

1 1.

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

4 2.

5 All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of
6 the California Business and Professions Code and all references to "Regulations" are to Title
7 10, Chapter 6, of the California Code of Regulations.

8 LICENSE HISTORY

9 (SHOBERT VARTAN)

10 3.

11 a. Respondent SHOBERT VARTAN (sometimes referred to as "VARTAN") is
12 presently licensed and/or has license rights under the Code, as a real estate salesperson,
13 Department of Real Estate ("Department") license ID 01254110.

14 b. The Department originally issued VARTAN a salesperson license on February
15 24, 1999. VARTAN's license is set to expire on May 29, 2023, unless renewed.

16 c. From on or about August 16, 2016, through October 20, 2016, VARTAN was
17 employed by corporate real estate broker EJT Holdings Inc, license ID 01840302.

18 d. From on or about December 14, 2016, through July 10, 2017, VARTAN was
19 employed by corporate real estate broker Unicitizens Financial Inc, license ID 02023384.

20 e. From on or about August 30, 2017, through February 23, 2019, and May 30,
21 2019, through the present, VARTAN has been employed by corporate real estate broker
22 Pinnacle Estate Properties Inc, license ID 00905345.

23 f. According to the Department's records to date, VARTAN has not held a
24 Mortgage Loan Originator ("MLO") license endorsement with the Department.

25 g. According to the Department's records to date, VARTAN does not maintain
26 any authorized fictitious business names with the Department.

27 ///

(ADENHEIM, INC)

4.

a. Respondent ADENHEIM, INC (sometimes referred to as "AI") is presently licensed and/or has license rights under the Code as a corporate real estate broker, Department license ID 01984639.

b. The Department originally issued AI a corporate license on June 27, 2015. Its license is scheduled to expire on June 26, 2019, unless renewed.

c. According to the Department's records to date, AI does not currently have a designated officer through whom it engages in the business of a real estate broker pursuant to Code section 10211. From June 27, 2015, through August 3, 2017, AI's designated officer was Respondent OLOF KYROS GUSTAFSSON.

d. From December 3, 2015, through January 30, 2017, Respondent DANIEL DAVID REITBERG was a licensed officer of AI.

e. AI does not currently maintain any fictitious business names under its corporate real estate license.

f. According to the Department's records to date, AI has not held an MLO license endorsement with the Department.

(OLOF KYROS GUSTAFSSON)

5.

a. Respondent OLOF KYROS GUSTAFSSON (sometimes referred to as "GUSTAFSSON") is presently licensed and/or has license rights under the Code as a real estate broker, Department license ID 01977511.

b. The Department originally issued GUSTAFSSON a broker license on May 1, 2015. His license expired on April 30, 2019. The Department retains jurisdiction over the lapsed license pursuant to Code section 10103.

c. According to the Department records to date, GUSTAFSSON's main office address is 24007 Ventura Boulevard, Suite 120, Calabasas, California.

1 d. From June 27, 2015, through August 3, 2017, GUSTAFSSON was the
2 designated officer for Respondent AI.

3 e. GUSTAFSSON does not currently maintain any fictitious business names
4 under his real estate broker license.

5 f. According to the Department's records to date, GUSTAFSSON has not held
6 an MLO license endorsement with the Department.

7 (UNICITIZENS FINANCIAL INC)

8 6.

9 a. Respondent UNICITIZENS FINANCIAL INC (sometimes referred to as
10 "UFI") is presently licensed and/or has license rights under the Code as a corporate real estate
11 broker, Department license ID 02023384.

12 b. The Department originally issued UFI a corporate license on December 12,
13 2016. Its license is scheduled to expire on December 11, 2020, unless renewed.

14 c. According to the Department's records to date, UFI does not currently have a
15 designated officer through whom it engages in the business of a real estate broker pursuant to
16 Code section 10211. From December 12, 2016, through August 10, 2017, UFI's designated
17 officer was Respondent DANIEL DAVID REITBERG.

18 d. UFI does not currently maintain any fictitious business names under its
19 corporate real estate license.

20 e. UFI does not currently hold an MLO license endorsement with the
21 Department. UFI held an MLO license endorsement from January 10, 2017, through December
22 31, 2017, with National Mortgage Licensing System and Registry ("NMLS") unique identifier
23 1579306.

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1 (DANIEL DAVID REITBERG)

2 7.

3 a. Respondent DANIEL DAVID REITBERG (sometimes referred to as
4 "REITBERG") is presently licensed and/or has license rights under the Code as a real estate
5 broker, Department license ID 01986631.

6 b. The Department originally issued REITBERG a broker license on September
7 30, 2015. REITBERG's license is scheduled to expire on September 29, 2019, unless renewed.

8 c. According to the Department's records to date, REITBERG's main office
9 address is 24007 Ventura Boulevard, Suite 120, Calabasas, California.

10 d. From December 12, 2016, through August 10, 2017, REITBERG was the
11 designated officer of Respondent UFI.

12 e. REITBERG does not currently maintain any fictitious business names under
13 his real estate broker license.

14 f. REITBERG does not currently hold an MLO license endorsement with the
15 Department. REITBERG held an MLO license endorsement on his broker license from
16 December 8, 2016, through December 31, 2017, with NMLS unique identifier 1406650.
17 REITBERG was authorized to represent UFI from January 10, 2017, through August 10, 2017.

18 CAUSE FOR ACCUSATION

19 8.

