

**FILED**  
OCT - 1 2010  
DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

By 

STATE OF CALIFORNIA

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In the Matter of the Accusation of	)	No. H-36110 LA
	)	
COASTAL MORTGAGE INCORPORATED,	)	L-2009101521
a corporate real estate broker;	)	
	)	
REGINALD DARNELLE BROWN,	)	
individually and as designated	)	
broker-officer of Coastal Mortgage Incorporated;	)	
	)	
JOHN ROBERT TAIT,	)	
	)	
	)	
Respondents.	)	
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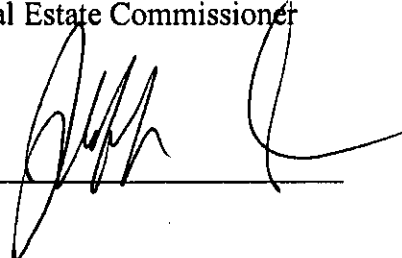
DECISION

The Proposed Decision dated September 2, 2010, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock noon on  
October 21, 2010.

IT IS SO ORDERED 9/29, 2010.

JEFF DAVI  
Real Estate Commissioner



**BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA**

In the Matter of the First Amended Accusation  
Against:

**COASTAL MORTGAGE INCORPORATED,**  
a corporate real estate broker;

**REGINALD DARNELLE BROWN,**  
individually and as designated broker-officer of  
Coastal Mortgage Incorporated; and

**JOHN ROBERT TAIT,**

Respondents.

Case No. H-36110 LA

OAH No. 2009101521

**PROPOSED DECISION**

Mark E. Harman, Administrative Law Judge (ALJ) of the Office of Administrative Hearings, heard this matter in Los Angeles, California, on August 3, 2010.

Maria Suarez (Complainant) was represented by Lissete Garcia, counsel for the Department of Real Estate (the Department).

Respondents Reginald Darnelle Brown (Respondent Brown) and John Robert Tait (Respondent Tait) each represented themselves during the proceeding. Respondent Coastal Mortgage Incorporated (Coastal Mortgage) did not appear. The ALJ's findings, conclusions, and order issued against Coastal Mortgage in this Proposed Decision are made pursuant to Government Code section 11520.

Oral and documentary evidence was received. Respondent Tait's evidentiary objection to exhibit 10, question number 5, is overruled. The record was closed, and the matter deemed submitted for decision on August 3, 2010.

**FACTUAL FINDINGS**

1. The First Amended Accusation, dated February 18, 2010, was made by Complainant, who is a deputy real estate commissioner of the State of California, acting in her official capacity.

2a. Coastal Mortgage is a California corporation formed by Respondents Brown and Tait on or about December 9, 2004. Respondents Brown and Tait are the officers and directors of Coastal Mortgage. Coastal Mortgage and Respondent Brown, through salespersons licensed to Coastal Mortgage and Respondent Brown, were engaged in the business of a real estate broker, including soliciting and negotiating loans on real property.

2b. Coastal Mortgage was originally licensed by the Department as a corporate real estate broker on February 1, 2005 and was operating its licensed business at 19800 MacArthur Boulevard, Suite 200, Irvine, California. Coastal Mortgage's broker's license expired as of January 31, 2009, and has not been renewed.

3. Respondent Brown was originally licensed as a real estate broker on August 11, 2003. Respondent Brown, at all times relevant, was responsible for the supervision and control of the activities conducted on behalf of Coastal Mortgage, its officers, and employees as necessary to secure full compliance with the provisions of the Real Estate Law (Bus. & Prof. Code,<sup>1</sup> § 10000 et seq.), including the supervision of salespersons licensed to the corporation in the performance of acts for which a real estate license is required.

4. Respondent Tait was originally licensed as a real estate salesperson in the employ of Respondent Brown on January 3, 2005. On or about July 4, 2006, Respondent Tait's license was conditionally suspended for failure to provide proof of completion of education requirements. On or about December 7, 2007, Respondent Tait's real estate salesperson license was reinstated listing no employing broker. Respondent Tait's salesperson license expired as of January 2, 2009, and has not been renewed.

5. Jody Gonzalez (Gonzalez), at all times relevant, was employed as a "processor" for Coastal Mortgage at its office located in Irvine. No licenses have ever been issued to Gonzalez under the Real Estate Law.

6. Newport Beach Real Estate Group, Inc. (NBREG) is a California corporation formed by Respondent Tait on or about December 6, 2004. Respondents Brown and Tait are the officers and directors of NBREG. NBREG identified its business as "real estate" in the records of the Secretary of State, and listed its principal place of business as 19800 MacArthur Boulevard, Suite 200, Irvine, California. No licenses have ever been issued to NBREG under the Real Estate Law.

*Suspension of Authority to Conduct Business as a Corporation*

7. On March 3, 2008, the California Franchise Tax Board suspended the corporate powers, rights and privileges of Coastal Mortgage pursuant to provisions of the California Revenue and Taxation Code. Coastal Mortgage's corporate status remains suspended.

