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FILED

AUG -9 2018

DEPARTMENT OF REAL ESTATE

By  E

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) No. H-40976 LA
)
JP FINANCIAL GROUP INC,)
JORGE ALFONSO POSADA,)
individually and as designated officer of)
JP Financial Group Inc,)
)
Respondents.)
)

ORDER GRANTING RECONSIDERATION

On June 11, 2018, a Decision revoking Respondents' real estate licenses was signed in the above-entitled matter. Said Decision was to become effective on July 10, 2018, and was stayed by separate Order to August 9, 2018.

On July 24, 2018, Respondents petitioned for reconsideration of the Decision of June 11, 2018.

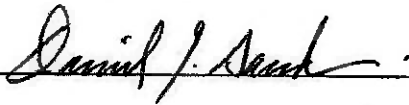
I find that there is good cause to reconsider the Decision of June 11, 2018.
Reconsideration is granted.

Reconsideration is granted to have the matter remanded to the Office of Administrative Hearings as a contested matter.

1 NOW, THEREFORE, IT IS ORDERED that the Matter of the Accusation filed
2 herein on March 19, 2018, be remanded to the Office of Administrative Hearings.

3 DATED: August 6, 2018.
4

5 DANIEL J. SANDRI
6 ACTING REAL ESTATE COMMISSIONER

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FILED

JUN 20 2018

BUREAU OF REAL ESTATE

By *Zm - Ja*

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	CalBRE No. H-40976 LA
	)	
J P FINANCIAL GROUP INC., and	)	
JORGE ALFONSO POSADA	)	
individually and as designated officer	)	
of JP Financial Group Inc.,	)	
	)	
Respondents.	)	

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on May 21, 2018, and the Findings of Fact set forth herein, which are based on one or more of the following: (1) Respondent, J P FINANCIAL GROUP INC., and JORGE ALFONSO POSADA's ("Respondents") express admissions; (2) affidavits; and (3) other evidence.

This Decision revokes a real estate license on the grounds of the violation of the Real Estate Law, Part 1 commencing with Section 10000 of the Business and Professions Code ("Code") and/or the Regulations of the Real Estate Commissioner, Title 10, Chapter 6 of the California Code of Regulations ("Regulations").

Pursuant to Government Code Section 11521, the Bureau of Real Estate ("Bureau") may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Bureau's power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license or to the reduction of a penalty is controlled by Section 11522 of the Government Code. A copy of Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

FINDINGS OF FACT

1.

On March 9, 2018, Veronica Kilpatrick made the Accusation in her official capacity as a Supervising Special Investigator of the Bureau. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, return receipt requested, to Respondent's last known mailing address on file with the Bureau on March 19, 2018.

On May 21, 2018, no Notice of Defense having been received or filed herein within the time prescribed by Section 11506 of the Government Code, Respondent's default was entered herein.

2.

Respondent JORGE ALFONSO POSADA ("POSADA") is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate broker.

Respondent POSADA holds a Mortgage Loan Originator ("MLO") license endorsement, National Mortgage Licensing System and Registry ("NMLS"), and is authorized to represent Respondent JP FINANCIAL GROUP INC ("JFGI").

Respondent POSADA currently maintains the fictitious business names "House 2 Home Mortgage," "House 2 Home Realty," and "JP Escrow" under his real estate broker license.

Respondent POSADA is the designated officer for Respondent JFGI. His designation is scheduled to expire on May 19, 2018, unless renewed.

3.

Respondent JFGI is presently licensed and/or has license rights under the Code as a corporate real estate broker.

Respondent JFGI's corporate real estate license was originally issued on May 20, 2006, and is scheduled to expire on May 19, 2018, unless renewed.

Respondent JFGI's designated officer is Respondent POSADA.

According to the Bureau's records to date, Respondent JFGI currently maintains the fictitious business names "House 2 Home Mortgage," "House 2 Home Realty," and "JP Escrow" under its corporate real estate broker license.

