsed since the Order from the State of Oregon imposed
21 discipline upon the Respondent, the Statute of Limitations has
22 passed. Therefore, these violations are considered in
23 aggravation of the main cause for license discipline, which are
24 stated in Legal Conclusions 1, 2, and 3.

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1 violated provisions of the Real Estate Law, the Subdivided Lands
2 Law, Regulations of the Real Estate Commissioner or conditions
3 attaching to the restricted license.

4 3. Respondent shall not be eligible to apply for
5 issuance of an unrestricted real estate salesperson license
6 nor for the removal of any of the conditions, limitations or
7 restrictions of a restricted license until two (2) years have
8 elapsed from the effective date of this Decision.

9 4. Respondent shall submit with any application for
10 license under an employing broker, or any application for
11 transfer to a new employing broker, a statement signed by the
12 prospective employing real estate broker, on a form approved by
13 the Department, which shall certify:

14 (a) That the employing broker has read the Decision
15 of the Commissioner which granted the right to a restricted
16 license; and

17 (b) That the employing broker will exercise close
18 supervision over the performance by the restricted licensee
19 relating to activities for which a real estate salesperson
20 license is required.

21 5. Respondent shall, within nine (9) months from the
22 effective date of this Decision, present evidence satisfactory
23 to the Commissioner that Respondent has, since the most recent
24 issuance of an original or renewal real estate salesperson
25 license, taken and successfully completed the continuing
26 education requirements of Article 2.5 of Chapter 3 of the Real
27 estate Law.

1 Estate Law for renewal of a real estate salesperson license. If
2 Respondent fails to satisfy this condition, the Commissioner may
3 order the suspension of the restricted license until Respondent
4 presents such evidence. The Commissioner shall afford
5 Respondent the opportunity for a hearing pursuant to the APA to
6 present such evidence.

7
8 This Decision shall become effective at 12 o'clock
9 noon on January 3, 2006

10 IT IS SO ORDERED

11 12-14-05
12 JEFF DAVIS
13 Real Estate Commissioner
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FILED
AUG 24 2005
DEPARTMENT OF REAL ESTATE

Laura B. Crane

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-31268 LA
VINCENT EDWARD SERHAN,)	
)	L-2004090366
Respondent.)	
)	

NOTICE

TO: VINCENT EDWARD SERHAN, Respondent, and MONA Z. HANNA, his Counsel.

YOU ARE HEREBY NOTIFIED that the Proposed Decision herein dated July 26, 2005, of the Administrative Law Judge is not adopted as the Decision of the Real Estate Commissioner. A copy of the Proposed Decision dated July 26, 2005, is attached for your information.

In accordance with Section 11517(c) of the Government Code of the State of California, the disposition of this case will be determined by me after consideration of the record herein including the transcript of the proceedings held on May 27,

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation Against:

VINCENT EDWARD SERHAN,

Respondent.

H-31268-LA

OAH No. L2004090366

PROPOSED DECISION

The hearing in the above-captioned matter was held on May 27, 2005, at Los Angeles, California. Joseph D. Montoya, Administrative Law Judge, Office of Administrative Hearings, presided. Complainant was represented by Kelvin K. Lee, Counsel, Department of Real Estate. Respondent did not appear but was represented by his attorney, Mona Z. Hanna, Michelman & Robinson, LLP.

Evidence was received, the case was argued, and the matter submitted for decision on the hearing date. The Administrative Law Judge hereby makes his factual findings, legal conclusions, and orders, as follows:

FACTUAL FINDINGS

1. Complainant, Maria Suarez, filed the Accusation in the above-captioned matter while acting in her official capacity as a deputy real estate commissioner of the Department of Real Estate (Department), of the State of California.

2. Respondent Vincent Edward Serhan is licensed as a real estate salesperson, and has been since February 27, 1999. His license, number 01254997, is due to expire February 27, 2007, unless otherwise renewed.

3. (A) The Accusation seeks to revoke, suspend, or otherwise discipline the real estate salesperson's license held by Respondent. Complainant does not seek any monetary compensation for herself, the Department, or any third party.