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<sup>1</sup> All further statutory references are to the Business and Professions Code.

*Failure to Maintain Current Business and Mailing Addresses with the Department*

8. As of February 1, 2005, and continuing to the present time, the business and mailing address maintained on file by Coastal Mortgage with the Department is and was 19800 MacArthur Boulevard, Suite 200, Irvine, California.

9. As of September 21, 2005, and continuing to the present time, the main office address maintained on file by Respondent Brown with the Department is and was 19800 MacArthur Boulevard, Suite 200, Irvine, California.

10. On May 20, 2008, Coastal Mortgage and Respondent Brown no longer occupied the premises at 19800 MacArthur Boulevard, Suite 200, Irvine, California. Coastal Mortgage and Respondent Brown left both their principal place of business and the location of Coastal Mortgage's mailing address on file with the Department, but thereafter, Coastal Mortgage failed to notify the Department of a new mailing address or an address for the principal place of business for its real estate brokerage activities, and Respondent Brown failed to maintain on file with the Department a valid address for the principal place of business for his real estate brokerage activities.

*The Mewszel Transaction*

11. William S. Mewszel, Jr. (Mewszel) and his wife, Evelyn Gutierrez (Gutierrez), wanted to refinance Gutierrez's home located at 10741 Woodward Avenue, Sunland, California (the Sunland property), but her credit was insufficient to qualify for the transaction. A business acquaintance introduced Mewszel to "Derek." Derek referred Mewszel to Gonzalez, "a problem solver." In approximately August 2006, Mewszel talked with Gonzalez by telephone. Gonzalez said she was employed by Coastal Mortgage, and she could arrange the sale of the Sunland property from Gutierrez to Mewszel with a new residential loan. She said the couple's net proceeds from the transactions would be approximately \$145,000. On August 17, 2006, Gonzales provided a letter on Coastal Mortgage letterhead wherein she explained the loan terms and services she recommended as an "Executive Mortgage Consultant" of Coastal Mortgage.

12. Mewszel received a California Residential Purchase Agreement (Purchase Agreement) for the sale of the Sunland property from Gutierrez to Mewszel, which he signed on behalf of himself and his wife on or about August 8, 2006. "Newport Real Estate Grp." is listed as the broker for both the buyer, Mewszel, and the seller, Gutierrez. Respondent Tait is listed as the agent on behalf of "Newport Real Estate Grp." This document lists Coastal Mortgage's corporate real estate broker's license number 01477155. Respondent Tait has denied that he signed this document

13. The Purchase Agreement designated Escrows, Inc., Burbank, California, as the escrow agent. On or about September 21, 2006, Escrows, Inc., disbursed escrow funds held in escrow no. 60036-ATM by escrow check no. 223618 in the amount of \$9,750 made payable to Newport Real Estate Group as the broker's commission from the sale of the

Sunland property. The escrow statement notes that the broker commission was evenly split between Jodi Gonzalez (\$4,875) and John Tait (\$4,875). Respondent Tait endorsed the back of the escrow check and caused it to be deposited into a company bank account.

14. Coastal Mortgage, through Gonzalez, brokered the loan for Mewszel for the purchase of the Sunland property. Respondent Brown's signature appears on a Uniform Residential Loan Application certifying that he took the loan application through a telephone interview with Mewszel, although Mewszel never spoke to Respondent Brown, only with Gonzalez. Coastal Mortgage prepared a Good Faith Estimate for borrower Mewszel which listed the estimated fees and closing costs to be paid from the loan proceeds. Coastal Mortgage received \$14,565.50 in broker fees and commissions from the loan proceeds of the Sunland property.

15. Mewszel did not analyze the transactions carefully. He believed, based on what Gonzalez had told him, that when he signed the Purchase Agreement, Gonzalez would significantly lower the costs of the sale and loan transactions, and he could take approximately \$145,000 in equity out of the Sunland property. Beyond this, he does not recall Gonzalez discussing the loan's rates or terms, or the fees to obtain the loan. After he received the closing statements, it appeared to him that the closing costs had increased by \$13,000. Net proceeds were approximately \$130,000. Mewszel filed a complaint against Gonzalez and Coastal Mortgage with the Department in January 2007. He lost the Sunland property in foreclosure when he could no longer keep making the mortgage payments.

#### *Summary of Violations*

16. The suspension of Coastal Mortgage by the California Franchise Tax Board is a violation of California Code of Regulations, title 10 (CCR), section 2742, as set forth in factual finding numbers 2 through 7.

17. Coast Mortgage and Respondent Brown ceased operating as a licensed real estate broker at the location on file with the Department and failed to notify the Department of any new address, in violation of CCR section 2715 and Code section 10162, as set forth in factual finding numbers 2 through 10.

