

By [Signature]

* * *

DECISION

FINDINGS OF FACT

On November 2, 2005, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondents' default was entered herein.

2.

Respondent STEVE L. GALITZ, dba Westlake Lenders (hereinafter "Respondent GALITZ"), 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 real estate broker. Respondent GALITZ has been licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a real estate broker since on or about November 6, 1975. Respondent GALITZ has operated under the licensed dba of Westlake Lenders since December 18, 2000.

3.

Respondent SYLVIA CISNEROS, formerly known as Cylvia Anakalias, Sylvia Hernandez Andreas, and Sylvia Ann Hernandez (hereinafter "Respondent CISNEROS"), is presently licensed and at all times relevant herein was licensed under the Real Estate Law, Part 1 of Division 4 of the Code as a real estate salesperson. Respondent CISNEROS has been licensed by the Department as a real estate salesperson since on or about April 28, 1978. Respondent CISNEROS has been employed by Respondent GALITZ since March 15, 1999, according to their written employment agreement. However, Respondent GALITZ failed to notify the Department of her employ until filing a salesperson change notice with the Department on July 9, 2003.

4.

At all times relevant herein, including but not limited to, the audit period set forth below in Findings 9 and 10, Respondent CISNEROS has been employed as the escrow officer for Respondent GALITZ.

Prior Discipline of Respondent GALITZ

5.

Between on or about July 22, 1997 and August 2, 2001, Respondent GALITZ served as the broker officer designated pursuant to Code Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law of the activities of California Express Funding Inc., a corporate real estate broker also doing business as Tricor Funding.

.6.

On or about March 2, 1999, pursuant to an Order in Department Case No. H-27815 LA, Respondent GALITZ' broker license was suspended for sixty days, which suspension was stayed for two years upon several conditions, one of which included payment for an audit to determine if Respondent's corporation was in compliance with the Real Estate Law. The grounds for discipline included trust fund handling violations of Title 10, Chapter 6 of the California Code of Regulations (hereinafter "Regulations"), Regulations 2831, 2831.1, 2831.2, 2832 and 2834 and Code Section 10177(d). On or about December 6, 2000, the stay of the suspension was vacated due to Respondent's failure to pay for the costs of the audit, and Respondent's license was suspended. On December 18, 2000, the suspension was terminated.

Licensed Activities

7.

At all times material herein, Respondent GALITZ was engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker within the meaning of Code Section 10131(d) for another or others in expectation of compensation. Said activity included negotiating loans for borrowers and performing escrow activities in relationship to said loan transactions pursuant to the exemption set forth in Financial Code Section 17006(a)(4).

8.

All further references to "Respondent GALITZ" include Respondent GALITZ and also include the employees, agents and real estate licensees employed by or associated with Respondent GALITZ, 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.

Audit

9.

During the period between February 1, 2003 and March 31, 2003, in connection with the aforesaid real estate sales activities, Respondent GALITZ accepted or received funds, including funds in trust (hereinafter "trust funds") from or on behalf of borrowers and lenders in loans secured by real property and made deposits and/or disbursements of such funds. From time to time herein mentioned, said trust funds were deposited into a bank account maintained by Respondent GALITZ at Wells Fargo Bank, 3289 Grand Avenue, Chino Hills, CA 91709, entitled, "Sylon Enterprises, Inc., dba Westlake Lenders-Escrow Division", Account No. 100-3154059. This account was used to deposit and disburse escrow funds. Disbursements were also made from this account to pay for Westlake Lender's operating expenses. Respondent GALITZ was not a signatory on the account. Signatories included Respondent CISNEROS and real estate licensee Martin Anreas. One signature was required to sign the checks.

10.

On or about May 29, 2003, the Department completed its examination of Respondent GALITZ' books and records, pertaining to the real estate activities described in Paragraph 7 above, covering a period from approximately February 1, 2003 through March 31, 2003. The primary purpose of the examination was to determine Respondent GALITZ' compliance with the Real Estate Law. The examination, Audit No. LA 020329, revealed violations of the Code and of the Regulations, as set forth below.

