

FILED

OCT 15 2012

DEPARTMENT OF REAL ESTATE

BY: Jane B. Olson

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-37618 LA
)	
<u>COAST TO COAST FINANCIAL</u>)	
<u>CORPORATION; and JEFFREY ALLAN</u>)	
SMITH, individually and as)	
former designated officer of)	
Coast to Coast Financial)	
Corporation,)	
)	
Respondents.)	

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 July 25, 2012, and the findings of fact set forth herein are based on one or more of the following: (1) Respondents COAST TO COAST FINANCIAL CORPORATION's ("COAST") express admissions; (2) affidavits; and (3) Department Audit Report LA 100007 and (4) other evidence.

FACTUAL FINDINGS

1.

On October 24, 2011, Maria Suarez made the Accusation in his 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 COAST's last known mailing address on file with the Department of Real

last known mailing address on file with the Department of Real Estate ("Department") on October 24, 2011. The certified mailing was returned to sender, with no forwarding address.

2.

On July 25, 2012, no Notice of Defense having been filed by COAST within the time prescribed by Section 11506 of the Government Code, Respondent COAST's default was entered herein.

LICENSE HISTORY

3.

COAST presently has license rights as a corporate real estate broker. COAST was initially licensed by the California Department on June 11, 2007. On June 10, 2011, COAST's license expired. Pursuant to Business and Professions Code ("Code") Section 10201, COAST retains renewal rights for two years.

BROKERAGE

4.

At all times mentioned, in the City of Orange, County of Orange, COAST acted as a real estate broker conducting licensed activities within the meaning of Code Section 10131(d) by negotiating loans or collecting payments or performing services for borrowers in connection with loans.

AUDIT

5.

On May 31, 2011, the Department completed an audit examination of the books and records of COAST pertaining to the activities described in Paragraph 4 which require a real estate license. The audit examination covered a period of time from July 13, 2009 to September 14, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Report LA 100007 and the exhibits and workpapers attached to said audit report.

VIOLATIONS OF THE REAL ESTATE LAW

6.

In the course of activities described in Paragraph 4 above and during the examination period described in Paragraph 5, Respondent COAST acted in violation of the Code and the Regulations

in that:

(a) COAST performed loan modification services and collected advance fees from borrowers without submitting their advance fee agreement and materials to the Real Estate Commissioner at least 10 days before using them, in violation of Code Section 10085 and Regulation 2970.

(b) COAST did not furnish a verified copy of accounting content for the advance fees collected, which includes a description of services rendered, the amount of advance fees collected, identification of the trust fund account into which the advance fee was deposited, and the amount allocated or disbursed from the advance fee and the end of each quarter, in violation of Code Sections 10145 and 10146 and Regulations 2832 and 2972.

(c) COAST did not make any trust fund bank account records related to advance fees collected from borrowers available for the audit, in violation of Code Sections 10145 and 10146 and Regulations 2832 and 2972.

(d) COAST did not maintain a columnar record for advance fees collected from borrowers for loan modification services, in violation of Code Section 10145 and Regulation 2831.

(e) COAST did not maintain separate records for each beneficiary or transaction for advance fees collected from borrowers for loan modification services, in violation of Code Section 10145(a) and Regulation 2831.1.

(f) COAST employee Kazi Bashar coordinated and negotiated loan modification services for borrowers without first obtaining a license from the Department, in violation of Code Section 10130.

(g) COAST failed to retain the bank statements, bank signature card, records of receipts and disbursed and trust fund records of the bank account maintained to collect advance fees. Coast also failed to retain transaction files and records of funds collected from borrowers for loan modifications, in violation of Code Section 10148.

7.

On May 23, 2011, the Department received subpoenaed records for a Bank of America account registered to COAST. Non-licensee Kazi Bashar was the only signatory on the account. A review of the bank account records revealed that COAST had deposited 170 separate checks from consumers for appraisal fees and credit report fees. The amounts submitted to COAST for the appraisal fees exceeded the amounts COAST distributed to the appraisal companies. COAST did not refund any of these excess fees to the consumers. Said conduct, acts, or omissions provide grounds

for the suspension or revocation of the license and license rights of COAST pursuant to Code Sections 10176(i) and 10177(g).

8.

COAST's corporation license has been dissolved by the Secretary of State for the State of California. This constitutes a violation of Regulation 2742 and subjects the real estate license and license rights of COAST to suspension or revocation pursuant to Code Sections 10177(d), 10177(g) and 10177(f).

9.

In aggravation, on or about February 2, 2001, the State of California, Department of Corporations, in case no. 603F197 revoked COAST's California Finance Lenders License. The Decision for the above-mentioned case, which became effective on February 24, 2011, established that grounds existed for the revocation of COAST's license under Financial Code Section 22107.

10.

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

DETERMINATION OF ISSUES

1.

The conduct of Respondent COAST as described in Findings 6 through 10 herein above, is in violation of Code Sections 10085, 10145, 10146, 10130, 10148 and Regulations 2970, 2832, 2972, 2831, 2831.1, 2725, 2742 and is cause for disciplinary action pursuant to Code Sections 10176(i), 10177(d), 10177(f) and 10177(g).

2.

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

ORDER

The real estate license and license rights of Respondents COAST TO COAST FINANCIAL CORPORATION 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 NOV - 5 2012, 2012

DATED:

Sept. 11, 2012

Real Estate Commissioner

A large, stylized handwritten signature in black ink, likely belonging to Wayne S. Bell, is written over a horizontal line.

By WAYNE S. BELL
Chief Counsel

FILED

JUL 25 2012

* * *

DEFAULT ORDER

By: DOLORES WEEKS
Regional Manager