

FILED
 DEC 08 2005
 DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

By  _____

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-31593 LA
)	
GIANT EAGLE LENDING, dba Little Money)	
Funders; and SEBASTIAN RUCCI,)	
individually and as designated broker-)	
officer of Giant Eagle Lending,)	
)	
Respondents.)	
_____)	

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on November 10, 2005, and the findings of fact set forth herein are based on one or more of the following: (1) Respondent's express admissions, (2) affidavits, and (3) other evidence.

FINDINGS OF FACT

1.

On December 14, 2004, Janice Waddell made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail and regular mail, to Respondent GIANT EAGLE LENDING's last known mailing addresses on file with the Department of Real Estate of the State of California on December 21, 2004 and February 17 2005.

On November 14, 2005, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondent GIANT EAGLE LENDING's default was entered herein. A Stipulation and Agreement with Respondent SEBASTIAN RUCCI was filed on July 26, 2005.

2.

Respondent GIANT EAGLE LENDING, aka "Giant Eagle Lending Corp." and dba Little Money Funders (hereinafter "GIANT EAGLE"), is at all times relevant herein licensed under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereinafter "Code") as a corporate real estate broker. Respondent was licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker on July 22, 1997. On July 21, 2005, GIANT EAGLE's license expired. GIANT EAGLE retains licensing rights pursuant to Code Section 10201. The Department retains jurisdiction pursuant to Code Section 10103.

From July 22, 1997 through November 10, 2003, Respondent GIANT EAGLE was authorized to act by and through SEBASTIAN RUCCI as the designated officer and broker responsible, pursuant to the provisions of Code Section 10159.2 for the supervision and control of the activities conducted on behalf of GIANT EAGLE by GIANT EAGLE's officers and employees. On or about November 10, 2003, Respondent SEBASTIAN RUCCI cancelled his status as designated officer of GIANT EAGLE. Since that time, GIANT EAGLE has had no designated officer-broker of record on file with the Department.

3.

Respondent SEBASTIAN RUCCI (hereinafter "RUCCI") is presently licensed and at all times relevant herein was licensed under the Code as a real estate broker. Respondent has been licensed since on or before August 19, 1993. Beginning on or before July 22, 1997 and continuing through on or about November 10, 2003, Respondent RUCCI was the broker-officer of GIANT EAGLE designated pursuant to Code Section 10159.2 to be responsible for the supervision and control of the activities conducted on behalf of GIANT EAGLE by its officers and employees as necessary to secure full compliance with the Real Estate Law.

4.

At all times relevant herein, the corporate structure for GIANT EAGLE was as follows:

<u>Name</u>	<u>Title</u>	<u>License</u>	<u>Shareholder %</u>
Don King Stephenson, III	President	Restricted Salesperson	0%
Florence Taylor	Vice Pres.	None	50%
John Taylor	Director	None	50%
Judy McLean	Director & Loan Processor	None	0%

On or about November 6, 2003, the Department received a letter from Don King Stephenson III ("Stephenson"), indicating that GIANT EAGLE was officially closed and all officers resigned.

5.

On or about December 4, 2003, Little Money Funders, Inc., became licensed as a corporate real estate broker. Donald Gene Pickering was and is the designated officer and broker responsible, pursuant to the provisions of Code Section 10159.2, for the supervision and control of the activities conducted on behalf of Little Money Funders, Inc. by its officers and employees. Little Money Funders, Inc. operates out of the same location with the same principals as GIANT EAGLE.

6.

At all times material herein, RUCCI and Respondent GIANT EAGLE, engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Code Section 10131(d) for another or others in expectation of compensation. Said activity included soliciting and representing borrowers and lenders, negotiating loans secured by real property, and performing services in relation to those loans.

7.

All further references to "Respondents" include RUCCI and Respondent GIANT EAGLE, and also include the employees, agents and real estate licensees employed by or associated with Respondent RUCCI, who at all times material herein were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority, agency or employment.

FIRST CAUSE OF ACCUSATION
(Suspension of Corporate Status)

8.

On or about February 10, 1997, Respondent GIANT EAGLE, aka "Giant Eagle Lending Corp.", became incorporated under the laws of the State of California by filing its Articles of Incorporation with the Secretary of State of the State of California.

