

1 Department of Real Estate
2 320 West Fourth Street, Ste. 350
3 Los Angeles, California 90013
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11 (213) 576-6982

FILED
MAY 11 2005

DEPARTMENT OF REAL ESTATE

Cherie Davis

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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11 To:)	No. H-31901 LA
)	
12 CALIFORNIA EMPIRE FINANCIAL)	<u>ORDER TO DESIST</u>
13 GROUP, INC.; RICK E. CLIGNETT,)	
14 formerly designated officer of)	<u>AND REFRAIN</u>
15 said corporation; and ALAN J.)	
SERGEANT, designated officer of)	
said corporation.)	

16 The Real Estate Commissioner of the State of California
17 has caused an investigation to be made of your activities as a
18 real estate broker, and based on the findings of that
19 investigation is of the opinion that you, CALIFORNIA EMPIRE
20 FINANCIAL GROUP, INC., have violated Section 10145(a) of the
21 Business and Professions Code (hereinafter Code) as well as
22 Regulations 2725, 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 2835
23 and 2950(i) (all references herein to Regulations refer to the
24 California Code of Regulations, Title 10, Chapter 6); and you,
25 RICK E. CLIGNETT, have violated Section 10159.2 of the Code.

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I

At all times herein mentioned, you, CALIFORNIA EMPIRE FINANCIAL GROUP, INC., were licensed by the Department of Real Estate of the State of California (hereinafter Department) as a corporate real estate broker.

II

At all times herein mentioned, you, CALIFORNIA EMPIRE FINANCIAL GROUP, INC., on behalf of others in expectation of compensation engaged in the business, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Section 10131 of the Code, including engaging in escrow activities as part of its real estate brokerage operation pursuant to the exemption set forth in Financial Code Section 17006(a)(4).

III

During 2004 and 2005, in connection with the aforesaid brokerage activities, you, CALIFORNIA EMPIRE FINANCIAL GROUP, INC., accepted or received funds from principals and thereafter made disbursements of such funds.

IV

In connection with your activities as a real estate broker, as described above, you, CALIFORNIA EMPIRE FINANCIAL GROUP, INC., acted in violation of the Real Estate Law as follows:

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1 (1) Violated Section 10145(a) and Regulation 2832.1
2 by failing to maintain funds in your trust fund account until
3 disbursed in accordance with instructions from the persons
4 entitled to the funds.

5 (2) Violated Regulation 2831 in that the columnar
6 record was not complete and accurate in that it failed to reflect
7 trust funds received from buyers not placed in the broker's trust
8 account as well as appraisal and credit report fees received from
9 escrow.

10 (3) Violated Regulation 2831.1 in that the separate
11 records were not complete and accurate in that separate records
12 for the beneficiaries of credit report fees and appraisal fees
13 received from escrow were not maintained.

14 (4) Violated Regulation 2831.2 by failing to maintain
15 monthly reconciliations.

16 (5) Violated Regulation 2832 by failing to deposit
17 earnest money deposits within three business days of receipt.

18 (6) Violated Regulation 2834 by having unlicensed
19 trust account signatories with no fidelity bond coverage.

20 (7) Violated Regulation 2835 by maintaining funds
21 belonging to the broker in your trust accounts.

22 (8) Violated Regulation 2832 by depositing trust funds
23 into bank accounts which are not trust accounts.

24 (9) Violated Regulation 2950(i) by failing to furnish
25 the parties an escrow closing statement.

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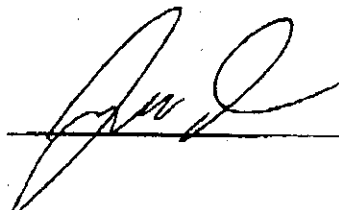
1 (10) Violated Regulation 2725 by failing to establish
2 policies, rules, procedures and systems to review, oversee,
3 inspect and manage transactions requiring a license, documents
4 and the handling of trust funds.

5 (11) You, RICK E. CLIGNETT, violated Section
6 10159.2(a) of the Code and Regulation 2725 by failing to exercise
7 reasonable supervision over the activities of the corporation so
8 as to secure full compliance with the Real Estate Law as
9 mentioned above.

10 NOW, THEREFORE, YOU, CALIFORNIA EMPIRE FINANCIAL GROUP,
11 INC.; YOU, RICK E. CLIGNETT; AND YOU, ALAN J. SERGEANT, ARE
12 ORDERED TO DESIST AND REFRAIN from engaging in any of the
13 violations listed in this Order.

14 DATED: 5-10, 2005.

15
16 JEFF DAVI
Real Estate Commissioner

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21 cc: California Empire Financial Group, Inc.
22 10681 Foothill Blvd., Suite 200
Rancho Cucamonga, California 91730

23 Alan J. Sergeant
24 81220 Legends Way
La Quinta, California 92253

25 Rick E. Clignett
26 5739 Mayberry
Alta Loma, California 91737

27 JRP:RLJ