

FILED

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

AUG 22 2011

DEPARTMENT OF REAL ESTATE
BY: *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 FAMILY REAL ESTATE NETWORK INC.)
and JOSE ANTONIO MEDRANO, doing)
14 business as Family Real Estate)
Network/CGB, individually and as)
15 designated officer of Family Real)
Estate Network Inc.,)
16 Respondents,)

No. H-36787 LA

STIPULATION
AND
AGREEMENT

18 It is hereby stipulated by and between Respondents
19 FAMILY REAL ESTATE NETWORK INC. and JOSE ANTONIO MEDRANO,
20 individually and as designated officer of Family Real Estate
21 Network Inc., (sometimes collectively referred to as
22 "Respondents"), represented by Anthony Contreras, Esq., and the
23 Complainant, acting by and through Elliott Mac Lennan, Counsel
24 for the Department of Real Estate, as follows for the purpose of
25 settling and disposing of the First Amended Accusation
26 ("Accusation") filed on May 25, 2011, in this matter:
27

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 and the right to cross-
23 examine witnesses.

24 4. This Stipulation is based on the factual
25 allegations contained in the Accusation. In the interest of
26 expedience and economy, Respondents choose not to contest these
27 allegations, but to remain silent understanding that, as a result

1 thereof, these allegations, without being admitted or denied,
2 will serve as a prima facie basis for the disciplinary action
3 stipulated to herein. The Real Estate Commissioner shall not be
4 required to provide further evidence to prove said allegations.

5 5. This Stipulation is made for the purpose of
6 reaching an agreed disposition of this proceeding and is
7 expressly limited to this proceeding and any other proceeding or
8 case in which the Department of Real Estate ("Department"), the
9 state or federal government, or any agency of this state, another
10 state or federal government is involved.

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

21 7. The Order or any subsequent Order of the Real
22 Estate Commissioner made pursuant to this Stipulation shall not
23 constitute an estoppel, merger or bar to any further
24 administrative or civil proceedings by the Department of Real
25 Estate with respect to any matters which were not specifically
26 alleged to be causes for Accusation in this proceeding but do
27 constitute a bar, estoppel and merger as to any allegations

1 actually contained in the Accusations against Respondent herein.

2 8. Respondents understand that by agreeing to this
3 Stipulation, Respondents agree to pay, pursuant to Business and
4 Professions Code Section 10148, the cost of the audit. The
5 amount of said cost for the audit is \$4,653.70.

6 9. Respondents have received, read, and understand the
7 "Notice Concerning Costs of Subsequent Audit". Respondents
8 further understand that by agreeing to this Stipulation, the
9 findings set forth below in the Determination of Issues become
10 final, and the Commissioner may charge Respondents for the cost
11 of any subsequent audit conducted pursuant to Business and
12 Professions Code Section 10148 to determine if the violations
13 have been corrected. The maximum cost of the subsequent audit
14 will not exceed \$4,653.70.

15 DETERMINATION OF ISSUES

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

18 I.

19 The conduct, acts or omissions of FAMILY REAL ESTATE
20 NETWORK INC. and JOSE ANTONIO MEDRANO, as described in Paragraph
21 4, above, are in violation of Sections 10145, 10159.5, 10236.4
22 and 10240 of the Business and Professions Code ("Code") and
23 Sections 2831, 2832(d) and 2840, of Title 10, Chapter 6 of the
24 California Code of Regulations ("Regulations") and is a basis for
25 discipline of Respondents' license and license rights as
26 violation of the Real Estate Law pursuant to Code Section
27 10177(d).

1 II.

2 The conduct, acts or omissions of JOSE ANTONIO MEDRANO,
3 as described in Paragraph 4, above, are in violation of Code
4 Section 10159.2 and Regulation 2725 and is a basis for discipline
5 of Respondent's license and license rights as violation of the
6 Real Estate Law pursuant to Code Section 10177(h), 10177(g) and
7 10177(d).

