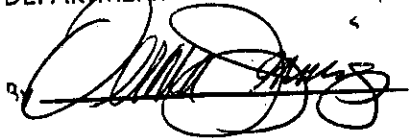


1 Department of Real Estate
2 320 W. 4th St., Room 350
3 Los Angeles, California 90013

4 Telephone: (213) 576-6982

FILED
APR 18 2007
DEPARTMENT OF REAL ESTATE



7 BEFORE THE DEPARTMENT OF REAL ESTATE

8 STATE OF CALIFORNIA

9 * * *

10 In the Matter of the Accusation of) No. H-32805 LA
11 LENOX FINANCIAL MORTGAGE) L-2006100111
12 CORPORATION; and) STIPULATION AND AGREEMENT
13 WESLEY CRAIG HOAGLUND,)
14 individually and as)
15 designated officer of)
16 Lenox Financial Mortgage)
17 Corporation,)
18 Respondents.)

17 It is hereby stipulated by and between LENOX FINANCIAL
18 MORTGAGE CORPORATION, and WESLEY CRAIG HOAGLUND (sometimes
19 referred to as Respondents), and their attorney, Doss Law, and
20 the Complainant, acting by and through James R. Peel, Counsel
21 for the Department of Real Estate, as follows for the purpose of
22 settling and disposing of the Accusation filed on May 9, 2006,
23 in this matter.

24
25 1. All issues which were to be contested and all
26 evidence which was to be presented by Complainant and
27 Respondents at a formal hearing on the Accusation, which hearing

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

5 2. Respondents have received, read and understand the
6 Statement to Respondent, the Discovery Provisions of the
7 Administrative Procedure Act ("APA") and the Accusation filed by
8 the Department of Real Estate in this proceeding.

9 3. On May 15, 2006, Respondents filed a Notice of
10 Defense pursuant to Section 11506 of the Government Code for the
11 purpose of requesting a hearing on the allegations in the
12 Accusation. Respondents hereby freely and voluntarily withdraw
13 said Notices of Defense. Respondents acknowledge that they
14 understand that by withdrawing said Notices of Defense they will
15 thereby waive their right to require the Commissioner to prove
16 the allegations in the Accusation at a contested hearing held in
17 accordance with the provisions of the APA and that they will
18 waive other rights afforded to them in connection with the
19 hearing, such as the right to present evidence in defense of the
20 allegations in the Accusation and the right to cross-examine
21 witnesses.

22 4. This Stipulation is based on the factual
23 allegations contained in the Accusation filed in this
24 proceeding. In the interest of expedience and economy,
25 Respondents choose not to contest these factual allegations, but
26 to remain silent and understand that, as a result thereof, these
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1 factual statements, will serve as a prima facie basis for the
2 disciplinary action stipulated to herein. The Real Estate
3 Commissioner shall not be required to provide further evidence
4 to prove such allegations.

5 5. This Stipulation and Respondents' decision not to
6 contest the Accusation is made for the purpose of reaching an
7 agreed disposition of this proceeding and is expressly limited
8 to this proceeding and any other proceeding or case in which the
9 Department of Real Estate ("Department"), the state or federal
10 government, or an agency of this state, another state or the
11 federal government is involved.

12 6. It is understood by the parties that the Real
13 Estate Commissioner may adopt the Stipulation as his decision
14 in this matter thereby imposing the penalty and sanctions on
15 Respondents' real estate licenses and license rights as set
16 forth in the below "Order". In the event that the Commissioner
17 in his discretion does not adopt the Stipulation, the
18 Stipulation shall be void and of no effect, and Respondents
19 shall retain the right to a hearing on the Accusation under all
20 the provisions of the APA and shall not be bound by any
21 stipulation or waiver made herein.

22 7. The Order or any subsequent Order of the Real
23 Estate Commissioner made pursuant to this Stipulation shall not
24 constitute an estoppel, merger or bar to any further
25 administrative or civil proceedings by the Department of Real
26 Estate with respect to any conduct which was not specifically
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1 alleged to be causes for accusation in this proceeding.

2 DETERMINATION OF ISSUES

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

7 The conduct, acts and/or omissions of Respondents
8 LENOX FINANCIAL MORTGAGE CORPORATION, and WESLEY CRAIG HOAGLUND,
9 as set forth in the Accusation, constitute cause for the
10 suspension or revocation of all of the real estate licenses and
11 license rights of Respondents under the provisions of Section
12 10177(d) of the Business and Professions Code ("Code") for
13 violations of Code Sections 10240 and 10145(a) and Regulations
14 2726, 2831, 2831.2, 2832.1, and 2834, Title 10, Chapter 6,
15 California Code of Regulations.

