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BUREAU OF REAL ESTATE

By John Aguilera

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BEFORE THE BUREAU OF REAL ESTATE
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

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In the Matter of the Accusation against

No. H-40499 LA

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OLYMPIA FINANCIAL MORTGAGE, INC. and
JEFF SCOTT ARONSON, individually and as
designated officer of Olympia Financial
Mortgage, Inc.,

ACCUSATION

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Respondents.

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The Complainant, Maria Suarez, a Supervising Special Investigator for the Bureau of Real Estate ("Bureau") of the State of California, for cause of Accusation against OLYMPIA FINANCIAL MORTGAGE, INC. and JEFF SCOTT ARONSON, individually and as designated officer of Olympia Financial Mortgage, Inc. (collectively "Respondents"), alleges as follows:

1.

The Complainant, Maria Suarez, acting in her official capacity as a Supervising Special Investigator, makes this Accusation against Respondents.

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2.

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

3.

Respondents are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Code).

4.

From December 3, 2007 through the present, Respondent OLYMPIA FINANCIAL MORTGAGE, INC. ("OFM") has been licensed by the Bureau as a corporate real estate broker, License ID 01835402. OFM was licensed to do business as "Olympia Financial" from October 23, 2015 through December 3, 2015.

5.

From January 4, 2007 through the present, Respondent JEFF SCOTT ARONSON ("ARONSON") has been licensed by the Bureau as a real estate broker, License ID 01136293. Respondent ARONSON was previously licensed by the Bureau as a real estate salesperson from approximately May 1, 1992 through January 3, 2007.

6.

At all times relevant herein, OFM was licensed by the Bureau as a corporate real estate broker by and through ARONSON, as its designated broker responsible, pursuant to Code Section 10159.2, for supervising the activities requiring a real estate license conducted on behalf of OFM by OFM's officers, agents, licensees, and employees, as necessary to secure full compliance with the Real Estate Law as set forth Code Section 10159.2.

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Audit LA 150008

7.

On March 29, 2016, the Bureau completed an audit examination of the books and records of Respondent OFM's mortgage loan broker activities which require a real estate license under the provisions of Code section 10131(d) or (e). The audit examination covered a period of time from July 1, 2014 through August 31, 2015. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 150008 and the exhibits and work papers attached to said audit report.

8.

An entrance interview was held on or about September 22, 2015 with Respondent ARONSON. According to Respondent ARONSON and OFM's servicing specialist, Stewart Oroz (real estate salesperson ID 01972550) ("Oroz"), OFM solicits borrowers and lenders, negotiates and escrows private investor loans. During the audit period, OFM negotiated 35 loans for single investors totaling approximately \$13,640,000 for 17 private investors. OFM also, for compensation, serviced these loans and collected payments from borrowers for lenders in connection with loans secured by liens on real property. During the audit period, OFM collected approximately \$1,500,999.71 related to single beneficiary loans.

9.

Based on an examination of OFM's records, OFM maintained the following trust account for to hold or collect trust funds during the audit period:

Trust Account #1 (TA1)

Bank: Umpqua Bank

Account Name: Olympia Financial Mortgage Inc dba Olympia Financial Trust Account

Account #: xxxxx2988

1 Signer(s): ARONSON

2 Description: TA1 was used to handle the receipts and disbursements of trust funds from
3 borrowers that were related to OFM's mortgage loan activity for single beneficiaries.
4 Disbursements from TA1 included payments for OFM's servicing fee and payment to the
5 lenders. One signature was required and ARONSON usually signed the checks.

6 Violations

7 10.

8 In the course of its real estate activities during the audit examination period described
9 above in Paragraph 7, Respondent acted in violation of the Code and the Regulations as follows:

10 10(a). Issue Two¹. Code Section 10145 and Regulation 2831. Trust fund records to be
11 maintained

12 Based on an examination of records provided for the audit of OFM, OFM failed to
13 maintain accurate or complete records of trust funds received and disbursed (control records) for
14 TA1, in violation of Code section 10145 and Regulation 2381.

15 OFM recorded a deposit of \$1,006.50 from M.I.² on 4/10/15 with reference no. 3807
16 when there was no deposit made. In addition, a disbursement of \$1,006.50, dated 8/26/15, and
17 payable to "Olympic Financial Mortgage Inc" was posted on the control record with reference of
18 "print" and no check number shown. However, when compared to a copy of the check and
19 separate records (Trust Account Register) provided for the account of borrower "B134-[M.B.],"
20 check no. 1214 was dated 9/22/15 for \$1,006.50.

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23 ¹ Issue One was intentionally skipped (no violations as to Issue 1 of Audit Report. TA1 was in balance as of 8/31/15).

24 ²² Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

1 10(b). Issue Three. Code Section 10145 and Regulation 2831.1. Separate records for
2 each beneficiary or transaction

3 Respondent OFM failed to maintain a complete and accurate separate record for each
4 beneficiary or transaction (separate records) for TA1, in violation of Code section 10145 and
5 Regulation 2831.1.

6 Oroz provided a Trust Account Register with an ending balance for borrower M.B.
7 (B134) as of August 31, 2015 of \$4,730.55 which had a discrepancy of <\$1,006.50>. According
8 to Oroz, the discrepancy was caused by a clerical error. Based on the separate record "Loan
9 Master Report" for B134, on 4/10/15 the deposit transaction for M.I. for \$1,006.50 was voided
10 because OFM could not locate the deposit check which brought the ending balance to \$3,724.05
11 as of 8/31/2015.