9.

On or about November 13, 2001, pursuant to the provisions of California Corporations Code Sections 2205 and 2206, the Secretary of State notified the Franchise Tax Board that the corporate powers, rights and privileges of the above-named corporation had been suspended for failure to file a Statement pursuant to Corporations Code Section 1502. On that same date, a notice was mailed to said corporation informing the corporation that its corporate powers, rights and privileges were suspended. Said notice was mailed to Stephenson, Respondent's agent for service of process, at 23001 E. La Palma, Suite 100, Yorba Linda, CA 92887.

10.

As of March 15, 2004, Respondent GIANT EAGLE's corporate powers, rights and privileges remained suspended, reinstatement never having been effected. Between on or about November 13, 2001 and continuing through November 10, 2003, Respondent GIANT EAGLE engaged in the business of a real estate broker while not in good legal standing with the Office of the Secretary of State.

11.

Respondent GIANT EAGLE operated the business of a real estate broker while not in good legal standing with the Office of the Secretary of State.

12.

SECOND CAUSE OF ACCUSATION
(Audit Violations)

On or about January 23, 2004, the Department completed its examination of Respondent GIANT EAGLE's books and records, pertaining to the real estate activities described in Paragraph 6 above, covering a period from approximately May 1, 2002 through August 31, 2003. The primary purpose of the examination was to determine Respondent's compliance with the Real Estate Law. The examination, Audit No. LA 030092, revealed violations of the Code, and of Title 10, Chapter 6, California Code of Regulations ("Regulations"), as set forth below. In addition, this examination revealed violations of provisions of Division 1.6 of the Financial Code, Sections 4970 through 4979.8, as further set forth below.

13.

In the course of activities described in Paragraph 6 above, and during the examination period described in Paragraph 12, Respondent GIANT EAGLE acted in violation of the Code and the Regulations in that:

a) Respondent failed to provide a DRE approved mortgage loan disclosure statement to the borrowers in each loan transaction. The good faith estimate that was provided was not sufficient to meet the disclosure requirements, in that it lacked such required information as GIANT EAGLE's license number and telephone numbers. In addition, Respondent did not always utilize a truth-in-lending disclosure statement, and/or there was not always an acknowledgement by the borrowers of having received same. Respondent failed to disclose to the borrowers in each loan transaction additional amounts of compensation from the lender that were in the form of Yield Spread Premiums, rebates or other broker fees. Examples of transactions in which required disclosures were not provided include:

<u>Borrowers</u>	<u>Loan Amt.</u>	<u>Closing Date</u>	<u>Add'l Comp. From Lender</u>
Phillips \$4,300.00	\$215,000.00	3/4/03	YSP of
Garcia	\$ 34,000.00	5/15/03	N/A.
Toburen \$4,626.75	\$155,000.00	6/13/03	YSP of
Dockum \$4,950.00	\$495,000.00	9/29/03	YSP of
Huerta	\$126,896.00	4/3/03	Broker fees of \$2,466.00 & \$1,268.96

Respondent failed to provide a Department approved mortgage loan disclosure statement to the borrowers and failed to provide an adequate good-faith estimate and disclosures of additional amounts of compensation to the broker directly from the lender.

b) Respondent received undisclosed, secret profits by charging more than the amounts billed by third parties for credit report fees. These fees were taken out of the borrowers' funds at settlement, and the profits went to the Respondent. Examples of this practice included:

<u>Borrower</u>	<u>Amount Charged</u>	<u>Actual Cost</u>	<u>Amt.</u>
<u>Overcharged</u>			
Toburen	\$ 65.00	\$ 16.00	\$ 49.00
Dockum	\$ 95.00	\$ 12.00	\$ 83.00
Thompson	\$ 95.00	\$ 12-16	\$ 79-83.00

Respondent received secret profits.

c) Respondent used the fictitious business name, "LMF, a division of Giant Eagle Lenders Inc.", on their business cards without a license bearing such name.

d) Respondent failed to notify the Department of the change of principal place of business no later than the next business day following the change when it moved from Suite 210 to Suite 100 in the same building.

e) Respondent failed to provide the Consumer Caution and Home Ownership Counseling Notice to the borrowers in one covered loan transaction subject to the provisions of Financial Code Sections 4970 et seq., the Huerta transaction, Loan File No. 246005875.

f) Respondent originated one covered loan transaction subject to the provisions of Financial Code Sections 4970, et seq., the Huerta transaction, Loan File No. 246005875, in which the financed points and fees were in excess of 6% of the original principal balance, exclusive of points and fees.