11.

In the course of activities described in Paragraph 7 above, and during the examination period described in Paragraphs 9 and 10, Respondent GALITZ acted in violation of the Code and the Regulations in that:

a) Respondent GALITZ held funds owed to principals in a general account and failed to disburse them upon close of escrow, according to escrow instructions, in violation of Code Section 10145(a)(1). Specific examples of escrow funds held in Respondent's general account as of March 31, 2003 include:

<u>Principal</u>	<u>Amount Retained</u>	<u>Escrow Closed</u>	<u>To Prin.</u>
E. Siordia	\$ 2,059.00	9/4/01	4/22/03
R. Figueroa	\$ 1,900.00	2/10/03	5/23/03

In these two instances, principals were reimbursed during the audit examination, as reflected in the chart above.

In addition, the following sampled loan escrow files in which funds were received into escrow between February 10, 2003 and March 17, 2003 reflected a discrepancy between the amounts listed in the Settlement Statements as disbursed by the escrow officer and the amounts actually disbursed as reflected by the escrow disbursement checks:

<u>Escrow No.</u>	<u>Borrower</u>	<u>Discrepancy/Amount Owed</u>
1457	Skogman	\$ 362.47
1441	Blosser	\$ 547.50
1440	Gomez	\$ 1,200.00
1445	Romero	\$ 240.00
1438	Robinson	\$ 520.00
		<u>\$ 2,869.97</u>

Therefore, in the files sampled for the months of February and March of 2003, Respondents received at least \$2,869.97 in borrower loan proceeds which were not forwarded to the borrowers. Respondents failed to forward balances owed to principals at the close of escrow.

b) Respondent GALITZ used a bank account not designated as a trust account as a depository for borrower loan proceeds, and paid operating expenses and employee compensation from this same account.

c) Respondent GALITZ failed to maintain records of all receipts and disbursements for the account into which trust funds were deposited.

d) The separate records maintained for each beneficiary were not complete and accurate. The separate records did not include the check numbers and the daily balance after each posting. Disbursements paid through the escrow account did not always agree with the amounts posted to the separate records.

e) Respondent GALITZ failed to maintain a record of the reconciliation of the balance of all separate records with the balance of all trust funds received and disbursed.

f) Respondent GALITZ was not a signatory on the account holding trust funds.

g) Respondents commingled Westlake Lenders' money with the money received and held from borrowers.

h) Respondent GALITZ' escrow instructions did not include the licensed name and the Department under which it was operating.

i) Respondent GALITZ failed to advise all parties in writing that licensee and owner of Westlake Lenders, Respondent CISNEROS, had an interest in the agency performing the escrow.

j) Respondent GALITZ did not retain on file a true and correct copy of a pre-approved mortgage loan disclosure statement, as signed by the borrower and the broker or the broker's representative.

k) Respondent GALITZ failed to notify the Department of the employment of one licensee, Respondent CISNEROS.

l) Respondent GALITZ was using the unlicensed fictitious business names of Sylon Enterprises, Inc., Westlake Realty, and Valley Wide Realty during the audit period.

m) Respondent GALITZ failed to immediately notify the Department of the change of his main office address.

n) Respondent GALITZ failed to have a policy or procedure in place to maintain a record of all trust funds received and disbursed, to maintain complete and accurate separate records and to reconcile the balance of all separate records with the records of all trust funds received. Respondent GALITZ was not a signatory on the account into which trust funds were deposited and held. Respondent GALITZ failed to exercise reasonable supervision over his employees.

Failure to Produce Books and Records

12.