16 ORDER

17
18 All licenses and licensing rights of Respondents LENOX
19 FINANCIAL MORTGAGE CORPORATION, and WESLEY CRAIG HOAGLUND, under
20 the Real Estate Law are suspended for a period of ninety (90)
21 days from the effective date of this Decision; provided,
22 however, that thirty (30) days of said suspension shall be
23 stayed for two (2) years upon the following terms and
24 conditions:

25 1. Respondents shall obey all laws, rules and
26 regulations governing the rights, duties and responsibilities of
27 a real estate licensee in the State of California; and

1 2. That no final subsequent determination be made,
2 after hearing or upon stipulation that cause for disciplinary
3 action occurred within two (2) years of the effective date of
4 this Decision. Should such a determination be made, the
5 Commissioner may, in his discretion, vacate and set aside the
6 stay order and reimpose all or a portion of the stayed
7 suspension. Should no such determination be made, the stay
8 imposed herein shall become permanent.
9

10 3. Provided, however, that if Respondents petition,
11 the remaining sixty (60) days of said ninety (90) day suspension
12 shall be stayed upon condition that:

13 a. Respondents pay a monetary penalty pursuant to
14 Section 10175.2 of the Business and Professions Code at the rate
15 of \$50 for each day of the suspension for a total monetary
16 penalty of \$3,000 (\$6,000 for both Respondents).

17 b. Said payment shall be in the form of a
18 cashier's check or certified check made payable to the Recovery
19 Account of the Real Estate Fund. Said check must be received by
20 the Department prior to the effective date of the Decision in
21 this matter.

22 c. No further cause for disciplinary action
23 against the real estate licenses of Respondent occurs within two
24 (2) years from the effective date of the Decision in this
25 matter.
26
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1 d. If Respondents fail to pay the monetary
2 penalty in accordance with the terms and conditions of the
3 Decision, the Commissioner may, without a hearing, order the
4 immediate execution of all or any part of the stayed suspension
5 in which event the Respondents shall not be entitled to any
6 repayment nor credit, prorated or otherwise, for money paid to
7 the Department under the terms of this Decision.

8 e. If Respondents pay the monetary penalty and if
9 no further cause for disciplinary action against the real estate
10 license of Respondent occurs within two (2) years from the
11 effective date of the Decision, the stay hereby granted shall
12 become permanent.

13 4. Respondent WESLEY CRAIG HOAGLUND shall, within
14 six months from the effective date of this Decision, present
15 evidence satisfactory to the Real Estate Commissioner that
16 Respondent has taken and completed the trust fund accounting and
17 handling course specified in paragraph (3), subdivision (a) of
18 Section 10170.5 of the Business and Professions Code within 120
19 days prior to the effective date of the Decision in this matter.
20 If Respondent fails to satisfy this condition, the Commissioner
21 may order the suspension of Respondent's license until
22 Respondent presents such evidence. The Commissioner shall afford
23 Respondent the opportunity for a hearing pursuant to the
24 Administrative Procedure Act to present such evidence.
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1
2 5. Pursuant to Section 10148 of the Business and
3 Professions Code, Respondents LENOX FINANCIAL MORTGAGE
4 CORPORATION and WESLEY CRAIG HOAGLUND shall pay the
5 Commissioner's reasonable cost for the audit which led to this
6 disciplinary action and shall pay the Commissioner's reasonable
7 cost for a subsequent audit to determine if Respondent LENOX
8 FINANCIAL MORTGAGE CORPORATION has corrected the violations
9 found in the Determination of Issues. In calculating the amount
10 of the Commissioner's reasonable cost, the Commissioner may use
11 the estimated average hourly salary for all persons performing
12 audits of real estate brokers, and shall include an allocation
13 for travel costs, including mileage, time to and from the
14 auditor's place of work and per diem. Respondents shall pay
15 such cost within 45 days of receiving an invoice from the
16 Commissioner detailing the activities performed during the audit
17 and the amount of time spent performing those activities. The
18 Commissioner may, in his discretion, vacate and set aside the
19 stay order, if payment is not timely made as provided for
20 herein, or as provided for in a subsequent agreement between the
21 Respondents and the Commissioner. The vacation and the set
22 aside of the stay shall remain in effect until payment is made
23 in full, or until Respondents enter into an agreement
24 satisfactory to the Commissioner to provide for payment.
25
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27

