

NOV 28 2011

1 JAMES DEMUS, Counsel (SBN 225005)  
2 Department of Real Estate  
3 320 West 4th Street, Suite 350  
4 Los Angeles, California 90013-1105

DEPARTMENT OF REAL ESTATE  
BY: Guadalupe Arlenis

5 Telephone: (213) 576-6982  
6 (Direct) (213) 576-6910  
7

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )

No. H-37695 LA

12 CALIFORNIA FINANCE GROUP )  
13 INCORPORATED; and JULIO ENRIQUE )  
14 GONZALEZ JR., individually and )  
15 formerly as designated )  
16 officer of California Finance )  
17 Group Incorporated, )

A C C U S A T I O N

18 Respondents. )

19 The Complainant, Maria Suarez, a Deputy Real Estate  
20 Commissioner of the State of California, for cause of Accusation  
21 against CALIFORNIA FINANCE GROUP INCORPORATED and JULIO ENRIQUE  
22 GONZALEZ JR., individually and formerly as designated officer of  
23 California Finance Group Incorporated, alleges as follows:

24 1.

25 The Complainant, Maria Suarez, acting in her official  
26 capacity as a Deputy Real Estate Commissioner of the State of  
27

1 California, makes this Accusation against CALIFORNIA FINANCE  
2 GROUP INCORPORATED and JULIO ENRIQUE GONZALEZ JR.

3 2.

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

7 LICENSE HISTORY

8 3.

9 A. At all times mentioned, CALIFORNIA FINANCE GROUP  
10 INCORPORATED ("CFGI") and JULIO ENRIQUE GONZALEZ JR. ("GONZALEZ")  
11 were licensed or had license rights issued by the Department of  
12 Real Estate ("Department") as real estate brokers.

13 B. From July 14, 2007 until May 27, 2011, CFGI was  
14 licensed by the Department as a corporate real estate broker by  
15 and through GONZALEZ, as the designated officer and broker  
16 responsible, pursuant to Code Section 10159.2, for supervising  
17 the activities requiring a real estate license conducted on  
18 behalf of CFGI by CFGI's officers, agents and employees,  
19 including GONZALEZ. CFGI's license expired on July 13, 2011.  
20 Pursuant to Business and Professions Code Section 10201, CFGI  
21 retains renewal rights for two years. The Department of Real  
22 Estate holds jurisdiction over the lapsed license, pursuant to  
23 Business and Professions Code Section 10103.

24 C. At all times mentioned, JULIO ENRIQUE GONZALEZ JR.  
25 ("GONZALEZ") was licensed or had license rights issued by the  
26 Department as a real estate broker. On November 16, 2004,  
27 GONZALEZ was originally licensed as a real estate broker.

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BROKERAGE

CALIFORNIA FINANCE GROUP INCORPORATED

4.

At all times mentioned, in the City of Glendale, County of Los Angeles, CFGI and GONZALEZ acted as real estate brokers conducting licensed activities within the meaning of Code Section 10131(d) by soliciting borrowers and negotiating mortgage loans for compensation.

AUDIT

CALIFORNIA FINANCE GROUP INCORPORATED

5.

On March 14, 2011, the Department completed an audit examination of the books and records of CFGI pertaining to the mortgage and loan activities described in Paragraph 4 which require a real estate license. The audit examination covered a period of time beginning on January 1, 2009 to November 30, 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 100014 and the exhibits and workpapers attached to said audit report.

TRUST ACCOUNT

6.

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

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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, Respondents CFGI and GONZALEZ acted in violation of the Code  
6 and the Regulations in that:

7 (a) CFGI collected advance fees from borrowers and  
8 deposited the fees into CFGI's general business account,  
9 commingling the advance fees with CFGI's funds, in violation of  
10 Code Sections 10145 and 10176(e) and Regulations 2832 and 2835.

11 (b) CFGI did not deposit advance fees collected from  
12 borrowers into a trust account, in violation of Code Section  
13 10146.

14 (c) An unlicensed employee without a fidelity bond was  
15 an authorized user on the bank account which held trust funds, in  
16 violation of Code Section 10145 and Regulation 2834.

17 (d) CFGI collected advance fees for loan modifications  
18 without submitting the advance fee agreements for the  
19 Commissioner's review at least ten (10) days in advance, in  
20 violation of Code Section 10085 and Regulation 2970.

21 (e) The Mortgage Loan Disclosure Statements ("MLDS")  
22 found in the loan files examined did not disclose the anticipated  
23 and/or current amount of lien that was on the secured real  
24 property, in violation of Code Sections 10240 and 10241 and  
25 Regulation 2840.

26 (f) Some of the MLDS used by CFGI did not contain  
27 CFGI's license number, in violation of Code Section 10236.4(b).

1 (g) CFGI used the fictitious names of "California  
2 Finance Group" and "CFG Solutions" to conduct licensed activities  
3 without holding a license bearing said fictitious business names,  
4 in violation of Code Section 10159.5 and Regulation 2731.

5 8.

6 The conduct of Respondents CFGI and GONZALEZ, described  
7 in Paragraph 7, above, violated the Code and the Regulations as  
8 set forth below:

9	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
10		
11	7(a)	Code Sections 10145 and 10176(e)
12		and Regulations 2832 and 2835
13		
14	7(b)	Code Section 10146
15	7(c)	Code Section 10145 and Regulation
16		2834
17		
18	7(d)	Code Section 10085 and Regulation
19		2970
20		
21	7(e)	Code Sections 10240 and 10241 and
22		Regulation 2840
23		
24	7(f)	Code Section 10236.4(b)
25		
26	7(g)	Code Section 10159.5 and Regulation
27		2731

1           The foregoing violations constitute cause for the  
2 suspension or revocation of the real estate license and license  
3 rights of CFGI and GONZALEZ, under the provisions of Code  
4 Sections 10085, 10176(e) 10177(d) and/or 10177(g).

5                                   NEGLIGENCE

6                                   9.

7           The overall conduct of Respondents CFGI and GONZALEZ  
8 constitutes negligence or incompetence. This conduct and  
9 violation are cause for the suspension or revocation of the real  
10 estate license and license rights of said Respondents pursuant to  
11 Code Section 10177(g).

12                                  SUPERVISION AND COMPLIANCE

13                                 10.

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

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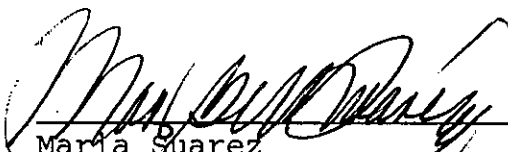
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of Respondents CALIFORNIA FINANCE GROUP INCORPORATED and JULIO ENRIQUE GONZALEZ JR., individually and formerly as designated officer of California Finance Group Incorporated, under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California

this 17<sup>th</sup> day of November, 2011.

  
\_\_\_\_\_  
Maria Suarez  
Deputy Real Estate Commissioner

cc: CALIFORNIA FINANCE GROUP INCORPORATED  
JULIO ENRIQUE GONZALEZ JR.  
Maria Suarez  
Sacto  
Audits