DETERMINATION OF ISSUES

1.

The conduct, acts and/or omissions of Respondent GIANT EAGLE, as described in Findings 8 through 11 are in violation of Regulation 2742(c) of Title 10, Chapter 6 of the California Code of Regulations and constitute cause to suspend or revoke Respondent GIANT EAGLE's license and license rights pursuant to Business and Professions Code Section 10177(d).

2.

The conduct, acts and/or omissions of Respondent GIANT EAGLE, as described in Finding 13 are in violation of the Business and Professions Code and the Title 10, Chapter 6, California Code of Regulations as follows:

- (a) Code Section 10240 and Regulation 2840.1;
- (b) Code Section 10176(g);
- (c) Code Section 10159.5 and Regulation 2731;
- (d) Code Section 10162 and Regulation 2715;
- (e) Financial Code Section 4973(k);
- (f) in violation of Financial Code Section 4979.6.

Cause for disciplinary action against Respondent GIANT EAGLE's license and license rights, exists pursuant to Business and Professions Code Sections 10176(g), 10177(d), 10176(i) and 10177(g), and Financial Code Sections 4973(k)(1), 4979.6, and 4975(a)(1).

3.

The standard of proof applied was clear and convincing to a reasonable certainty.

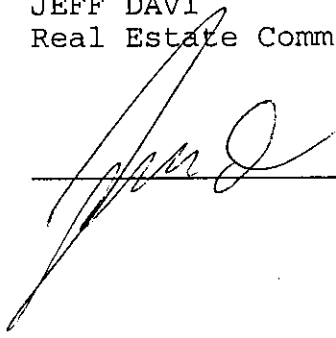
ORDER

The licenses and license rights of Respondent GIANT EAGLE LENDING, under the provisions of Part I of Division 4 of the Business and Professions Code, are revoked.

This Decision shall become effective at 12 o'clock noon on December 28, 2005.

DATED: 11-26, 2005.

JEFF DAVI
Real Estate Commissioner



A handwritten signature in cursive script, appearing to read 'Jeff Davi', is written over a horizontal line.

1 Department of Real Estate
2 320 West Fourth Street, Suite 350
3 Los Angeles, California 90013-1105
4 (213) 576-6982

FILED
NOV 10 2005
DEPARTMENT OF REAL ESTATE

By 

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

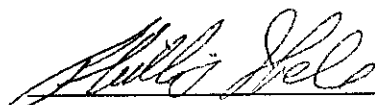
10 * * * *

11 In the Matter of the Accusation of)
12) NO. H-31593 LA
13 GIANT EAGLE LENDING,)
14 dba Little Money Funders; and) DEFAULT ORDER
15 SEBASTIAN RUCCI, individually)
16 and as designated broker-officer)
of Giant Eagle Lending,)
Respondents.)

17 Respondent, GIANT EAGLE LENDING, dba Little Money
18 Funders, having failed to file a Notice of Defense within the
19 time required by Section 11506 of the Government Code, is now
20 in default. It is, therefore, ordered that a default be entered
21 on the record in this matter.

22 IT IS SO ORDERED NOVEMBER 10, 2005.

23 JEFF DAVI
24 Real Estate Commissioner

25 
26 By: PHILLIP IHDE
27 Regional Manager

1 Department of Real Estate
320 West Fourth Street, #350
2 Los Angeles, California 90013

3 (213) 576-6982
4 (213) 576-6907

FILED
JUL 26 2005
DEPARTMENT OF REAL ESTATE
[Signature]

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-31593 LA
12)
13 GIANT EAGLE LENDING, dba Little Money) L-2005010495
14 Funders; and SEBASTIAN RUCCI,)
15 individually and as designated broker-)
16 officer of Giant Eagle Lending,)
17)
18 Respondents.)

