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FILED
DEC - 5 2006

ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

DEPARTMENT OF REAL ESTATE

By *R. Heideholt*

Telephone: (213) 576-6911 (direct)
-or- (213) 576-6982 (office)

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
A FRANKLIN FINANCIAL INC.;)
and GEORGE JOSEPH LANAM,)
individually and as designated)
officer of A Franklin Financial)
Inc. ,)

No. H-33122 LA

STIPULATION
AND
AGREEMENT

Respondents,)

It is hereby stipulated by and between Respondents
A FRANKLIN FINANCIAL INC., a corporate real estate broker, and
GEORGE JOSEPH LANAM, individually and as designated officer of A
Franklin Financial Inc. (sometimes collectively referred to as
"Respondents"), and the Complainant, acting by and through
Elliott Mac Lennan, Counsel for the Department of Real Estate, as
follows for the purpose of settling and disposing of the
Accusation ("Accusation") filed on August 8, 2006, in this
matter:

1 1. All issues which were to be contested and all.
2 evidence which was to be presented by Complainant and Respondents
3 at a formal hearing on the Accusation, which hearing was to be
4 held in accordance with the provisions of the Administrative
5 Procedure Act ("APA"), shall instead and in place thereof be
6 submitted solely on the basis of the provisions of this
7 Stipulation and Agreement ("Stipulation").

8 2. Respondents have received, read and understand the
9 Statement to Respondent, the Discovery Provisions of the APA and
10 the Accusation filed by the Department of Real Estate in this
11 proceeding.

12 3. Respondents timely filed a Notice of Defense
13 pursuant to Section 11506 of the Government Code for the purpose
14 of requesting a hearing on the allegations in the Accusation.
15 Respondents hereby freely and voluntarily withdraw said Notice of
16 Defense. Respondents acknowledge that they understand that by
17 withdrawing said Notice of Defense they thereby waive their right
18 to require the Commissioner to prove the allegations in the
19 Accusation at a contested hearing held in accordance with the
20 provisions of the APA and that they will waive other rights
21 afforded to them in connection with the hearing such as the right
22 to present evidence in their defense the right to cross-examine
23 witnesses.
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25 4. This Stipulation is based on the factual
26 allegations contained in the Accusation. In the interest of
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1 expedience and economy, Respondents choose not to contest these
2 allegations, but to remain silent and understand that, as a
3 result thereof, these factual allegations, without being admitted
4 or denied, will serve as a prima facie basis for the disciplinary
5 action stipulated to herein. The Real Estate Commissioner shall
6 not be required to provide further evidence to prove said factual
7 allegations.

8 5. This Stipulation and Respondents' decision not to
9 contest the Accusation is made for the purpose of reaching an
10 agreed disposition of this proceeding and is expressly limited to
11 this proceeding and any other proceeding or case in which the
12 Department of Real Estate ("Department"), the state or federal
13 government, or any agency of this state, another state or federal
14 government is involved, and otherwise shall not be admissible in
15 any other criminal or civil proceedings.

16 6. It is understood by the parties that the Real
17 Estate Commissioner may adopt this Stipulation as his Decision in
18 this matter thereby imposing the penalty and sanctions on
19 Respondents' real estate licenses and license rights as set forth
20 in the "Order" herein below. In the event that the Commissioner
21 in his discretion does not adopt the Stipulation, it shall be
22 void and of no effect and Respondents shall retain the right to a
23 hearing and proceeding on the Accusation under the provisions of
24 the APA and shall not be bound by any stipulation or waiver made
25 herein.
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1 7. The Order or any subsequent Order of the Real
2 Estate Commissioner made pursuant to this Stipulation shall not
3 constitute an estoppel, merger or bar to any further
4 administrative or civil proceedings by the Department of Real
5 Estate with respect to any matters which were not specifically
6 alleged to be causes for Accusation in this proceeding but do
7 constitute a bar, estoppel and merger as to any allegations
8 actually contained in the Accusations against Respondents herein.

9 8. Respondent GEORGE JOSEPH LANAM understands that by
10 agreeing to this Stipulation, Respondent agree to pay, pursuant
11 to Business and Professions Code Section 10148, the cost of audit
12 which led to this disciplinary action. The amount of said cost
13 for the audit is \$2,631.