(B) Respondent failed to appear in this matter despite notice, and despite the fact that a motion to continue the May 27, 2005, hearing had been denied by Janis Rovner, Presiding Administrative Law Judge. It should be noted that

Respondent had obtained continuances of two earlier hearings in this matter, and that he had notice of the May 27, 2005 date for at least two months, as the order continuing the March 30, 2005, hearing to May 27 had issued on March 24, 2005.

(C) Respondent's motion to continue was renewed on the morning of this hearing, and again denied. The grounds were that he was a debtor in bankruptcy proceedings, and it was asserted that such stayed this proceeding. Further, he was to appear at the first meeting of creditors on May 27, 2005, at 11:00 a.m., at a place noted by the ALJ to be approximately two miles from the place of the administrative proceeding. After hearing argument, and conducting research, the ALJ assigned to hear the matter upheld the prior denial of a continuance.

4. (A) Respondent was formerly licensed in California to transact insurance. Effective July 1, 2002, his license was revoked by the Insurance Commissioner, pursuant to a Stipulation and Waiver (stipulation) made by Respondent to resolve a disciplinary proceeding brought against him.

(B) The stipulation contains two paragraphs especially salient to this proceeding. First, at paragraph 2, the stipulation states:

“For purposes of this Stipulation and Waiver, and any Order issued pursuant thereto, Respondent acknowledges that the allegations contained in the Accusation constitute grounds for the Insurance Commissioner of the State of California to revoke Respondent's licenses to act as a Life Agent and to transact Variable Contracts, pursuant to the provisions of the Insurance Code of the State of California referred to in said Accusation;”

Paragraph 6 the stipulation states that:

“Respondent hereby acknowledges that insofar as the future application of subdivision (d) of Section 1669 of the California Insurance Code¹ is concerned, the license revocation herein Provided shall be considered as revocation for cause.”

(C) The stipulation also contained an explicit waiver by Respondent of the procedural protections afforded him under the Administrative Procedure Act (APA).

¹ Section 1669, subdivision (d), provides that the Insurance Commissioner may deny a license application without a hearing where the applicant has had a professional, occupational, or vocational license suspended or revoked for cause within five years of the pending license application, if the license discipline was for grounds that would otherwise allow the Insurance Commissioner to deny the new application.

5. The accusation by the Insurance Commissioner alleged that Respondent, as an officer of Face to Face Financial Inc., dba FTF Financial Corp., participated in unregistered stock offerings, and thereafter was the subject of actions by the United States Securities and Exchange Commission (SEC) whereby cease and desist orders issued, along with the imposition of sanctions. Essentially, it was alleged that Respondent was ordered to cease and desist any violations of federal securities laws, and suspended from association with any broker or dealer for three months. It was also alleged that the State of Oregon had taken action against Respondent as a result of these securities dealings, and that he had failed to timely report the SEC and Oregon actions to the Insurance Commissioner.

6. While Respondent acknowledged in the stipulation that the allegations against him provided cause for discipline, no findings were made by the Commissioner of Insurance to the effect that he had actually done the things alleged against him. It is clear that the stipulation was made to settle the case, and there are no explicit admissions of wrongdoing by Respondent.

7. Complainant herein also asserted, as grounds for discipline, the action taken against Respondent in the State of Oregon, which had also been asserted as grounds for discipline by the Commissioner of Insurance. In the Oregon proceeding, the Director of the Department of Consumer and Business Services for the State of Oregon, acting under the Oregon Securities Law, issued a cease and desist order against Respondent, seven other individuals, and two corporations, FTF Financial Corporation and FTF Securities Corporation. That order was issued in July 1998, and Respondent and the others named in the proceeding were provided with an opportunity for a hearing. Respondent, and the others named in the Oregon proceeding, had requested a hearing but they did not appear and defend at the time of the hearing.²

8. (A) The decision that issued in the Oregon proceeding was entitled "Final Order to Cease and Desist, Denying Exemptions, and Assessing Civil Penalties." That decision found that Respondent Serhan had been a Vice-President and Director of FTF Financial Corporation, and that his firm, through others, had sold stock to residents of the State of Oregon although the stock had not been registered. Thus, it was determined the sales violated Oregon law. These sales occurred in the summer of 1997.

