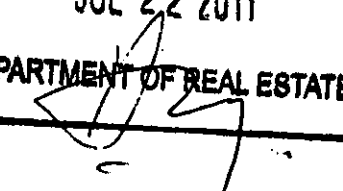


**FILED**

JUL 22 2011

DEPARTMENT OF REAL ESTATE  
BY: 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation )  
of )  
 )  
MID-CITIES FINANCIAL INC.; and )  
EDWARD LULET, individually )  
and as designated officer of )  
Mid-Cities Financial Inc., )  
 )  
Respondents, )

No. H-36539 LA

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on June 21, 2011, and the findings of fact set forth herein are based on one or more of the following: (1) Respondent MID-CITIES FINANCIAL INC.'s and EDWARD LULET's express admissions; (2) affidavits; and (3) other evidence.

FACTUAL FINDINGS

1.

On March 15, 2010, Maria Suarez made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The

Accusation, Statement to Respondents MID-CITIES FINANCIAL INC. and EDWARD LULET. The Accusation, Statement to Respondent, and Notice of Defense were mailed by certified mail, to Respondents' last known mailing addresses on file with the Department on March 23, 2010.

2.

On June 21, 2011, Respondents MID-CITIES FINANCIAL INC. and EDWARD LULET failed to appear at the notice hearing. Respondents MID-CITIES FINANCIAL INC.'s ("MCFI") and EDWARD LULET'S ("LULET") default was entered herein.

3.

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

4.

A. At all times mentioned, MID-CITIES FINANCIAL INC. ("MCFI") was licensed or had license rights issued by the Department of Real Estate ("Department") as a corporate real estate broker. On May 29, 2008, MCFI was originally licensed as a real estate broker.

B. At all times mentioned, EDWARD LULET ("LULET") was licensed or had license rights issued by the Department as a restricted real estate broker. On February 28, 2000, LULET was originally licensed as a real estate broker. At all times mentioned, LULET was licensed as the designated officer for MCFI. On July 5, 2005, in Case No. H-31013 LA, Respondent LULET's broker license was revoked with issuance of a restricted broker's license as more fully set forth below in Finding 10. On November 22, 2004, in Case No. H-31013 LA, an Accusation was filed against Respondent EDWARD LULET that resulted in discipline for said respondent for violations of Code Section 10240 of the California Business and Professions Code and Sections 2725 and 2731 of Title 10, Chapter 6, California Code of Regulations, effective July 5, 2005.

C. At all times material herein, MCFI was licensed by the Department as a corporate real estate broker by and through LULET, as the designated officer and broker responsible, pursuant to Code Sections 10159.2

and 10211 of the Business and Professions Code for supervising the activities requiring a real estate license conducted on behalf MCFI of by MCFI's officers, agents and employees, including LULET.

Brokerage

5.

At all times mentioned, in the City of Downey, County of Los Angeles, MCFI and LULET acted as real estate brokers and conducted licensed activities including but not necessarily limited to:

A. Code Section 10131(a). MCFI and LULET operated a residential resale brokerage and engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others; and,

B. Code Section 10131(d). MCFI and LULET operated a mortgage and loan brokerage dba Superior Mortgage, and engaged in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance.

Audit

6.

On October 30, 2008, the Department attempted to conduct an audit examination of the books and records of MCFI pertaining to the activities described in Finding 4 that require a real estate license. The audit examination covered a period of time beginning on April 17, 2008 to July 31, 2008. 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 080010 and the exhibits and work papers attached to said audit report.

Trust Account

7.

At all times mentioned, in connection with the activities described in Finding 4, above, MCFI accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties including lenders and borrowers, for sales and loan transactions brokered by MCFI and thereafter made deposits and or disbursements of such funds. From time to time herein mentioned during the audit period, said trust funds were deposited and/or maintained by MCFI in the Comerica Bank as follows:

"Mid-Cities financial Inc. Trust Account  
Account No. xxxxxx8852"  
Pacific Western Bank  
Downey, California 90242 (trust account)

Violations Of The Real Estate Law

8.

In the course of activities described in Findings 6 and 7, above, Respondents MCFI and LULET, acted in violation of the Code and the Regulations in that they:

After notice and subpoena, failed to retain all records of MCFI's activity during the audit period requiring a real estate broker license, in violation of Code Section 10148.

9.

The overall conduct of Respondents MCFI and LULET constitutes negligence. This conduct and violation is cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

10.