12 10(c). Issue Four. Code Section 10145 and Regulation 2831.2. Trust account
13 reconciliation

14 During the audit period, Respondent OFM failed to perform and maintain a monthly
15 reconciliation comparing the balance of all separate beneficiary or transaction records (separate
16 records) to the balance of the record of all trust funds received and disbursed (control record) for
17 TA1, in violation of Code section 10145 and Regulation 2831.2.

18 10(d). Issue Five. Code Section 10232.2(c) and Regulation 2849.01. Filing Fiscal Year
19 Reports-Failure to submit Business Activity Report (BAR)

20 OFM satisfied the threshold criteria, yet, was failed to timely file its BAR with the
21 Bureau for the year ending in 2014, in violation of Code Section 10232.2(c) and Regulation
22 2849.01. The BAR was received on September 31, 2015 although it was due on March 31, 2015.

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1 10(e). Issue Six. Code Section 10232.25 and Regulation 2846.8. Quarterly Trust Fund
2 Status Report

3 OFM satisfied the threshold criteria and failed to timely submit its quarterly threshold
4 reports (Trust Fund Status Report Re855 and RE856) to the Bureau within 30 days after the end
5 of its fiscal quarters of 2014 and 2015, in violation of Code Section 10232.25 and Regulation
6 2846.8.

7 Examples of the delinquent reports include, without limitation, the 2nd quarter ending
8 June 30, 2014, the 1st quarter ending March 31, 2015, and the 2nd quarter ending June 30, 2015.

9 10(f). Issue Seven. Code Section 10240 and Regulation 2840. Written Disclosure
10 Statement/Approved Borrower Disclosure Statements

11 Based on a review of loan files provided by OFM, approved mortgage loan disclosure
12 statements (MLDS) were not found in some of the loan files. OFM failed to provide MLDS to
13 the borrowers of some of the loan files examined and failed to retain for a period of three (3)
14 years a true and correct copy of the statement signed by the borrowers, in violation of Code
15 Section 10240 and Regulation 2840.

16 Examples of said loan files include, without limitation, Loan # 9780-PVD, borrower K.C.
17 and Loan # 9930-PVD, borrower G.K.

18 10(g). Issue Eight. Code Sections 10159.2 and 10177(h) and Regulation 2725.

19 Responsibility of Corporate Officer in Charge/Broker supervision

20 Respondent ARONSON failed to adequately supervise the activities of OFM to ensure
21 compliance with the Real Estate Laws and Regulations, in violation of Code sections 10159.2
22 and 10177(h) and Regulation 2725. ARONSON failed to establish policies, rules, procedures,
23 and systems to review, oversee, inspect, and manage transactions requiring a real estate license
24 and the handling of trust funds. OFM and ARONSON failed to maintain complete and accurate

1 control records, separate records, and failed to maintain trust account reconciliation for OFM's
2 mortgage loan activity. Respondents failed to provide the MLDS to borrowers and retain a copy
3 of the MLDS in examined loan files. ARONSON failed to ensure that OFM timely submitted
4 required BAR and quarterly trust fund reports to the Bureau.

5 11.

6 The conduct of Respondent as described above in Paragraphs 10(a) through 10(g),
7 violated the Code and the Regulations as set forth below:

8 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
9 10(a)	Code Section 10145 and Regulations 2831
10 10(b)	Code Section 10145 and Regulations 2831.1
11 10(c)	Code Section 10145 and Regulation 2831.2
12 10(d)	Code Section 10232.2(c) and Regulation 2849.01
13 10(e)	Code Section 10232.25 and Regulation 2846.8
14 10(f)	Code Section 10240 and Regulation 2840
15 10(g)	Code Sections 10159.2, 10177(h), and Regulation 2725

16 The foregoing violations constitute cause for the suspension or revocation of the real
17 estate licenses and license rights of Respondent OFM under the provisions of Code Sections
18 10177(d) and/or 10177(g).

19 The foregoing violations constitute cause for the suspension or revocation of the real
20 estate licenses and license rights of Respondent ARONSON under the provisions of Code
21 Sections 10177(h), 10177(d), and/or 10177(g).

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Audit Costs

12.

Code Section 10148(b) provides, in pertinent part, that the Commissioner shall charge a real estate broker for the cost of any audit, if the Commissioner has found in a final decision following a disciplinary hearing that the broker has violated Code section 10145 or a regulation or rule of the Commissioner interpreting said section.


Investigation/Enforcement Costs

13.

Code Section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau of Real Estate, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

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 all licenses and/or license rights of Respondents OLYMPIA FINANCIAL MORTGAGE, INC. and JEFF SCOTT ARONSON, individually and as designated officer of Olympia Financial Mortgage, Inc. under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and enforcement as permitted by law, and for such other and further relief as may be proper under other provisions of law.

Dated at Los Angeles, California this 15 day of December, 2016.



MARIA SUAREZ
Supervising Special Investigator

1 cc: Olympia Financial Mortgage, Inc.
2 Jeff Scott Aronson.
3 Maria Suarez
4 Sacto
5 Audits/Benilda Emery
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