14 9. Respondent GEORGE JOSEPH LANAM has received, read,
15 and understands the "Notice Concerning Costs of Subsequent
16 Audit". Respondent further understands that by agreeing to this
17 Stipulation, the findings set forth below in the Determination of
18 Issues become final, and the Commissioner may charge Respondent
19 for the cost of any subsequent audit conducted pursuant to
20 Business and Professions Code Section 10148 to determine if the
21 violations have been corrected. The maximum cost of the
22 subsequent audit will not exceed \$2,631.

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DETERMINATION OF ISSUES

By reason of the foregoing, it is stipulated and agreed that the following determination of issues shall be made:

I.

The conduct of A FRANKLIN FINANCIAL INC., as described in Paragraph 4, above, is in violation of Section 10161.8 and 10137 of the Business and Professions Code ("Code") and Sections 2742(c) and 2752 of Title 10, Chapter 6 of the California Code of Regulations ("Regulations") and is a basis for the suspension or revocation of Respondent's license and license rights as a violation of the Real Estate Law pursuant to Code Sections 10177(d), 10177(f) and 10177(g).

II.

The conduct of GEORGE JOSEPH LANAM, as described in Paragraph 4, constitutes a failure to keep A Franklin Financial Inc. in compliance with the Real Estate Law during the time that he was the officer designated by a corporate broker licensee in violation of Code Sections 10159.2 and 10145 and Regulations 2831 and 2832(d). This conduct is a basis for the suspension or revocation of Respondent's license pursuant to Code Sections 10177(d), 10177(g) and 10177(h).

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ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

All licenses and licensing rights of Respondent
A FRANKLIN FINANCIAL INC., are revoked.

II.

All licenses and licensing rights of Respondent GEORGE
JOSEPH LANAM are suspended for a period of thirty days from the
effective date of this Decision.

III.

Pursuant to Section 10148 of the Business and
Professions Code, Respondent GEORGE JOSEPH LANAM shall pay the
Commissioner's reasonable cost for (a) the audit which led to
this disciplinary action (b) a subsequent audit to determine if
Respondents are now in compliance with the Real Estate Law. The
cost of the audit which led to this disciplinary action is
\$2,631. In calculating the amount of the Commissioner's
reasonable cost, the Commissioner may use the estimated average
hourly salary for all persons performing audits of real estate
brokers, and shall include an allocation for travel time to and
from the auditor's place of work. Said amount for the prior and
subsequent audits shall not exceed \$5,262.

Respondent shall pay such cost within 60 days of
receiving an invoice from the Commissioner detailing the
activities performed during the audit and the amount of time

1 spent performing those activities.

2 The Commissioner may suspend the license of Respondent
3 pending a hearing held in accordance with Section 11500, et seq.,
4 of the Government Code, if payment is not timely made as provided
5 for herein, or as provided for in a subsequent agreement between
6 the Respondent and the Commissioner. The suspension shall remain
7 in effect until payment is made in full or until Respondent
8 enters into an agreement satisfactory to the Commissioner to
9 provide for payment, or until a decision providing otherwise is
10 adopted following a hearing held pursuant to this condition.

11 IV.

12 All licenses and licensing rights of Respondent GEORGE
13 JOSEPH LANAM are indefinitely suspended unless or until
14 Respondent provides proof satisfactory to the Commissioner, of
15 having taken and successfully completed the continuing education
16 course on trust fund accounting and handling specified in
17 paragraph (3) of subdivision (a) of Section 10170.5 of the
18 Business and Professions Code. Proof of satisfaction of this
19 requirement includes evidence that respondent has successfully
20 completed the trust fund account and handling continuing
21 education course within 120 days prior to the effective date of
22 the Decision in this matter.
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26 DATED: 10-30-06

27 ELLIOTT MAC LENNAN, Counsel for
the Department of Real Estate

* * *

EXECUTION OF THE STIPULATION

We have read the Stipulation. Its terms are understood by us and are agreeable and acceptable to us. We understand that we are waiving rights given to us by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and we willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which we would have the right to cross-examine witnesses against us and to present evidence in defense and mitigation of the charges.

Respondents can signify acceptance and approval of the terms and conditions of this Stipulation by faxing a copy of its signature page, as actually signed by Respondents, to the Department at the following telephone/fax number: Elliott Mac Lennan at (213) 576-6917. Respondents agree, acknowledge and understand that by electronically sending to the Department a fax copy of Respondents' actual signature as they appear on the Stipulation, that receipt of the faxed copy by the Department shall be as binding on Respondents as if the Department had received the original signed Stipulation.