18a. Respondent Tait and Gonzalez were unlicensed individuals when they engaged in activities requiring a real estate license in connection with the Mewszel transaction and received compensation for these activities, as set forth in factual finding numbers 2 through 15. Respondent Tait's license was suspended, and Gonzalez had never been issued a real estate license. Respondent Tait maintains he had no knowledge of the Mewszel transaction and he did not participate in real estate brokerage activities in connection with it. He claims that Gonzalez or another person misused his name and signature on some of the transaction documents. He admits, however, that he endorsed an escrow check paid out for a brokerage commission on the Sunland property transaction. He is unable to explain why such a commission check was made payable to Newport Real Estate Group, an unlicensed entity he owned and controlled along with Respondent Brown, or why

it would be deposited with his endorsement in a general corporate account. Respondent Tait claims he was not paid a commission on the Mewszel transaction, but the escrow documents demonstrate that he received compensation from the transaction, at least indirectly if not directly.

18b. Respondent Brown was the designated real estate broker of Coastal Mortgage and a controlling person of NBREG. Respondent Brown was responsible for the brokerage activities of Coastal Mortgage and its agents, including Respondent Tait and Gonzalez. Respondent Brown was responsible for the unlawful compensation paid to two unlicensed persons: Respondent Tait and Gonzalez. Similarly, Respondent Tait's act of paying to himself an unlawful commission is a violation of the Real Estate Law. Respondent Brown is liable as a principal, but he and Respondent Tait were acting more like co-administrators or partners in conducting their real estate businesses rather than strictly a broker-agent relationship.

19. As an officer and director of NBREG, Respondent Tait received unlawful compensation in the Mewszel transaction in violation of section 10130 of the Real Estate Law, as set forth in factual finding numbers 2 through 15.

20. Respondent Brown used the fictitious business name, Newport Beach Real Estate Group, Inc., also known as Newport Real Estate Group, for activities requiring the issuance of a real estate broker's license without filing an application for the use of such name with the Department as required by section 10159.5 and CCR section 2731, subdivision (a), as set forth in factual finding numbers 2 through 15

### LEGAL CONCLUSIONS

1. Cause exists to revoke or suspend the real estate brokers' licenses of Respondents Coastal Mortgage Incorporation and Reginald Darnelle Brown under sections 10137,<sup>2</sup> 10165 (abandonment of licensed location,) and 10177, subdivisions (d) (willful disregard or violation of the Real Estate Law) and (g) (negligence or incompetence in performing an act for which a license is required). Further, cause exists to revoke or suspend Respondent Brown's real estate broker's license under sections 10159.2 and 10177, subdivision (h) (failure of an officer designated by a corporate broker licensee to exercise reasonable supervision and control of the activities of the corporation and its agents), as set forth in factual finding numbers 2 through 20.

2. Cause exists to revoke or suspend Respondent John Robert Tait's real estate salesperson license pursuant to section 10177, subdivision (d) (for willfully violating the Real Estate Law) and (g) (negligence or incompetence in performing an act for which a

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<sup>2</sup> Section 10137 provides, in pertinent part, that "[i]t is unlawful for any licensed real estate broker to employ or compensate, directly or indirectly, any person for performing any of the acts within the scope of this chapter who is not a licensed real estate broker, or a real estate salesman licensed under the broker employing or compensating him."

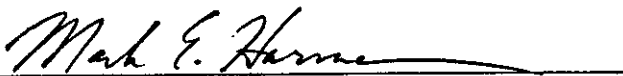
license is required), and more particularly, for receiving compensation from transactions for which a license was required before first obtaining a real estate license, as set forth in factual finding number 2 through 20.

3. Although Complainant neither charged nor proved fraudulent lending practices, the Respondents' misconduct was serious. There was scant evidence to support a finding of Respondents' rehabilitation. Respondents have not accepted responsibility for their wrongdoing. They posit that Gonzalez engaged in the misconduct by herself. The evidence did not establish that Respondents have corrected the unlawful business practices giving rise to the Accusation. Respondent Brown must be held principally liable for this misconduct, because he was principally responsible for compliance with the Real Estate Law. Even if Respondent Tait's acts in connection with the Mewszel transaction are only slightly less actionable, Respondent Tait and Respondent Brown essentially were partners in the conduct of the business of Coastal Mortgage, and share responsibility for the wrongdoing. The Department has reasonable concerns for public safety if either of these individuals is allowed to maintain their licenses at this time.

ORDER

All licenses and licensing rights of Respondents Coastal Mortgage Incorporated, Reginald Darnelle Brown, and John Robert Tait, under the Real Estate Law, are revoked.

DATED: September 2, 2010

  
MARK E. HARMAN  
Administrative Law Judge  
Office of Administrative Hearings

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2 Department of Real Estate  
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4 Los Angeles, California 90013-1105

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**FILED**  
FEB 22 2010  
DEPARTMENT OF REAL ESTATE

By         

7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of	)	DRE NO. H-36110 LA
	)	OAH NO. L-200910521
12 COASTAL MORTGAGE INCORPORATED,	)	
13 a corporate real estate broker;	)	<u>FIRST AMENDED ACCUSATION</u>
	)	
14 REGINALD DARNELLE BROWN,	)	
15 individually and as designated	)	
16 broker-officer of Coastal	)	
Mortgage Incorporated;	)	
	)	
17 JOHN ROBERT TAIT,	)	
	)	
18 Respondents.	)	

19  
20 This First Amended Accusation amends the Accusation  
21 filed on July 15, 2009. The Complainant, Maria Suarez, a Deputy  
22 Real Estate Commissioner of the State of California, for cause  
23 of Accusation against COASTAL MORTGAGE INCORPORATED; REGINALD  
24 DARNELLE BROWN, individually and as designated broker-officer of  
25 Coastal Mortgage Incorporated; and JOHN ROBERT TAIT, is informed  
26 and alleges as follows:

27 ///

28 ///



1 1.