19 STIPULATION AND AGREEMENT

20 It is hereby stipulated by and between SEBASTIAN RUCCI,
21 (hereinafter referred to as "Respondent"), representing himself,
22 and the Complainant, acting by and through Martha J. Rosett,
23 Counsel for the Department of Real Estate, as follows for the
24 purpose of settling and disposing of the Accusation filed on
25 December 21, 2004 in this matter:

- 26 1. All issues which were to be contested and all
27 evidence which was to be presented by Complainant and Respondent

1 at a formal hearing on the Accusation, which hearing was to be
2 held in accordance with the provisions of the Administrative
3 Procedure Act (APA), shall instead and in place thereof be
4 submitted solely on the basis of the provisions of this
5 Stipulation and Agreement.

6 2. Respondent has received, read and understands the
7 Statement to Respondent, the Discovery Provisions of the APA and
8 the Accusation filed by the Department of Real Estate in this
9 proceeding.

10 3. On January 4, 2005, Respondent filed a Notice of
11 Defense pursuant to Section 11506 of the Government Code for the
12 purpose of requesting a hearing on the allegations in the
13 Accusation. In order to effectuate this settlement, Respondent
14 hereby freely and voluntarily withdraws said Notice of Defense.
15 Respondent acknowledges that he understands that by withdrawing
16 said Notice of Defense, he will thereby waive his right to
17 require the Commissioner to prove the allegations in the
18 Accusation at a contested hearing held in accordance with the
19 provisions of the APA and that he will waive other rights
20 afforded to him in connection with the hearing such as the right
21 to present evidence in defense of the allegations in the
22 Accusation and the right to cross-examine witnesses.

24 4. Respondent, pursuant to the limitations set forth
25 below, although not admitting or denying the truth of the
26 allegations, will not contest the factual allegations contained
27

1 in the Accusation filed in this proceeding and the Real Estate
2 Commissioner shall not be required to provide further evidence of
3 such allegations.

4 5. It is understood by the parties that the Real
5 Estate Commissioner may adopt the Stipulation and Agreement as
6 his Decision in this matter, thereby imposing the penalty and
7 sanctions on Respondent's real estate license and license rights
8 as set forth in the below "Order." In the event that the
9 Commissioner in his discretion does not adopt the Stipulation and
10 Agreement, it shall be void and of no effect, and Respondent
11 shall retain the right to a hearing and proceeding on the
12 Accusation under all the provisions of the APA and shall not be
13 bound by any stipulation or waiver made herein.

14 6. The Order or any subsequent Order of the Real
15 Estate Commissioner made pursuant to this Stipulation and
16 Agreement shall not constitute an estoppel, merger or bar to any
17 further administrative proceedings by the Department of Real
18 Estate with respect to any matters which were not specifically
19 alleged to be causes for accusation in this proceeding.

20 7. The admissions herein, and Respondent's decision
21 not to contest the Accusation, are made solely for the purpose of
22 reaching an agreed disposition of this proceeding and are
23 expressly limited to this proceeding, and any other proceeding or
24 case in which the Department of Real Estate or another licensing
25 agency of this state, another state or if the federal government
26

27

1 is involved, and otherwise shall not be admissible in any other
2 criminal or civil proceedings.

3 DETERMINATION OF ISSUES

4 By reason of the foregoing stipulations and waivers and
5 solely for the purpose of settlement of the pending Accusation
6 without a hearing, it is stipulated and agreed that the following
7 Determination of Issues shall be made:

8 The conduct, acts or omissions of Respondent SEBASTIAN
9 RUCCI as set forth in the Accusation are in violation of Business
10 and Professions Code ("Code") Sections 10159.2, 10159.5, 10162,
11 and 10240, and Title 10, Chapter 6 of the California Code of
12 Regulations, Regulations 2742(c), 2731, and 2715 and constitute
13 cause to suspend or revoke the real estate license and license
14 rights of Respondent pursuant to the provisions of Code Sections
15 10177(h), 10177(d), and 10177(g).