1 Should no order vacating the stay be issued, either in
2 accordance with this condition or condition "2", the stay
3 imposed herein shall become permanent.
4

5 DATED:

Jan 18, 2007

James R. Peel
JAMES R. PEEL, Counsel for the
Department of Real Estate

6 * * *

7
8 We have read the Stipulation and Agreement, discussed
9 it with our attorney, and its terms are understood by us and are
10 agreeable and acceptable to us. We understand that we are
11 waiving rights given to us by the California Administrative
12 Procedure Act (including but not limited to Sections 11506,
13 11508, 11509 and 11513 of the Government Code), and we
14 willingly, intelligently and voluntarily waive those rights,
15 including the right of requiring the Commissioner to prove the
16 allegations in the Accusation at a hearing at which we would
17 have the right to cross-examine witnesses against us and to
18 present evidence in defense and mitigation of the charges.
19

20 Respondents can signify acceptance and approval of the
21 terms and conditions of this Stipulation and Agreement by faxing
22 a copy of the signature page, as actually signed by Respondents,
23 to the Department at the following telephone/fax number:
24 (213) 576-6917. Respondents agree, acknowledge and understand
25 that by electronically sending to the Department a fax copy of
26 his or her actual signature as it appears on the Stipulation and
27 Agreement, that receipt of the faxed copy by the Department

1 shall be as binding on Respondents as if the Department had
2 received the original signed Stipulation and Agreement.

3 Further, if the Respondents are represented, the
4 Respondents' counsel can signify his or her agreement to the
5 terms and conditions of the Stipulation and Agreement by
6 submitting that signature via fax.

7
8 DATED: _____

LENOX FINANCIAL MORTGAGE
CORPORATION, Respondent

9
10
11 DATED: _____

WESLEY CRAIG HOAGLUND,
Respondent

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14
15 DATED: _____

DOSS LAW
By: Antin Betpera
Counsel for Respondents

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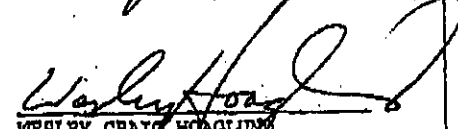
shall be as binding on Respondents as if the Department had received the original signed Stipulation and Agreement.

Further, if the Respondents are represented, the Respondents' counsel can signify his or her agreement to the terms and conditions of the Stipulation and Agreement by submitting that signature via fax.


DATED: 1/16/07


LENOX FINANCIAL MORTGAGE CORPORATION, Respondent

DATED: 1/16/07


WESLEY CRAIG HOAGLAND, Respondent

DATED: 1/16/07


DOSS LAW ^{Attia}
By: Anna Batpera
Counsel for Respondents

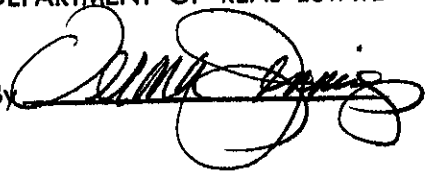
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Perry

1 JAMES R. PEEL, Counsel (SBN 47055)
2 Department of Real Estate
3 320 West Fourth Street, Suite 350
4 Los Angeles, CA 90013-1105

5 Telephone: (213) 576-6982
6 -or- (213) 576-6913 (Direct)

FILED
MAY - 9 2008
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)	No. H-32805 LA
12 LENOX FINANCIAL MORTGAGE)	<u>A C C U S A T I O N</u>
13 CORPORATION; and)	
14 WESLEY CRAIG HOAGLUND,)	
15 individually and as)	
16 designated officer of)	
17 Lenox Financial Mortgage)	
Corporation,)	
18 Respondents.)	

19 The Complainant, Janice A. Waddell, a Deputy Real
20 Estate Commissioner of the State of California, for cause of
21 accusation against LENOX FINANCIAL MORTGAGE CORPORATION; and
22 WESLEY CRAIG HOAGLUND, individually and as designated officer of
23 Lenox Financial Mortgage Corporation, alleges as follows:

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I

The Complainant, Janice A. Waddell, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against LENOX FINANCIAL MORTGAGE CORPORATION and WESLEY CRAIG HOAGLUND.

