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FILED

FEB 28 2018

BUREAU OF REAL ESTATE

By 

8 **BEFORE THE BUREAU OF REAL ESTATE**
9 **STATE OF CALIFORNIA**

10 * * *

11	In the Matter of the Accusation of)	No. H- 40955 LA
12)	
13	G & G FINANCIAL GROUP, INC.; and)	
14	and GEORGE GALLARDO, individually)	
15	and as designated officer G & G Financial)	<u>ACCUSATION</u>
16	Group, Inc.,)	
)	
	Respondents.)	

17 The Complainant, Maria Suarez, a Supervising Special Investigator of the State
18 of California, acting in her official capacity, for cause of Accusation against G & G
19 FINANCIAL GROUP, INC. ("GGFGI") and GEORGE GALLARDO ("GALLARDO"),
20 individually and as designated officer of G & G Financial Group, Inc., is informed and alleges
21 as follows:

22 1.

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

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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 unless otherwise specified.

3.

A. G & G FINANCIAL GROUP, INC.: Respondent GGFGI is presently licensed and/or has license rights issued by the Bureau of Real Estate as a real estate corporate broker (license no. 01869752). GGFGI was originally licensed as a corporate real estate broker on or about October 8, 2009, and its license expired on or about October 7, 2017. The Bureau of Real Estate retains jurisdiction over the license pursuant to Code section 10103. At no time has GGFGI had a DBA registered with the Bureau of Real Estate.

B. GEORGE GALLARDO: Respondent GALLARDO is presently licensed and/or has license rights issued by the Bureau of Real Estate as a real estate broker (license no. 01354860). GALLARDO was originally licensed with a real estate broker license on or about February 20, 2008. Previously, from on or about October 8, 2002 to October 7, 2006 and November 16, 2006 to February 19, 2008, GALLARDO was licensed as a real estate salesperson.

C. Prior License Discipline: On or about October 10, 2012, a First Amended Accusation, in case no. H-38449 LA, was filed against Respondents GGFGI and GALLARDO alleging various audit violations based on Audit Report LA100263, which was completed on or about January 31, 2012 and covered the audit period of January 1, 2009 through May 31, 2011. On or about December 10, 2013, a Decision approving the Stipulation and Agreement, effective December 31, 2013, was filed ordering the suspension of Respondents GGFGI's and GALLARDO's licenses and license rights for ninety (90) days stayed pursuant to certain terms and conditions.

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Whenever reference is made in an allegation in this Accusation to an act or omission of "Respondents," such allegation shall be deemed to mean that the officers, directors, employees, agents, and real estate licensees employed by or associated with Respondents committed such act or omission while engaged in the furtherance of the business or operations of Respondents and while acting within the course and scope of their corporate authority and employment, including, but not limited to, GGFGI and GALLARDO.

5.

At all times mentioned, in Los Angeles County, GGFGI and GALLARDO engaged in the business of real estate brokers conducting licensed activities within the meaning of Code section 10131(d). GGFGI and GALLARDO engaged in soliciting borrowers or lenders for loans, negotiating loans, and collecting payments or performing services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

(Trust Fund Audit)

6.

On or about June 30, 2016, the Bureau of Real Estate completed a follow-up audit examination of the books and records of GGFGI to determine whether GGFGI complied with the Real Estate Law and Regulations, including, but not limited to, the cited violations in its prior Bureau of Real Estate case, case no. H-38449 LA. The audit examination (Audit Report LA150069) covered a period of time beginning on January 1, 2014 and ended on November 30, 2015. The audit examination (Audit Report LA150069) revealed violations of the Code and the Regulations set forth in the following paragraphs, and more fully discussed in Audit Report LA150069 and the exhibits and work papers attached to said audit report.

1 Bank Accounts/Trust Accounts

2 7.

