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FILED

AUG 31 2011

DEPARTMENT OF REAL ESTATE

BY: *Quintanilla*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-36936 LA
	)	
<u>1ST WEST COMMUNITY FINANCIAL</u>	)	
<u>CORP; and RONALD PAUL SORENSON,</u>	)	
<u>individually and as designated</u>	)	
<u>officer of 1st West Community</u>	)	
<u>Financial Corp and DANIEL</u>	)	
<u>JOSEPH VARELA,</u>	)	
	)	
<u>Respondents.</u>	)	

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 , 2011, and the findings of fact set forth herein are based on one or more of the following: (1) Respondents 1ST WEST COMMUNITY FINANCIAL CORP's ("1ST WEST") RONALD PAUL SORENSON's ("SORENSON"), DANIEL JOSEPH VARELA's ("VARELA") express admissions; (2) affidavits; and (3) Department Audit Reports LA 090255 and LA 090186 and (4) other evidence.

FACTUAL FINDINGS

1.

On October 20, 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 Respondent, and Notice of Defense were mailed by certified and regular mail, to Respondents' last known mailing addresses on file with the Department of Real Estate ("Department") on November 23, 2010.

2.

On November 24, 2011, an individual signed for receipt of 1st WEST's certified mail packet.

3.

On November 24, 2011, an individual signed for receipt of VARELA's certified mail packet.

4.

On ,2011, no Notice of Defense having been filed by 1ST WEST or VARELA within the time prescribed by Section 11506 of the Government Code, Respondents 1ST WEST's and VARELA's defaults were entered herein.

LICENSE HISTORY

5.

At all times mentioned, 1ST WEST was licensed or had license rights issued by the Department as a corporate real estate broker. 1ST WEST was originally licensed as a corporate real estate broker, with SORENSON as the designated officer, on February 5, 2005. At all times mentioned, VARELA was licensed or had license rights with the Department as a real estate salesperson. VARELA was originally licensed as a real estate salesperson on August 31, 2004.

BROKERAGE

6.

At all times mentioned, in the City of West Covina, County of Los Angeles, 1ST WEST acted as a real estate broker and

conducted licensed activities, within the meaning of Code Sections 10131(a) and 10131(d), by operating a mortgage and loan brokerage.

AUDIT

7.

On June 28, 2010 and July 13, 2010, the Department completed audit examinations of the books and records of 1ST WEST pertaining to the activities described in Finding 6, which require a real estate license. The audit examinations covered a period of time beginning on June 1, 2007 to April 30, 2010. The audit examinations revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Reports LA 090186 and LA 090255 and the exhibits and workpapers attached to said audit reports.

VIOLATIONS

8.

In the course of activities described in Finding 6 above, and during the examination period described in Finding 7, Respondent 1ST WEST acted in violation of the Code and the Regulations in that it:

a) Did not maintain a complete and accurate columnar record for the trust funds received as earnest money deposits, which were not placed in a brokers' trust account, in violation of Code Section 10145 and Regulation 2831.

(b) Overcharged borrowers for appraisal and/or credit report fees at the close of escrow, in violation of Code Sections 10145 and 10176(g).

(c) Conducted mortgage loan activities using fictitious business names "1st West Community Financial", "1st West Comm Fin Co" and "1st West Community Fin Corp", without first obtaining a license from the Department for these fictitious business names, in violation of Code Section 10159.5 and Regulation 2731.

(d) Failed to timely notify the Department regarding the employment and termination of real estate salesperson VARELA during the audit period, in violation of Code Section 10161.8 and Regulation 2752.

(e) Compensated VARELA \$23,754 for the year of 2007, when VARELA was not licensed under 1st WEST or SORENSEN, in violation of Code Section 10137.

(f) Did not disclose to prospective borrowers in writing on the Mortgage Loan Disclosure Statement that 1st WEST received yield spread premiums or rebates from lenders as additional compensation for services rendered, in violation of Code Section 10240 and Regulation 2840.

NEGLIGENCE

9.

The overall conduct of Respondent 1ST WEST constitutes negligence or incompetence. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to Code Section 10177(g).

DETERMINATION OF ISSUES

1.

The conduct of Respondent 1ST WEST as described in Findings 8 and 9 herein above, is in violation of Code Sections 10137, 10145, 10159.5, 10161.8, and 10240 and Title 10, Chapter 6, California Code of Regulations ("Regulations") 2731, 2752, 2831 and 2840 and is cause for disciplinary action pursuant to Code Sections 10137, 10177(d) and 10177(g).

2.

The conduct of Respondent VARELA, as described in Finding 8(e) above, is cause for disciplinary action pursuant to Code Sections 10137, 10177(d) and 10177(g).

3.