8 ORDER

9 WHEREFORE, THE FOLLOWING ORDER is hereby made:

10 I.

11 All license and licensing rights of Respondent FAMILY
12 REAL ESTATE NETWORK INC. are revoked.

13 II.

14 The real estate broker license of Respondent JOSE
15 ANTONIO MEDRANO, under the Real Estate Law is revoked; provided,
16 however, a restricted real estate broker license shall be issued
17 to said Respondent, pursuant to Section 10156.5 of the Business
18 and Professions Code if Respondent:

19 (A) Make application thereof and pays to the Department
20 of Real Estate the appropriate fee for the restricted license
21 within ninety (90) days from the effective date of this Decision.

22 (B) Respondent shall, prior to and as a condition of
23 the issuance of the restricted license, submit proof satisfactory
24 to the Commissioner of having taken and successfully completed
25 the continuing education course on trust fund accounting and
26 handling specified in paragraph (3) of subdivision (a) of Section
27 10170.5 of the Business and Professions Code. Proof of

1 satisfaction of this requirement includes evidence that
2 Respondent has successfully completed the trust fund account and
3 handling continuing education course within 120 days prior to the
4 date of issuance of the restricted license.

5 The restricted license issued to Respondent shall be
6 subject to all of the provisions of Section 10156.7 of the
7 Business and Professions Code and to the followings limitations,
8 conditions and restrictions imposed under authority of Section
9 10156.6 of that Code.

10 1. The restricted license issued to Respondent may be
11 suspended prior to hearing by Order of the Real Estate
12 Commissioner in the event of Respondent's conviction or plea of
13 nolo contendere to a crime which is substantially related to a
14 Respondent's fitness or capacity as a real estate licensee.

15 2. The restricted license issued to Respondent may
16 be suspended prior to hearing by Order of the Real Estate
17 Commissioner on evidence satisfactory to the Commissioner that
18 Respondent has violated provisions of the California Real Estate
19 Law, the Subdivided Lands Law, Regulations of the Real Estate
20 Commissioner or conditions attaching to the restricted license.

21 3. Respondent shall not be eligible to apply for the
22 issuance of an unrestricted real estate license nor for the
23 removal of any of the conditions, limitations or restrictions of
24 a restricted license until three (3) years have elapsed from the
25 date of issuance of the restricted license.

26 4. Respondent shall within six (6) months from the
27 date of issuance of the restricted license, take and pass the

1 Professional Responsibility Examination administered by the
2 Department including the payment of the appropriate examination
3 fee. If Respondent fails to satisfy this condition, the
4 Commissioner may order suspension of the restricted license until
5 respondent passes the examination.

6 5. Respondent shall, within nine (9) months from the
7 effective date of this Decision, present evidence satisfactory to
8 the Real Estate Commissioner that Respondent has, since the most
9 recent issuance of an original or renewal real estate license,
10 taken and successfully completed the continuing education
11 requirements of Article 2.5 of Chapter 3 of the Real Estate Law
12 for renewal of a real estate license. If Respondent fails to
13 satisfy this condition, the Commissioner may order the suspension
14 of the restricted license until Respondent presents such
15 evidence. The Commissioner shall afford Respondent the
16 opportunity for a hearing pursuant to the Administrative
17 Procedure Act to present such evidence.

18 6. During the restricted period, Respondent shall not
19 serve as the designated broker at any corporate real estate
20 broker unless and until Respondent is the sole owner of record of
21 the shares of the corporation.

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1 III.