3 At all times mentioned, in connection with the activities described in Paragraph
4 5, above, GGFGI accepted or received funds including funds in trust ("trust funds") from or on
5 behalf of actual or prospective parties, such as owners of real property seeking loan
6 modification services, and thereafter made deposits and/or disbursements of such funds. From
7 time to time herein mentioned, during the audit period, said trust funds were deposited and/or
8 maintained by GGFGI in the bank account as follows:

9 "G & G Financial Gropu, Inc. DBA Tribaldos Realty"
10 *****4498

11 JPMorgan Chase Bank
12 P.O. Box 659754
13 San Antonio, TX 78265-9754 (GA 1)

14 GGFCI did not maintain a trust account during the audit examination period.

15 8.

16 In the course of activities described in Paragraphs 5 and 7, above, and during the
17 audit examination period in Paragraph 6, above, Respondents GGFGI and GALLARDO acted
18 in violation of the Code and the Regulations as set forth below:

19 (a) Claimed, demanded, charged, collected, and/or received at least
20 \$13,980.00 in advanced fees from at least seven (7) borrowers for mortgage loan modification
21 services, in violation of Code section 10085.6.

22 (b) Failed to deposit trust funds in the form of advanced fees into a
23 designated trust account and failed to provide an adequate verified copy of the accounting of the
24 advance fees to the principles, in violation of Code sections 10145 and 10146 and Regulations
25 section 2972.

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1 (c) Commingled trust funds in the form of advanced fees with GGFGI by
2 depositing the trust funds into GA 1, in violation of Code sections 10176(e) and 10145 and
3 Regulations section 2832.

4 (d) Failed to place trust funds in the form of advanced fees into a trust
5 account within three (3) business days, in violation of Code section 10145 and Regulations
6 section 2832.

7 (e) Failed to maintain a control record in the form of a columnar record in
8 chronological order of all trust funds received, deposited, and disbursed, in violation of Code
9 section 10145 and Regulations section 2831.

10 (f) Failed to maintain an accurate and complete separate record for each
11 beneficiary or transaction, thereby failing to account for all trust funds received, deposited, and
12 disbursed from GA 1, in violation of Code section 10145 and Regulations section 2831.1.

13 (g) Failure to perform and maintain a monthly reconciliation comparing the
14 balance of all separate records to the balance of the record of all trust funds/advanced fees
15 received and handled (control record) for GA 1, in violation of Code section 10145 and
16 Regulations section 2831.2.

17 (h) Used to fictitious business names, "G&G Financial" and "George
18 Gallardo G&G Financial," without obtaining a license from the Bureau of Real Estate bearing
19 such fictitious business names, in violation of Code section 10159.5 and Regulations section
20 2731. This fictitious business name was used on, but not limited to, the loan modification
21 agreements between GGFGI and property owners.

22 (i) From on or about January 2, 2014 through the present, GGFGI engaged
23 in the business of a real estate broker without being in good legal standing with the California
24 Secretary of State, in violation of Regulations section 2742: GGFGI's corporate status was
25 suspended on or about January 2, 2014. GALLARDO resigned as an agent on or about
26 December 15, 2015.

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1 (j)(1) Negotiated terms of a mortgage loan secured by real property containing
2 one to four residential units for compensation or gain during the audit period, but failed to
3 notify the Bureau of Real Estate within 30 days of that activity, whichever is later, in violation
4 of Code section 10166.02(a).

5 (j)(2) Engaged in the business of a mortgage loan originator without first
6 obtaining and maintaining a real estate license endorsement identifying GGFGI as a licensed
7 mortgage loan originator, in violation of Code section 10166.02(b).

8 (k) Negotiated terms of a mortgage loan secured by real property containing
9 one to four residential units for compensation or gain during the audit period, but failed to file a
10 business activity report with the Bureau of Real Estate within ninety (90) days of GGFGI's
11 fiscal years that ended on December 31, 2014 and December 31, 2015, in violation of Code
12 section 10166.07.