2 The Complainant, Maria Suarez, a Deputy Real Estate  
3 Commissioner of the State of California, makes this Accusation  
4 in her official capacity.

5 2.

6 LICENSING

7 At all times relevant herein, Respondent COASTAL  
8 MORTGAGE INCORPORATED ("CMI") was licensed or has license rights  
9 under the Real Estate Law (Part 1 of Division 4 of the  
10 California Business and Professions Code) ("Code") as a  
11 corporate real estate broker. Respondent CMI was originally  
12 licensed by the Department of Real Estate ("Department") as a  
13 corporate real estate broker on or about February 1, 2005.  
14 Respondent CMI's license expired on January 31, 2009.  
15 Respondent CMI has renewal rights under Section 10201 of the  
16 Code. The Department retains jurisdiction pursuant Code Section  
17 10103.  
18

19 3.

20 At all times relevant herein, Respondent CMI was  
21 authorized to act by and through Respondent REGINALD DARNELLE  
22 BROWN ("BROWN") as the officer and broker responsible pursuant  
23 to the provisions of Code Section 10159.2 for supervising and  
24 controlling the activities performed by CMI requiring a real  
25 estate license by its officers and employees, as necessary to  
26 secure full compliance with the Real Estate Law (Section 10000  
27 et seq. of the Code).

28 ///

1 4.

2 At all times herein mentioned, Respondent BROWN was  
3 and is licensed individually, by the Department as a real estate  
4 broker. BROWN was a principal and the designated broker-officer  
5 of CMI.

6 5.

7 At all times relevant herein, Respondent JOHN ROBERT  
8 TAIT ("TAIT") was licensed or has license rights under the Real  
9 Estate Law (Part 1 of Division 4 of the Code) as a real estate  
10 salesperson. From on or about January 3, 2005, through July 3,  
11 2006, Respondent TAIT was listed as acting under the employ of  
12 Respondent BROWN. On or about July 4, 2006, Respondent TAIT's  
13 license was conditionally suspended for failure to provide proof  
14 of completion of educational requirements. On or about  
15 December 7, 2007, Respondent TAIT's real estate salesperson  
16 license was reinstated listing no employing broker. Respondent  
17 TAIT's salesperson license expired on January 2, 2009.  
18 Respondent TAIT has renewal rights under Code Section 10201.  
19 The Department retains jurisdiction pursuant Code Section 10103.

20 6.

21 At no time herein mentioned was Jodi Gonzalez licensed  
22 by the Department as a real estate broker or as a real estate  
23 salesperson.  
24

25 7.

26 At no time herein mentioned was "Newport Beach Real  
27 Estate Group, Inc.", "Newport Beach Real Estate Group", or  
28 "Newport Real Estate Group" licensed by the Department as a

1 corporate real estate broker or fictitious business name for  
2 Respondents CMI or BROWN.

3 FIRST CAUSE OF ACCUSATION  
4 (Suspended Corporate Status)  
5 (CMI and BROWN)

6 8.

7 Complainant hereby incorporates by reference the  
8 allegations set forth in Paragraphs 1 through 7 above.

9 9.

10 At all times herein mentioned, Respondents CMI and  
11 BROWN, through salespersons licensed to Respondent CMI, were  
12 engaged in the business of, acted in the capacity of, advertised  
13 or assumed to act as real estate brokers within the meaning of  
14 Code Section 10131, subdivisions (a) and (d), including, for or  
15 in expectation of compensation, soliciting prospective sellers  
16 and buyers, soliciting listings, negotiating the purchase, sale  
17 or exchange of real property, and performing services for  
18 borrowers in connection with loans secured by real property.

19 10.

20 Respondent CMI is a California corporation.  
21 Respondent CMI was formed as a corporation on or about  
22 December 6, 2004. Respondents BROWN and TAIT are the officers  
23 and directors of the corporation.

24 11.

25 On March 3, 2008, the California Franchise Tax Board  
26 suspended the corporate powers, rights and privileges of  
27 Respondent CMI pursuant to the provisions of the California  
28

1 Revenue and Taxation Code. CMI's corporate status remains  
2 suspended.

3 12.

4 The suspension of Respondent CMI is in violation of  
5 Section 2742, Title 10, Chapter 6, California Code of  
6 Regulations and constitutes grounds to suspend or revoke  
7 Respondent CMI's corporate real estate broker license pursuant  
8 to Code Sections 10177(d), 10177(g) and/or 10177(f).