2 Pursuant to Section 10148 of the Business and
3 Professions Code, Respondents FAMILY REAL ESTATE NETWORK INC.
4 and/or JOSE ANTONIO MEDRANO shall pay the Commissioner's
5 reasonable cost for (a) the audit which led to this disciplinary
6 action and (b) a subsequent audit to determine if Respondents are
7 now in compliance with the Real Estate Law. The cost of the
8 audit which led to this disciplinary action is \$4,653.70. In
9 calculating the amount of the Commissioner's reasonable cost, the
10 Commissioner may use the estimated average hourly salary for all
11 persons performing audits of real estate brokers, and shall
12 include an allocation for travel time to and from the auditor's
13 place of work. Said amount for the prior and subsequent audits
14 shall not exceed \$9,307.40. Respondents shall pay such cost
15 within 60 days of receiving an invoice from the Commissioner
16 detailing the activities performed during the audit and the
17 amount of time spent performing those activities.

18 The Commissioner may suspend the license of Respondents
19 pending a hearing held in accordance with Section 11500, et seq.,
20 of the Government Code, if payment is not timely made as provided
21 for herein, or as provided for in a subsequent agreement between
22 the Respondent and the Commissioner. The suspension shall remain
23 in effect until payment is made in full or until Respondents
24 enter into an agreement satisfactory to the Commissioner to
25 provide for payment, or until a decision providing otherwise is
26 adopted following a hearing held pursuant to this condition.

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DATED: 7-20-11

EJL
ELLIOTT MAC LENNAN, Counsel for
Department of Real Estate

* * *

EXECUTION OF THE STIPULATION

We have read the Stipulation and discussed it with our attorney. 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.

MAILING AND FACSIMILE

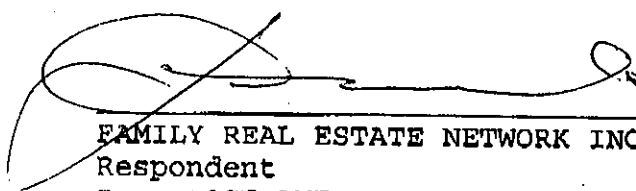
Respondents (1) shall mail the original signed signature page of the stipulation herein to Elliott Mac Lennan: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 90013-1105. Respondents shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Elliott Mac Lennan.

///

1 A facsimile constitutes acceptance and approval of the
 2 terms and conditions of this stipulation. Respondents agree,
 3 acknowledge and understand that by electronically sending to the
 4 Department a facsimile copy of Respondents' actual signature as
 5 it appears on the stipulation that receipt of the facsimile copy
 6 by the Department shall be as binding on Respondents as if the
 7 Department had received the original signed stipulation.

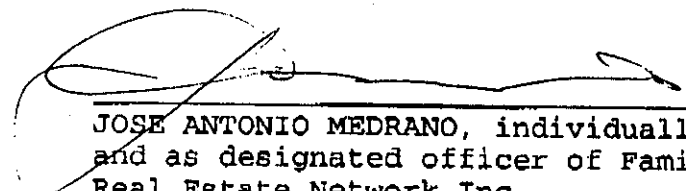
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DATED: 7/20/11



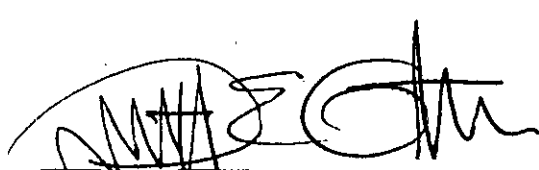
FAMILY REAL ESTATE NETWORK INC.,
 Respondent
 By: JOSE ANTONIO MEDRANO, as
 designated officer of Family Real
 Estate Network Inc.

DATED: 7/20/11



JOSE ANTONIO MEDRANO, individually
 and as designated officer of Family
 Real Estate Network Inc.
 Respondent

DATED: 7/20/11



ANTHONY CONTRERAS, ESQ.,
 Attorney for Respondents

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The foregoing Stipulation and Agreement is hereby
adopted as my Decision as to Respondents FAMILY REAL ESTATE
NETWORK INC. and JOSE ANTONIO MEDRANO, individually and as
designated officer of Family Real Estate Network Inc. and shall
become effective at 12 o'clock noon on September 21, 2011,
2011.

