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**FILED**

MAR 14 2017

BUREAU OF REAL ESTATE

By 

7 BEFORE THE BUREAU OF REAL ESTATE

8 STATE OF CALIFORNIA

9 \* \* \*

10  
11 In the Matter of the Accusation of ) No. H-40575 LA  
12 VAL-CHRIS INVESTMENTS INC. )  
13 and CHRISTOPHER LLOYD ) ACCUSATION  
14 BOULTER, individually, and as )  
15 designated officer of Val-Chris )  
16 Investments Inc., )  
Respondents. )

17  
18 The Complainant, Maria Suarez, a Supervising Special Investigator of the State  
19 of California, for cause of Accusation against VAL-CHRIS INVESTMENTS INC. ("VAL-  
20 CHRIS") and CHRISTOPHER LLOYD BOULTER ("BOULTER"), individually, and as  
21 designated officer of VAL-CHRIS (collectively "Respondents"), is informed and alleges as  
22 follows:

23 1.

24 The Complainant, Maria Suarez, a Supervising Special Investigator of the State  
25 of California, makes this Accusation in her official capacity.

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2.

VAL-CHRIS is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code ("Code")) as a real estate corporation. The license of VAL-CHRIS will expire on September 27, 2020, unless renewed. At all times relevant herein, VAL-CHRIS was acting by and through BOULTER as its designated broker-officer.

3.

BOULTER is presently licensed and/or has license rights under the Real Estate Law as a real estate broker, and at all times relevant herein was the designated officer of VAL-CHRIS. The license of BOULTER will expire on March 13, 2018, unless renewed.

4.

At all times relevant herein BOULTER, as the officer designated by VAL-CHRIS, pursuant to Section 10211 of the Code, was responsible for the supervision and control of the activities conducted on behalf of VAL-CHRIS by its officers and employees as necessary to secure full compliance with the Real Estate Law as set forth in Section 10159.2 of the Code.

PRIOR DISCIPLINE OF RESPONDENTS

5.

On or about May 12, 2016, in Case No. H-39952 LA, the Commissioner of the Bureau of Real Estate suspended the licenses of respondents for a period of ninety days pursuant to the provisions of Code sections 10177(d) and 10177(g) for violation of Code section 10145.

6.

VAL-CHRIS originates loans for borrowers as a principal, solicits borrowers and services the loans. During the audit period VAL-CHRIS funded loans and resold the existing notes to private investors. Additionally, VAL-CHRIS performed broker escrows under the exemption set forth in California Financial Code Section 17006(a)(4) for real estate brokers

1 performing escrows incidental to a real estate transaction where the broker is an agent or a party  
2 to the transaction and in which the broker is performing acts for which a real estate license is  
3 required.

4 FIRST CAUSE OF ACCUSATION

5 (Audit Violations)

6 7.

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8 On February 9, 2017, the Bureau completed two audit examinations of the books  
9 and records of VAL-CHRIS pertaining to its handling of trust funds and other real estate  
10 activities, including the activities described in Paragraph 6, above, which require a real estate  
11 license. The audit examination covered a period of time beginning on January 1, 2014, and  
12 ending on October 31, 2016.

13 8.

14 At all times mentioned herein, and in connection with the activities described in  
15 Paragraph 6, above, VAL-CHRIS accepted or received funds to be held in trust ("trust funds")  
16 from or on behalf of actual or prospective parties to transactions handled by respondents, and  
17 thereafter made deposits and/or disbursements of such funds. From time-to-time herein  
18 mentioned during the audit period, said trust funds were deposited into bank accounts maintained  
19 by respondents as follows:

20 T/A #1

21 Account Name: Val-Chris Investments Inc.

22 Loan Service Trust Account

23 Account No. xxxxxxxx0646

24 Bank Name: Umpqua Bank, 4040 MacArthur Boulevard, Newport Beach, CA 92660

25 Signatories: BOULTER and Jeffrey LaMotte (REB)

26 Purpose: This bank account for multiple beneficiaries was maintained for the  
27 handling of the receipts and disbursements of trust funds received in

1 connection with VAL-CHRIS' mortgage loan servicing activity.

2 Signatories: One (1) signature required

3  
4 T/A #2

5 Account Name: Val-Chris Investments Inc.

6 Account No. xxxxxxxx6169

7 Bank Name: Umpqua Bank, 4040 MacArthur Boulevard, Newport Beach, CA 92660

8 Signatories: BOULTER

9 Purpose: This bank account for multiple beneficiaries was maintained for handling  
10 the receipts and disbursements of trust funds received in connection VAL-  
11 CHRIS' mortgage loan brokerage activity. According to BOULTER this  
12 account was maintained for depositing prorated interest on loans not being  
13 serviced by VAL-CHRIS, insurance claims/settlements and VAL-CHRIS'  
14 fund control.

15 Signatories: One (1) signature required

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17 T/A #3

18 Account Name: Val-Chris Investments Inc.

19 Val-Chris Escrow Account

20 Account No. xxxxxxxx3001

21 Bank Name: Umpqua Bank, 4040 MacArthur Boulevard, Newport Beach, CA 92660

22 Signatories: BOULTER, Jeffrey LaMotte (REB)

23 Purpose: This bank account for multiple beneficiaries was maintained for handling  
24 the receipts and disbursements of trust funds received in connection with  
25 VAL-CHRIS' broker escrow activity. According to BOULTER, T/A #4  
26 was replaced by T/A #3 around February 2014.