9 13.

10 Respondent BROWN's failure to supervise the activities  
11 of Respondent CMI to ensure compliance with the Real Estate Law,  
12 is in violation of Code Section 10159.2 and constitutes grounds  
13 to suspend or revoke Respondent BROWN's license and license  
14 rights pursuant to Code Sections 10177(d), 10177(g) and/or  
15 10177(h).

16  
17 SECOND CAUSE OF ACCUSATION  
18 (Office Abandonment)  
19 (CMI and BROWN)

20 14.

21 There is hereby incorporated in this Second, separate,  
22 Cause of Accusation, all of the allegations contained in  
23 Paragraphs 2 through 13 above, with the same force and effect as  
24 if herein fully set forth.

25 15.

26 As of February 1, 2005, and continuing to the present  
27 time, the business and mailing address maintained on file by  
28

1 Respondent CMI with the Department is and was 19800 MacArthur  
2 Boulevard, Suite 200, Irvine, California.

3 16.

4 As of September 21, 2005, and continuing to the  
5 present time, the main office address maintained on file by  
6 Respondent BROWN with the Department is and was 19800 MacArthur  
7 Boulevard, Suite 200, Irvine, California.

8 17.

9 On May 20, 2008, a representative of the Department  
10 visited 19800 MacArthur Boulevard, Suite 200, Irvine,  
11 California, and found that Respondents CMI and BROWN no longer  
12 occupied the premises.

13 18.

14 On or before May 20, 2008, Respondents CMI and BROWN  
15 left and/or abandoned their principal place of business and the  
16 location of CMI's mailing address on file with the Department.  
17 Thereafter, Respondent CMI failed to maintain on file with the  
18 Department a new mailing address or an address for the principal  
19 place of business for its real estate brokerage activities.  
20 Respondent BROWN failed to maintain on file with the Department  
21 a valid address for the principal place of business for his real  
22 estate brokerage activities.

23 19.

24 The conduct, act(s) and/or omission of Respondents CMI  
25 and BROWN, in abandoning their office and failing to notify the  
26 Department of a new address, as described above, is a violation  
27 of Regulation 2715 and Code Section 10162, and constitutes cause  
28

1 for the suspension or revocation of Respondent CMI's and BROWN's  
2 licenses and license rights under the provisions of Code  
3 Sections 10165, 10177(d), and/or 10177(g).

4 20.

5 Respondent BROWN's failure to supervise the activities  
6 of Respondent CMI to ensure compliance with the Real Estate Law,  
7 is in violation of Code Section 10159.2 and constitutes  
8 additional grounds to suspend or revoke Respondent BROWN's  
9 license and license rights pursuant to Code Sections 10177(d),  
10 10177(g) and/or 10177(h).

11 THIRD CAUSE OF ACCUSATION  
12 (Compensation of Unlicensed Person(s))  
13 (CMI, BROWN and TAIT)

14 21.

15 There is hereby incorporated in this Third, separate,  
16 Cause of Accusation, all of the allegations contained in  
17 Paragraphs 2 through 20 above, with the same force and effect as  
18 if herein fully set forth.

19 22.

20  
21 Newport Beach Real Estate Group, Inc. was formed as a  
22 California corporation on or about December 6, 2004.  
23 Respondents BROWN and TAIT are the officers and directors of the  
24 corporation. On Secretary of State documents, Newport Beach  
25 Real Estate Group, Inc.'s type of business is described as real  
26 estate and its principal place of business is listed as 19800  
27 MacArthur Boulevard, Suite 200, Irvine, California. The same  
28 address as the address listed for Respondent CMI and BROWN.

1 23.

2 On or about December 30, 2006, William S. Mewszel, Jr.  
3 submitted a complaint to the Department against Respondent CMI  
4 and unlicensed person, Jodi Gonzalez.  
5

6 24.

7 During a period of time from approximately August,  
8 2006, and continuing through September 21, 2006, for or in  
9 expectation of compensation, and while she was employed by  
10 Respondent CMI and/or Newport Beach Real Estate Group, Inc.,  
11 also known as Newport Real Estate Group, Jodi Gonzalez engaged  
12 in the business of, acted in the capacity of, advertised or  
13 assumed to act as a real estate agent by negotiating the  
14 purchase, sale or exchange of real property and performing  
15 services for borrower William S. Mewszel, Jr. in connection with  
16 a loan secured on real property located at 10741 Woodward  
17 Avenue, Sunland, California 91040 ("Woodward property"). On or  
18 about August 17, 2006, Jodi Gonzales provided a letter on CMI  
19 letterhead wherein she explained the loan terms and services she  
20 recommended as an Executive Mortgage Consultant of CMI.  
21

22 25.