16 ORDER

17 WHEREFORE, THE FOLLOWING ORDER is hereby made:

18 All licenses and licensing rights of Respondent
19 SEBASTIAN RUCCI under the Real Estate Law are revoked; provided,
20 however, a restricted real estate broker license shall be issued
21 to Respondent pursuant to Section 10156.5 of the Business and
22 Professions Code if Respondent makes application therefor and
23 pays to the Department of Real Estate the appropriate fee for the
24 restricted license within 90 days from the effective date of this
25 Decision. The restricted license issued to Respondent shall be
26
27

1 subject to all of the provisions of Section 10156.7 of the
2 Business and Professions Code and to the following limitations,
3 conditions and restrictions imposed under authority of Section
4 10156.6 of that Code:

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

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

16 3. Respondent shall not be eligible to apply for the
17 issuance of an unrestricted real estate license nor for the
18 removal of any of the conditions, limitations or restrictions
19 of a restricted license until two (2) years have elapsed from
20 the effective date of this Decision.

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

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

7 5. Respondent shall, within six months from the
8 effective date of this Decision, take and pass the Professional
9 Responsibility Examination administered by the Department
10 including the payment of the appropriate examination fee. If
11 Respondent fails to satisfy this condition, the Commissioner
12 may order suspension of Respondent's license until Respondent
13 passes the examination.

14 6. During the period of the restriction and until
15 such restriction is removed, Respondent shall not serve as the
16 designated broker-officer of a real estate corporation.

17
18 DATED:

6/30/05

MARtha J. ROSETT
MARTHA J. ROSETT
Counsel for Complainant

19
20 * * *

21 I have read the Stipulation and Agreement and its
22 terms are understood by me and are agreeable and acceptable to
23 me. I understand that I am waiving rights given to me by the
24 California Administrative Procedure Act (including but not
25 limited to Sections 11506, 11508, 11509 and 11513 of the
26 Government Code), and I willingly, intelligently and
27

1 voluntarily waive those rights, including the right of
 2 requiring the Commissioner to prove the allegations in the
 3 accusation at a hearing at which I would have the right to
 4 cross-examine witnesses against me and to present evidence in
 5 defense and mitigation of the charges.

6 Respondent may signify acceptance and approval of the
 7 terms and conditions of this Stipulation and Agreement by faxing
 8 a copy of its signature page, as actually signed by Respondent,
 9 to the Department at the following fax number (213) 576-6917.
 10 Respondent agrees, acknowledges and understands that by
 11 electronically sending to the Department a fax copy of his actual
 12 signature as it appears on the Stipulation, that receipt of the
 13 faxed copy by the Department shall be as binding on Respondent as
 14 if the Department had received the original signed Stipulation
 15 and Agreement.

16 DATED: 6/04/2005

Sebastian Rucci
 SEBASTIAN RUCCI
 Respondent

18 * * *

19
 20 The foregoing Stipulation and Agreement is hereby
 21 adopted as my Decision in this matter and shall become
 22 effective at 12 o'clock noon on _____

23 IT IS SO ORDERED _____

24 JEFF DAVI
 25 Real Estate Commissioner

1 voluntarily waive those rights, including the right of
2 requiring the Commissioner to prove the allegations in the
3 Accusation at a hearing at which I would have the right to
4 cross-examine witnesses against me and to present evidence in
5 defense and mitigation of the charges.

6 Respondent may signify acceptance and approval of the
7 terms and conditions of this Stipulation and Agreement by faxing
8 a copy of its signature page, as actually signed by Respondent,
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11 electronically sending to the Department a fax copy of his actual
12 signature as it appears on the Stipulation, that receipt of the
13 faxed copy by the Department shall be as binding on Respondent as
14 if the Department had received the original signed Stipulation
15 and Agreement.

16
17 DATED: _____

SEBASTIAN RUCCI
Respondent

18 * * *

19
20 The foregoing Stipulation and Agreement is hereby
21 adopted as my Decision in this matter and shall become
22 effective at 12 o'clock noon on August 15, 2005.