The overall conduct of Respondent LULET constitutes a failure on Respondent's part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of MCFI as required by Code Section 10159.2 and Regulation 2725, and to keep MCFI in compliance with the Real Estate Law, with specific regard to trust fund handling, advance fee handling with respect to conducting

loan modification services for homeowners, and is cause for the suspension or revocation of the real estate license and license rights of LULET pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

DETERMINATION OF ISSUES

1.

The conduct, acts and/or omissions of Respondents MID-CITIES FINANCIAL INC. and EDWARD LULET, as described in Findings 8 and 9, herein above, are in violation of Code Section 10148 and is cause for disciplinary action pursuant to Code Sections 10177(d) and 10177(g).

2.

The conduct, acts and/or omissions of Respondent EDWARD LULET, as described in Finding 10, herein above, is in violation of Code Section 10159.2 and Regulation 2725 and is cause for disciplinary action pursuant to Code Sections 10177(h), 10177(d) and 10177(g).

3.

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

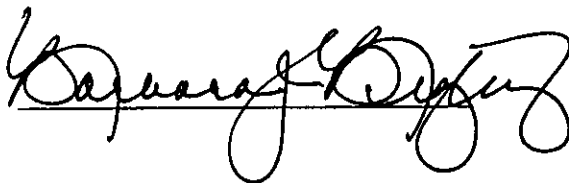
ORDER

The real estate broker license and license rights of Respondent MID-CITIES FINANCIAL INC. and EDWARD LULET, 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 August 11, 2011

DATED: 7/12, 2011

BARBARA J. BIGBY  
Acting Real Estate Commissioner

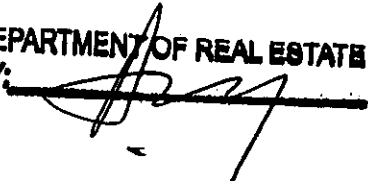


1 Department of Real Estate  
2 320 West 4th Street, Ste. 350  
3 Los Angeles, California 90013-1105  
4  
5 (213) 576-6982  
6  
7

**FILED**

JUN 21 2011

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-36539 LA  
12 MID-CITIES FINANCIAL INC.; and )  
13 EDWARD LULET, individually )  
14 and as designated officer of )  
15 Mid-Cities Financial Inc., )  
Respondents, )

16 DEFAULT ORDER

17 Respondents MID-CITIES FINANCIAL INC. and EDWARD LULET,  
18 individually and as designated officer of Mid-Cities Financial  
19 Inc., failed to appear at a duly scheduled Hearing on June 13,  
20 2011, after notice, are now in default. It is, therefore,  
21 ordered that a default be entered on the record in this matter.

22 IT IS SO ORDERED

June 21 2011  
23 BARBARA J. BIGBY  
24 Acting Real Estate Commissioner

Dolores Weeks  
25 By: DOLORES WEEKS  
26 Regional Manager  
27

**FILED**

MAR 23 2010

DEPARTMENT OF REAL ESTATE  
BY: *[Signature]*

1 ELLIOTT MAC LENNAN, SBN 66674  
Department of Real Estate  
2 320 West 4th Street, Ste. 350  
Los Angeles, California 90013-1105  
3  
4 Telephone: (213) 576-6911 (direct)  
-or- (213) 576-6982 (office)

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of ) No. H-36539 LA  
12 MID-CITIES FINANCIAL INC.; and ) A C C U S A T I O N  
13 EDWARD LULET, individually )  
14 and as designated officer of )  
Mid-Cities Financial Inc., )  
15 Respondents. )

16  
17 The Complainant, Maria Suarez, a Deputy Real Estate  
18 Commissioner of the State of California, for cause of Accusation  
19 against MID-CITIES FINANCIAL INC. and EDWARD LULET, individually  
20 and as designated officer of Mid-Cities Financial Inc., alleges  
21 as follows:

22 1.

23 The Complainant, Maria Suarez, acting in her official  
24 capacity as a Deputy Real Estate Commissioner of the State of  
25 California, makes this Accusation against MID-CITIES FINANCIAL  
26 INC. and EDWARD LULET.  
27

2.

1 All references to the "Code" are to the California  
2 Business and Professions Code and all references to "Regulations"  
3 are to Title 10, Chapter 6, California Code of Regulations.  
4

5 License History

6 3.

7 A. At all times mentioned, MID-CITIES FINANCIAL INC.  
8 ("MCFI") was licensed or had license rights issued by the  
9 Department of Real Estate ("Department") as a corporate real  
10 estate broker. On May 29, 2008, MCFI was originally licensed as  
11 a real estate broker.