On April 2, 2003, Respondent GALITZ, dba Westlake Lenders, was personally served with a Subpoena Duces Tecum alleging sufficient cause to require Respondent to produce (or make available for examination, inspection or copying) the following material connected with a transaction or transactions for which a real estate broker license is required:

a) Copies of the complete loan file documents, including but not limited to, the loan application, good faith estimate, promissory note, deeds of trust, assignment of deeds of trust, escrow instructions, credit history reports, borrowers' employment verifications, borrowers' income and wage verifications, borrowers' money deposit verifications, HUD-1 Settlement Statements, appraisal, all loan disclosure statements and loan servicing agreements for the loan files and associated escrows conducted from the 1st of January 2001 until March 31, 2003.

b) All records of trust funds received and placed in the broker's trust account from January 1, 2001 to March 31, 2003.

c) All records of trust funds received and not placed in the broker's trust account from January 1, 2001 to March 31, 2003.

d) All columnar and/or other records showing receipt and disbursement of trust funds either placed in the broker's trust account(s) or of trust funds received and not placed in the broker's trust account from January 1, 2001 to March 31, 2003.

e) All loan application files and trust fund records and related information as to the loan made by Eduardo Siordia concerning the property at 1250 Saint Malo Avenue in La Puente, California, during or about the month of September, 2001, including but not limited to:

1. The loan log of all applications taken.
2. Loan applications and writings signed by the loan applicants in support of an application for a loan.
3. Verifications of employment and deposits.
4. Statements of vendor and purchaser regarding terms of purchase or refinance, occupancy and other matters

relating to the property.

5. Appraisals and all writings regarding the value to the property being proposed as security for the loan.

6. Credit reports and all writings regarding the history of loan applicants in meeting their debt obligations.

7. Promissory notes and security instruments, including trust deeds and mortgages, prepared for execution by loan applicant and those executed by loan applicant.

8. Writings reflecting the granting or denial of any loan application by loan applicant.

9. Cover letters forwarding any writings, and copies of those writings, to loan applicant and to any and all lenders.

10. Receipts for funds received and cancelled checks for funds disbursed, including compensation paid to loan agents.

11. Trust fund and/or trust account records and ledgers.

12. Loan servicing records for all borrowers and any writings related to loan payment histories or problems.

Respondent GALITZ failed to produce all records requested. Only records from February and March of 2003 were produced. Subsequent to the commencement of the audit examination, Respondents reported to the police that records had been stolen from their office.

Loan Transaction
(CISNEROS)

13.

Beginning on or around August 9, 2001, Respondent CISNEROS, as loan officer for Westlake Lenders, Respondent GALITZ' dba, represented Eduardo Siordia in refinance of property located at 1250 Saint Malo Avenue, La Puente, California, 91744. The lender was World Savings and Westlake Lenders Escrow Division handled the broker-escrow.

14.

In connection with the loan transaction set forth in Paragraph 13 above, on or about September 4, 2001, Respondents issued HUD-1 Settlement Statements to the lender, World Savings, and to the borrower/principal, Mr. Siordia. As later discovered, these Settlement Statements each contained different information. For example, on line 303, the Settlement Statement provided to Mr. Siordia, the borrower, indicated that there was zero cash back to the borrower, but line 802 indicated that \$1,582.11 was paid as a "World Loan Fee Second". Line 303 in the Settlement Statement issued to World Savings, however, indicated that the borrower (Siordia) had received \$1,582.11 back. Both Settlement Statements reflected a payment of \$2,059.00 to Fireside Thrift. This was authorized pursuant to escrow instructions.

15.

In truth and fact, no payment was ever made to Fireside Thrift on behalf of Mr. Siordia in connection with the loan transaction set forth above in Paragraph 13. In addition, neither Mr. Siordia nor World Savings received \$1,582.11 at the close of escrow in connection with this loan. When he learned that Fireside Thrift had not received payment through escrow, Mr. Siordia contacted Respondent CISNEROS to attempt to resolve this matter. At one point, Respondent CISNEROS wrote Mr. Siordia a check for \$1,300.00. Other than that, CISNEROS refused to resolve the matter with him until the Department's audit examination in 2003.

16.

In connection with the audit examination, as set forth in Paragraph 11(b) above, it was determined that no disbursement had ever been made to Fireside Thrift on behalf of Mr. Siordia in connection with this loan transaction. The escrow account records reflected that Mr. Siordia's account was still open as of February 2003, and had a balance owed to Mr. Siordia of \$2,059.00. This was paid to Siordia on or about April 22, 2003, at which time an amended Settlement Statement was prepared by Respondent CISNEROS reflecting a payment to the borrower of \$2,059.00 and additional settlement charges of \$1,582.11.