20 At all times relevant herein, while not endorsed by the Department to act as a
21 mortgage loan originator, Respondents VARTAN, ADENHEIM, INC, and GUSTAFSSON
22 engaged in the business of, acted in the capacity of, advertised or assumed to act as mortgage
23 loan originators, within the meaning of Code section 10166.01.

24 9.

25 At all times relevant herein Respondents were engaged in the business of, acted
26 in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of
27 Code section 10131(d) by soliciting borrowers or lenders for or negotiating loans or collecting

ACCUSATION

1 payments or performing services for borrowers or lenders or note owners in connection with
2 loans secured directly or collaterally by liens on real property or on a business opportunity
3 (“mortgage loan origination”).

4 10.

5 Whenever reference is made in an allegation in this Accusation to an act or
6 omission of Respondents, such allegation shall be deemed to include the officers, directors,
7 employees, agents, independent contractors, and/or real estate licensees employed by or
8 associated with Respondents, who committed such acts or omissions while engaged in the
9 furtherance of the business or operations of Respondents and while acting within the course and
10 scope of their authority and employment.

11 11.

12 For an unknown period of time to the present, Respondents devised a scheme to
13 defraud elderly mortgage borrowers, by making substantial misrepresentations and false
14 promises to influence, persuade, or induce borrowers into refinancing their mortgage loans for
15 Respondents’ own use, gain, or benefit.

16 12.

17 As part of the scheme, Respondents solicited mortgage borrowers, including but
18 not limited to the borrowers herein, in California through televised infomercials purporting to
19 negotiate lower mortgage rates for homeowners. In violation of their fiduciary duties to their
20 clients, Respondents induced mortgage borrowers to sign several pages of loan documents,
21 sometimes incomplete or blank, misrepresented the contents of the documents, failed to provide
22 copies of all documents to their clients, and failed to provide full disclosure of all material facts
23 concerning the transaction. Unbeknownst to the homeowners, VARTAN, AI, and
24 GUSTAFSSON negotiated the loan terms with the lender, while not endorsed by the
25 Department to originate mortgage loans. At the close of escrow, UFI and AI demanded
26 compensation.

27 ///

(1122 S. EXMOOR TRANSACTION)

13.

On an unknown date, L. L.¹, a 69-year-old California resident, viewed an infomercial for “UniCitizens Mortgage” on the Alan Mendelson Best Buys TV Show (“Mendelson Show”). The paid presentation on the Mendelson Show advertised that UniCitizens Mortgage engaged in “Home Loans, Refi Loans, Commercial Loans,” and advertised the Department license number “00425095,” the website address “www.LowerMTG.com,” and the phone number “800-765-555.” According to the infomercial, UniCitizens Mortgage would help refinance mortgages with the best rates for clients when traditional lenders would not lend due to substandard credit and debt-to-income ratios. VARTAN directed the production of the UniCitizens Mortgage advertisement on the Mendelson Show. The web address www.LowerMTG.com is registered to VARTAN.

14.

The Department license number “00425095” used in the “UniCitizens Mortgage” infomercial is the Department license ID for James Joseph Mallen (“Mallen”), a licensed real estate broker and the designated officer for corporate real estate broker Unicitizens Inc, with Department license number 02022357. Mallen has never employed VARTAN as a salesperson. Mallen has never authorized VARTAN to advertise Mallen’s license ID on the “UniCitizens Mortgage” infomercial on the Alan Mendelson Show.

15.

On the website www.LowerMTG.com (“VARTAN website”), however, VARTAN advertised as “UNICITIZENS Inc” and stated, “we strive to meet those specific needs with a wide array of products, investment tools, mortgages and best of all quality service and individual attention,” and “through our website you can submit a complete on-line, secure

¹ Initials are used in place of individual’s full name to protect their privacy. Documents containing individual’s full name will be provided during the discovery phase of this case to Respondents and/or their attorney(s), after service of a timely and proper request for discovery on Complainant’s counsel.

1 loan application or pre-qualify for a home loan.” The VARTAN website failed to disclose any
2 real estate license number or National Mortgage Licensing System and Registry (“NMLS”)
3 unique identifier. The Contact Page listed the address 15230 S. Avalon Boulevard, West
4 Rancho Dominguez, California (“Avalon location”).

5 16.

6 After viewing the “UniCitizens Mortgage” commercial, on or around December
7 19, 2016, L.L. called the “UniCitizens” Mortgage office in the city of El Monte, California, and
8 spoke to “Diana Valenzuela,” who identified herself as working for “UniCitizens Inc.” and
9 referred L.L. to meet VARTAN at the Avalon location. In an email dated December 19, 2016,
10 Valenzuela provided L.L. with a list of documents to bring to his appointment with VARTAN.

11 17.

12 On or around January 24, 2017, L.L. met with VARTAN, whose employing
13 broker was Respondent UFI, to refinance the mortgage on his primary residence at 1122 S.
14 Exmoor Avenue in Compton, California (“Exmoor Property”) with a cash out amount of
15 \$20,000.00. At that time, L.L.’s mortgage loan amount was approximately \$80,000.00 with an
16 interest rate of 10.5%, with a monthly loan payment of approximately \$754.00. L.L. spoke to
17 VARTAN, who introduced himself as “Sean.” VARTAN told L.L. that he could get L.L. a
18 lower mortgage rate and cash on L.L.’s home. VARTAN told L.L. he could refinance his home
19 from 10.5% interest rate to 3% interest rate on a loan amount of approximately \$100,000.00
20 with \$10,000.00 to \$20,000.00 cashed-out for home repairs and a lower monthly payment. On
21 or about that same day, relying on VARTAN’s representations, L.L. signed a set of loan
22 documents in the presence of VARTAN to proceed with the loan process.

