

FILED

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DEPARTMENT OF REAL ESTATE
BY: *[Signature]*

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7

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * * *

11	In the Matter of the Accusation of)	No. H- 37438 LA
12)	
13	NEW HAVEN FINANCIAL INC.;)	<u>A C C U S A T I O N</u>
14	and, LAWRENCE S. RABINOFF,)	
15	individually and as designated)	
16	officer of New Haven Financial Inc.,)	
)	
	Respondents,)	

17 The Complainant, Robin Trujillo, a Deputy Real Estate
18 Commissioner of the State of California, for cause of Accusation
19 against NEW HAVEN FINANCIAL INC. and LAWRENCE S. RABINOFF,
20 individually and as designated officer of New Haven Financial
21 Inc., alleges as follows:

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1 1.

2 The Complainant, Robin Trujillo, acting in her official
3 capacity as a Deputy Real Estate Commissioner of the State of
4 California, makes this Accusation.

5 2.

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

9 License Status

10 3.

11 A. NEW HAVEN FINANCIAL INC. At all times mentioned,
12 Respondent NHF was licensed or had license rights issued by the
13 Department of Real Estate ("Department") as a real estate broker.
14 On July 28, 1994, NHF was originally licensed as a real estate
15 broker by Respondent RABINOFF as the designated officer.

16 B. LAWRENCE S. RABINOFF. At all times mentioned,
17 Respondent RABINOFF was licensed or had license rights issued by
18 the Department as a real estate broker. On September 16, 1989,
19 RABINOFF was originally licensed as a real estate broker.

20 C. NHF is owned by RABINOFF.

21 D. Effective, July 7, 2009, in Case N. 35387, NHF's and
22 RABINOFF's broker licenses were the subject of discipline as set
23 forth in Prior Departmental Action in Paragraph 12.

24 E. At all times material herein, NHF was licensed by
25 the Department as a corporate real estate broker by and through
26 RABINOFF, as the designated officer and broker responsible,
27 pursuant to Code Section 10159.2 of the Business and Professions

1 Code for supervising the activities requiring a real estate
2 license conducted on behalf NHF of by NHF's officers, agents and
3 employees, including RABINOFF.

4 Brokerage and Licensed Activities

5 4.

6 At all times mentioned, in the City of Calabasas,
7 County of Los Angeles, NHF acted as a real estate broker and
8 conducted licensed activities within the meaning of:

9 A. Code Section 10131(d). NHF operated a mortgage and
10 loan brokerage; and

11 B. In addition, NHF conducted broker-controlled
12 escrows through its escrow division under the exemption set forth
13 in California Financial Code Section 17006(a)(4) for real estate
14 brokers performing escrows incidental to a real estate
15 transaction where the broker is a party and where the broker is
16 performing acts for which a real estate license is required.

17 Combined Mortgage Loan and Broker Escrow Audit

18 5.

19 On April 1, 2011, the Department completed an audit
20 examination of the books and records of NHF pertaining to the
21 mortgage loan and broker-escrow activities described in Paragraph
22 4 that require a real estate license. The audit examination
23 covered a period of time beginning on July 7, 2009 to November
24 30, 2010. The audit examination revealed violations of the Code
25 and the Regulations as set forth in the following paragraphs, and
26 more fully discussed in Audit Report LA 100115 and 100181 and the
27 exhibits and work papers attached to said audit report.

Violations Of the Real Estate Law
(Mortgage Loan and Broker Escrow Audit)

7.

In the course of activities described in Paragraphs 4 and 6, above, and during the examination period described in Paragraph 5, Respondents NHF and RABINOFF, acted in violation of the Code and the Regulations in that they:

(a) Failed to retain an executed Lender/Purchaser Disclosure Statement for private money lender Damien Bonenfant, in violation of Code section 10232.4 and Regulation 2846.

(b) Withdrew or paid out escrow monies from the escrow trust account without the prior written consent of every principal or party paying the monies into the respective escrow account, including Damien Bonenfant, in violation of Code Section 10176(g) and Regulation 2950(d), 2950(g) and 2951.