IT IS SO ORDERED August 11, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner

William F. Morgan

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)

FILED

MAY 25 2011

DEPARTMENT OF REAL ESTATE
BY: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of)
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12 FAMILY REAL ESTATE NETWORK, INC.;)
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13 and JOSE ANTONIO MEDRANO, doing)
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14 business as Family Real Estate)
)
15 Network/CGB, individually and as)
)
designated officer of Family Real)
)
Estate Network Inc.)

No. H-36787 LA

FIRST AMENDED

ACCUSATION

16 Respondents,)
)
17)

18 The Accusation filed against JOSE ANTONIO MEDRANO on
19 September 1, 2010, is amended in its entirety as follows:

20 The Complainant, Robin Trujillo, a Deputy Real Estate
21 Commissioner of the State of California, for cause of Accusation
22 against FAMILY REAL ESTATE NETWORK, INC., and JOSE ANTONIO
23 MEDRANO doing business as Family Real Estate Network/CGB, and
24 individually and as designated officer of Family Real Estate
25 Network Inc., alleges as follows:

26 ///
27

1.

1 The Complainant, Robin Trujillo, acting in her official
2 capacity as a Deputy Real Estate Commissioner of the State of
3 California, makes this Accusation against FAMILY REAL ESTATE
4 NETWORK, INC. ("FRENI") and JOSE ANTONIO MEDRANO ("MEDRANO").

2.

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

10 License Status

3.

12 A. At all times mentioned, FAMILY REAL ESTATE NETWORK,
13 INC. (hereinafter referred to as "FRENI"), is presently licensed
14 and/or have license rights under the Real Estate Law (Part 1 of
15 Division 4 of the Business and Professions Code, hereinafter
16 Code), as a real estate broker. FRENI was originally licensed as
17 a corporate real estate broker April 5, 2007. FRENI became non-
18 broker affiliated on April 4, 2011, upon the cancellation of JOSE
19 ANTONIO MEDRANO's tenure as designated officer.

20 B. At all times mentioned, MEDRANO (hereinafter
21 referred to as "Respondent" or "MEDRANO"), is presently licensed
22 and/or have license rights under the Real Estate Law (Part 1 of
23 Division 4 of the Business and Professions Code, hereinafter
24 Code), as a real estate broker. MEDRANO was originally licensed
25 as a real estate broker July 12, 2000.

26 C. At all times material herein, FRENI was licensed by
27 the Department of Real Estate of the State of California

1 ("Department") as a corporate real estate broker by and through
2 MEDRANO, as the designated officer and broker responsible,
3 pursuant to Code Sections 10159.2 and 10211 of the Business and
4 Professions Code for supervising the activities requiring a real
5 estate license conducted on behalf FRENI of by FRENI's officers,
6 agents and employees, including MEDRANO.

7 D. FRENI is owned equally by MEDRANO and Rosario
8 Garcia, a non licensee, FRENI's president/chief financial
9 officer, and secretary respectively.

10 E. David Gomez is not now and has never been licensed
11 by the Department as a salesperson or broker.

12 F. Robert Karl Perez is a licensed real estate
13 salesperson licensed under MEDRANO.

14 Brokerage

15 4.

16 At all times mentioned, in City of Diamond Bar, County
17 of Los Angeles, MEDRANO acted as a real estate broker and
18 conducted licensed activities within the meaning of:

19 A. Code Section 10131(a). Respondents FRENI and
20 MEDRANO, as designated officer of FRENI and individually dba
21 Family Real Estate Network/CBG, engaged in the business of, acted
22 in the capacity of, advertised or assumed to act as a real estate
23 broker, including the solicitation for listings of and the
24 negotiation of the sale of real property as the agent of others;
25 and
26
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1 B. Code Section 10131(d). Additionally, in his
2 individual capacity, MEDRANO engaged in activities with the
3 public wherein lenders and borrowers were solicited for loans
4 secured directly or collaterally by liens on real property,
5 wherein such loans were arranged, negotiated, processed and
6 consummated on behalf of others for compensation or in
7 expectation of compensation and for fees often collected in
8 advance as well as at the conclusion of transactions; and