23 18.

24 L.L. believed he was signing standard loan documents. L.L. did not read the
25 documents since VARTAN verbally explained the contents of the documents and assured L.L.
26 he would obtain the loan terms they discussed. VARTAN either covered the documents with
27 his hands or another sheet of paper. Relying on VARTAN’s representations, L.L. understood he

1 was signing loan documents for a 30-year fixed interest rate of 3% for a loan amount of
2 approximately \$100,000.00.

3 19.

4 On or about January 24, 2017, VARTAN instructed L.L. to sign a "Certificate of
5 Business Purpose of Loan" on Respondent AI's letterhead. The Certificate stated that the
6 purpose of the trust deed loan of \$200,000.00 secured by the Exmoor property was "100%
7 business" to "finance the business enterprise known as 1122 SOUTH EXMOOR AVENUE,
8 COMPTON, CA 90220 that is in the business of REAL ESTATE INVESTMENT RENTAL
9 PROPERTY." L.L. was not renting the Exmoor Property to anyone and it had been L.L.'s
10 primary residence.

11 20.

12 On or about January 24, 2017, VARTAN instructed L.L. to sign a "Declaration
13 of Non-Owner Occupancy" on Respondent AI's letterhead. The Declaration stated that L.L.'s
14 true and only principal residence is located at 1822 W. Ave S12, Apt 202 [Lancaster] CA
15 93534" ("Lancaster address"). L.L. did not provide VARTAN the Lancaster address as his
16 principal residence nor reside at the Lancaster address.

17 21.

18 On or about February 28, 2017, L.L. executed an Agreement to Procure a Loan
19 & Lender-Borrower Escrow Instructions ("L.L. Agreement to Procure Loan") dated February
20 24, 2017. The L.L. Agreement to Procure Loan was between L.L. as the borrower and
21 "ADENHEIM, INC WITH OLOF GUSTAFSSON AS ITS CEO" as the mortgage broker and
22 "The REO Group Inc" as the lender. The L.L. Agreement to Procure Loan gave Respondent AI
23 the exclusive right to obtain a loan for L.L. from January 20, 2017, through March 30, 2017.
24 L.L. never had any contact with Respondents AI or GUSTAFSSON. L.L.'s contact regarding
25 refinancing his mortgage was VARTAN.

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22.

On or about February 28, 2017, L.L. signed a Uniform Residential Loan Application Fannie May Form 1003 ("1003") prepared by Carmen Martir ("Martir") to refinance his home loan for the Exmoor property. Martir worked with VARTAN for Respondent UFI. Martir worked as an assistant, receptionist, and notary for Respondent UFI. Martir handwrote the information on L.L.'s 1003 at the instruction of VARTAN. The footer of the 1003 listed "Adenheim, Inc. CALBRE #01984639," however the loan originator section on Page 4 of the 1003 was blank. The loan originator section, the type of mortgage, and terms of the loan were left blank when drafted by Martir at the instruction of VARTAN, including the loan amount, interest rate, and amortization type. L.L.'s present address was listed as the Lancaster address. L.L. did not provide VARTAN the Lancaster address as his principal residence nor reside at the Lancaster address.

23.

The Borrower's Estimated Closing Costs for Escrow No. 505784-SO dated March 2, 2017, with a closing date of March 27, 2017, listed, in part, the following debits:

Brokerage Fee to ADENHEIM, INC	\$35,000.00
Document Fee to ADENHEIM, INC	\$1,995.00
Processing Fee to ADENHEIM, INC	\$1,995.00
Underwriting Fee to ADENHEIM INC	1,995.00

24.

In an e-mail dated March 9, 2017, GUSTAFSSON, on behalf of AI, submitted a demand with wire instructions to the escrow company Rose Escrow Inc. ("Rose Escrow"). AI's wire instructions listed, in part, the following funding figures:

TO ADENHEIM, INC	
Commission	\$17,500.00

ACCUSATION

1	Processing Fee	\$997.50
2	Underwriting Fee	\$997.50
3	Document Preparation Fee	\$997.50
4	SUBTOTAL	\$20,492.50
5	TO UNICITIZENS FINANCIAL, INC	
6	Commission	\$17,500.00
7	Processing Fee	\$997.50
8	Underwriting Fee	\$997.50
9	Document Preparation Fee	\$997.50
10	SUBTOTAL	\$20,492.50

11 AI's fees were duplicative of UFI's fees. GUSTAFSSON provided the account name, routing
12 number, bank account number and bank name for the wire transfers for Respondents AI and
13 UFI.

14 25.

15 The Master Final Settlement Statement for Escrow No. 505784-SO with a
16 closing date of March 9, 2017 listed, in part, the following debits:

18	Processing Fee to Unicitizens Financial Inc	\$695.00
19	Brokerage Fee to Unicitizens Financial Inc	\$17,500.00
20	Brokerage Fee to ADENHEIM, INC	\$17,500.00
21	Document Fee to ADENHEIM, INC	\$997.50
22	Processing Fee to ADENHEIM, INC	\$997.50
23	Underwriting Fee to ADENHEIM INC	\$997.50
24	Underwriting Fee to Unicitizens Financial Inc	\$997.50
25	Document Fee to Unicitizens Financial Inc	\$997.50

26
27
ACCUSATION

1 Unbeknownst to L.L., fees to UFI were added to the Master Final Settlement Statement. UFI
2 fees were duplicative of AI fees. There was no mention of any fees to UFI in the Borrower's
3 Estimated Closing Costs.

4 26.