(B) It was found that in connection with the sales, persons other than Respondent made untrue statements regarding the nature of the investment and the capacity of the corporate respondents to participate in the transactions, including those corporations licensing status. For example, a memorandum produced in

² The record indicates that the attorney defending the matter left the case in March 1999, and thereafter, a Mr. Erickson, one of the Respondents in the Oregon proceeding, purported to represent the interests of Respondent and the others named in that proceeding. He indicated they would likely default.

connection with the stock offerings stated that Respondent Serhan was licensed as a securities dealer, when in fact he was no longer (at the time of the offering) so licensed. The fact that he had, prior to 1997, been the subject of disciplinary proceedings in connection with his securities licenses was not disclosed.

(C) It was determined that as an officer of the corporations, Respondent had controlled, directly or indirectly, the activities of the individual salesmen who had acted improperly. Further, it was determined that Respondent, acting through others, "fraudulently attempted to evade provisions of the Oregon Securities Law when they told investors to indicate on investor questionnaires that they had a net worth in excess of \$1 million when the investors told Respondents that they did not have a net worth in excess of \$1 million." (Ex. 4, p. 16, line 24 to p. 17, line 2.)

(D) Respondent and the other parties to the Oregon proceeding were ordered to cease and desist their activities, and all the respondents in that proceeding were ordered to pay penalties totaling \$27,000.

9. Respondent has never been the subject of discipline by the Department. There is no evidence of even a complaint against him resulting from his real estate business. However, by failing to appear he did not provide evidence in mitigation or of rehabilitation.

10. All other allegations set forth in the Accusation are deemed unproven, or surplusage.

LEGAL CONCLUSIONS

1. (A) The Department has jurisdiction to proceed in this matter, pursuant to Business and Professions Code³ sections 10100 and 10175, based on Factual Findings 1 and 2.

(B) The Department was not deprived of the power to proceed by Respondent's bankruptcy, as the automatic stay generally does not apply to proceedings to discipline a professional license, under section 362, subdivision (b)(4) of the Bankruptcy Code (Title 11, United States Code). (E.g., *Board of Governors of the Federal Reserve System v. MCorp Financial, Inc.* (1991) 502 U.S. 32, 39-40; *Arizona Corporations Commissioner v. Knoell*, (D. Ariz. 1993) 160 B.R. 825, 826; *In re Thomassen*, (Bankr. 9th Cir. 1981) 15 B.R. 907, 909 [Medical Board of California not barred by the automatic stay from proceeding against a physician's license]; *In re Poule*, (Bankr. 9th Cir. 988) 91 BR 83.) This Conclusion is based on Factual Findings 1 through 3(C).

³ All further statutory references shall be to the Business and Professions Code unless otherwise noted.

2. (A) Cause has not been established to discipline the real estate salesperson's license issued to Respondent pursuant to section 10177, subdivision (f), based upon Factual Findings 4 through 6.

(B) Section 10177, subdivision (f), allows the Department to discipline a license where the licensee has been disciplined by another agency of California, the United States, or another state. There are further requirements: the action by the other governmental agency must have occurred after the licensee received fair notice of those underlying proceedings, had an opportunity for a hearing and to defend himself in a context where the procedural safeguards were similar to those provided under the APA, and then "only upon an express finding of a violation of law by the agency or entity."

(C) It appears that the Insurance Commissioner provided Respondent with notice and an opportunity to be heard, and he waived those rights, and explicitly waived the protections of the APA.

(D) However, the stipulation and subsequent order do not clearly establish that his liability arose from acts that would lead to discipline by the Department. While his stipulation admits that the allegations against him constitute grounds for the revocation of his license, he never admits that any of the allegations are true; this is simply an acknowledgment that if proven, the charges would provide cause for discipline.

(E) Further, and more importantly, it was not established in this proceeding that the Insurance Commissioner made "an express finding of a violation of law." No findings of fact were written into the stipulation or the subsequent order.

(F) It is settled that license discipline cases brought before the Department must be proven by clear and convincing evidence. In these circumstances the stipulation and order do not do meet that standard, as far as the charges brought under section 10177, subdivision (f), are concerned.

4. (A) Cause has been established to discipline Respondent's salesperson's license pursuant to section 10177, subdivision (c), based on Factual Findings 7 and 8.

(B) The State of Oregon concluded that Respondent, an officer of FTF Financial Corporation, acted through two others in fraudulently attempting to evade provisions of the Oregon Securities Law by asking potential clients to misrepresent their net worth.