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

ORDER

The real estate licenses and license rights of Respondents 1ST WEST COMMUNITY FINANCIAL CORP and DANIEL JOSEPH VARELA under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

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This Decision shall become effective at
12 o'clock noon on SEP 20 2011, 2011

DATED: 8/29, 2011

BARBARA J. BIGBY
Acting Real Estate Commissioner

A handwritten signature in cursive script, appearing to read "Barbara J. Bigby", written over a horizontal line.

FILED

Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

AUG 18 2011

(213) 576-6982

DEPARTMENT OF REAL ESTATE
BY: Jana B. Olson

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-36936 LA
	)	
<u>1ST WEST COMMUNITY FINANCIAL CORP;</u>	)	<u>DEFAULT ORDER</u>
and RONALD PAUL SORENSON,	)	
individually and as designated	)	
officer of 1st West Community	)	
Financial Corp and <u>DANIEL JOSEPH</u>	)	
<u>VARELA,</u>	)	
	)	
Respondents.	)	

Respondents 1st WEST COMMUNITY FINANCIAL CORP and
DANIEL JOSEPH VARELA, having both failed to file a Notice of
Defense within the time required by Section 11506 of the
Government Code, are now in default. It is, therefore, ordered
that a default be entered on the record in this matter.

IT IS SO ORDERED

August 18, 2011
BARBARA J. BIGBY
Acting Real Estate Commissioner
Dolores Weeks
By: DOLORES WEEKS
Regional Manager

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FILED

MAY 04 2011

DEPARTMENT OF REAL ESTATE
BY: *Guadalupe Valencia*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-36936 LA
)
1st WEST COMMUNITY FINANCIAL CORP,)
RONALD PAUL SORENSEN, individually)
and as designated officer of 1st)
West Community Financial Corp, and)
DANIEL JOSEPH VARELA,)
)
Respondents.)

DISMISSAL

On March 21, 2011, the Department of Real Estate
received a death certificate for RONALD PAUL SORENSEN.

The Accusation herein filed on November 23, 2010,
against RONALD PAUL SORENSEN, is DISMISSED.

IT IS SO ORDERED this 26 day of April

JEFF DAVI
Real Estate Commissioner
Jeff Davi

gato
jary

FILED

NOV 23 2010

1 JAMES DEMUS, Counsel (SBN 225005)
2 Department of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013-1105
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DEPARTMENT OF REAL ESTATE
BY: James B. Demus

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No.H-36936-LA
1st WEST COMMUNITY FINANCIAL CORP,)
RONALD PAUL SORENSEN, individually,)
and as designated officer of 1st West) A C C U S A T I O N
Community Financial Corp, and)
DANIEL JOSEPH VARELA,)
Respondents.)

The Complainant, Maria Suarez, a Deputy Real Estate
Commissioner, for cause of Accusation against 1st WEST COMMUNITY
FINANCIAL CORP, RONALD PAUL SORENSEN, individually, and as
designated officer of 1st West Community Financial Corp, and
DANIEL JOSEPH VARELA, is informed and alleges as follows:

1.

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

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///
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2.

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

LICENSE HISTORY

3.

A. 1st WEST COMMUNITY FINANCIAL CORP ("1st WEST") is presently licensed or has license rights issued by the Department of Real Estate ("Department") as a corporate real estate broker. 1st WEST was first licensed by the Department as a corporate broker on February 5, 2005.

B. RONALD PAUL SORENSEN ("SORENSEN") is presently licensed or has license rights issued by the Department as a real estate broker. SORENSEN was first licensed by the Department as a broker on September 30, 1971. Since February 5, 2005, SORENSEN has been the designated officer of 1st WEST.

C. DANIEL JOSEPH VARELA ("VARELA") is presently licensed or has license rights issued by the Department as a real estate salesperson. VARELA was first licensed by the Department as a salesperson on August 31, 2004. VARELA has never been licensed with the Department as employed by 1st WEST or SORENSEN. From October 27, 2004 to February 12, 2009, VARELA was employed by Mortgage Options Inc. From February 13, 2009 to August 4, 2010, VARELA was employed by ALB Commercial Capital.

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1
2 BROKERAGE

3 1st WEST

4 4.

5 At all times mentioned, in the City of West Covina,
6 County of Los Angeles, 1st WEST acted as a real estate broker
7 conducting licensed activities within the meaning of Code
8 Sections 10131(a) and 10131(d) by operating a mortgage and loan
9 brokerage.

10 AUDIT

11 5.

12 On June 28, 2010 and July 13, 2010, the Department
13 completed audit examinations of the books and records of SORENSEN
14 and 1st WEST pertaining to the mortgage and loan activities
15 described in Paragraph 4 that require a real estate license. The
16 audit examinations covered a period of time beginning from June
17 1, 2007 to April 30, 2010. The audit examinations revealed
18 violations of the Code and the Regulations as set forth in the
19 following paragraphs, and more fully discussed in Audit Reports
20 LA 090186 and LA 090255 and the exhibits and workpapers attached
21 to said audit reports.