II

LENOX FINANCIAL MORTGAGE CORPORATION and WESLEY CRAIG HOAGLUND (hereinafter referred to as "Respondents"), are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter Code).

III

At all times herein mentioned, Respondent LENOX FINANCIAL MORTGAGE CORPORATION was licensed as a real estate broker with Respondent WESLEY CRAIG HOAGLUND as its designated officer.

IV

At all times material herein, Respondents 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 Sections 10131(a) and (d) of the Code and the exception set forth in Financial Code Section 17004(a)(4).

V

On or about July 26, 2005, the Department completed an examination of Respondents LENOX FINANCIAL MORTGAGE CORPORATION and WESLEY CRAIG HOAGLUND's books and records pertaining to the activities described in Paragraph IV above, covering a period

1 from October 1, 2002, through March 31, 2005, which examination
2 revealed violations of the Code and of Title 10, Chapter 6,
3 California Code of Regulations (hereinafter Regulations) as set
4 forth below.

5 VI

6 The examination described in Paragraph V, above,
7 determined that, ~~in connection with the activities described in~~
8 Paragraph IV above, Respondent LENOX FINANCIAL MORTGAGE
9 CORPORATION accepted or received funds, including funds in trust
10 (hereinafter "trust funds") from or on behalf of principals and
11 thereafter made deposit or disbursement of such funds.

12 VII

13 In the course of activities described in Paragraphs IV
14 through VI and during the examination period described in
15 Paragraph V, Respondents LENOX FINANCIAL MORTGAGE CORPORATION and
16 WESLEY CRAIG HOAGLUND acted in violation of the Code and the
17 Regulations as follows, and as more specifically set forth in
18 Audit Report Nos. LA 040287 and LA 040222 and related exhibits:

19 (1) Violated Section 10145(a) of the Code and
20 Regulation 2832.1 in that as of March 31, 2005, the escrow trust
21 account contained a shortage of \$185,544.52. As of February 28,
22 2005, the shortage was \$302,923.58.

23 (2) Violated Regulation 2831.2 by not performing a
24 monthly reconciliation of the trust fund records.

25 (3) Violated Regulation 2834 in that unlicensed
26 employees were signatories on the trust account. The fidelity
27 bond coverage maintained was not equal to the maximum amount

1 maintained in the account at any one time. The fidelity bond
2 coverage contained a deductible which is not allowed.

3 (4) Violated Regulation 2831 by failing to maintain a
4 control record as of March 31, 2005.

5 (5) Violated Sections 10176(a), 10240 and 10241 of the
6 Code in that Good Faith Estimates did not include a balloon
7 payment disclosure, the broker's license number and a statement
8 that the estimate does not constitute a loan commitment.
9 Respondents did not disclose rebates received from lenders to the
10 borrowers prior to funding.

11 (6) Violated Regulation 2726 by not at all times
12 maintaining a broker-salesperson relationship agreement with each
13 salesperson.

14 VIII

15 The conduct of Respondents LENOX FINANCIAL MORTGAGE
16 CORPORATION and WESLEY CRAIG HOAGLUND, as alleged above,
17 subjects their real estate licenses and license rights to
18 suspension or revocation pursuant to Sections 10176(a), 10177(d)
19 and/or 10177(g) of the Code.

20 IX

21 The conduct of Respondent WESLEY CRAIG HOAGLUND, as
22 alleged above, is in violation of Code Section 10159.2 and
23 subjects his real estate licenses and license rights to
24 suspension or revocation pursuant to Sections 10177(d), 10177(g),
25 and 10177(h) of the Code.

26 ///

27 ///

1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and license rights of Respondents
5 LENOX FINANCIAL MORTGAGE CORPORATION; and WESLEY CRAIG HOAGLUND,
6 individually and designated officer of Lenox Financial Mortgage
7 Corporation, under the Real Estate Law (Part 1 of Division 4 of
8 the Business and Professions Code) and for such other and further
9 relief as may be proper under other applicable provisions of law.

10 Dated at Los Angeles, California

11 this 19 day of January, 2006.

12
13
14 JANICE A. WADDELL
15 Deputy Real Estate Commissioner

16
17 cc: Lenox Financial Mortgage Corporation
18 Wesley Craig Hoaglund
19 Janice A. Waddell
20 Audit Section
21 Sacto.
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