DETERMINATION OF ISSUES

1.

The conduct, acts and/or omissions of Respondent GALITZ, as described in Finding 11 are in violation of the Business and Profession Code and the Title 10, Chapter 6, California Code of Regulations as follows:

- (a) Code Section 10145(a);
- (b) Code Section 10145 and Regulations 2832, 2950(d) and 2951;
- (c) Code Section 10145 and Regulations 2831, 2950(d) and 2951;
- (d) Code Section 10145 and Regulations 2831.1, 2950(d) and 2951;
- (e) Code Section 10145 and Regulations 2831.2, and 2951;
- (f) Code Section 10145 and Regulations 2834, 2950(d) and 2951;
- (g) Code Sections 10176(e) and 10176(i);
- (h) Regulation 2950(h);
- (i) Regulation 2950(h);
- (j) Regulation 2840;
- (k) Code Section 10161.8 and Regulation 2752;
- (l) Regulation 2731;
- (m) Code Section 10162;
- (n) Code Section 10177(h) and Regulation 2725.

Cause for disciplinary action against Respondent GALITZ' license and license rights, exists pursuant to Business and Professions Code Sections 10177(d), 10176(e), 10176(i), 10177(g) and 10177(h).

2.

The facts alleged in Finding 12, above, are in violation of Business and Professions Code Section 10148 and constitute cause for disciplinary action against Respondent GALITZ' license and license rights pursuant to Business and Professions Code Section 10177(d).

3.

The facts alleged in Findings 13 through 16, above, are grounds for the discipline of Respondent CISNEROS' license pursuant to Business and Professions Code Sections 10176(a), 10177(g) and 10176(i).

4.

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

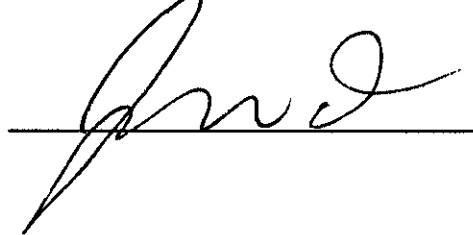
ORDER

The licenses and license rights of Respondents STEVE L. GALITZ and SYLVIA CISNEROS, 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 5, 2005.

DATED: 11-7, 2005.

JEFF DAVI
Real Estate Commissioner

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

FILED
NOV 2 2005
DEPARTMENT OF REAL ESTATE

By C. [Signature]

* * * *

NO. H-31776 LA

DEFAULT ORDER

IT IS SO ORDERED NOV. 2, 2003

By: PHILLIP IHDE
Regional Manager

facto

FILED
MAR 23 2005
DEPARTMENT OF REAL ESTATE

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

By *Aura B. [Signature]*

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

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of	)	No. H-31776 LA
	)	
STEVE L. GALITZ, dba Westlake	)	<u>A C C U S A T I O N</u>
Lenders, and SYLVIA CISNEROS,	)	
	)	
Respondents.	)	

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner, for cause of Accusation against STEVE L. GALITZ, dba Westlake Lenders, and SYLVIA CISNEROS is informed and 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 STEVE L. GALITZ, dba Westlake Lenders

(hereinafter "Respondent GALITZ"), 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 real estate broker. Respondent GALITZ has been licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a real estate broker since on or about November 6, 1975. Respondent GALITZ has operated under the licensed dba of Westlake Lenders since December 18, 2000.

3.

Respondent SYLVIA CISNEROS, formerly known as Cylvia Anakalias, Sylvia Hernandez Andreas, and Sylvia Ann Hernandez (hereinafter "Respondent CISNEROS"), 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 real estate salesperson. Respondent CISNEROS has been licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a real estate salesperson since on or about April 28, 1978. Respondent CISNEROS has been employed by Respondent GALITZ since March 15, 1999, according to their written employment agreement. However, Respondent GALITZ failed to notify the Department of her employ until filing a salesperson change notice with the Department on July 9, 2003.

4.