4.

At all times mentioned Respondents acted as real estate brokers and conducted licensed activities within the meaning of Code section 10131(d). Respondents engaged in a broker escrow activity and mortgage loan brokering including conducting activities wherein

Respondents solicited borrowers or lenders for or negotiated loans or collected payments or performed services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property.

5.

Attached as Exhibit 1 is a true and correct copy of the Accusation filed on March 19, 2018, which is incorporated herein as part of this Decision.

6.

The allegations contained in the Accusation, incorporated herein by reference made in Paragraph 5 above by JFGI are in violation of Real Estate Law under the provisions of Code Sections 10141.6 (failure to report escrow activities) and 10145 (trust fund shortage) and Regulations Sections 2831 (failure to maintain accurate trust fund records), 2831.2 (failure to reconcile trust account), 2832(e) (failure to timely deposit trust funds), 2834 (unauthorized withdrawals), 2726 (failure to maintain written broker-salesperson relationship agreements), 2950(d) (failure to maintain accurate trust fund records), and 2951.

7.

The allegations contained in the Accusation, incorporated herein by reference made in Paragraph 5 above, by POSADA are in violation of Real Estate Law under the provisions of Code Sections 10159.2 (failure to supervise) and regulations section 2725 (failure to supervise).

8.

Cause for the suspension or revocation of all real estate license and/or license rights of Respondents exist with references to the facts set out, above, in Paragraphs 1 through 7 under the provisions of Sections 10177(d), 10177(g), and 10177(h) (POSADA) of the Code.

9.

The standard of proof applied was clear and convincing evidence to a reasonable certainty.

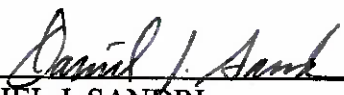
ORDER

All licenses and licensing rights of Respondent J P FINANCIAL GROUP INC.,
and JORGE ALFONSO POSADA under the provisions of Part I of Division 4 of the Business
and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on **JUL 10 2018**

DATED: June 11, 2018.

WAYNE S. BELL
REAL ESTATE COMMISSIONER

By: 
DANIEL J. SANDRI
Chief Deputy Commissioner

FILED

Bureau of Real Estate
1651 Exposition, Blvd.
Sacramento, CA, 95815

May 21, 2018

BUREAU OF REAL ESTATE

By 

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of	)	CalBRE NO. H-40976 LA
	)	
J P FINANCIAL GROUP INC.,	)	
and JORGE ALFANSO POSADA	)	<u>DEFAULT ORDER</u>
	)	
Respondents.	)	

Respondents J P FINANCIAL GROUP INC., and JORGE ALFANSO POSADA having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED May 21, 2018.

WAYNE S. BELL
REAL ESTATE COMMISSIONER

By: 
JOSEPH M. CARRILLO
Regional Manager

EXHIBIT (A)

1 JUDITH B. VASAN, Counsel (SBN 278115)
2 Bureau of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013-1105
5 Telephone: (213) 576-6982
6 Direct: (213) 576-6904
7 Fax: (213) 576-6917
8 Attorney for Complainant

FILED

MAR 19 2013

BUREAU OF REAL ESTATE

By *[Signature]*

9 BEFORE THE BUREAU OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of	)	No. H-40976 LA
	)	
13 JP FINANCIAL GROUP INC,	)	
14 JORGE ALFONSO POSADA,	)	<u>ACCUSATION</u>
15 individually and as designated officer of	)	
JP Financial Group Inc,	)	
	)	
16 Respondents.	)	
	)	

17
18 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
19 State of California, for cause of Accusation against JP FINANCIAL GROUP INC and JORGE
20 ALFONSO POSADA, individually and as designated officer of JP Financial Group Inc
21 ("Respondents") alleges as follows:

22 1.

23 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
24 State of California, makes this Accusation in her official capacity.

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26 ///

27 ///

1 LICENSE HISTORY

2 2.