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1 Signatories: One (1) signature required

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3 T/A #4

4 Account Name: Val-Chris Investments Inc.

5 Account No. xxxxxxxx2446

6 Bank Name: Umpqua Bank, 4040 MacArthur Boulevard, Newport Beach, CA 92660

7 Signatories: BOULTER

8 Purpose: This bank account for multiple beneficiaries was maintained for handling  
9 the receipts and disbursements of trust funds received in connection with  
10 VAL-CHRIS' broker escrow activity. According to BOULTER, T/A #4  
11 was replaced by T/A #3 around February 2014, and was closed in  
12 September 2014. The trust fund balance of T/A #4 was transferred to T/A  
13 #3 on September 5, 2014.

14 Signatories: One (1) signature required

15 9.

16 The audit examination revealed violations of the Code and of Title 10, Chapter 6,  
17 Code of Regulations ("Regulations") by respondents, as set forth in the following paragraphs,  
18 and more fully discussed in Audit Report Nos. LA 160056 (mortgage loan brokerage activities)  
19 and 160057 (broker escrow activities), and the exhibits and work papers attached to the audit  
20 report:

21 (a) There was a shortage in T/A #1 of <\$784.22> as of October 31, 2016. The  
22 shortage was due to the negative balance of investors' accounts totaling <\$784.22>. There was  
23 no evidence in the files examined that the owners of the trust funds had given BOULTER and/or  
24 VAL-CHRIS consent to allow BOULTER to reduce the balance of funds in T/A #1 to an amount  
25 less than the aggregate trust fund liabilities of VAL-CHRIS to all owners of the funds. According  
26 to BOULTER, in two instances payment to the investor was issued before the borrower's check  
27

1 was recovered due to insufficient funds. In November, 2016, CAL-CHRIS received another  
2 check from the borrower and the negative balance was corrected. The foregoing is in violation of  
3 Code Section 10145 and Section 2832.1 of the Regulations. (Mortgage Loan Brokerage  
4 Activities – Audit No. LA160056)

5 (b) Respondents failed to provide investors Bob and Mary F. with the correct  
6 Lender/Purchaser Disclosure Statement for Loan No. 9766 in the amount of \$96,250 which was  
7 funded/recorded on March 26, 2014. The statement that should have been provided was “Sale of  
8 Existing Promissory Note” (Form RE 851B) but instead the “Loan Origination” statement was  
9 provided. The Lender/Purchaser Disclosure Statement that was provided to Bob and Mary F.  
10 showed that VAL-CHRIS acted in the capacity as an agent in arranging the loan on behalf of  
11 another, however, VAL-CHRIS funded the loan with its own funds and then sold the loan to  
12 investors Bob and Mary F. concurrently. The foregoing is in violation of Code Sections  
13 10232.4(a), 10232.5(b), 10238(l) and Section 2846 of the Regulations. (Mortgage Loan  
14 Brokerage Activities – Audit No. LA160056)

15 (c) Respondents failed to obtain an investor questionnaire or determine investor  
16 suitability (RE 870) from investors Bob and Mary F. for Loan No. 9766 in the amount of \$96,250  
17 which was funded/recorded on March 26, 2014. This is in violation of Code Section 10232.45.  
18 (Mortgage Loan Brokerage Activities – Audit No. LA160056)

19 (d) Respondents failed to retain the signed statement of investors Bob and Mary  
20 F. indicating that Loan No. 9766 in the amount of \$96,250, which was funded/recorded on March  
21 26, 2014, does not exceed either 10% of their net worth or 10% of their adjusted gross income.  
22 This is in violation of Code Section 10232.3(b). (Mortgage Loan Brokerage Activities – Audit  
23 No. LA160056)

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

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
8(a)	Code Section 10145 and Section 2832.1 of the Regulations
8(b)	Code Sections 10232.4(a), 10232.5(b), 10238(l) and Section 2846 of the Regulations
8(c)	Code Section 10232.45
8(d)	Code Section 10232.3(b)

The foregoing violations, as set forth hereinabove, constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondents VAL-CHRIS and BOULTER under the provisions of Code Sections 10177(d) for violation of the Real Estate Law and/or 10177(g) for negligence or incompetence.

Code Section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, 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 investigation and enforcement of the case.

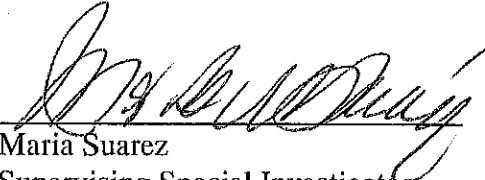
Code Section 10148(b) provides, in pertinent part, that in the event that respondent has violated Code Section 10145, or a regulation interpreting said section, the respondent shall pay the Commissioner's reasonable costs for (a) the audit which led to the disciplinary action, and (b) a subsequent audit to determine if the respondent has corrected the violations found in the original audit.

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1                   WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary  
3 action against all the licenses and license rights of Respondents VAL-CHRIS INVESTMENTS  
4 INC. and CHRISTOPHER LLOYD BOULTER under the Real Estate Law (Part 1 of Division 4  
5 of the Business and Professions Code), for the cost of investigation and enforcement as permitted  
6 by law, for audit costs pursuant to Code Section 10148(b) and for such other and further relief as  
7 may be proper under other applicable provisions of law.

8 Dated at Los Angeles, California

9 this 10<sup>th</sup> day of March, 2017.

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13 Maria Suarez  
14 Supervising Special Investigator  
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21 cc: VAL-CHRIS INVESTMENTS INC.  
22 CHRISTOPHER LLOYD BOULTER  
23 Maria Suarez  
24 Sacto.  
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