At all times relevant herein, including but not limited to the audit period set forth below in Paragraphs 9 and 10,

1 Respondent CISNEROS has been employed as the escrow officer for
2 Respondent GALITZ.

3 Prior Discipline of Respondent GALITZ

4 5.

5 Between on or about July 22, 1997 and August 2, 2001,
6 Respondent GALITZ served as the broker officer designated
7 pursuant to Code Section 10159.2 to be responsible for ensuring
8 compliance with the real estate laws of the activities of
9 California Express Funding Inc., a corporate real estate broker
10 also doing business as Tricor Funding.

11 6.

12 On or about March 2, 1999, pursuant to an Order in
13 Department Case No. H-27815 LA, Respondent GALITZ's broker
14 license was suspended for sixty days, which suspension was stayed
15 for two years upon several conditions, one of which included
16 payment for an audit to determine if Respondent's corporation was
17 in compliance with the real estate law. The grounds for
18 discipline included trust fund handling violations of Title 10,
19 Chapter 6 of the California Code of Regulations (hereinafter
20 "Regulations"), Regulations 2831, 2831.1, 2831.2, 2832, 2834 and
21 Code Section 10177(d). On or about December 6, 2000, the stay of
22 the suspension was vacated due to Respondent's failure to pay for
23 the costs of the audit, and Respondent's license was suspended.
24 On December 18, 2000, the suspension was terminated.

25 7.

26 At all times material herein, Respondent GALITZ was
27 engaged in the business of, acted in the capacity of, advertised

1 or assumed to act as a real estate broker within the meaning of
2 Code Section 10131(d) for another or others in expectation of
3 compensation. Said activity included negotiating loans for
4 borrowers and performing escrow activities in relationship to
5 said loan transactions pursuant to the exemption set forth in
6 Financial Code Section 17006(a)(4).

7 8.

8 All further references to "Respondent GALITZ" include
9 Respondent GALITZ and also include the employees, agents and real
10 estate licensees employed by or associated with Respondent
11 GALITZ, who at all times material herein were engaged in the
12 furtherance of the business or operations of said parties and who
13 were acting within the course and scope of their authority,
14 agency or employment.

15 Audit

16 9.

17 During the period between February 1, 2003 and March
18 31, 2003, in connection with the aforesaid real estate sales
19 activities, Respondent GALITZ accepted or received funds,
20 including funds in trust (hereinafter "trust funds") from or on
21 behalf of borrowers and lenders in loans secured by real property
22 and made deposits and/or disbursements of such funds. From time
23 to time herein mentioned, said trust funds were deposited into a
24 bank account maintained by Respondent GALITZ at Wells Fargo Bank,
25 3289 Grand Avenue, Chino Hills, CA 91709, entitled, "Sylon
26 Enterprises, Inc., dba Westlake Lenders-Escrow Division," Account
27 Number 100-3154059. This account was used to deposit and

1 disburse escrow funds. Disbursements were also made from this
2 account to pay for Westlake Lender's operating expenses.
3 Respondent GALITZ was not a signatory on the account.
4 Signatories included Respondent CISNEROS and real estate licensee
5 Martin Anreas. One signature was required to sign the checks.

6 10.

7 On or about May 29, 2003, the Department completed its
8 examination of Respondent GALITZ's books and records, pertaining
9 to the real estate activities described in Paragraph 7 above,
10 covering a period from approximately February 1, 2003 through
11 March 31, 2003. The primary purpose of the examination was to
12 determine Respondent GALITZ's compliance with the Real Estate
13 Law. The examination, Audit #LA 020329, revealed violations of
14 the Code and of the Regulations, as set forth below.

15 11.

16 In the course of activities described in Paragraph 7
17 above, and during the examination period described in Paragraphs
18 9 and 10, Respondent GALITZ acted in violation of the Code and
19 the Regulations in that:

20 a) There was an overage of \$10,735.36 in the escrow
21 account as of March 31, 2003, due to broker funds in the
22 escrow account and funds owed to beneficiaries but not
23 forwarded to them.