5 On March 9, 2017, Rose Escrow wired payment in the amount of \$20,492.50
6 (Check No. 58736) to AI. On that same day, Rose Escrow wired payment in the amount of
7 \$20,492.50 (Check No. 58737) to UFI.

8 27.

9 Unbeknownst to L.L., L.L.'s new first deed of trust loan amount for the Exmoor
10 Property was \$180,000.00 with a 2-year fixed interest rate of 12%, a monthly payment of
11 \$1,800.00, and a balloon payment of the entire unpaid principal balance of the loan and interest
12 due at the end of the 2-year loan term. L.L. did not receive copies of the loan documents he
13 signed.

14 28.

15 On or about March 14, 2017, having not received any copies of the loan
16 documents he signed or the terms of the new loan. L.L. contacted Rose Escrow to cancel the
17 loan. Rose Escrow informed L.L. that escrow closed on March 9, 2017, and escrow disbursed
18 the funds, except for one check which had not been picked up. L.L. discovered loan documents
19 from escrow were mailed to the Lancaster address.

20 (201 W. SECOND STREET TRANSACTION)

21 29.

22 In or around early December 2016, E.E., a 69-year-old California resident,
23 viewed an infomercial for "Citizens Mortgage" on the television. The advertisement indicated
24 that "Citizens Mortgage" can help refinance home loans and lower bills. Shortly after viewing
25 the advertisement, E.E. called the number listed in the advertisement and made contact with
26 Respondent UFI. E.E. spoke to VARTAN, who introduced himself as "Shaun Radeem." At that
27 time, E.E.'s principal balance on his first deed of trust for E.E.'s primary residence located at

ACCUSATION

1 201 W. Second Street, in San Dimas, California ("Second Street Property") was approximately
2 \$125,500.00 with a 30-year fixed interest rate of 5.5% and a monthly payment of \$1,025.60.

3 E.E.'s principal balance on his home equity line of credit was approximately \$73,200.00.

4 30.

5 On or about December 8, 2016, E.E. went to UFI's office in El Monte,
6 California and provided his information to refinance his home loan for the Second Street
7 Property. E.E. did not meet with VARTAN at that time.

8 31.

9 In or around January 2017, VARTAN, whose employing broker was Respondent
10 UFI, told E.E. that he could get E.E. a new mortgage for his primary home with a 30-year fixed
11 interest rate of 3% with no points and a \$1,500.00 fee under a special program. VARTAN told
12 E.E. he could drop E.E.'s monthly mortgage payments to approximately \$784.00 per month and
13 payoff E.E.'s first and second mortgage to create one new loan. VARTAN told E.E. that if E.E.
14 cashed out \$25,000.00 to make the mortgage total \$225,000.00, the loan process would be
15 easier. Relying on VARTAN's representations, E.E. agreed to take the cash out and confirmed
16 that he locked in the interest rate of 3% for 30 years.

17 32.

18 In or around early February 2017, VARTAN opened an escrow account, Escrow
19 No. 41662-MD, with Tri-Liberty Escrow, Inc ("Tri-Liberty Escrow") for the refinance of the
20 loan for Second Street Property. VARTAN presented himself to Tri-Liberty Escrow as the loan
21 officer for the transaction and UFI as the broker.

22 33.

23 On or about February 16, 2017, E.E. met with VARTAN at the lobby of the W
24 Hollywood hotel where VARTAN instructed E.E. to sign several loan documents. Relying on
25 VARTAN's representations, E.E. did not read the documents since VARTAN purported
26 explained the contents of the documents and assured E.E. he would receive copies of the
27

1 documents he signed. E.E. understood he was signing loan documents for a 30-year fixed
2 interest rate of 3% for a loan amount of \$225,000.00 with a \$1,500.00 fee.

3 34.

4 On or about February 24, 2017, Tri-Liberty Escrow sent the loan documents to
5 VARTAN, GUSTAFSSON, and AI for E.E. to sign.

6 35.

7 On or around February 28, 2017, prior to the close of escrow, VARTAN
8 instructed E.E. to re-sign the loan documents because the original loan documents were lost.
9 VARTAN rushed E.E. to sign the documents to secure the interest rate that day. Carmen Martir
10 was also present during the signing of the documents as a notary public.

11 36.

12 On or about February 28, 2017, E.E. executed an Agreement to Procure a Loan
13 & Lender-Borrower Escrow Instructions ("E.E. Agreement to Procure Loan"), dated February
14 24, 2017. The E.E. Agreement to Procure Loan was between E.E. as the borrower and
15 "ADENHEIM, INC WITH OLOF GUSTAFSSON AS ITS CEO" as the mortgage broker and
16 "The REO Group, Inc" as the lender. The E.E. Agreement to Procure Loan gave AI the
17 exclusive right to obtain a 2nd trust deed lien on the Second Street Property for E.E. from
18 February 24, 2017, through March 31, 2017. Beneath E.E.'s signature, the address "8623
19 Stapleton Ave. Las Vegas, NV" ("Nevada address") was listed as the "borrower's residential
20 address." E.E. did not provide the Nevada address to VARTAN nor reside at that address. E.E.
21 discovered the Nevada address after the close of escrow when copies of the loan documents
22 were finally provided to him. E.E. never had any contact with Respondents AI or
23 GUSTAFSSON. E.E.'s contact regarding refinancing his mortgage was VARTAN. E.E.
24 became aware of AI and GUSTAFSSON after the close of escrow when he received copies of
25 transaction documents after the close of escrow.

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37.