23 Mr. Mewszel received a California Residential Purchase  
24 Agreement for the sale of the Woodward property from Evelyn  
25 Gutierrez to Mr. Mewszel. Respondent TAIT is listed as the  
26 agent on behalf of Newport Real Estate Grp. Newport Real Estate  
27 Group's listed REC License No. 01477155. Respondent CMI's REC  
28 License No. is 01477155. Newport Real Estate Grp. was listed as

1 the broker for both the buyer, William Mewszel, and the seller,  
2 Evelyn Gutierrez, of the Woodward property.

3 26.

4 On or about September 21, 2006, Newport Real Estate  
5 Group received \$9,750 in broker commissions from escrow on the  
6 sale of the Woodward property in Escrow No. 60036-ATM. The  
7 escrow statement notes broker commissions of \$4,875 to Jodi  
8 Gonzalez and \$4,875 to Respondent JOHN TAIT, respectively.

9 27.

10 Respondent CMI brokered the loan for borrower William  
11 Mewszel for the purchase of the Woodward property. Respondent  
12 BROWN executed a Uniform Residential Loan Application certifying  
13 that he took the loan application through telephone interview  
14 with Mr. Mewszel. CMI prepared a Good Faith Estimate for  
15 borrower Mewszel which listed the estimated fees and closing  
16 costs to be paid from the loan proceeds. Respondent CMI  
17 received \$14,565.50 in broker fees and commissions from the loan  
18 proceeds of the Woodward property.

19 28.

20 The acts and/or omissions of Respondents CMI and BROWN  
21 in compensating TAIT, individually, and as a principal of both  
22 CMI and unlicensed entity Newport Real Estate Group, also doing  
23 business as Newport Beach Real Estate Group, Inc., and  
24 compensating Jodi Gonzalez for performing acts that require a  
25 real estate license when neither TAIT, nor Jodi Gonzalez, were  
26 licensed by the Department is in violation of Code Section 10137  
27 and constitutes cause to revoke or suspend the licenses and  
28



1 license rights of Respondents CMI and BROWN pursuant to Sections  
2 10177(d) and/or 10177(g) of the Code.

3  
4 29.

5 Respondent BROWN's failure to supervise the activities  
6 of Respondent CMI to ensure compliance with the Real Estate Law,  
7 is in violation of Code Section 10159.2 and constitutes  
8 additional grounds to suspend or revoke Respondent BROWN's  
9 license and license rights pursuant to Code Sections 10177(d),  
10 10177(g) and/or 10177(h).

11 FOURTH CAUSE OF ACCUSATION  
12 (Unlicensed Activity)  
13 (TAIT)

14 30.

15 There is hereby incorporated in this Fourth, separate,  
16 Cause of Accusation, all of the allegations contained in  
17 Paragraphs 2 through 29 above, with the same force and effect as  
18 if herein fully set forth.

19 31.

20 From on or about July 4, 2006, through December 7,  
21 2007, Respondent TAIT's real estate salesperson license was  
22 conditionally suspended, he was not licensed to act under the  
23 employ of a real estate broker, and was not licensed to perform  
24 or receive compensation for performing acts that required a real  
25 estate license. TAIT, individually, and as a director and  
26 officer of unlicensed entity, Newport Real Estate Group,  
27 received compensation for acting in the capacity of, or assuming  
28

1 to act as a real estate broker within the meaning of Code  
2 Section 10131, as alleged in Paragraphs 22 through 28 above.

3 32.

4 Respondent TAIT violated Code Section 10130 by  
5 engaging in the acts described in Paragraphs 22 through 28  
6 above, without first obtaining a real estate broker license from  
7 the Department. Said conduct, acts and/or omissions are cause  
8 to suspend or revoke the license and license rights of  
9 Respondent TAIT pursuant to Code Sections 10177(d) and/or  
10 10177(g).

11 FIFTH CAUSE OF ACCUSATION  
12 (Use of Unauthorized Fictitious Business Name)  
13 (CMI and BROWN)

14 33.

15 There is hereby incorporated in this Fifth, separate,  
16 Cause of Accusation, all of the allegations contained in  
17 Paragraphs 2 through 32 above, with the same force and effect as  
18 if herein fully set forth.

19 34.

20 At all times herein mentioned, Respondents CMI and  
21 BROWN used the fictitious business name, Newport Beach Real  
22 Estate Group, Inc., also known as Newport Real Estate Group, for  
23 activities requiring the issuance of a real estate broker  
24 license without filing an application for the use of such name  
25 with the Department as required by the provisions of Code  
26 Section 10159.5 and Section 2731(a) of Title 10, Chapter 6,  
27 California Code of Regulations.

28 ///



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/or license rights of  
5 Respondents, COASTAL MORTGAGE INCORPORATED; REGINALD DARNELLE  
6 BROWN, individually and as designated broker-officer of Coastal  
7 Mortgage Incorporated; and JOHN ROBERT TAIT, under the Real  
8 Estate Law (Part 1 of Division 4 of the Business and Professions  
9 Code) and for such other and further relief as may be proper  
10 under other applicable provisions of law.

11 Dated at Los Angeles, California

12 this 18<sup>th</sup> day of February, 2010.