24 b) Respondent GALITZ held funds owed to principals in
25 a general account and failed to disburse them upon close of
26 escrow, according to escrow instructions, in violation of
27 Code Section 10145(a)(1). Specific examples of escrow funds

held in Respondent's general account as of March 31, 2003
include:

<u>Principal</u>	<u>Amount Retained</u>	<u>Escrow Closed</u>	<u>To Prin.</u>
E. Siordia	\$ 2,059.00	9/4/01	4/22/03
R. Figueroa	\$ 1,900.00	2/10/03	5/23/03

In these two instances, principals were reimbursed during the audit examination, as reflected in the chart above.

In addition, the following sampled loan escrow files in which funds were received into escrow between February 10, 2003 and March 17, 2003 reflected a discrepancy between the amounts listed in the Settlement Statements as disbursed by the escrow officer and the amounts actually disbursed as reflected by the escrow disbursement checks:

<u>Escrow #</u>	<u>Borrower</u>	<u>Discrepancy/Amount Owed</u>
1457	Skogman	\$ 362.47
1441	Blosser	\$ 547.50
1440	Gomez	\$1,200.00
1445	Romero	\$ 240.00
1438	Robinson	<u>\$ 520.00</u>
		\$2,869.97

Therefore, in the files sampled for the months of February and March of 2003, Respondents received at least \$2,869.97 in borrower loan proceeds which were not forwarded to the borrowers. Respondents' failure to forward balances owed to principals at the close of escrow is in violation of Code Sections 10145(a) and 10176(i).

1 c) Respondent GALITZ used a bank account not
2 designated as a trust account as a depository for borrower
3 loan proceeds, and paid operating expenses and employee
4 compensation from this same account, in violation of Code
5 Section 10145 and Regulations 2832, 2950(d) and 2951.

6 d) Respondent GALITZ failed to maintain records of all
7 receipts and disbursements for the account into which trust
8 funds were deposited, in violation of Code Section 10145 and
9 Regulations 2831, 2950(d) and 2951.

10 e) The separate records maintained for each
11 beneficiary were not complete and accurate. The separate
12 records did not include the check numbers and the daily
13 balance after each posting. Disbursements paid through the
14 escrow account did not always agree with the amounts posted
15 to the separate records, in violation of Code Section 10145
16 and Regulations 2831.1, 2950(d) and 2951.

17 f) Respondents failed to maintain a record of the
18 reconciliation of the balance of all separate records with
19 the balance of all trust funds received and disbursed, in
20 violation of Code Section 10145 and Regulations 2831.2 and
21 2951.

22 g) Respondent GALITZ was not a signatory on the
23 account holding trust funds, in violation of Section 10145
24 and Regulations 2834 and 2951.

25 h) Respondents commingled Westlake Lender's money with
26 the money received and held from borrowers, in violation of
27 Code Section 10176(e) and 10176(i).

1 i) Respondent GALITZ's escrow instructions did not
2 include the licensed name and the Department under which it
3 was operating, in violation of Regulation 2950(h).

4 j) Respondent GALITZ failed to advise all parties in
5 writing that licensee and owner of Westlake Lenders,
6 Respondent CISNEROS, had an interest in the agency
7 performing the escrow, in violation of Regulation 2950(h).

8 k) Respondent GALITZ did not retain on file a true and
9 correct copy of a pre-approved mortgage loan disclosure
10 statement (MLDS), as signed by the borrower and the broker
11 or the broker's representative, in violation of Code Section
12 10240 and Regulation 2840.

13 l) Respondent GALITZ failed to notify the Department
14 of the employment of one licensee, Respondent CISNEROS, in
15 violation of Code Section 10161.8 and Regulation 2752.

16 m) Respondent GALITZ was using the unlicensed
17 fictitious business names of Sylon Enterprises, Inc.,
18 Westlake Realty, and Valley Wide Realty during the audit
19 period, in violation of Regulation 2731.

20 n) Respondent GALITZ failed to immediately notify the
21 Department of the change of his main office address, in
22 violation of Code Section 10162.