3 All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of
4 the California Business and Professions Code ("Code") and all references to "Regulations" are
5 to Title 10, Chapter 6, California Code of Regulations.

6 3.

7 (JORGE ALFONSO POSADA)

8 a. Respondent JORGE ALFONSO POSADA ("POSADA") is presently licensed
9 and/or has license rights under the Code, as a real estate broker, Bureau of Real Estate
10 ("Bureau") license ID 01229978.

11 b. Respondent POSADA's individual broker license was originally issued on
12 December 5, 2002, and is scheduled to expire on December 4, 2018, unless renewed.

13 c. Respondent POSADA holds a Mortgage Loan Originator ("MLO") license
14 endorsement, National Mortgage Licensing System and Registry ("NMLS") No. 274299, and is
15 authorized to represent Respondent JP FINANCIAL GROUP INC ("JFGI").

16 d. Respondent POSADA currently maintains the fictitious business names
17 "House 2 Home Mortgage," "House 2 Home Realty," and "JP Escrow" under his real estate
18 broker license.

19 e. Respondent POSADA is the designated officer for Respondent JFGI. His
20 designation is scheduled to expire on May 19, 2018, unless renewed. As designated officer,
21 Respondent POSADA is responsible for the supervision of the activities conducted on behalf of
22 Respondent JFGI by its officers, agents, real estate licensees, and employees pursuant to
23 Section 10159.2 of the Code.

24 4.

25 (JP FINANCIAL GROUP INC)

26 a. Respondent JFGI is presently licensed and/or has license rights under the
27 Code, as a corporate real estate broker, Bureau license ID 01523454.

1 b. Respondent JFGI's corporate real estate license was originally issued on May
2 20, 2006, and is scheduled to expire on May 19, 2018, unless renewed.

3 c. Respondent JFGI holds a MLO license endorsement, NMLS No. 307577.

4 d. According to the Bureau's records to date, Respondent JFGI's main office
5 address is 12312 Euclid Street, Garden Grove, California.

6 e. Respondent JFGI's designated officer is Respondent POSADA.

7 f. According to the Bureau's records to date, Respondent JFGI currently
8 maintains the fictitious business names "House 2 Home Mortgage," "House 2 Home Realty,"
9 and "JP Escrow" under its corporate real estate broker license.

10 REAL ESTATE ACTIVITY

11 5.

12 At all times mentioned Respondents acted as real estate brokers and conducted
13 licensed activities within the meaning of Code section 10131(d). Respondents engaged in a
14 broker escrow activity and mortgage loan brokering including conducting activities wherein
15 Respondents solicited borrowers or lenders for or negotiated loans or collected payments or
16 performed services for borrowers or lenders or note owners in connection with loans secured
17 directly or collaterally by liens on real property.

18 CAUSE FOR ACCUSATION

19 (AUDIT NO. LA 16-0182 – BROKER ESCROW)

20 6.

21 On or about July 21 2017, the Bureau completed an audit examination (Audit
22 No. LA 16-0182) of the books and records of Respondent JFGI pertaining to its broker escrow
23 real estate activities described in Paragraph 5 above. The audit examination covered the period
24 of time from May 1, 2016 through April 28, 2017 ("audit period"), and was performed between
25 June 19, 2017 and June 20, 2017. The audit examination was limited to Respondent JFGI's
26 broker escrow activity only. The audit examination revealed violations of the Code and the
27

Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report No. LA 16-0182 and the exhibits and work papers attached to said audit report.

7.

An entrance conference was held on June 19, 2017, at Respondent JFGI's main office address. The auditor met with Respondent POSADA and Loreen Trinh ("Trinh"), a non- licensee and escrow officer of Respondent JFGI. According to Respondent POSADA, Respondent JFGI is a mortgage banker and corresponding lender who solicits borrowers and funds the loans through its line of credit. Respondent JFGI also performs residential sales activity, representing both buyers and sellers. According to Respondent POSADA and the records examined, Respondent JFGI also provides escrow services to its own clients. Respondent JFGI closed approximately eighty-six (86) escrows during the audit period and collected escrow trust funds amounting to \$15,968,090.00 for the 12-month period ending April 28, 2017.