9 C. Code Section 10131.2. MEDRANO engaged in the
10 business of a loan modification and an advance fee brokerage.
11 Respondent performed loan modification services with respect to
12 loans to economically distressed homeowners which were secured by
13 liens on real property for compensation or in expectation of
14 compensation and for fees often collected in advance and as well
15 at the close of the transactions. Respondent contacted lenders
16 on behalf of economically distressed homeowners seeking
17 modification of the terms of their home loans, interest and/or
18 principal reduction, foreclosure abatement, loan refinance,
19 and/or short sale services.
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FIRST CAUSE OF ACCUSATION
FAMILY REAL ESTATE NETWORK INC.
(Sales Audit)

5.

On May 1, 2009, the Department completed an audit examination of the books and records of MEDRANO pertaining to the residential realty resale activities described in Paragraph 4, which require a real estate license. The audit examination covered a period of time beginning on April 5, 2007 to February 28, 2009. 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 080255 and the exhibits and work papers attached to said audit report.

Trust Account

6.

During the audit period FRENI did not maintain a trust account.

Violations

7.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 5, Respondents FRENI and MEDRANO, acted in violation of the Code and the Regulations in that Respondent:

(a) Failed to place trust funds, including earnest money deposits from buyers Kelvin Sebastian and Louis/Melanie Medrano, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other

1 financial institution not later than three business days
2 following receipt of the funds by the broker or by the broker's
3 salesperson, in violation of Code Section 10145 and Regulation
4 2832(d).

5 (b) Failed to maintain an accurate and complete control
6 record in the form of a columnar record in chronological order of
7 all "Trust Funds Received, Not Placed Broker's Trust Account", in
8 violation of Code Section 10145 and Regulation 2831. FRENI did
9 not maintain a columnar record for all replacement earnest money
10 deposits from buyers.

11 (c) Misrepresented to sellers that FRENI held earnest
12 money deposits for buyers Kelvin Sebastian and Louis/Melanie
13 Medrano, in violation of Code Sections 10176(a) and/or 10177(g).

14 (d) Used the fictitious name of "Family Real Estate
15 Network Inc." and "FRE Network", to conduct licensed activities,
16 without first obtaining from the Department a license bearing
17 said fictitious business name, in violation of Code Section
18 10159.5 and Regulation 2731.

19 (f) Employed and/or compensated Robert Karl Perez, who
20 FRENI knew was licensed by the Department as a real estate
21 salesperson yet not licensed under FRENI, where Robert K. Perez
22 negotiated the Robert V. Nuget sales transaction, in violation of
23 Code Section 10137. Robert K. Perez was licensed under MEDRANO'S
24 individual license.

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SECOND CAUSE OF ACCUSATION

JOSE ANTONIO MEDRANO

(Family Real Estate Network/CGB)

(Sales and Mortgage Loan Brokerage Audit)

9.

On April 17, 2009, the Department completed an audit examination of the books and records of MEDRANO pertaining to the residential realty resales, mortgage loan, advanced fee and loan modification service activities described in Paragraph 4, which require a real estate license. The audit examination covered a period of time beginning on March 1, 2006 to February 28, 2009. 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 080214 & LA080254 and the exhibits and work papers attached to said audit report.

Trust Account

10.

During the audit period MEDRANO did not maintain a trust account.