(c) Failed to disclose in writing to all parties to NHF's escrow of NHF's financial interest and ownership of its escrow division, in violation of Code Section 10145 and Regulation 2950(d), 2950(h) and 2951, now corrected.

(d) NHF arranged three (3) covered loan transactions, Billue, Pastor and Smith, wherein the annual percentage rate (APR) exceeded by more than eight (8) percentage points the yield on Treasury Securities having comparable periods of maturity on the 15th day of the month immediately preceding the month in which the application for the extension of credit is received by the creditors., in violation of Financial Code Section 4970(b)(1).

1 (e) Failed to provide Consumer Caution and Home
2 Ownership Counseling Notice no later than three business days
3 prior to signing of the loan documents in the Billue, Pastor and
4 Smith covered loan transactions, in violation of Financial Code
5 Section 4973(k)(1).

6 Disciplinary Statutes and Regulations
7 (Mortgage Loan and Broker Escrow Audit)

8 8.

9 The conduct of Respondents NHF and RABINOFF described
10 in Paragraph 7, above, violated the Code and the Regulations as
11 set forth below:

12 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
13 7(a)	Code Section 10232.4 and Regulation 14 2846
15 7(b)	Code Section 10176(g) and 16 Regulation 2950(d), 2950(g) and 17 2951
18 7(c)	Code Section 10145 and Regulation 19 2950(d), 2950(h) and 2951.
20 7(d)	Financial Code Section 4970(b)(1)
21 7(e)	Financial Code Section 4973(k)(1)
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1 The foregoing violations constitute cause for discipline of the
2 real estate license and license rights of NHF and RABINOFF, under
3 the provisions of Code Sections 10176(g), 10177(d) and 10177(g).

4
5 9.

6 The overall conduct of Respondents NHF and RABINOFF
7 constitutes negligence or incompetence. This conduct is cause
8 for discipline of the real estate license and license rights of
9 Respondents NHF and RABINOFF pursuant to Code Section 10177(g).

10 10.

11 The overall conduct of Respondents NHF and RABINOFF
12 constitutes a breach of fiduciary duty. This conduct and
13 violation are cause for discipline of the real estate license and
14 license rights of said Respondents pursuant to the provisions of
15 Code Section 10177(g).

16 11.

17 The overall conduct of Respondent RABINOFF constitutes
18 a failure on his part, as officer designated by a corporate
19 broker licensee, to exercise the reasonable supervision and
20 control over the licensed activities of NHF as required by Code
21 Section 10159.2, and to keep NHF in compliance with the Real
22 Estate Law, and is cause discipline of the real estate license
23 and license rights of RABINOFF pursuant to the provisions of Code
24 Sections 10177(d), 10177(g) and or 10177(h).

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2 PRIOR DEPARTMENT ACTION

3 12.

4 On July 7, 2009, in Case No. H-35387 LA, a Stipulation
5 and Agreement became effective against NEW HAVEN FINANCIAL INC.
6 and LAWRENCE S. RABINOFF, for violations of Code Sections 10145,
7 10233(c)(1), 10238(f)(1) and 10240 of the Business and
8 Professions and Sections 2831.1, 2832(a) and 2950(d) of Title 10,
9 Chapter 6, California Code of Regulations based on an Accusation
10 filed on October 16, 2008. Respondents' real estate broker
11 licenses were suspended on terms and conditions.

12
13 WHEREFORE, Complainant prays that a hearing be
14 conducted on the allegations of this Accusation and that upon
15 proof thereof, a decision be rendered imposing disciplinary
16 action against the license and license rights of Respondents NEW
17 HAVEN FINANCIAL INC. and LAWRENCE S. RABINOFF, under the Real
18 Estate Law (Part 1 of Division 4 of the Business and Professions
19 Code) and for such other and further relief as may be proper
20 under other applicable provisions of law.

21 Dated at Los Angeles, California

22 this 2 day of August 2011.

23 Robin Trujillo
Deputy Real Estate Commissioner

24 cc: New Haven Financial Inc.
25 c/o Lawrence S. Rabinoff D.O.
26 Robin Trujillo
27 Sacto
Audits - Manijeh Khazrai