13  
14  
15   
16 MARIA SUAREZ  
17 Deputy Real Estate Commissioner  
18  
19  
20  
21  
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23

24 cc: Coastal Mortgage Incorporated  
25 Reginald Darnelle Brown  
26 John Robert Tait  
27 OAH  
28 Maria Suarez  
Sacto.



1 in her official capacity.

2 2.

3 LICENSING

4 At all times relevant herein, Respondent COASTAL  
5 MORTGAGE INCORPORATED ("CMI") was licensed or has license rights  
6 under the Real Estate Law (Part 1 of Division 4 of the  
7 California Business and Professions Code) as a corporate real  
8 estate broker, REC License No. 01477155. Respondent CMI was  
9 originally licensed by the Department of Real Estate  
10 ("Department") as a corporate real estate broker on or about  
11 February 1, 2005. Respondent CMI's license expired on  
12 January 31, 2009. Respondent CMI has renewal rights under  
13 Section 10201 of the Code. The Department retains jurisdiction  
14 pursuant Code Section 10103.  
15

16 3.

17 At all times relevant herein, Respondent CMI was  
18 authorized to act by and through Respondent REGINALD DARNELLE  
19 BROWN ("BROWN") as the officer and broker responsible pursuant  
20 to the provisions of Section 10159.2 of the Business and  
21 Professions Code ("Code") for supervising and controlling the  
22 activities performed by CMI requiring a real estate license by  
23 its officers and employees, as necessary to secure full  
24 compliance with the Real Estate Law (Section 10000 et seq. of  
25 the Code).

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1 4.

2 At all times herein mentioned, Respondent BROWN was  
3 and is licensed by the Department as a real estate broker and as  
4 an officer of CMI.

5 5.

6 At all times herein mentioned, Respondents CMI and  
7 BROWN, through salespersons licensed to Respondent CMI, were  
8 engaged in the business of, acted in the capacity of, advertised  
9 or assumed to act as real estate brokers within the meaning of  
10 Section 10131(a) of the Code, for another or others, for or in  
11 expectation of compensation to solicit sellers and buyers for  
12 listing, sale and purchase of real property and to negotiate the  
13 sale and purchase of real property on behalf of buyers and  
14 sellers.  
15

16 6.

17 At all times relevant herein, Respondent JOHN ROBERT  
18 TAIT ("TAIT") was licensed or has license rights under the Real  
19 Estate Law (Part 1 of Division 4 of the California Business and  
20 Professions Code) as a real estate salesperson. From on or  
21 about January 3, 2005, through July 3, 2006, Respondent TAIT was  
22 listed as acting under the employ of Respondent BROWN. On or  
23 about July 3, 2006, Respondent TAIT's license was conditionally  
24 suspended for failure to provide proof of completion of  
25 educational requirements. On or about December 7, 2007,  
26 Respondent's real estate salesperson license was reinstated not  
27 acting in the employ of a real estate broker. Respondent TAIT's  
28 salesperson license expired on January 2, 2009. Respondent TAIT

1 has renewal rights under Section 10201 of the Code. The  
2 Department retains jurisdiction pursuant Code Section 10103.

3 7.

4 At no time herein mentioned was Jodi Gonzalez licensed  
5 by the Department as a real estate broker or as a real estate  
6 salesperson.

7 8.

8 At no time herein mentioned was Newport Real Estate  
9 Group licensed by the Department as a corporate real estate  
10 broker or fictitious business name for Respondents CMI or BROWN.

11 FIRST CAUSE OF ACCUSATION

12 (Employment of Unlicensed Persons)

13 9.

14 Complainant hereby incorporates by reference the  
15 allegations set forth in Paragraphs 1 through 8 above.

16 10.

17 During a period of time from approximately August,  
18 2006, and continuing through September 21, 2006, for or in  
19 expectation of compensation, and while she was employed by  
20 Respondent CMI, Jodi Gonzalez engaged in the business of, acted  
21 in the capacity of, advertised or assumed to act as a real  
22 estate agent by negotiating the purchase, sale or exchange of  
23 real property and performing services for borrower William  
24 Mewsel in connection with a loan secured on real property  
25 located at 10741 Woodward Avenue, Sunland, California 91040  
26 ("Woodward property").  
27

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1 11.

2 On or about August 6, 2006, a California Residential  
3 Purchase Agreement was executed by Respondent TAIT on behalf of  
4 Newport Real Estate Group, with REC License No. 01477155.  
5 Respondent CMI's REC License No. is 01477155. Newport Real  
6 Estate Group was listed as the broker for both the buyer,  
7 William Mewsel, and the seller, Evelyn Gutierrez, of the  
8 Woodward property.

9 12.

10 On or about September 21, 2006, Newport Real Estate  
11 Group received \$9,750 in broker commissions from escrow on the  
12 Woodward property in Escrow No. 60036-ATM. The escrow statement  
13 notes broker commissions of \$4,875 to Jodi Gonzalez and \$4,875  
14 to Respondent JOHN TAIT, respectively.

15 13.