On or about February 28, 2017, E.E. signed a 1003 that was prepared by Martir to refinance E.E.'s home loan on the Second Street Property. Martir handwrote the information on E.E.'s 1003 at the instruction of VARTAN. The footer of the 1003 listed "Adenheim, Inc. CALBRE #01984639," however the loan originator section on Page 4 of the 1003 was blank. The loan originator section, the type of mortgage, and terms of the loan were left blank when drafted by Martir at the instruction of VARTAN, including the loan amount, interest rate, and amortization type. E.E.'s present address was listed as the Nevada address. E.E. did not provide the Nevada address to VARTAN nor reside at that address.

38.

On or about February 28, 2017, VARTAN instructed E.E. to sign a blank "Borrowers' Letter of Explanation for Use of Funds" on Respondent AI's letterhead. In addition, VARTAN instructed E.E. to sign a "Certificate of Business Purpose of Loan" also on Respondent AI's letterhead. The Certificate stated that the purpose of the trust deed loan of \$150,000.00 secured by the Second Street property was "100% business" to "finance the business enterprise known as 201 WEST 2ND STREET, SAN DIMAS, CA 91773 that is in the business of REAL ESTATE INVESTMENT RENTAL PROPERTY." E.E. has never rented the Second Street Property to anyone and it has been E.E.'s primary residence since 1988.

39.

On or about February 28, 2017, VARTAN instructed E.E. to sign a "Declaration of Non-Owner Occupancy" on Respondent AI's letterhead. The Declaration stated that E.E.'s true and only principal residence is located at the Nevada address.

40.

On or about February 28, 2017, Respondent AI provide the Mortgage Loan Disclosure Statement dated February 28, 2017, to Tri-Liberty Escrow listed GUSTAFSSON, as the broker representative for AI, and AI as the mortgage broker for the Second Street Property refinance.

41.

The Borrower's Estimated Closing Costs for Escrow No. 041662-MD dated February 21, 2017, with a closing date of March 15, 2017, listed, in part, the following debits:

Creditor Charge for Interest Rate	\$3,000.00
Brokerage Fee	\$35,000.00
Document Fee	\$1,995.00
Processing Fee	\$1,995.00
Underwriting Fee	\$1,995.00

The Borrower's Estimated Closing Costs did not identify to whom these fees would be paid.

42.

On or about March 2, 2017, GUSTAFSSON, on behalf of AI, submitted a demand with wire instructions to Tri-Liberty Escrow. AI's wire instructions listed, in part, the following funding figures:

TO ADENHEIM, INC	
Commission	\$19,000.00
Processing Fee	\$997.50
Underwriting Fee	\$997.50
Document Preparation Fee	\$997.50
SUBTOTAL	\$21,992.50
TO UNICITIZENS FINANCIAL, INC	
Commission	\$19,000.00
Processing Fee	\$997.50
Underwriting Fee	\$997.50
Document Preparation Fee	\$997.50
SUBTOTAL	\$21,992.50

ACCUSATION

1 AI's fees were duplicative of UFI's fees. GUSTAFSSON provided the account name, routing
2 number, bank account number and bank name for the wire transfers for Respondents AI and
3 UFI.

4 43.

5 The Borrower's Final Settlement Statement for Escrow No. 041662-MD dated
6 March 3, 2017, with a closing date of March 3, 2017, listed, in part, the following debits:

8 Credit or Charge for Interest Rate	\$3,000.00
9 Brokerage Fee	\$35,000.00
10 Document Fee	\$1,995.00
11 Processing Fee	\$1,995.00
12 Underwriting Fee	\$1,995.00

13 The Borrower's Final Settlement Statement did not identify to whom these fees would be paid.

14 44.

15 On or about March 3, 2017, Tri-Liberty Escrow wired payment in the amount of
16 \$21,992.50 (Reference No. 3816) to UFI. On that same day, Tri-Liberty Escrow wired payment
17 in the amount of \$21,992.50 (Reference No. 3815) to AI.

18 45.

19 Unbeknownst to E.E., E.E.'s new second deed of trust loan amount for the
20 Second Street Property was \$150,000.00 with a 2-year fixed interest rate of 12%, a monthly
21 payment of \$1,500.00, and a balloon payment of \$151,500.00 due at the end of the 2-year loan
22 term. E.E.'s original first deed of trust loan was not refinanced.

23 46.

24 On or about March 10, 2017, having not received any copies of the loan
25 documents he signed or the terms of the new loan, E.E. contacted Tri-Liberty Escrow to cancel
26 the loan. Tri-Liberty Escrow informed E.E. that escrow closed and escrow disbursed all of the
27 funds. E.E. was never previously informed that escrow closed.

(1229 STRATHMORE DRIVE TRANSACTION)

47.

On or about March 9, 2017, S.Z. contacted VARTAN to refinance her mortgage loan on her primary residence located at 12291 Strathmore Drive, Garden Grove, CA 92840 ("Strathmore Property"). At that time, S.Z.'s mortgage loan amount was approximately \$245,000.00 with an interest rate of 9.75%.

48.

On or about March 9, 2017, S.Z. executed an Agreement to Procure a Loan & Lender-Borrower Escrow Instructions ("S.Z. Agreement to Procure Loan"), dated March 8, 2017. The S.Z. Agreement to Procure Loan was between S.Z. as the borrower and "ADENHEIM, INC WITH OLOF GUSTAFSSON AS ITS CEO" as the mortgage broker and "The REO Group, Inc" as the lender. The S.Z. Agreement to Procure Loan gave AI the exclusive right to obtain a first trust deed lien on the Strathmore Property for S.Z. from February 16, 2017, through April 15, 2017. On S.Z.'s copy, beneath S.Z.'s signature, the address "1253 N. Evergreen St., Anaheim, CA 92805" ("Anaheim address") was listed as the "borrower's residential address." S.Z. did not handwrite the Anaheim address on the Agreement to Procure Loan, never provided the Anaheim address to VARTAN, and has not resided at the Anaheim address for fifty years.