8.

At all times mentioned herein, and in connection with the broker escrow activities described in Paragraph 5 above, Respondent JFGI accepted or received funds, including funds in trust ("trust funds") from or on behalf of actual or prospective parties to transactions handled by Respondent JFGI, and thereafter made deposits and/or disbursements of such funds. From time-to-time during the audit period, said trust funds were deposited and/or maintained in the following bank account:

Bank Account ("Trust Account #1")

Bank:	Hanmi Bank
Bank Address:	5245 Beach Boulevard, Buena Park, California 90621
Account Name:	JP Financial Group Inc DBA JP Escrow Trust Account
Account Number:	xxxxx1302
Signatories:	Jorge Alfonso Posada (designated officer)

1 Portia Thuy Tran (office manager and real estate salesperson, Bureau
2 License ID 01302691, employed under Respondent POSADA's
3 individual broker license)

4 Purpose: Trust Account #1 was used for deposits and disbursements in connection
5 to Respondent JFGI's broker escrow activity. Deposits to Trust Account
6 #1 consisted of earnest money deposits and additional funds from buyers
7 and funds from lenders. Disbursements from Trust Account #1 included
8 commissions and fees earned by Respondent JFGI, funds due to buyers
9 and sellers at the close of the escrow transactions.

10 Violations of the Real Estate Law

11 9.

12 The audit examination revealed violations of the Code and the Regulations, as
13 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA 16-0182
14 and the exhibits and work papers attached to the audit report:

15 (a) **Trust Fund Balance and Accountability (Code section 10145 and**
16 **Regulations sections 2832.1, 2951)**. A bank reconciliation was prepared as of April 28, 2017
17 for Trust Account #1. The adjusted bank balance of Trust Account #1 was then compared to the
18 total balance of the beneficiary records. According to the bank records provided by Respondent
19 for Trust Account #1, there was a trust fund shortage of <\$65,368.75> as of April 28, 2017. The
20 shortage was caused by the following:

21 (a) Negative escrow balances of <\$43,418.20> were caused by
22 disbursements related to escrows with insufficient funds in Trust Account #1. A significant
23 portion of the shortage (<\$38,567.99>) was caused by Escrow No. 2741. Five disbursements
24 totaling \$208,502.92 were made on April 26, 2017 against the receipt of \$169,934.93 that was
25 deposited on April 25, 2017.

(b) Bank fees of <\$1,290.00> were not paid. According to Respondent POSADA, he did not deposit Respondent JFGI's funds or his personal funds into Trust Account #1 since October 2016 to cover the bank fees incurred.

(c) The remaining cause(s) of the shortage of <\$20,660.55> could not be identified.

Respondents did not provide any evidence that the owners of the trust funds provided written consent to allow them to reduce the balance of the funds in the trust account to an amount less than the existing aggregate trust fund liabilities.

On May 1, 2017, buyer's funds of \$40,000.00 for Escrow No. 2741 were deposited. On June 26, 2017, Respondent JFGI deposited its own funds of \$21,950.99 into Trust Account #1. On June 30, 2017, Respondent JFGI deposited funds from one borrower totaling \$4,850.21 into Trust Account #1 to cure the shortage.