//

(C) Section 10177, subdivision (c), allows the Department to discipline a salesperson where he or she has “knowingly authorized, directed, connived at, or aided in the publication, advertisement, distribution, or circulation of any material false statement or representation concerning his or her business, or any business opportunity, or any land or subdivision”

(D) The record in this case leads to the reasonable inference that Respondent knowingly authorized, directed, connived at, or directed the circulation of the false statements referenced in the Order generated by the State of Oregon.

5. All other allegations and theories of relief are deemed not established, based on Factual Finding 10.

6. The record does not clearly establish that the public can only be protected by the revocation of Respondent’s salesperson’s license. The incidents leading to the action by the State of Oregon occurred in 1997, and the Final Order to Cease and Desist did not become effective until April 1999, or six years ago. There has been no prior action by the Department arising from Respondent’s activities as a salesperson, and there is not even evidence of a complaint to the Department. The purpose of these proceedings is to protect the public, and not to punish the Respondent. (E.g., *Camacho v. Youde* (1979) 95 Cal.App. 3d 161, 164.) While the State of Oregon found that Respondent was involved in serious misconduct, that proceeding went by default, and the exact nature of his knowledge and consent to the improper activities was not ascertained. In all the circumstances it appears that the issuance of a restricted license will protect the public, as Respondent will have to remain in a supervised capacity, working for another broker.

ORDER

Not adopted

The license and licensing rights held by Respondent Vincent Edward Serhan to act as a real estate salesperson are hereby revoked provided, however, that a restricted real estate salesperson’s license shall be issued to Respondent pursuant to Section 10156.5 of the Business and Professions Code upon his application for such a restricted license. The restricted license issued to Respondent shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of section 10156.6 of that Code:

1. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent’s conviction or plea of nolo contendere to a crime which is substantially related to the Respondent’s fitness or capacity as a real estate licensee.

2. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulation of the Real Estate Commissioner or conditions attaching to the restricted license.

3. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until three (3) years have elapsed from the effective date of this Decision.

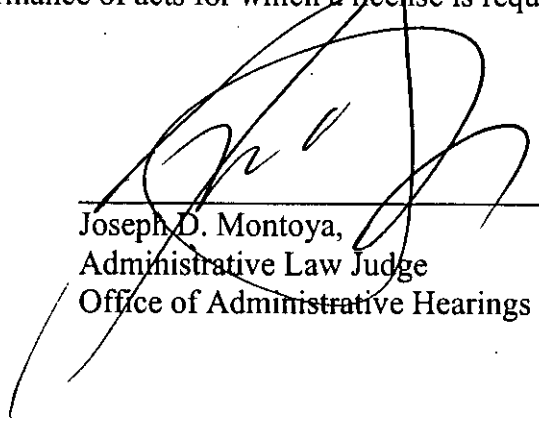
4. During the period that the restricted license is in effect Respondent shall obey all laws, rules, and regulations governing the rights, duties, and responsibilities of a real estate licensee in the State of California, and shall remain in compliance with the terms and conditions of his criminal probation.

5. With the application for restricted license, or with the application for transfer to a new employing broker, Respondent shall submit a statement signed by the prospective employing real estate broker on a form RE 552 (Rev. 4/88) approved by the Department which shall certify as follows:

(A) That the employing broker has read the Decision which is the basis for issuing the restricted license; and,

(B) That the employing broker will carefully review all transaction documents prepared by the restricted licensee and otherwise exercise close supervision over the licensee's performance of acts for which a license is required.

July 26, 2005



Joseph D. Montoya,
Administrative Law Judge
Office of Administrative Hearings

*Not
adopted*

50070

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
 VINCENT EDWARD SERHAN,)
)
 _____)
 Respondent

Case No. **H-31268 LA**
OAH No. L-2004090366

FILED
JAN 12 2005
DEPARTMENT OF REAL ESTATE

NOTICE OF CONTINUED HEARING ON ACCUSATION 

To the above-named Respondent(s):

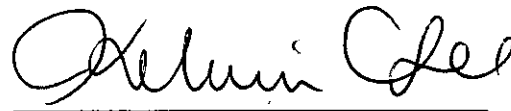
You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on **WEDNESDAY, MARCH 30, 2005**, at the hour of **1:30 P.M.**, or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE



