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**FILED**

**AUG 26 2019**

**DEPT. OF REAL ESTATE**  
By *ca...*

9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of ) No. H-41474 LA  
13 )  
14 PERRY WILLIAM MADGE, ) A C C U S A T I O N  
15 doing business as )  
16 L J Kelly Mortgage Company, )  
Respondent. )

17  
18 The Complainant, Chika Sunquist, a Supervising Special Investigator of the  
19 State of California, for cause of Accusation against PERRY WILLIAM MADGE, doing  
20 business as L J Kelly Mortgage Company (“Respondent”), is informed and alleges as follows:

21 1.

22 The Complainant, Chika Sunquist, acting in her official capacity as a  
23 Supervising Special Investigator of the State of California, makes this Accusation against  
24 Respondent PERRY WILLIAM MADGE.

25 2.

26 All references to the “Code” are to the California Business and Professions Code  
27 and all references to “Regulations” are to Title 10, Chapter 6, California Code of Regulations.

Accusation of Perry William Madge

1 LICENSE HISTORY

2 3.

3 Respondent PERRY WILLIAM MADGE ("MADGE") presently has license  
4 rights under the Real Estate Law, Part 1 of Division 4 of the Code as a real estate broker.

5 BROKERAGE

6 PERRY WILLIAM MADGE

7 4.

8 At all times mentioned, in the City of Orange, County of Orange, Respondent  
9 MADGE acted as a real estate broker, conducting licensed activities within the meaning of  
10 Code section 10131(d) (solicits borrowers or lenders for or negotiates loans or collects  
11 payments or performs services for borrowers or lenders or note owners in connection with loans  
12 secured by real property).

13 AUDIT

14 PERRY WILLIAM MADGE

15 5.

16 On May 25, 2018, the Department of Real Estate ("Department") completed  
17 audit examinations of the books and records of Respondent MADGE pertaining to the activities  
18 described in Paragraph 4 which require a real estate license. The audit examinations covered a  
19 period of time from January 1, 2017, to March 31, 2018. The audit examinations revealed  
20 violations of the Code and the Regulations as set forth in the following paragraphs, and as more  
21 fully discussed in Audit Report LA170183 and the exhibits and workpapers attached to said  
22 audit report.

23 AUDIT VIOLATIONS OF THE REAL ESTATE LAW

24 6.

25 In the course of activities described in Paragraph 4 above and during the  
26 examination periods described in Paragraph 5 above, Respondent MADGE acted in violation of  
27 the Code and the Regulations in that:

Accusation of Perry William Madge

1           6(a) Respondent MADGE did not maintain a complete and accurate control  
2 record or general ledger of all trust funds received and disbursed, in violation of Code  
3 section 10145 and Regulations section 2831.

4           6(b) Respondent MADGE did not maintain a complete and accurate separate  
5 record of all trust funds received and disbursed for each beneficiary in connection with  
6 Respondent's mortgage loan brokerage and servicing activities, in violation of Code  
7 section 10145 and Regulations sections 2831.1.

8           6(c) Respondent MADGE failed to deposit trust funds into a trust account  
9 within three business days following receipt of the trust funds by MADGE, in violation of Code  
10 section 10145 and Regulations section 2832.

11           6(d) A bank account used by Respondent MADGE for trust funds was not  
12 designated as a trust account, and was not in the name of Respondent as trustee or a fictitious  
13 name held by Respondent's real estate license as trustee, in violation of Code section 10145 and  
14 Regulations section 2832.

15           6(e) An unlicensed employee of Respondent MADGE made withdrawals  
16 from a bank account used by Respondent for trust funds and Respondent failed to maintain a  
17 fidelity bond coverage at least equal to the maximum amount of the trust funds to which the  
18 employee has access at any time, in violation of Code section 10145 and Regulations  
19 section 2834.

20           6(f) Respondent MADGE did not provide to all lenders or purchasers a copy  
21 of the appraisal or broker's evaluation for each parcel of real property securing the note or  
22 interest, in violation of Code sections 10232.3(a)(3) and 10238(h)(3).

23           6(g) Respondent MADGE failed to retain a signed statement from all lenders  
24 or purchasers indicating that the lender or purchaser meets one or both of the qualifications of  
25 income or net worth, in violation of Code sections 10232.3(b) and 10238(f).

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PARAGRAPH

PROVISIONS VIOLATED

- 6(a) Code section 10145 and Regulations section 2831
- 6(b) Code section 10145 and Regulations sections 2831.1
- 6(c) Code section 10145 and Regulations section 2832
- 6(d) Code section 10145 and Regulations section 2832
- 6(e) Code section 10145 and Regulations section 2834
- 6(f) Code sections 10232.3(a)(3) and 10238(h)(3)
- 6(g) Code sections 10232.3(b) and 10238(f)
- 6(h) Code sections 10232.4(a), 10232.5(b), and 10238(l) and Regulations section 2846
- 6(i) Code section 10232.45
- 6(j) Code section 10233(a)
- 6(k) Code section 10233(b)
- 6(l) Code section 10240 and Regulations section 2842
- 6(m) Code section 10148
- 6(n) Code section 10161.8
- 6(o) Code section 10140.6 and Regulations section 2773

The foregoing violations constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent MADGE under the Real Estate Law pursuant to the provisions of Code sections 10177(d) and/or 10177(g).

8.

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

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9.

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

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all the licenses, license endorsements, and license rights of Respondent PERRY WILLIAM MADGE under the Real Estate Law, for the cost of audit, investigation, and enforcement as permitted by law, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Sacramento, California

this 15<sup>th</sup> day of August, 2019

  
Chika Sunquist  
Supervising Special Investigator

cc: PERRY WILLIAM MADGE  
Chika Sunquist  
Sacto.  
Audits

Accusation of Perry William Madge