23 o) Respondent GALITZ failed to have a policy or
24 procedure in place to maintain a record of all trust funds
25 received and disbursed, to maintain complete and accurate
26 separate records and to reconcile the balance of all
27 separate records with the records of all trust funds

1 received. Respondent GALITZ was not a signatory on the
2 account into which trust funds were deposited and held.
3 Respondent GALITZ failed to exercise reasonable supervision
4 over his employees, in violation of Code Section 10177(h)
5 and Regulation 2725.

6 The foregoing violations constitute cause for the
7 suspension or revocation of Respondent GALITZ's real estate
8 license and license rights under the provisions of Business and
9 Professions Code Sections 10177(d), 10176(e), 10177(g), and
10 10165.

11 12.

12 The acts, conduct and omissions set forth in Paragraph
13 9 above constitute grounds to discipline Respondent GALITZ's
14 license and license rights as the broker-officer designated to be
15 responsible for failing to supervise the activities of his
16 employees in violation of Code Section 10159.2, pursuant to Code
17 Section 10177(h) and 10177(g).

18 Second Cause of Accusation
19 (Code Section 10148)

20 13.

21 On April 2, 2003, Respondent GALITZ, dba Westlake
22 Lenders, was personally served with a subpoena duces tecum
23 alleging sufficient cause to require Respondent to produce (or
24 make available for examination, inspection or copying) the
25 following material connected with a transaction or transactions
26 for which a real estate broker license is required:
27

1 1. Copies of the complete loan file documents,
2 including but not limited to the loan application, good faith
3 estimate, promissory note, deeds of trust, assignment of deeds of
4 trust, escrow instructions, credit history reports, borrowers'
5 employment verifications, borrowers' income and wage
6 verifications, borrowers money deposit verifications, HUD-1
7 Settlement Statements, appraisal, all loan disclosure statements
8 and loan servicing agreements for the loan files and associated
9 escrows conducted from the 1st of January 2001 until March 31,
10 2003.

11 2. All records of trust funds received and placed in
12 the broker's trust account from January 1, 2001 to March 31,
13 2003.

14 3. All records of trust funds received and not placed
15 in the broker's trust account from January 1, 2001 to March 31,
16 2003.

17 4. All columnar and/or other records showing receipt
18 and disbursement of trust funds either placed in the broker's
19 trust account(s) or of trust funds received and not placed in the
20 broker's trust account from January 1, 2001 to March 31, 2003.

21 5. All loan application files and trust fund records
22 and related information as to the loan made by Eduardo Siordia
23 concerning the property at 1250 Saint Malo Avenue in La Puente,
24 California during or about the month of September, 2001,
25 including but not limited to:
26
27

- 1 a. The loan log of all applications taken.
- 2 b. Loan applications and writings signed by the loan
- 3 applicants in support of an application for a loan.
- 4 c. Verifications of employment and deposits.
- 5 d. Statements of vendor and purchaser regarding terms
- 6 of purchase or refinance, occupancy and other matters relating to
- 7 the property.
- 8 e. Appraisals and all writings regarding the value to
- 9 the property being proposed as security for the loan.
- 10 f. Credit reports and all writings regarding the
- 11 history of loan applicants in meeting their debt obligations.
- 12 g. Promissory notes and security instruments,
- 13 including trust deeds and mortgages, prepared for execution by
- 14 loan applicant and those executed by loan applicant.
- 15 h. Writings reflecting the granting or denial of any
- 16 loan application by loan applicant.
- 17 i. Cover letters forwarding any writings, and copies of
- 18 those writings, to loan applicant and to any and all lenders.
- 19 j. Receipts for funds received and cancelled checks
- 20 for funds disbursed, including compensation paid to loan agents.
- 21 k. Trust fund and/or trust account records and
- 22 ledgers.
- 23 l. Loan servicing records for all borrowers and any
- 24 writings related to loan payment histories or problems.
- 25 Respondents failed to produce all records requested.
- 26
- 27

1 Only records from February and March of 2003 were produced.
2 Subsequent to the commencement of the audit examination,
3 Respondents reported to the police that records had been stolen
4 from their office.

5 14.