49.

On or about March 9, 2017, S.Z. signed a 1003 that was prepared by Martir to refinance S.Z.'s mortgage loan at the Strathmore Property. Martir handwrote the information on S.Z.'s 1003 at the instruction of VARTAN. The footer of the 1003 listed "Adenheim, Inc. CALBRE #01984639," however the loan originator section on Page 4 of the 1003 was blank. The loan originator section, type of mortgage, and terms of the loan were left blank when drafted by Martir at the instruction of VARTAN, including the loan amount, interest rate, and amortization type. The copy of the 1003 in S.Z.'s possession listed S.Z.'s present address as the

1 Anaheim address. S.Z. never provided the Anaheim address to VARTAN and has not resided at
2 the Anaheim address for fifty years.

3 50.

4 On or about March 9, 2017, VARTAN instructed S.Z. to sign a blank
5 "Borrowers' Letter of Explanation for Use of Funds" on Respondent AI's letterhead. In
6 addition, VARTAN instructed S.Z. to sign a "Certificate of Business Purpose of Loan" also on
7 Respondent AI's letterhead. The Certificate stated that the purpose of the trust deed loan of
8 \$325,000.00 secured by the Strathmore Property was "100% business" to "finance the business
9 enterprise known as 12291 STRATHMORE DRIVE, GARDEN GROVE, CA 92840 that is in
10 the business of REAL ESTATE INVESTMENT RENTAL PROPERTY." The Strathmore
11 Property, however, is S.Z.'s primary residence.

12 51.

13 On or about April 10, 2017, GUSTAFSSON, on behalf of AI, submitted a
14 demand with wire instructions to Rose Escrow. AI's wire instructions listed, in part, the
15 following funding figures:

17 TO ADENHEIM, INC	
18 Commission	\$17,500.00
19 Processing Fee	\$997.50
20 Underwriting Fee	\$997.50
21 Document Preparation Fee	\$997.50
22 SUBTOTAL	\$20,492.50
23 TO UNICITIZENS FINANCIAL, INC	
24 Commission	\$17,500.00
25 Processing Fee	\$997.50
26 Underwriting Fee	\$997.50
27 Document Preparation Fee	\$997.50

ACCUSATION

1 SUBTOTAL

\$20,492.50

2 AI's fees were duplicative of UFI's fees. GUSTAFSSON provided the account name, routing
3 number, bank account number and bank name for the wire transfers for Respondents AI and
4 UFI.

5 52.

6 Unbeknownst to S.Z., S.Z.'s new first deed of trust loan amount for the
7 Strathmore Property was \$325,000.00 with a 2-year fixed interest rate of 12%, a monthly
8 payment of \$3,250.00, and a balloon payment of \$328,250.00 due at the end of the 2-year loan
9 term.

10 (27678 HAMMACK AVENUE TRANSACTION)

11 53.

12 In or around August 2016, R.H. and R.M., 63-year-old and 71-year-old
13 California residents, respectively, contacted VARTAN after R.H. viewed an advertisement on
14 television for VARTAN. R.H. and R.M. sought a Home Equity Line of Credit for their
15 investment property in Alhambra, California. VARTAN told R.H. and R.M. that he could get
16 them a 30-year fixed interest rate of 5% for one of their other properties located at 27678
17 Hammack Avenue, Perris, CA 92570 ("Hammack Property"). At that time, R.H. and R.M.'s
18 mortgage loan amount for the Hammack Property was approximately \$48,600.00. VARTAN
19 told R.H. and R.M. that it would be easier to refinance their mortgage loan on their Hammack
20 Property instead of the applying for a Home Equity Line of Credit on the property located in
21 Alhambra.

22 54.

23 On or about August 16, 2016, R.H. and R.M. executed an Agreement to Procure
24 a Loan & Lender-Borrower Escrow Instructions ("Agreement to Procure Loan"), dated August
25 14, 2016. The Agreement to Procure Loan was between R.H. and R.M. as the borrowers and
26 "ADENHEIM, INC WITH OLOF GUSTAFSSON AS ITS CEO" as the mortgage broker and
27 "Balboa LLC" as the lender. The Agreement to Procure Loan gave AI the exclusive right to

ACCUSATION

1 obtain a first trust deed lien on the Hammack Property for from August 14, 2016, through
2 November 1, 2016. R.H. and R.M. never had any contact with Respondents AI or
3 GUSTAFSSON. Their contact regarding refinancing their mortgage loan was VARTAN.

4 55.

5 On or about August 16, 2016, R.H. and R.M. signed a 1003 that was prepared by
6 Martir to refinance their mortgage loan on the Hammack Property. Martir handwrote the
7 information on R.H. and R.M.'s 1003 at the instruction of VARTAN. The footer of the 1003
8 listed "Adenheim, Inc. CALBRE #01984639," however the loan originator section on Page 4 of
9 the 1003 was blank. The loan originator section, the type of mortgage, and terms of the loan
10 were left blank when drafted by Martir at the instruction of VARTAN, including the loan
11 amount, interest rate, and amortization type.

12 56.