Violations

11.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 9, Respondent MEDRANO, acted in violation of the Code and the Regulations in that Respondent:

///

///

1 (a) Failed to place trust funds, including earnest
2 money deposits from buyers Hugo Lazo, Juan/Maricela Velazquez and
3 Reynaldo De La Torre, accepted on behalf of another into the
4 hands of the owner of the funds, a neutral escrow depository or
5 into a trust fund account in the name of the trustee at a bank or
6 other financial institution not later than three business days
7 following receipt of the funds by the broker or by the broker's
8 salesperson, in violation of Code Section 10145 and Regulation
9 2832(d).

10 (b) Failed to maintain a control record in the form of
11 a columnar record in chronological order of all "Trust Funds
12 Received, Not Placed Broker's Trust Account", in violation of
13 Code Section 10145 and Regulation 2831. MEDRANO did not maintain
14 a columnar record for all replacement earnest money deposits from
15 buyers.

16 (c) Misrepresented to sellers that MEDRANO held earnest
17 money deposits for buyers Hugo Lazo, Juan/Maricela Velazquez,
18 Reynaldo De La Torre, and Araceli De La Torre, in violation of
19 Code Sections 10176(a) and/or 10177(g).

20 (d) Failed to provide and/or maintain a statement in
21 writing containing all the information required by Code Section
22 10241 to borrowers Patricia Hernandez, Santos Gonzalez and
23 Yolanda Castro, before these borrowers became obligated to
24 perform under the terms of their respective loans, in violation
25 of Code Section 10240 and Regulation 2840. Yield Spread Premium
26 rebates from lenders for Yield Spread Premiums were not timely
27 disclosed in the Mortgage Loan Disclosure Statements provided to

1 the aforesaid borrowers, nor were the signature dates of broker
2 disclosed, nor the anticipated liens on the underlying real
3 properties securing the loans.

4 (e) Failed to display the Department's telephone number
5 on the Patricia Hernandez, Santos Gonzalez and Yolanda Castro
6 Mortgage Loan Disclosure Statements, in violation of Code Section
7 10236.4.

8 (f) Employed and/or compensated David Gomez, as loan
9 agent who MEDRANO knew was not licensed by the Department as a
10 real estate salesperson or as a real estate salesperson employed
11 by a real estate broker, for performing acts for which a real
12 estate license is required, including soliciting the mortgage
13 loans for Santos Gonzalez, in violation of Code Section 10137.

14 (g) Used the fictitious name of "CGB Inc.", to conduct
15 licensed activities, without first obtaining from the Department
16 a license bearing said fictitious business name, in violation of
17 Code Section 10159.5 and Regulation 2731.

18 (h) Failed to retain all records of MEDRANO's activity
19 during the audit period requiring a real estate broker license,
20 in violation of Code Section 10148.

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1 mortgage loan processing. This conduct is cause for the
2 suspension or revocation of the real estate license and license
3 rights of MEDRANO pursuant to the provisions of Code Sections
4 10177(d), 10177(g) and 10177(h) and Regulation 2725.

5 WHEREFORE, Complainant prays that a hearing be
6 conducted on the allegations of this Accusation and that upon
7 proof thereof, a decision be rendered imposing disciplinary
8 action against the license and license rights of Respondents
9 FAMILY REAL ESTATE NETWORK, INC. and JOSE ANTONIO MEDRANO, under
10 the Real Estate Law (Part 1 of Division 4 of the Business and
11 Professions Code) and for such other and further relief as may be
12 proper under other applicable provisions of law, including
13 restitution and audit costs from \$4,653.70 up to \$9,307.40.

14
15 Dated at Los Angeles, California

16 this 25 day of May 2011. Robin Trujillo
17 Deputy Real Estate Commissioner
18
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23

24 cc: Family Real Estate Network Inc.
25 Jose Antonio Medrano
26 Robin Trujillo
27 Sacto.
Audits - Isabel Beltran

Suits

1 ELLIOTT MAC LENNAN, SBN 66674
2 Department of Real Estate
3 320 West 4th Street, Ste. 350
4 Los Angeles, California 90013-1105

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

FILED

SEP - 1 2010

DEPARTMENT OF REAL ESTATE
BY: [Signature]

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

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11	In the Matter of the Accusation of)	No. H-36787 LA
12	JOSE ANTONIO MEDRANO, doing business as)	<u>A C C U S A T I O N</u>
13	Family Real Estate Network/CGB,)	
14)	
15	Respondents.)	