12 B. At all times mentioned, EDWARD LULET ("LULET") was  
13 licensed or had license rights issued by the Department as a  
14 restricted real estate broker. On February 28, 2000, LULET was  
15 originally licensed as a real estate broker. At all times  
16 mentioned, LULET was licensed as the designated officer for MCFI.  
17 On July 5, 2005, in Case No. H-27638, Respondent LULET's broker  
18 license was revoked with issuance of a restricted broker's  
19 license as more fully set forth below in Paragraph 9.  
20

21 C. At all times material herein, MCFI was licensed by  
22 the Department as a corporate real estate broker by and through  
23 LULET, as the designated officer and broker responsible, pursuant  
24 to Code Sections 10159.2 and 10211 of the Business and  
25 Professions Code for supervising the activities requiring a real  
26  
27



1 estate license conducted on behalf MCFI of by MCFI's officers,  
2 agents and employees, including LULET.

3 Brokerage

4 4.

5 At all times mentioned, in the City of Downey, County  
6 of Los Angeles, MCFI and LULET acted as real estate brokers and  
7 conducted licensed activities including but not necessarily  
8 limited to:

9 A. Code Section 10131(a). MCFI and LULET operated a  
10 residential resale brokerage and engaged in the business of,  
11 acted in the capacity of, advertised or assumed to act as real  
12 estate brokers, including the solicitation for listings of and  
13 the negotiation of the sale of real property as the agent of  
14 others; and,

15 B. Code Section 10131(d). MCFI and LULET operated a  
16 mortgage and loan brokerage dba Superior Mortgage, and engaged in  
17 activities with the public wherein lenders and borrowers were  
18 solicited for loans secured directly or collaterally by liens on  
19 real property, wherein such loans were arranged, negotiated,  
20 processed and consummated on behalf of others for compensation or  
21 in expectation of compensation and for fees often collected in  
22 advance.  
23

24 ///

25 ///

26 ///

27

Audit

5.

On October 30, 2008, the Department attempted to conduct an audit examination of the books and records of MCFI pertaining to the activities described in Paragraph 4 that require a real estate license. The audit examination covered a period of time beginning on April 17, 2008 to July 31, 2008. 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 080010 and the exhibits and work papers attached to said audit report.

Trust Account

6.

At all times mentioned, in connection with the activities described in Paragraph 4, above, MCFI accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties including lenders and borrowers, for sales and loan transactions brokered by MCFI and thereafter made deposits and or disbursements of such funds. From time to time herein mentioned during the audit period, said trust funds were deposited and/or maintained by MCFI in the Comerica Bank as follows:

"Mid-Cities financial Inc. Trust Account  
Account No. 1000268852"  
Pacific Western Bank  
Downey, California 90242 (trust account)

1 Violations Of The Real Estate Law

2 7.

3 In the course of activities described in Paragraphs 4  
4 and 5, above, Respondents MCFI and LULET, acted in violation of  
5 the Code and the Regulations in that they:

6 After notice and subpoena, failed to retain all records  
7 of MCFI's activity during the audit period requiring a real  
8 estate broker license, in violation of Code Section 10148.

9 Discipline

10 8.

11 The conduct of Respondents MCFI and LULET, described in  
12 Paragraph 7, above, violated the Code and the Regulations as set  
13 forth below:

14 PARAGRAPH

15 PROVISIONS VIOLATED

16 7

Code Section 10148

17  
18 The foregoing violation constitutes cause for discipline of the  
19 real estate license and license rights of MCFI and LULET under  
20 the provisions of Code Section 10148 and 10177(d) and/or  
21 10177(g).

22 ///

23 ///

24 ///

25 ///

26 ///

27

PRIOR DEPARTMENT ACTION

9

1  
2  
3 On November 22, 2004, in Case No. H-31013 LA, an  
4 Accusation was filed against Respondent EDWARD LULET that  
5 resulted in discipline for said respondent for violations of Code  
6 Section 10240 of the California Business and Professions Code and  
7 Sections 2725 and 2731 of Title 10, Chapter 6, California Code of  
8 Regulations, effective July 5, 2005

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 the license and license rights of Respondents MID-  
13 CITIES FINANCIAL INC. and EDWARD LULET, individually and as  
14 designated officer of Mid-Cities Financial Inc. under the Real  
15 Estate Law (Part 1 of Division 4 of the Business and Professions  
16 Code) and for such other and further relief as may be proper  
17 under other applicable provisions of law.

18 Dated at Los Angeles, California

19 this *15th day of March 2010*

20   
21 Deputy Real Estate Commissioner

22  
23  
24 cc: Mid-Cities Financial Inc.  
25 c/o Edward Lulet D.O.  
26 Maria Suarez  
27 Audits - Robert Brody  
Sacto