13 R.H. and R.M. did not fully read or understand the documents they signed and
14 relied on VARTAN's verbal explanation of its contents. VARTAN assured R.H. and R.M. that
15 they were signing loan documents for the terms they discussed. R.H. and R.M. understood they
16 was signing loan documents for a 30-year fixed interest rate of 5%. R.H. and R.M. did not
17 receive copies of the documents they signed.

18 57.

19 Unbeknownst to R.H. and R.M., their new first deed of trust loan amount for the
20 Hammack property was \$90,000.00 with a 2-year fixed interest rate of 12%, a monthly payment
21 of \$900.00, and a balloon payment of the entire unpaid principal balance of the loan and interest
22 due at the end of the 2-year loan term.

23 58.

24 In or around September 2016, R.H. and R.M. discovered escrow closed without
25 their knowledge and their new interest rate of 12%. R.M. confronted VARTAN who refused to
26 cancel their loan and, instead, offered R.M. a real estate investment opportunity to afford the
27 monthly loan payments. VARTAN represented to R.M. that if R.M. invested \$58,000.00 from

1 R.H. and R.M.'s new loan to purchase the real property located at 14822 S. Butler Avenue,
2 Compton, California 90021 ("Butler Property") as a "flipper," that R.M. would profit an
3 additional \$55,5000.00 once the Butler Property was resold. R.M. and VARTAN entered into
4 an agreement to memorialize this arrangement.

5 59.

6 VARTAN further represented in writing to R.M. that the Butler Property would
7 be "flipped" or resold within twelve months. R.M. was reluctant to invest, and requested
8 additional security. VARTAN, then, represented to R.M. that R.M. would become a 49% owner
9 of real property he owned at 6412 Whittier Boulevard, Los Angeles, California ("Whittier Blvd
10 Property") and that R.M. could sell that Whittier Blvd Property if the Butler Property did not
11 sell within twelve months.

12 60.

13 In or around October 2016, VARTAN presented R.M. with a second real estate
14 investment opportunity. VARTAN represented to R.M. that if R.M. invested \$65,000.00 in the
15 real property located at 35535 State Highway 18, Lucerne Valley, California 92356 ("Lucerne
16 Valley Property"), R.M. would obtain titled interest in the property. VARTAN represented that
17 the Lucerne Valley Property would generate huge monthly rental income. VARTAN further
18 represented that he would repay R.M. in three monthly payments of \$30,000.00 each beginning
19 in February 1, 2017, which represented all of the monthly rents plus her initial investment.
20 VARTAN executed a promissory note and three checks for \$30,000.00 each. R.M. tried to
21 deposit the first \$30,000.00 check and was informed by the bank that there was insufficient
22 funds.

23 (FRAUD IN A CIVIL ACTION)

24 61.

25 On or about August 10, 2017, in a civil action entitled Rosemary Marshall v.
26 Schobert Vartan, et al., before the Superior Court of California, County of Los Angeles, Case
27 No. BC652008, a final judgement was entered against VARTAN, among others, finding

ACCUSATION

1 (i) Any other conduct, whether of the same or of a different character
2 than specified in this section, which constitutes fraud or dishonest
3 dealing.

...

4 65.

5 **Code section 10177** states:

6 "The commissioner may suspend or revoke the license of a real estate
7 licensee, delay the renewal of a license of a real estate licensee, or deny
8 the issuance of a license to an applicant, who has done any of the
9 following:

...

10 (c) Knowingly authorized, directed, connived at, or aided in the
11 publication, advertisement, distribution, or circulation of a material false
12 statement or representation concerning his or her designation or
13 certification of special education, credential, trade organization
14 membership, or business, or concerning a business opportunity or a land
15 or subdivision, as defined in Chapter 1 (commencing with Section
16 11000) of Part 2, offered for sale.(d) Willfully disregarded or violated the
17 Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1
18 (commencing with Section 11000) of Part 2 or the rules and regulations
19 of the commissioner for the administration and enforcement of the Real
20 Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

...

21 (g) Demonstrated negligence or incompetence in performing an act for
22 which he or she is required to hold a license.

...

23 (j) Engaged in any other conduct, whether of the same or a different
24 character than specified in this section, that constitutes fraud or dishonest
25 dealing..."

26 66.

27 **Code section 10177.5** states:

"When a final judgment is obtained in a civil action against any real
estate licensee upon grounds of fraud, misrepresentation, or deceit with
reference to any transaction for which a license is required under this
division, the commissioner may, after hearing in accordance with the
provision of this part relating to hearings, suspend or revoke the license
of such real estate licensee."

67.

Code section 10240(a) states:

"Every real estate broker, upon acting within the meaning of subdivision
(d) of Section 10131, who negotiates a loan to be secured directly or
collaterally by a lien on real property shall, within three business days

1 after receipt of a completed written loan application or before the
2 borrower becomes obligated on the note, whichever is earlier, cause to be
3 delivered to the borrower a statement in writing, containing all the
4 information required by Section 10241. It shall be personally signed by
5 the borrower and by the real estate broker negotiating the loan or by a
6 real estate licensee acting for the broker in negotiating the loan. When so
executed, an exact copy thereof shall be delivered to the borrower at the
time of its execution. The real estate broker negotiating the loan shall
retain on file for a period of three years a true and correct copy of the
statement as signed by the borrower.”

7 VIOLATIONS

8 (DELIVERY OF AGREEMENT)

9 68.

10 The conduct, acts and/or omissions of Respondents VARTAN, ADENHEIM,
11 INC, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11 through 57 above,
12 constitute cause for the suspension or revocation of the license and license rights of
13 Respondents under Code section 10142, for failing to deliver a copy of the agreement or
14 contract.