KELVIN LEE, Counsel

Dated: January 12, 2005

By

cc: Vincent E. Serhan
Palos Verdes Realty Inc.
Sanford M. Michelman
Sacto.
OAH

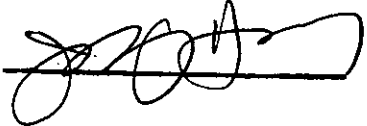
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KELVIN K. LEE, Counsel (SBN 152867)
Department of Real Estate
320 West 4th Street, Suite 350
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Telephone: (213) 576-6982
(Direct) (213) 576-6905

FILED
SEP 02 2004
DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-31268 LA
)	
VINCENT EDWARD SERHAN,)	<u>A C C U S A T I O N</u>
)	
Respondent.)	
)	

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against VINCENT EDWARD SERHAN ("Respondent") alleges as follows:

1.

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in her official capacity.

2.

Respondent is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code ("Code"), as a real estate salesperson.

1
2 On or about March 22, 2002, in File No. SAC 9527-AP,
3 BP, CP, The Insurance Commissioner of the State of California
4 ordered the license of the Respondent, VINCENT EDWARD SERHAN, to
5 act as a Life Agent and authority to transact Variable
6 Contracts, be revoked, effective July 1, 2002; and ordered that
7 between March 22, 2002, the date of the Order, and July 1, 2002,
8 the effective revocation date, the respondent only service
9 existing business and not transact new business as defined in
10 California Insurance Code Section 35. Said discipline was based,
11 in part, on the following conclusions of law:

12 1. It would be against the public interest to
13 permit the Respondent to continue transacting insurance business
14 in the State of California and the Insurance Commissioner had
15 grounds to suspend or revoke the licenses and licensing rights
16 of Respondents pursuant to the provisions of Sections 1668(b),
17 1738, and 1739 of the California Insurance Code.

18 2. The Respondent showed that he is not qualified
19 to perform the duties of a license holder and therefore the
20 Insurance Commissioner had grounds to suspend or revoke the
21 licenses and licensing rights of Respondents pursuant to the
22 provisions of Sections 1668(a), 1738, and 1739 of the California
23 Insurance Code.

24 3. The Respondent demonstrated that he lacked
25 integrity and therefore, the Insurance Commissioner had grounds
26 to suspend or revoke the licenses and licensing rights of
27

1 Respondents pursuant to the provisions of Sections 1668(e),
2 1738, and 1739 of the California Insurance Code.

3 4. The Respondent previously engaged in a
4 fraudulent practice or act or has conducted business in a
5 dishonest manner and therefore, the Insurance Commissioner had
6 grounds to suspend or revoke the licenses and licensing rights
7 of Respondents pursuant to the provisions of Sections 1668(i),
8 1738, and 1739 of the California Insurance Code.

9 5. The respondent demonstrated incompetence or
10 untrustworthiness in the conduct of business or has by
11 commission or a wrongful act or practice in the course of
12 business exposed the public or those dealing with them to the
13 danger of loss, therefore the Insurance Commissioner had grounds
14 to suspend or revoke the licenses and licensing rights of
15 Respondents pursuant to the provisions of Sections 1668(j),
16 1738, and 1739 of the California Insurance Code.

17
18 4.

19 On or about April 23, 1999, the Director of the
20 Department of Consumer and Business Services of the State of
21 Oregon, in case No 0-98-0016, issued a default order to cease
22 and desist, denying exemptions and assessing civil penalties as
23 to the Respondent and others. This order required Respondent
24 and others to cease and desist from violating Chapter 59 of the
25 Oregon Revised Statutes and Chapter 441 of the Oregon
26 Administrative Rules, denied the use of any statutory exemptions
27 regarding the sale of securities; and imposed civil penalties

1 jointly and severally in the amount of \$27,700. Specifically,
2 the order found the Respondent and others acted as an officer
3 and Director of FTF and offered or sold unregistered securities
4 and were not licensed as broker-dealers in the State of Oregon.
5 Furthermore, FTF's private placement memorandum sent to
6 potential investors made material misrepresentations and omitted
7 material facts regarding the qualifications of Respondent and
8 others in connection with the offer and sale of securities.
9 Respondent and others, acting by and through their authorized
10 representatives, fraudulently attempted to evade portions of the
11 Oregon Securities Law when they told investors to indicate on
12 investor questionnaires that they had a net worth in excess of
13 \$1 million when the investors told Respondents that they did not
14 have a net worth in excess of \$1 million.