16 The Complainant, Robin Trujillo, a Deputy Real Estate
17 Commissioner of the State of California, for cause of Accusation
18 against JOSE ANTONIO MEDRANO doing business as Family Real Estate
19 Network/CGB, alleges as follows:

20 1.

21 The Complainant, Robin Trujillo, acting in her official
22 capacity as a Deputy Real Estate Commissioner of the State of
23 California, makes this Accusation against JOSE ANTONIO MEDRANO
24 ("MEDRANO").

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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

6 3.

7 At all times mentioned, MEDRANO (hereinafter referred
8 to as "Respondent" or "MEDRANO"), is presently licensed and/or
9 have license rights under the Real Estate Law (Part 1 of Division
10 4 of the Business and Professions Code, hereinafter Code), as a
11 real estate broker. MEDRANO was originally licensed as a real
12 estate broker July 12, 2000.

13 Brokerage

14 4.

15 At all times mentioned, in City of Diamond Bar, County
16 of Los Angeles, MEDRANO acted as a real estate broker and
17 conducted licensed activities within the meaning of:

18 A. Code Section 10131(a). MEDRANO, dba Family Real
19 Estate Network/CBG, engaged in the business of, acted in the
20 capacity of, advertised or assumed to act as a real estate
21 broker, including the solicitation for listings of and the
22 negotiation of the sale of real property as the agent of others.

23 B. Code Section 10131(d). MEDRANO engaged in
24 activities with the public wherein lenders and borrowers were
25 solicited for loans secured directly or collaterally by liens on
26 real property, wherein such loans were arranged, negotiated,
27

1 processed and consummated on behalf of others for compensation or
2 in expectation of compensation and for fees often collected in
3 advance as well as at the conclusion of transactions; and

4 C. Code Section 10131.2. MEDRANO engaged in the
5 business of a loan modification and an advance fee brokerage.
6 Respondent performed loan modification services with respect to
7 loans to economically distressed homeowners which were secured by
8 liens on real property for compensation or in expectation of
9 compensation and for fees often collected in advance and as well
10 at the close of the transactions. Respondent contacted lenders
11 on behalf of economically distressed homeowners seeking
12 modification of the terms of their home loans, interest and/or
13 principal reduction, foreclosure abatement, loan refinance,
14 and/or short sale services.

15 Audit

16 5.

17 On April 17, 2009, the Department completed an audit
18 examination of the books and records of MEDRANO pertaining to the
19 residential realty resales, mortgage loan, advanced fee and loan
20 modification service activities described in Paragraph 4, which
21 require a real estate license. The audit examination covered a
22 period of time beginning on March 1, 2006 to February 28, 2009.
23 The audit examination revealed violations of the Code and the
24 Regulations as set forth in the following paragraphs, and more
25 fully discussed in Audit Report LA 080214 & LA080254 and the
26

27

1 exhibits and work papers attached to said audit report.

2 Trust Account

3 6.

4 During the audit period MEDRANO did not maintain a
5 trust account.

6 Violations

7 7.

8 In the course of activities described in Paragraph 4,
9 above, and during the examination period described in Paragraph
10 5, Respondent MEDRANO, acted in violation of the Code and the
11 Regulations in that Respondent:
12

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

22 (b) Failed to maintain a control record in the form of
23 a columnar record in chronological order of all "Trust Funds
24 Received, Not Placed Broker's Trust Account", in violation of
25 Code Section 10145 and Regulation 2831. MEDRANO did not maintain
26 a columnar record for all replacement earnest money deposits from
27

1 buyers.