15 (MLO ACTIVITY)

16 69.

17 At all times mentioned in Paragraphs 11 through 57 above, Respondents
18 VARTAN, ADENHEIM, INC, and GUSTAFSSON, although licensed by the Department, did
19 not hold an MLO license endorsement while engaging in the business of, acting in the capacity
20 of, advertising or assuming to act as a mortgage loan originator pursuant to Code section
21 10166.01 in violation of Code section 10166.02.

22 (SUBSTANTIAL MISREPRESENTATION)

23 70.

24 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
25 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs
26 Paragraphs 11 through 60 above, constitute cause for the suspension or revocation of the license
27

1 and license rights of Respondents under Code section 10176(a), for making substantial
2 misrepresentations.

3 (FALSE PROMISES LIKELY TO INDUCE)

4 71.

5 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
6 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11
7 through 60 above, constitute cause for the suspension or revocation of the license and license
8 rights of Respondents under Code section 10176(b), for making false promises of a character
9 likely to influence, persuade, or induce.

10 (FRAUD OR DISHONEST DEALING)

11 72.

12 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
13 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 10
14 through 60 above, constitute cause for the suspension or revocation of the license and license
15 rights of Respondents under Code sections 10176(i) and 10177(j), for fraud or dishonest
16 dealing.

17 (ADVERTISEMENT OF A MATERIAL FALSE STATEMENT)

18 73.

19 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
20 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11
21 through 57 above, constitute cause for the suspension or revocation of the license and license
22 rights of Respondents under Code section 10177(c), for knowingly authorizing the publication,
23 advertisement, distribution, or circulation of a material false statement or representation
24 concerning their designation, certification, or business.

25 ///

26 ///

27 ///

1 (WILLFUL DISREGARD OF THE REAL ESTATE LAW)

2 74.

3 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
4 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11
5 through 60 above, constitute cause for the suspension or revocation of the license and license
6 rights of Respondents under Code section 10177(d), for Respondents' willful disregard of the
7 Real Estate Law.

8 (NEGLIGENCE AND/OR INCOMPETENCE)

9 75.

10 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
11 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11
12 through 60 above, constitute cause for the suspension or revocation of the license and license
13 rights of Respondents under Code section 10177(g), for Respondents' negligence and/or
14 incompetence.

15 (WRITTEN DISCLOSURE STATEMENT)

16 76.

17 The conduct, acts and/or omissions of Respondents VARTAN, ADENHIEM,
18 INC, GUSTAFFSON, and UNICITIZENS FINANCIAL, INC, as described in Paragraphs 11
19 through 60 above, constitute cause for the suspension or revocation of the license and license
20 rights of Respondents under Code section 10240(a) for failing to timely deliver to the borrower
21 an exact copy of a written statement containing all the information required by Code section
22 10241.

23 (FAILURE TO SUPERVISE)

24 77.

25 Based on the conduct, acts and/or omissions of Respondent ADENHEIM, INC,
26 as described in Paragraphs 11 through 60 above, Respondent GUSTAFSSON did not exercise
27 adequate supervision over the activities conducted on behalf of Respondent ADENHIEM, INC

ACCUSATION

1 by its officers and employees to ensure compliance with the Real Estate Laws and Regulations
2 in violation of Code sections 10177(h) and 10159.2. Respondent GUSTAFSSON failed to
3 establish and/or implement policies, rules, procedures and system to review, oversee, inspect
4 and manage transactions requiring a real estate in violation of Regulations section 2725.

5 78.

6 Based on the conduct, acts and/or omissions of Respondent VARTAN and
7 UNICITICENS FINANCIAL, INC, as described in Paragraphs 11 through 60 above,
8 Respondent REITBERG did not exercise adequate supervision over the activities conducted on
9 behalf of Respondent UNICITIZENS FINANCIAL, INC by its officers and employees to
10 ensure compliance with the Real Estate Laws and Regulations in violation of Code sections
11 10177(h) and 10159.2. Respondent GUSTAFSSON failed to establish and/or implement
12 policies, rules, procedures and system to review, oversee, inspect and manage transactions
13 requiring a real estate in violation of Regulations section 2725.

14 (FRAUD IN A CIVIL ACTION)

15 79.

16 The facts set forth above in Paragraph 61, against VARTAN constitute cause for
17 the suspension or revocation of all licenses and licensing rights of Respondent VARTAN
18 pursuant to Code section 10177.5 (fraud in a civil action).

19 INVESTIGATION AND ENFORCEMENT COSTS

20 80.

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

25 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
26 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
27 against all the licenses and/or license rights of Respondents SHOBERT VARTAN,

ACCUSATION

1 ADENHIEM, INC, OLOF KYROS GUSTAFFSON, individually and doing business as
2 Adenheim, Inc, UNICITIZENS FINANCIAL, INC, and DANIEL DAVID REITBERG,
3 individually and as designated officer of Unicitizens Financial Inc under the Real Estate Law,
4 for the costs of investigation and enforcement as permitted by law, for the cost of the audit, and
5 for such other and further relief as may be proper under other applicable provisions of law.

6
7 Dated at Los Angeles, California this 15th day of July, 2019.

8
9
10 
11 Maria Suarez
12 Supervising Special Investigator

13
14
15
16
17
18
19
20
21
22
23 cc: SHOBERT VARTAN
24 ADENHIEM, INC
25 OLOF KYROS GUSTAFFSON
26 UNICITIZENS FINANCIAL, INC
27 DANIEL DAVID REITBERG
Maria Suarez
Sacto.