15
16 5.

17 Respondent's discipline by the California Department
18 of Insurance, as described in Paragraph 3, constitutes cause
19 under Section 10177(f) of the Code for the suspension or
20 revocation of all license and license rights of Respondent under
21 the Real Estate Law.

22 6.

23 Respondent's discipline by the Director of the
24 Department of Consumer and Business Services of the State of
25 Oregon, as described in Paragraph 4, constitutes cause under
26 Section 10177(c) of the Code for the suspension or revocation of
27

1 all license and license rights of Respondent under the Real
2 Estate Law.

3 7.

4 Regarding the acts leading to the discipline described
5 above in Paragraphs 3 and 4, between December of 1995 and March
6 of 1998, Respondent was the Secretary, Treasurer and a Director
7 of Face to Face Financial Inc., dba FTF Financial Corporation,
8 the parent company of FTF Insurance Services Corporation
9 ("FTF").

10 8.

11 Regarding the acts leading to the discipline described
12 above in Paragraphs 3 and 4, between December of 1995 and March
13 of 1998, FTF, a purported video conferencing company, conducted
14 four unregistered preferred stock offerings raising over \$4.3
15 million from approximately 400 investigators nationwide. FTF's
16 salespeople, supervised by the respondent, solicited potential
17 investors for their offerings by employing at least three sales
18 scripts that falsely represented that FTF was positioning its
19 video conferring computers at certain business locations,
20 including well-known corporations and banks.

22 9.

23 Respondent's actions as described in paragraphs 5
24 through 8 involved conduct which warranted revocation of his
25 license to transact insurance under the Organization license.
26 These acts, if done by a real estate licensee, would have
27 undoubtedly served as grounds for the suspension or revocation

1 of a California real estate license. The California Department
2 of Insurance revoked the Respondent's license to transact
3 insurance after giving him fair notice of the charges, an
4 opportunity for hearing, and other due process protections he
5 was entitled to under the Administrative Procedure Act.
6 Likewise, cause exists under Section 10177(f) of the Business
7 and Professions Code for the suspension or revocation of all
8 licenses and license rights of the Respondent under the Real
9 Estate law.

10 10.

11 In aggravation of the above, on or around March 17,
12 2000, in Case No 3-10160 before the United States Securities and
13 Exchange Commission (SEC), the Respondent consented to entry of
14 an Order Instituting Public Administrative and Cease-and-Desist
15 Proceeding, Making Findings and Imposing Sanction ("Order").
16 Pursuant to the terms of this Order, the respondent consented
17 to: 1) an order to cease and desist from committing or causing
18 any violation and any future violations of Sections 5(a) and
19 5(c) of the Securities Act; 2) suspension from association with
20 any broker or dealer for a period of three months; 3) provide to
21 the Commission an affidavit that he has fully complied with the
22 sanctions after the end of the three month suspension period.
23

24 The basis for the Order arose out of the Respondent's
25 violations of Section 5(a) and 5(c) of the Securities Act in his
26 capacity as Secretary, Treasurer and a Director of FTF and the
27 sale of unregistered securities from December 1995 through March

1 1998. As an officer and Director of FTF, the respondent
2 reviewed FTF's offering documents, authorized payment for lead
3 lists for use in FTF's offerings, provided information to FTF's
4 salespeople that they used in their sales pitches to potential
5 investors, and paid FTF's salespeople.

6 11.

7 WHEREFORE, Complainant prays that a hearing be
8 conducted on the allegations of this Accusation and that upon
9 proof thereof, a decision be rendered imposing disciplinary
10 action against all the licenses and license rights of
11 Respondent, VINCENT EDWARD SERHAN, under the Real Estate Law
12 (Part 1 of Division 4 of the Business and Professions Code) and
13 for such other and further relief as may be proper under other
14 applicable provisions of law.

15 Dated at Los Angeles, California

16 this 31st day of August, 2004.

17
18 
19 Maria Suarez
Deputy Real Estate Commissioner

20 cc: VINCENT EDWARD SERHAN
21 Palos Verdes Real Estate Inc.
22 Maria Suarez
23 Sacto.
24 GD
25
26
27