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3 DATED: 11-6-06

George Joseph Lanam
A FRANKLIN FINANCIAL INC., a
corporate real estate broker,
BY: GEORGE JOSEPH LANAM, D.O.,
Respondent

6
7 DATED: 11-6-06

George Joseph Lanam
GEORGE JOSEPH LANAM individually
and as designated officer of A
Franklin Financial Inc., Respondent

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10 * * *

11 The foregoing Stipulation and Agreement is hereby
12 adopted as my Decision as to Respondents A FRANKLIN FINANCIAL
13 INC. and GEORGE JOSEPH LANAM, individually and as designated
14 officer Of A Franklin Financial Inc. and shall become effective
15 at 12 o'clock noon on JAN - 5 2007

16 IT IS SO ORDERED 11-22, 2006.

17
18 JEFF DAVI
19 Real Estate Commissioner
20
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Department of Real Estate
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BEFORE THE DEPARTMENT OF REAL ESTATE

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In the Matter of the Accusation of

No. H-33122 LA

A FRANKLIN FINANCIAL INC.
and GEORGE JOSEPH LANAM,
individually and as
designated officer of
A Franklin Financial Inc.,

A C C U S A T I O N

Respondents.

The Complainant, Janice Waddell, a Deputy Real Estate
Commissioner of the State of California, for cause of Accusation
against A FRANKLIN FINANCIAL INC., and GEORGE JOSEPH LANAM dba
Tejai Financial & Realty Services , individually and as
designated officer of A Franklin Financial Inc., alleges as
follows:

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1.

The Complainant, Janice Waddell, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against A FRANKLIN FINANCIAL INC. ("AFFI"), and GEORGE JOSEPH LANAM ("LANAM").

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

LICENSE HISTORY

3.

AFFI and LANAM (sometimes hereinafter referred to as Respondents) are presently licensed or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter "Code").

4.

At all time herein mentioned, LANAM was licensed by the Department as the designated officer of AFFI to qualify AFFI and to act for AFFI as a real estate broker and, as provided by Code Section 10159.2, was responsible for the supervision and control of the activities conducted on behalf of AFFI by its officers, managers and employees as necessary to secure full compliance with the provisions of the Real Estate Law including the supervision of the salespersons licensed to the corporation in the performance of acts for which a real estate license is

1 required. AFFI was originally licensed as a corporate real
2 estate broker on August 5, 2003. LANAM was originally licensed
3 as a real estate broker on October 16, 1986. LANAM has been the
4 designated officer of AFFI since its initiation.

5 5.

6 Whenever reference is made in an allegation in the
7 Accusation to an act or omission of AFFI such allegation shall be
8 deemed to mean that the officers, directors, managers, employees,
9 agents and real estate licensees employed by or associated with
10 AFFI including LANAM committed such act or omission while engaged
11 in the furtherance of its business or operation and while acting
12 within the course and scope of its corporate authority, agency
13 and employment.

14 BROKERAGE

15 A FRANKLIN FINANCIAL INC.

16 6.

17 At all times herein mentioned, in the City of Newhall,
18 County of Los Angeles, California, AFFI acted as a real estate
19 broker within the meaning of Code Section 10131(d). AFFI
20 operated a mortgage and loan brokerage.
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1 (b) AFFI employed or compensated Joanne C. Duncan and
2 Ken Barnes, who were licensed under LANAM's real estate broker
3 license, in violation of Code Section 10137.

4 (c) Failed to provide, maintain or retain Mortgage Loan
5 Disclosure Statements for borrowers Sarpong, Grazziani, Estrada,
6 Collins, Mondragon, Norwood and Adjei, that AFFI received rebates
7 from lenders for mortgage loans arranged through said lenders, in
8 violation of Code Section 10240 and Regulation 2840.

9 (d) Used the fictitious name of "A Franklin Financial"
10 to conduct licensed activities on behalf of AFFI without holding
11 a license bearing this fictitious business name, in violation of
12 Code Section 10159.5 and Regulation 2731; and

13 (e) Failed to notify the Department of the employment
14 of salesperson Tom R. Johnson, as required by Code Section
15 10161.8 and Regulation 2752. This violation has been corrected.

16 10.