23 IT IS SO ORDERED 7-21-05

24 JEFF DAVI
25 Real Estate Commissioner

Subpoena

FILED
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DEPARTMENT OF REAL ESTATE

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MARTHA J. ROSETT, Counsel (SBN 142072)
Department of Real Estate
320 West Fourth St., #350
Los Angeles, CA 90013

By James B. Jones

(213) 576-6982
(213) 576-6907

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-31593 LA
)	
GIANT EAGLE LENDING, dba Little Money)	
Funders, and SEBASTIAN RUCCI,)	<u>A C C U S A T I O N</u>
Individually and as designated Broker-)	
Officer of Giant Eagle Lending,)	
)	
)	
Respondent.)	
)	

The Complainant, Janice Waddell, a Deputy Real Estate Commissioner, for cause of Accusation against GIANT EAGLE LENDING, aka "Giant Eagle Lending Corp.," dba Little Money Funders, and SEBASTIAN RUCCI, individually and as designated broker-officer of Giant Eagle Lending, is informed and alleges as follows:

1.

The Complainant, Janice Waddell, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in

her official capacity.

2.

Respondent GIANT EAGLE LENDING, aka "Giant Eagle Lending Corp.," and dba Little Money Funders (hereinafter "GIANT EAGLE"), is presently licensed and at all times relevant herein was licensed under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereinafter "Code") as a corporate real estate broker. Respondent has been licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker since July 22, 1997. From July 22, 1997 through November 10, 2003, Respondent GIANT EAGLE was authorized to act by and through Respondent SEBASTIAN RUCCI as the designated officer and broker responsible, pursuant to the provisions of Code Section 10159.2 for the supervision and control of the activities conducted on behalf of GIANT EAGLE by GIANT EAGLE's officers and employees. On or about November 10, 2003, Respondent RUCCI cancelled his status as designated officer of GIANT EAGLE. Since that time, GIANT EAGLE has had no designated officer-broker of record on file with the Department.

3.

Respondent SEBASTIAN RUCCI (hereinafter "RUCCI") is presently licensed and at all times relevant herein was licensed under the Code as a real estate broker. Respondent has been licensed since on or before August 19, 1993. Beginning on or before July 22, 1997 and continuing through on or about November

1 10, 2003, Respondent RUCCI was the broker-officer of GIANT EAGLE
2 designated pursuant to Code Section 10159.2 to be responsible for
3 the supervision and control of the activities conducted on behalf
4 of GIANT EAGLE by its officers and employees as necessary to
5 secure full compliance with the Real Estate Law.

6 4.

7 At all times relevant herein, the corporate structure
8 for GIANT EAGLE was as follows:

9 <u>Name</u>	<u>Title</u>	<u>License</u>	<u>Shareholder %</u>
10 Don King	President	Restricted	0%
11 Stephenson, III		Salesperson	
12			
13 Florence Taylor	Vice Pres.	None	50%
14 John Taylor	Director	None	50%
15 Judy McLean	Director & Loan		
16	Processor	None	0%

17 On or about November 6, 2003, the Department received a
18 letter from Don King Stephenson III ("Stephenson"), indicating
19 that GIANT EAGLE was officially closed and all officers resigned.

20 5.

21 On or about December 4, 2003, Little Money Funder, Inc.
22 became licensed as a corporate real estate broker. Donald Gene
23 Pickering was and is the designated officer and broker
24 responsible, pursuant to the provisions of Code Section 10159.2
25 for the supervision and control of the activities conducted on
26 behalf of Little Money Funders, Inc. by its officers and
27

1 employees. Little Money Funders, Inc. operates out of the same
2 location with the same principals as GIANT EAGLE.

3 6.

4 At all times material herein, Respondents engaged in
5 the business of, acted in the capacity of, advertised or assumed
6 to act as a real estate broker in the State of California within
7 the meaning of Code Section 10131(d) for another or others in
8 expectation of compensation. Said activity included soliciting
9 and representing borrowers and lenders, negotiating loans secured
10 by real property, and performing services in relation to those
11 loans.

12 7.

13 All further references to "Respondents" include
14 Respondent RUCCI and Respondent GIANT EAGLE, and also include the
15 employees, agents and real estate licensees employed by or
16 associated with Respondent RUCCI, who at all times material
17 herein were engaged in the furtherance of the business or
18 operations of said parties and who were acting within the course
19 and scope of their authority, agency or employment.

20
21 First Cause of Accusation

22 (Suspension of Corporate Status)

23 8.

24 On or about February 10, 1997, Respondent GIANT EAGLE,
25 aka, "Giant Eagle Lending Corp.," became incorporated under the
26 laws of the State of California by filing its Articles of
27 Incorporation with the Secretary of State of the State of

1 California.

2 9.

