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DEPARTMENT OF REAL ESTATE
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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

No. H-37932 LA

OCEAN QUEST FINANCIAL INC and
CHRISTOPHER ALLEN GAGAN,
individually, and as former
designated officer of Ocean Quest
Financial Inc.

A C C U S A T I O N

Respondents.

The Complainant, Robin Trujillo, a Deputy Real Estate
Commissioner of the State of California, for cause of Accusation
against OCEAN QUEST FINANCIAL INC and CHRISTOPHER ALLEN GAGAN,
individually, and as former designated officer of OCEAN QUEST
Financial Inc, alleges as follows:

1.

The Complainant, Robin Trujillo, acting in her official
capacity as a Deputy Real Estate Commissioner of the State of
California, makes this Accusation against OCEAN QUEST FINANCIAL
INC and CHRISTOPHER ALLEN GAGAN.

1 2.

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

5 LICENSE HISTORY

6 3.

7 A. OCEAN QUEST FINANCIAL INC ("OCEAN QUEST") presently
8 has license rights with the Department of Real Estate
9 ("Department") as a corporate real estate broker. On December
10 29, 2010, OCEAN QUEST's license expired. Pursuant to Business
11 and Professions Code Section 10201, OCEAN QUEST retains renewal
12 rights for two years. The Department of Real Estate holds
13 jurisdiction over the lapsed license, pursuant to Business and
14 Professions Code Section 10103.

15 B. At all times mentioned, CHRISTOPHER ALLEN GAGAN
16 ("GAGAN") was licensed and/or had license rights issued by the
17 Department as a real estate broker.

18 C. From December 30, 2006, through December 29, 2010,
19 OCEAN QUEST was licensed by the Department as a corporate real
20 estate broker by and through GAGAN, as the designated officer and
21 broker responsible, pursuant to Code Section 10159.2 for
22 supervising the activities requiring a real estate license
23 conducted on behalf of OCEAN QUEST or by OCEAN QUEST's officers,
24 agents and employees.

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BROKERAGE

4.

At all times mentioned, in the City of Beverly Hills, County of Los Angeles, OCEAN QUEST and GAGAN acted as real estate brokers conducting licensed activities within the meaning of Code Section 10131(b): leasing, renting, offering to lease or rent, or collecting rents from real property of another.

AUDIT

5.

On June 6, 2011, the Department completed audit examinations of the books and records of OCEAN QUEST and GAGAN pertaining to the activities described in Paragraph 4 which require a real estate license. The audit examinations covered a period of time from September 15, 2007 to October 21, 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 LA100083 and the exhibits and workpapers attached to said audit report.

TRUST ACCOUNT

6.

During the audit period OCEAN QUEST did not maintain a trust account.

VIOLATIONS OF THE REAL ESTATE LAW

7.

In the course of activities described in Paragraph 4 above and during the examination period described in Paragraph 5,

1 OCEAN QUEST and GAGAN acted in violation of the Code and the
2 Regulations in that:

3 (a) Rents received from tenants were deposited into
4 bank accounts which were not set up in the name of OCEAN QUEST
5 and were not designated as trust accounts, in violation of Code
6 Section 10145 and Regulation 2832.

7 (b) OCEAN QUEST failed to maintain a record of all
8 trust funds received and disbursed as of October 31, 2010, in
9 violation of Code Section 10145 and Regulation 2831.

10 (c) OCEAN QUEST failed to maintain a separate record
11 for each beneficiary or transaction as of October 31, 2010, in
12 violation of Code Section 10145 and Regulation 2831.1.

13 (d) OCEAN QUEST failed to maintain a written monthly
14 reconciliation of the record of all trust funds received and
15 disbursed with the total of all separate records for each
16 beneficiary or transaction, in violation of Code Section 10145
17 and Regulation 2831.2.

18 (e) Rents received by OCEAN QUEST were deposited and
19 commingled with GAGAN's funds in a bank account and deposits were
20 paid from a non-trust account, in violation of Code Sections
21 10145 and 10176(e) and Regulation 2832.

22 (f) OCEAN QUEST failed to retain some records related
23 to its licensed activities during the audit period, in violation
24 of Code Section 10148.

25 (g) GAGAN did not exercise reasonable control and
26 supervision over the activities conducted by OCEAN QUEST, in
27 violation of Code Sections 10159.2, 10177(h) and Regulation 2725.

1 8.

2 The conduct of Respondents OCEAN QUEST and GAGAN,
3 described in Paragraph 7, above, violated the Code and the
4 Regulations as set forth below:

5 PARAGRAPH

PROVISIONS VIOLATED

6
7 7(a)

Code Section 10145 and Regulation
8 2832

9 7(b)

Section 10145 and Regulation 2831

10 7(c)

Code Section 10145 and Regulation
11 2831.1

12 7(d)

Code Section 10145 and Regulation
13 2831.2

14 7(e)

Code Sections 10145 and 10176(e)
15 and Regulation 2832

16 7(f)

Code Section 10148

17 7(g)

Code Sections 10159.2, 10177(h) and
18 Regulation 2725

19 9.

20 Said conduct, acts, and/or omissions are cause for the
21 suspension or revocation of the real estate license and license
22 rights of OCEAN QUEST under the provisions of Code Sections
23 10176(e), 10177(d) and/or 10177(g).

24 10.

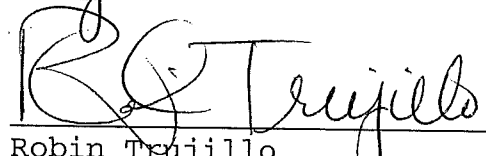
25 Said conduct, acts, and/or omissions are cause for the
26 suspension or revocation of the real estate license and license
27

1 rights of GAGAN under the provisions of Code Sections 10176(e),
2 10177(h), 10177(d) and/or 10177(g).

3 WHEREFORE, Complainant prays that a hearing be
4 conducted on the allegations of this Accusation and that upon
5 proof thereof, a decision be rendered imposing disciplinary
6 action against all licenses and license rights of Respondents
7 OCEAN QUEST FINANCIAL INC and CHRISTOPHER ALLEN GAGAN under the
8 Real Estate Law, that Complainant be awarded its costs of
9 investigation and prosecution of this case, and for such other
10 and further relief as may be proper under the provisions of law.

11 Dated at Los Angeles, California

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13 this 15 day of February 2012

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15 _____
16 Robin Trujillo
17 Deputy Real Estate Commissioner
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24 cc: OCEAN QUEST FINANCIAL INC
25 CHRISTOPHER ALLEN GAGAN
26 Robin Trujillo
27 Sacto
Audits