22 TRUST ACCOUNT

23 6.

24 During the audit period, neither 1st WEST nor SORENSEN
25 maintained a trust account.

26 ///

1 VIOLATIONS OF THE REAL ESTATE LAW

2 7.

3 In the course of activities described in Paragraph 4
4 above and during the examination period described in Paragraph 5,
5 1st WEST and SORENSEN acted in violation of the Code and the
6 Regulations in that they:

7 (a) Did not maintain a complete and accurate columnar
8 record for the trust funds received as earnest money deposits,
9 which were not placed in a brokers' trust account, in violation
10 of Code Section 10145 and Regulation 2831.

11 (b) Overcharged borrowers for appraisal and/or credit
12 report fees at the close of escrow, in violation of Code Sections
13 10145 and 10176(g).

14 (c) Conducted mortgage loan activities using
15 fictitious business names "1st West Community Financial", "1st
16 West Comm Fin Co" and "1st West Community Fin Corp", without
17 first obtaining a license from the Department for these
18 fictitious business names, in violation of Code Section 10159.5
19 and Regulation 2731.

20 (d) Failed to timely notify the Department regarding
21 the employment and termination of real estate salesperson VARELA
22 during the audit period, in violation of Code Section 10161.8 and
23 Regulation 2752.

24 (e) Compensated VARELA \$23,754 for the year of 2007,
25 when VARELA was not licensed under 1st WEST or SORENSEN, in
26 violation of Code Section 10137.
27

1 (f) Did not disclose to prospective borrowers in
2 writing on the Mortgage Loan Disclosure Statement that 1st WEST
3 received yield spread premiums or rebates from lenders as
4 additional compensation for services rendered, in violation of
5 Code Section 10240 and Regulation 2840.

6 8.

7 The conduct of 1st WEST and SORENSEN, as described in
8 Paragraph 7, above, violated the Code and the Regulations as set
9 forth below:

10 PARAGRAPH

PROVISIONS VIOLATED

11 7(a)

Code Section 10145 and
Regulation 2831

13 7(b)

Code Sections 10145 and 10176(g)

15 7(c)

Code Section 10159.5 and Regulation
2731

18 7(d)

Code Section 10161.8 and Regulation
2752

21 7(e)

Code Section 10137

23 7(f)

Code Section 10240 and Regulation
2840

25 ///

26 ///

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of 1st WEST and SORENSEN, under the provisions of Code Sections 10137, 10177(d) and/or 10177(g).

9.

By being employed by, and accepting compensation from, a broker other than the broker under whom he was licensed, as set forth in paragraphs 3 and 7(e) above, VARELLA subjected his real estate license to suspension or revocation under the provisions of Code Sections 10137, 10177(d) and/or 10177(g).

NEGLIGENCE

10.

The overall conduct of 1st WEST and SORENSEN constitutes negligence or incompetence. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of 1st WEST and SORENSEN pursuant to Code Section 10177(g).

SUPERVISION AND COMPLIANCE

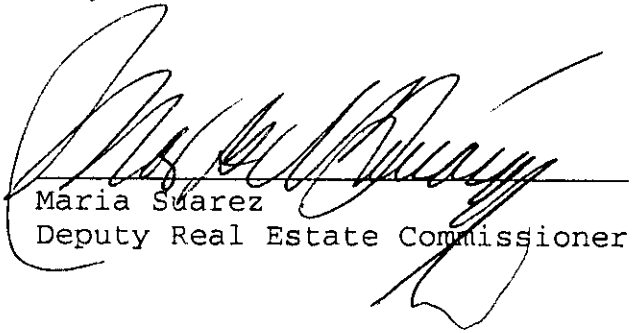
11.

The overall conduct of SORENSEN constitutes a failure on his part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of 1st WEST as required by Code Section 10159.2, and to keep 1st WEST in compliance with the Real Estate Law, and is cause for the suspension or revocation of the real estate license and license rights of SORENSEN pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

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 1st WEST
5 COMMUNITY FINANCIAL CORP, RONALD PAUL SORENSEN, individually, and
6 as designated officer of 1st West Community Financial Corp, and
7 DANIEL JOSEPH VARELA under the Real Estate Law and for such other
8 and further relief as may be proper under applicable provisions
9 of law.

10 Dated at Los Angeles, California

11 this 20th day of October, 2010.

12
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15 
16 Maria Suarez
17 Deputy Real Estate Commissioner
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22
23

24 CC: 1st WEST COMMUNITY FINANCIAL CORP
25 Ronald Paul Sorensen
26 Daniel Joseph Varela
27 Sacto.
Maria Suarez
L.A. Audits