13 (l) Negotiated terms of a mortgage loan secured by real property containing
14 one to four residential units for compensation or gain during the audit period, but failed to
15 submit reports of the condition for the years of 2014 and 2015 to the Nationwide Mortgage
16 Licensing System and Registry, in violation of Code section 10166.08.

17 (m) GALLARDO failed to provide his real estate license number accurately
18 in loan modification agreements, in violation of Code section 10140.6(b).

19 (n) Failed to provide proof of retention of all books and records of GGFGI's
20 activity during the audit period requiring a real estate broker license, and make them available
21 for the Bureau of Real Estate's examination, in violation of Code section 10148. These books
22 and records include, but are not limited to, columnar records, separate records, reconciliation
23 records, deposit records and cancelled checks for GA 1, and some loan modification files.

24 (o) GALLARDO failed to exercise reasonable control and supervision over
25 the activities conducted on behalf of GGFGI as necessary to secure full compliance with the
26 Real Estate Law, including, but not limited to, establishing policies, rules, procedures, and
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1 systems to review, oversee, and inspect the handling of trust funds, in violation of Code
2 sections 10159.5 and 10177(h) and Regulations section 2725.

3 9.

4 The conduct of Respondents GGFGI and GALLARDO described in Paragraph
5 8, above, violated the Code and the Regulations as set forth below:

6 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
7 8(a)	Code section 10085.6 ¹
8 8(b)	Code sections 10145 and 10146 and Regulations section 2972 ¹
9 8(c)	Code sections 10176(e) and 10145 and Regulations section 2832
10 8(d)	Code section 10145 and Regulations section 2832
11 8(e)	Code section 10145 and Regulations section 2831 ¹
12 8(f)	Code section 10145 and Regulations section 2831.1 ¹
13 8(g)	Code section 10145 and Regulations section 2831.2 ¹
14 8(h)	Code section 10159.5 and Regulations section 2731 ¹
15 8(i)	Regulations section 2742
16 8(j)	Code sections 10166.02(a) and 10166.02(b)
17 8(k)	Code section 10166.07
18 8(l)	Code section 10166.08
19 8(m)	Code section 10140.6(b)
20 8(n)	Code section 10148
21 8(o)	Code sections 10159.5 and 10177(h) and Regulations section 22 2725

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27 ¹ GGFGI was also in violation of these Code and Regulations sections in the prior Bureau of
Real Estate audit, Audit Report LA100263, and BRE case no. H-38449 LA.

1 The foregoing violations constitute cause for discipline of the real estate license and license
2 rights of GGFGI and GALLARDO under the provisions of Code sections 10176(e), 10177(d),
3 10177(g), 10177(j), and/or 10177(h).

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5 COSTS

6 10.

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

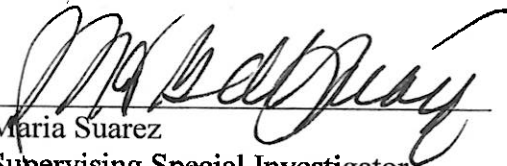
11 Code section 10148(b) provides, in pertinent part, the Commissioner shall
12 charge a real estate broker for the cost of any audit, if the Commissioner has found in a final
13 decision following a disciplinary hearing that the broker has violated Code section 10145 or a
14 regulation or rule of the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

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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all licenses and/or license rights under the Real Estate Law (Part 1 of
4 Division 4 of the California Business and Professions Code) of Respondents G & G
5 FINANCIAL GROUP, INC. and GEORGE GALLARDO, individually and as designated
6 officer of G & G Financial Group, Inc., for the cost of investigation and enforcement as
7 permitted by law, audit costs as permitted by law, and for such other and further relief as may
8 be proper under applicable provisions of law.

9 Dated at Los Angeles, California: 8 September, 2018

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13 Maria Suarez
14 Supervising Special Investigator

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20 cc: G & G Financial Group, Inc.
21 George Gallardo
22 Maria Suarez
23 Sacto
24 Enforcement
25 Audits – Anitha Wijaya
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