16 The acts and/or omissions of Respondents CMI and BROWN  
17 in employing Jodi Gonzalez and compensating TAIT to conduct  
18 activities requiring a real estate license when neither were  
19 licensed by the Department is cause to revoke or suspend the  
20 licenses and license rights of Respondents CMI and BROWN  
21 pursuant to Sections 10137, 10177(d) and/or 10177(g) of the  
22 Code.  
23

24 SECOND CAUSE OF ACCUSATION

25 (Unlicensed Activity)

26 14.

27 Complainant hereby incorporates by reference the  
28 allegations set forth in Paragraphs 1 through 13 above.

1 15.

2 During a period of time when Respondent TAIT's real  
3 estate license was conditionally suspended and he was not  
4 licensed to act under the employ of a real estate broker, for a  
5 compensation or in expectation of a compensation, Respondent  
6 acted in the capacity of, or assumed to act as a real estate  
7 broker within the meaning of Section 10131 of the Code, as  
8 alleged in Paragraphs 11 and 12 above.

9 16.

10 Respondent TAIT violated Section 10130 of the Code by  
11 engaging in the acts described in Paragraphs 11 and 12 above,  
12 without first obtaining a real estate broker license from the  
13 Department. Said conduct, acts and/or omissions are cause to  
14 suspend or revoke the licenses and license rights of Respondent  
15 TAIT pursuant to Sections 10177(d) and/or 10177(g) of the Code.

16  
17 THIRD CAUSE OF ACCUSATION

18 (Use of Unauthorized Fictitious Business Name)

19 17.

20 Complainant hereby incorporates by reference the  
21 allegations set forth in Paragraphs 1 through 16 above.

22 18.

23 At all times herein mentioned, Respondents CMI and  
24 BROWN used a fictitious business name, "Newport Real Estate  
25 Group" ("NREG"), for activities requiring the issuance of a real  
26 estate license without filing an application for the use of such  
27 name with the Department as required by the provisions of  
28

1 Section 10159.5 of the Code and Section 2731(a) of Title 10,  
2 Chapter 6, California Code of Regulations ("Regulations").

3 19.

4 The conduct, acts and/or omissions of Respondents, as  
5 set forth in Paragraph 18 above, violate Section 10159.5 of the  
6 Code and Section 2731(a) of the Regulations, and are cause for  
7 the suspension or revocation of the licenses and license rights  
8 of Respondents pursuant to Sections 10177(d) and/or 10177(g) of  
9 the Code.

10 FOURTH CAUSE OF ACCUSATION

11 (Failure to Maintain Business and Mailing Address)

12 20.

13 Complainant hereby incorporates by reference the  
14 allegations set forth in Paragraphs 1 through 19 above.

15 21.

16 The current main office address maintained by  
17 Respondents CMI and BROWN with the Department is 19800 MacArthur  
18 Blvd., Suite 200, Irvine, California 92612. Respondents are no  
19 longer located at this address, nor have Respondents informed  
20 the Real Estate Commissioner of any new address.

21 22.

22 At a time known to Respondents, but unknown to the  
23 Department, Respondents left and/or abandoned their business and  
24 mailing address, as set forth in Paragraph 21 above; and  
25 thereafter, Respondents failed to maintain on file with the  
26 Commissioner of the Department a new address for the principal  
27 place of business for their real estate brokerage activities, in  
28

1 violation of Section 10162 of the Code and Section 2715 of the  
2 Regulations.

3 23.

4 The conduct, acts and/or omissions of Respondents CMI  
5 and BROWN, as set forth above, are cause for the suspension or  
6 revocation of the licenses and license rights of Respondents  
7 pursuant to Sections 10165, 10177(d), and/or 10177(g) of the  
8 Code.

9 FIFTH CAUSE OF ACCUSATION

10 (Failure to Supervise)

11 24.

12 Complainant hereby incorporates by reference the  
13 allegations set forth in Paragraphs 1 through 23 above.

14 25.

15 Respondent BROWN's failure to supervise the activities  
16 of Respondent CMI to ensure compliance with the Real Estate Law,  
17 is in violation of Section 10159.2 of the Code and constitutes  
18 additional grounds to suspend or revoke Respondent BROWN's  
19 license and license rights pursuant to Sections 10177(d),  
20 10177(g) and/or 10177(h) of the Code.

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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/or license rights of  
5 Respondents, COASTAL MORTGAGE INCORPORATED, REGINALD DARNELLE  
6 BROWN, individually and as designated broker-officer of Coastal  
7 Mortgage Incorporated, and JOHN ROBERT TAIT, under the Real  
8 Estate Law (Part 1 of Division 4 of the Business and Professions  
9 Code) and for such other and further relief as may be proper  
10 under other applicable provisions of law.

11 Dated at Los Angeles, California

12 this 7<sup>th</sup> day of July, 2009.

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16 MARIA SUAREZ  
17 Deputy Real Estate Commissioner  
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22  
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24 cc: Coastal Mortgage Incorporated  
25 Reginald Darnelle Brown  
26 John Robert Tait  
27 Maria Suarez  
28 Sacto.