(b) Trust Fund Handling – Deposit Trust Funds in a Timely Manner
(Regulations section 2832(e)). Respondent JFGI collected trust funds in the form of earnest money deposits and loan funds in connection to its broker escrow activity and failed to place said funds in Trust Account #1 by the next business day following receipt of said funds. For Example:

<u>Escrow No.</u>	<u>Amount</u>	<u>Date of Escrow Receipt</u>	<u>Date Deposited</u>
2753	\$3,500.00	4/26/2017	5/1/2017
2706	\$20,000.00	4/4/2017	5/1/2017
2741	\$40,000.00	4/24/2017	5/1/2017

(c) Trust Account Reconciliation/When Broker Handles Escrow (Code section 10145 and Regulations sections 2831.2, 2951). During the audit period, Respondent JFGI failed to perform and maintain a monthly reconciliation comparing the balance of all separate beneficiary or transaction records ("separate records") to the balance of the record of all trust funds received and disbursed ("control record") for Trust Account #1 in violation of Regulations sections 2831.2 and 2951. During the entrance conference on June 19, 2017,

1 Respondent POSADA and escrow officer Trinh admitted to failing to perform the monthly trust
2 account reconciliation for Trust Account #1 during the audit period.

3 (d) **Trust Account Record to be Maintained/When Broker Handles Escrow**
4 **(Code section 10145(g) and Regulations sections 2831, 2950(d), 2951)**. Respondent JFGI
5 failed to maintain an accurate control record for Trust Account #1. Respondent JFGI provided
6 the Check Registrar, Receipt Report, Daily Balance Report and Balance Sheet for the audit
7 period. The Daily Balance Report was a report to reflect a daily balance of the bank statements
8 rather than the actual daily balance of Trust Account #1. An examination of the Check Registrar
9 and Receipt Report showed that some outgoing wires and receipts were incorrectly recorded.

10 (e) **Trust Account Withdrawals/When Broker Handles Escrow (Code**
11 **section 10145 and Regulations sections 2834, 2951)**. Portia Thuy Tran, office manager and
12 real estate salesperson, Bureau license ID 01302691, was an authorized signer of Trust Account
13 #1 while Tran was not employed by Respondent JFGI during the audit period. Tran has been
14 employed under Respondent POSADA's individual broker license since February 26, 2009.

15 (f) **Notification of Broker Escrow Activity (Code section 10141.6)**.
16 Respondent JFGI failed to notify the Bureau of its broker escrow activity within sixty (60) days
17 from December 31, 2016. Based on the examination of its records, Respondent JFGI closed
18 ninety-nine (99) escrow transactions in 2016.

19 (g) **Broker-Salesperson Relationship Agreement (Regulations section 2726)**.
20 Respondent JFGI did not have written broker-salesperson relationship agreements with one (1)
21 salesperson and one (1) associate broker.

22 (h) **Responsibility of Corporate Officer in Charge/Broker Supervision**
23 **(Code sections 10159.2 and 10177(h) and Regulations section 2725)**. Based on the violations
24 set forth in Paragraphs 9(a) through 9(g) above, Respondent POSADA failed to exercise
25 adequate supervision and control over the activities of Respondent JFGI's employees and
26 licensees to ensure compliance with the Real Estate Laws and Regulations in violation of Code
27 sections 10177(h) and 10159.2. Respondent POSADA failed to establish and/or implement

1 policies, rules, procedures and system to review, oversee, inspect and manage transactions
2 requiring a real estate license and the handling of trust funds in violation of Regulations section
3 2725.

4 10.

5 Each of the foregoing violations in Paragraph 9(a)-(h) above constitute cause for
6 the suspension or revocation of the real estate license and/or license rights of Respondents
7 under the provisions of Sections 10177(d), 10177(g), and/or 10177(h).

8 COSTS

9 (AUDIT COSTS)

10 11.

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

16 (INVESTIGATION AND ENFORCEMENT COSTS)

17 12.

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

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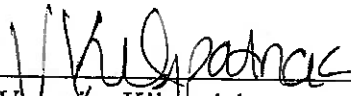
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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
2 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
3 against all the licenses and/or license rights of Respondents JP FINANCIAL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

8
9 Dated at San Diego, California this 9 day of March, 2018.

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12 
13 Veronica Kilpatrick
14 Supervising Special Investigator
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24

25 cc: JP FINANCIAL GROUP INC
26 JORGE ALFONSO POSADA
27 Veronica Kilpatrick
Sacto.
Audits - Gina King