2 (c) Misrepresented to sellers that MEDRANO held earnest
3 money deposits for buyers Hugo Lazo, Juan/Maricela Velazquez,
4 Reynaldo De La Torre, and Araceli De La Torre, in violation of
5 Code Sections 10176(a) and/or 10177(g).

6 (d) Failed to provide and/or maintain a statement in
7 writing containing all the information required by Code Section
8 10241 to borrowers Patricia Hernandez, Santos Gonzalez and
9 Yolanda Castro, before these borrowers became obligated to
10 perform under the terms of their respective loans, in violation
11 of Code Section 10240 and Regulation 2840. Yield Spread Premium
12 rebates from lenders for Yield Spread Premiums were not timely
13 disclosed in the Mortgage Loan Disclosure Statements provided to
14 the aforesaid borrowers, nor were the signature dates of broker
15 disclosed, nor the anticipated liens on the underlying real
16 properties securing the loans.

17 (e) Failed to display the Department's telephone number
18 on the Patricia Hernandez, Santos Gonzalez and Yolanda Castro
19 Mortgage Loan Disclosure Statements, in violation of Code Section
20 10236.4.
21

22 (f) Employed and/or compensated David Gomez, as loan
23 agents who MEDRANO knew was not licensed by the Department as a
24 real estate salesperson or as a real estate salesperson employed
25 by a real estate broker, for performing acts for which a real
26
27

1 estate license is required, including soliciting the mortgage
2 loans for Santos Gonzalez, in violation of Code Section 10137.

3 (g) Violated Code Section 10146 by collecting advance
4 fees from the public yet failing to deposit the fees into a real
5 estate broker trust account.

6 (g) Used the fictitious name of "CGB Inc.", to conduct
7 licensed activities, without first obtaining from the Department
8 a license bearing said fictitious business name, in violation of
9 Code Section 10159.5 and Regulation 2731.

10 (h) Failed to retain all records of MEDRANO's activity
11 during the audit period requiring a real estate broker license,
12 in violation of Code Section 10148.

13
14 Disciplinary Statutes

15 8.

16 The conduct of Respondent MEDRANO described in
17 Paragraph 7, above, violated the Code and the Regulations below:

PARAGRAPH	PROVISIONS VIOLATED
7 (a)	Code Section 10145 and Regulation 2832(d)
7 (b)	Code Section 10145 and Regulation 2831
7 (c)	Code Sections 10176(a) and/or 10177(g)

1	7(d)	Code Section 10240 and Regulation 2840
2		
3	7(e)	Code Section 10236.4
4		
5	7(f)	Code Section 10037
6		
7	7(g)	Code Section 10159.5 and Regulation 2731
8		
9	7(h)	Code Section 10148

10
11 The foregoing violations constitute cause for discipline of the
12 real estate license and license rights of MEDRANO, under the
13 provisions of Code Sections 10176(a) and 10177(d) and/or
14 10177(g).

15 9.

16 The overall conduct of Respondent MEDRANO constitutes
17 negligence. This conduct and violation are cause for the
18 suspension or revocation of the real estate license and license
19 rights of said Respondents pursuant to the provisions of Code
20 Section 10177(g).

21 10.

22 The overall conduct of Respondent MEDRANO constitutes a
23 breach of fiduciary duty. This conduct and violation are cause
24 for the suspension or revocation of the real estate license and
25 license rights of said Respondents pursuant to the provisions of
26 Code Section 10177(g).

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 the license and license rights of Respondent JOSE
5 ANTONIO MEDRANO, under the Real Estate Law (Part 1 of Division 4
6 of the Business and Professions Code) and for such other and
7 further relief as may be proper under other applicable provisions
8 of law.

9 Dated at Los Angeles, California

10 this 25 day of August 2010 
11 Deputy Real Estate Commissioner

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24
25 cc: Jose Antonio Medrano
26 Robin Trujillo
27 Sacto.
Audits - Isabel Beltran