3 On or about November 13, 2001, pursuant to the
4 provisions of California Corporations Code Sections 2205 and
5 2206, the Secretary of State notified the Franchise Tax Board
6 that the corporate powers, rights and privileges of the above-
7 named corporation had been suspended for failure to file a
8 Statement pursuant to Corporations Code Section 1502. On that
9 same date, a notice was mailed to said corporation informing the
10 corporation that its corporate powers, rights and privileges were
11 suspended. Said notice was mailed to Don Stephenson,
12 Respondent's agent for service of process, at 23001 E. La Palma,
13 Suite 100, Yorba Linda, CA 92887.

14 10.

15 As of March 15, 2004, Respondent GIANT EAGLE's
16 corporate powers, rights and privileges remained suspended,
17 reinstatement never having been effected. Between on or about
18 November 13, 2001 and continuing through November 10, 2003,
19 Respondent GIANT EAGLE engaged in the business of a real estate
20 broker while not in good legal standing with the Office of the
21 Secretary of State.

22 11.

23 Respondent GIANT EAGLE's operation of the business of a
24 real estate broker while not in good legal standing with the
25 Office of the Secretary of State constitutes cause to suspend or
26 revoke Respondent GIANT EAGLE's license and license rights
27 pursuant to Business and Professions Code (hereinafter "Code")

1 Section 10177(d) for violation of Regulation 2742(c) of Title 10,
2 Chapter 6 of the California Code of Regulations (hereinafter
3 "Regulations").

4 12.

5 Respondent RUCCI's failure to ensure Respondent GIANT
6 EAGLE's compliance with the laws of the State of California and
7 allowing Respondent GIANT EAGLE to operate in the business of a
8 real estate broker while not in good legal standing with the
9 Office of the Secretary of State constitutes cause to suspend or
10 revoke Respondent RUCCI's license and license rights pursuant to
11 Code Sections 10159.2 and 10177(h).

12 Second Cause of Accusation

13 (Audit Violations)

14 13.

15 On or about January 23, 2004, the Department completed
16 its examination of Respondent GIANT EAGLE's books and records,
17 pertaining to the real estate activities described in Paragraph 6
18 above, covering a period from approximately May 1, 2002 through
19 August 31, 2003. The primary purpose of the examination was to
20 determine Respondent's compliance with the Real Estate Law. The
21 examination, Audit #LA 030092, revealed violations of the
22 Business and Professions Code, and of Title 10, Chapter 6,
23 California Code of Regulations ("Regulations"), as set forth
24 below. In addition, this examination revealed violations of
25 provisions of the Division 1.6 of the Financial Code, Sections
26 4970 through 4979.8, as further set forth below.

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14.

In the course of activities described in Paragraph 6 above, and during the examination period described in Paragraph 13, Respondents acted in violation of the Business and Professions Code and the Regulations in that:

a) Respondents failed to provide a DRE approved mortgage loan disclosure statement to the borrowers in each loan transaction. The good faith estimate that was provided was not sufficient to meet the disclosure requirements, in that it lacked such required information as GIANT EAGLE's license number and telephone numbers. In addition, Respondents did not always utilize a truth-in-lending disclosure statement, and/or there was not always an acknowledgement by the borrowers of having received same. Respondents failed to disclose to the borrowers in each loan transaction additional amounts of compensation from the lender that were in the form of Yield Spread Premiums, rebates or other broker fees. Examples of transactions in which required disclosures were not provided include:

<u>Borrowers</u>	<u>Loan Amt.</u>	<u>Closing Date</u>	<u>Add'l Comp. From Lender</u>
Phillips	\$215,000.00	3/4/03	YSP of \$4,300.00
Garcia	\$ 34,000.00	5/15/03	n/a
Toburen	\$155,000.00	6/13/03	YSP of \$4,626.75
Dockum	\$495,000.00	9/29/03	YSP of \$4,950.00
Huerta	\$126,896.00	4/3/03	Broker fees of \$2,466.00 & \$1,268.96

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1 Failure to provide a DRE approved mortgage loan
2 disclosure statement to the borrowers and failing to provide an
3 adequate good-faith estimate and disclosures of additional
4 amounts of compensation to the broker directly from the lender
5 was all in violation of Code Section 10240 and Regulation 2840.1.

