

*facts  
now*

**FILED**

OCT 24 2011

1 JAMES DEMUS, Counsel (SBN 225005)  
2 Department of Real Estate  
3 320 West Fourth St., #350  
4 Los Angeles, CA 90013

DEPARTMENT OF REAL ESTATE  
BY: *Gregorio Mendez*

4 (213) 576-6982  
5 (213) 576-6910 (direct)

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of )

No. H-37618 LA

13 )  
14 ) COAST TO COAST FINANCIAL  
15 ) CORPORATION, JEFFREY ALLAN SMITH,  
16 ) individually, and as former  
17 ) designated officer of Coast to  
18 ) Coast Financial Corporation,

A C C U S A T I O N

17 Respondents. )

19 The Complainant, Maria Suarez, a Deputy Real Estate  
20 Commissioner of the State of California, for cause of  
21 Accusation against COAST TO COAST FINANCIAL CORPORATION,  
22 JEFFREY ALLAN SMITH, individually, and as former designated  
23 officer of Coast to Coast Financial Corporation, is informed  
24 and alleges as follows:

25 ///

26 ///

27 ///

1 1.

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

5 2.

6 COAST TO COAST FINANCIAL CORPORATION, (hereinafter  
7 "COAST") presently has license rights under the Real Estate Law  
8 (Part 1 of Division 4 of the Business and Professions Code,  
9 hereinafter "Code"), as a corporate real estate broker. COAST  
10 was initially licensed by the California Department of Real  
11 Estate ("Department") on June 11, 2007. On June 10, 2011,  
12 COAST's license expired. Pursuant to Business and Professions  
13 Code Section 10201, COAST retains renewal rights for two years.  
14 The Department of Real Estate holds jurisdiction over the  
15 lapsed license, pursuant to Business and Professions Code  
16 Section 10103.

17 3.

18 JEFFREY ALLAN SMITH (hereinafter "SMITH") is  
19 presently licensed and/or has license rights under the Real  
20 Estate Law, as a real estate broker. He was designated officer  
21 of COAST from July 13, 2009 to September 15, 2010. Pursuant to  
22 Code Section 10159.2, Respondent SMITH was responsible for the  
23 supervision and control of the activities conducted on behalf  
24 of Respondent COAST and by its officers and employees as  
25 necessary to secure full compliance with the provisions of the  
26 Real Estate Law, including the supervision of salespersons  
27

1 licensed to the corporation in the performance of acts for  
2 which a real estate license is required.

3 4.

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

9 5.

10 FIRST CAUSE FOR ACCUSATION

11 (Audit Investigation)

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

21 VIOLATIONS OF THE REAL ESTATE LAW

22 6.

23 In the course of activities described in Paragraph 4  
24 above and during the examination period described in Paragraph  
25 5, Respondent COAST acted in violation of the Code and the  
26 Regulations in that:

27

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

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

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

18 (d) COAST did not maintain a columnar record for  
19 advance fees collected from borrowers for loan modification  
20 services, in violation of Code Section 10145 and Regulation  
21 2831.

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

26 (f) COAST employee Kazi Bashir coordinated and  
27 negotiated loan modification services for borrowers without

1 first obtaining a license from the Department, in violation of  
2 Code Section 10130.

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

9 (h) SMITH failed to exercise reasonable supervision  
10 and control over the real estate activity of COAST to secure  
11 full compliance with the real estate law and regulations, in  
12 violation of Code Section 10159.2 and Regulation 2725.

13 7.

14 The conduct of Respondent COAST, described in  
15 Paragraph 6, above, violated the Code and the Regulations as  
16 set forth below:

17	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
18	6(a)	Code Section 10085 and Regulation
19		2970
20	6(b)	Code Sections 10145 and 10146 and
21		Regulations 2832 and 2972
22	6(c)	Code Sections 10145 and 10146 and
23		Regulations 2832 and 2972
24	6(d)	Code Section 10145 and Regulation
25		2831
26		
27		

1           6(e)                           Code Section 10145(a) and  
2   Regulation 2831.1  
3           6(f)                           Code Section 10130  
4           6(g)                           Code Section 10148  
5  
6           6(h)                           Code Section 10159.2 and  
7   Regulation 2725

8   8.

9   SECOND CAUSE FOR ACCUSATION

10    (Additional Trust Fund Violations)

11    On May 23, 2011, the Department received subpoenaed  
12 records for a Bank of America account registered to COAST.  
13 Non-licensee Kazi Bashar was the only signatory on the account.  
14 A review of the bank account records revealed that COAST had  
15 deposited 170 separate checks from consumers for appraisal fees  
16 and credit report fees. The amounts submitted to COAST for the  
17 appraisal fees exceeded the amounts COAST distributed to the  
18 appraisal companies. COAST did not refund any of these excess  
19 fees to the consumers. Said conduct, acts, or omissions  
20 provide grounds for the suspension or revocation of the license  
21 and license rights of COAST pursuant to Code Sections 10176(i)  
22 and/or 10177(g). It also provides grounds for the suspension  
23 or revocation of the license and license rights of SMITH  
24 pursuant to Code Sections 10177(g) and/or 10177(h).

25       ///  
26       ///  
27       ///  
28

1 9.

2 THIRD CAUSE FOR ACCUSATION

3 (CORPORATE STANDING)

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

10 10.

11 (PRIOR LICENSE DISCIPLINE)

12 In aggravation, on or about February 2, 2001, the  
13 State of California, Department of Corporations, in case no.  
14 603F197 revoked COAST's California Finance Lenders License.  
15 The Decision for the above-mentioned case, which became  
16 effective on February 24, 2011, established that grounds  
17 existed for the revocation of COAST's license under Financial  
18 Code Section 22107.

19 NEGLIGENCE

20 11.

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

26 ///

27 ///

1 SUPERVISION AND COMPLIANCE

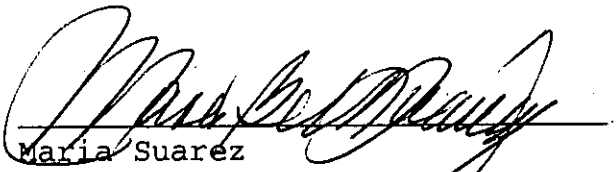
2 15.

3 The overall conduct of Respondent SMITH constitutes a  
4 failure on his part, as the officer designated by a corporate  
5 broker licensee, to exercise reasonable supervision and control  
6 over the licensed activities of COAST as required by Code  
7 Section 10159.2, and to keep COAST in compliance with the Real  
8 Estate Law, and is cause for the suspension or revocation of  
9 the real estate license and license rights of SMITH pursuant to  
10 the provisions of Code Sections 10177(d), 10177(g) and  
11 10177(h).

12 WHEREFORE, Complainant prays that a hearing be  
13 conducted on the allegations of this Accusation and that upon  
14 proof thereof, a decision be rendered imposing disciplinary  
15 action against all the licenses and license rights of  
16 Respondents COAST TO COAST FINANCIAL CORPORATION and JEFFREY  
17 ALLAN SMITH under the Real Estate Law, and for such other and  
18 further relief as may be proper under other applicable  
19 provisions of law.

20 Dated at Los Angeles, California

21 this 24th day of October, 2011

22  
23   
24 Maria Suarez  
25 Deputy Real Estate Commissioner

26 cc: COAST TO COAST FINANCIAL CORPORATION  
27 JEFFREY ALLAN SMITH  
Maria Suarez  
Sacto.