6 The facts alleged above are grounds for the suspension
7 or revocation of Respondent's license under Section 10177(d) of
8 the Business and Professions Code in conjunction with Section
9 10148 of the Business and Professions Code.

10 Third Cause of Accusation

11 15.

12 Beginning on or around August 9, 2001, Respondent
13 CISNEROS, as loan officer for Westlake Lenders, Respondent
14 GALITZ's dba, represented Eduardo Siordia in refinance of
15 property located at 1250 Saint Malo Avenue, in La Puente,
16 California, 91744. The lender was World Savings and Westlake
17 Lenders Escrow Division handled the broker-escrow.

18 16.

19 In connection with the loan transaction set forth in
20 Paragraph 15 above, on or about September 4, 2001, Respondents
21 issued HUD-1 Settlement Statements to the lender, World Savings,
22 and to the borrower/principal, Mr. Siordia. As later discovered,
23 these Settlement Statements each contained different information.
24 For example, on line 303, the Settlement Statement provided to
25 Mr. Siordia, the borrower, indicated that there was zero cash
26 back to the borrower, but line 802 indicated that \$1,582.11 was
27

1 paid as a "World Loan Fee Second". Line 303 in the Settlement
2 Statement issued to World Savings, however, indicated that the
3 borrower (Siordia) had received \$1,582.11 back. Both Settlement
4 Statements reflected a payment of \$ 2,059.00 to Fireside Thrift.
5 This was authorized pursuant to escrow instructions.

6 17.

7 In truth and fact, no payment was ever made to Fireside
8 Thrift on behalf of Mr. Siordia in connection with the loan
9 transaction set forth above in Paragraph 15. In addition,
10 neither Mr. Siordia nor World Savings received \$1,582.11 at the
11 close of escrow in connection with this loan. When he learned
12 that Fireside Thrift had not received payment through escrow, Mr.
13 Siordia contacted Respondent CISNEROS to attempt to resolve this
14 matter. At one point, Respondent CISNEROS wrote Mr. Siordia a
15 check for \$1,300.00. Other than that, CISNEROS refused to
16 resolve the matter with him until the Department's audit
17 examination in 2003.

18 18.

19 In connection with the audit examination, as set forth
20 in Paragraph 11(b) above, it was determined that no disbursement
21 had ever been made to Fireside Thrift on behalf of Mr. Siordia in
22 connection with this loan transaction. The escrow account
23 records reflected that Mr. Siordia's account was still open as of
24 February 2003, and had a balance owed to Mr. Siordia of
25 \$2,059.00. This was paid to Siordia on or about April 22, 2003,
26 at which time an amended Settlement Statement was prepared by
27 Respondent CISNEROS reflecting a payment to the borrower of

1 \$2,059.00 and additional settlement charges of \$1,582.11.

2 19.

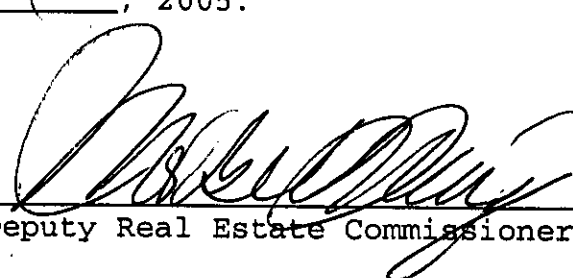
3 The facts alleged above are grounds for the discipline
4 of Respondent CISNEROS' license pursuant to 10176(a), 10177(g),
5 10176(i) and/or 10177(j).

6 20.

7 The facts alleged above are grounds for the discipline
8 of Respondent GALITZ license pursuant to Code Sections 10177(h).

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 STEVEN L. GALITZ and Respondent SYLVIA CISNEROS under the Real
14 Estate Law and for such other and further relief as may be proper
15 under applicable provisions of law.

16 Dated at Los Angeles, California
17 this 21st day of March, 2005.

18
19
20 
21 Deputy Real Estate Commissioner
22

23 cc: Steven L. Galitz
24 Sylvia Cisneros
25 Sacto.
26 Maria Suarez
27 Eric Goff
Audits