6 b) Respondents received undisclosed, secret profits by
7 charging more than the amounts billed by third parties for credit
8 report fees. These fees were taken out of the borrowers funds at
9 settlement, and the profit went to the Respondents. Examples of
10 this practice included:

<u>Borrower</u>	<u>Amount Charged</u>	<u>Actual Cost</u>	<u>Amt. Overcharged</u>
Toburen	\$ 65.00	\$ 16.00	\$ 49.00
Dockum	\$ 95.00	\$ 12.00	\$ 83.00
Thompson	\$ 95.00	\$ 12-16	\$ 79-83.00

15 Receipt of secret profits is in violation of Code
16 Section 10176(g).

17 c) Respondents used the fictitious business name,
18 "LMF, a division of Giant Eagle Lenders Inc.," on their business
19 cards without a license bearing such name, in violation of Code
20 Section 10159.5 and Regulation 2731.

21 d) Respondents failed to notify the Department of the
22 change of principal place of business no later than the next
23 business day following the change when they moved from Suite 210
24 to Suite 100 in the same building, in violation of Code Section
25 10162 and Regulation 2715.
26
27

1 e) Respondents failed to provide the Consumer Caution
2 and Home Ownership Counseling Notice to the borrowers in one
3 covered loan transaction subject to the provisions of Financial
4 Code Sections 4970 et seq., the Huerta Transaction, Loan File No.
5 246005875, in violation of Financial Code Section 4973(k).

6 f) Respondents originated one covered loan transaction
7 subject to the provisions of Financial Code Sections 4970, et
8 seq., the Huerta Transaction, Loan File No. 246005875, in which
9 the financed points and fees were in excess of 6% of the original
10 principal balance, exclusive of points and fees, in violation of
11 Financial Code Section 4979.6.

12 g) Respondent RUCCI, as the broker-officer designated
13 by Respondent GIANT EAGLE to supervise the activities of the
14 corporation for which a real estate license is required,
15 willfully failed to exercise reasonable supervision over the
16 activities of the corporation for which a real estate license is
17 required, in violation of Code Section 10177(h).

18
19 15.

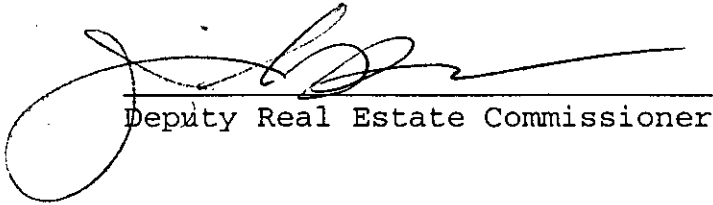
20 The foregoing violations constitute cause for the
21 suspension or revocation of Respondent GIANT EAGLE LENDING CORP.
22 and Respondent RUCCI's real estate licenses and license rights
23 under the provisions of Code Sections 10176(g), 10177(d),
24 10176(i) and/or 10177(g), and Financial Code Sections 4973(k)(1),
25 4979.6, and 4975(a)(1).

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2 The violations set forth above constitute cause for the
3 suspension or revocation of Respondent SEBASTIAN RUCCI's real
4 estate license and/or license rights as the broker-officer of
5 Respondent GIANT EAGLE LENDING CORP. designated pursuant to Code
6 Section 10159.2, for failing to supervise the activities of the
7 corporation, in violation of Code Sections 10177(h), 10177(d)
8 and/or 10177(g).

9 WHEREFORE, Complainant prays that a hearing be
10 conducted on the allegations of this Accusation and that upon
11 proof thereof, a decision be rendered imposing disciplinary
12 action against all licenses and/or license rights of Respondent
13 GIANT EAGLE LENDING CORP., and Respondent SEBASTIAN RUCCI under
14 the Real Estate Law and for such other and further relief as may
15 be proper under applicable provisions of law.

16
17 Dated at Los Angeles, California
18 this 14th day of December, 2004.

19
20
21 
22 Deputy Real Estate Commissioner
23

24 cc: Giant Eagle Lending Corp.
25 Sebastian Rucci
26 Sacto.
27 Janice Waddell
Audits
ST