17
18 The conduct of Respondent AFFI, described in Paragraph
19 9, violated the Code and the Regulations as set forth below:

20 PARAGRAPH

PROVISIONS VIOLATED

21 9(a)

Code Section 10177(f) and
22 Regulation 2742(c)

23
24 9(b)

Code Section 10137

1 9(c)

Code Section 10240 and
Regulation 2840

4 9(d)

Regulation 2731

6 9(e)

Code Section 10161.8 and
Regulation 2752

9 Each of the foregoing violations separately constitutes cause for
10 the suspension or revocation of the real estate license and
11 license rights of AFFI and LANAM under the provisions of Code
12 Sections 10137, 10165, 10177(d) and/or 10177(g).

13 BROKERAGE

14 GEORGE JOSEPH LANAM

15 11.

16
17 At all times herein mentioned, in the City of Newhall,
18 California, AFFI on behalf of others in expectation of
19 compensation, engaged in the business, acted in the capacity of,
20 advertised or assumed to act as a real estate broker within the
21 meaning of Section 10131(a) of the Code. LANAM operated a
22 residential resale brokerage.

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SECOND CAUSE OF ACCUSATION

GEORGE JOSEPH LANAM dba Tejai Financial & Realty Services

AUDIT REPORT LA 040347

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On October 3, 2005, the Department completed an audit examination of the books and records of GEORGE JOSEPH LANAM pertaining to the activities described also in Paragraph 11 that require a real estate license and in this specific audit. The audit examination covered a period of time beginning on August 5, 2003, through June 30, 2005. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 040347, and the exhibits and workpapers attached to said audit report.

13.

At all times mentioned, in connection with the activities described in Paragraph 11, above, LANAM did not maintain a trust account or collect trust funds that needed to be deposited into a trust account during the audit period.

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2 With respect to the mortgage and loan brokerage activities
3 requiring a real estate license referred to in Paragraph 6, it is
4 alleged that LANAM:

5 (a) Used the fictitious names of "Tejai Realty Services
6 and/or Tejai Realty" to conduct licensed activities on behalf of
7 AFFI without holding a license bearing this fictitious business
8 name, in violation of Regulation 2731.

9 (b) Failed to maintain an adequate control record in
10 the form of a columnar record in chronological order of trust
11 funds received but not deposited, as required by Code Section
12 10145 and Regulation 2831.

13 (c) Failed to place trust funds, including earnest
14 money deposits, accepted on behalf of another into the hands of
15 the owner of the funds, a neutral escrow depository or into a
16 trust fund account in the name of the trustee at a bank or other
17 financial institution not later than three business days
18 following receipt of the funds by the broker or by the broker's
19 salesperson, as required by Code Section 10145 and Regulation
20 2832(d).
21

22 (d) employed or compensated Tom R. Jones, who was
23 licensed under AFFI's real estate broker license, in violation of
24 Code Section 10137.

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15.

The conduct of Respondent LANAM, described in Paragraph 12, violated the Code and the Regulations as set forth below:

PARAGRAPH

PROVISIONS VIOLATED

14(a)

Regulation 2731

14(b)

Code Section 10145 and
Regulation 2831

14(c)

Code Section 10145 and
Regulation 2832(d)

14(d)

Code Section 10137

Each of the foregoing violations separately constitutes cause for the suspension or revocation of the real estate license and license rights of LANAM under the provisions of Code Sections 10177(d) and/or 10177(g).

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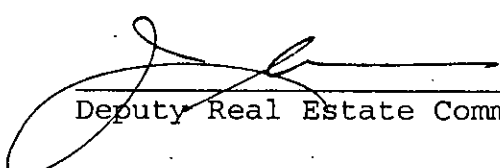
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1 WHEREFORE, complainant prays that a hearing be
2 conducted on the allegations of this Accusation and, that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and licensing rights of Respondents
5 A FRANKLIN FINANCIAL INC. and GEORGE JOSEPH LANAM, individually
6 and as designated officer of A Franklin Financial Inc., under the
7 Real Estate Law (Part 1 of Division 4 of the Business and
8 Professions Code) and for such other and further relief as may be
9 proper under other applicable provisions of law.

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11 Dated at Los Angeles, California
12 this *24 July 2006*

13 
14 Deputy Real Estate Commissioner
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24 cc: A Franklin Financial Inc.
25 George Joseph Lanam
26 Janice Waddell
27 Sacto
Audits - Rolly Acuna