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JUL 23 2020

DEPT. OF REAL ESTATE

By 

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7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of	)	No. H-41722 LA
	)	
12 IRON FINANCIAL, INC.; and	)	
13 RON EUGENE READY, individually	)	FIRST AMENDED
and as designated officer of Iron Financial, Inc.	)	ACCUSATION
	)	
14 Respondents.	)	
	)	

16 This First Amended Accusation amends the Accusation filed on or about July 7,  
17 2020. The Complainant, Chika Sunquist, a Supervising Special Investigator of the State of  
18 California, acting in her official capacity, for cause of Accusation against Respondents IRON  
19 FINANCIAL, INC. ("IFI") and RON EUGENE READY ("READY"), individually and as  
20 designated officer of Iron Financial, Inc., is informed and alleges as follows:

21 I.

22 The Complainant, Chika Sunquist, acting in her official capacity as Supervising  
23 Special Investigator of the State of California, makes this Accusation.

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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. Respondent IFI is presently licensed and/or issued by the Department of Real Estate as a real estate corporation (license no. 01503100). IFI has been licensed from on or about May 26, 2005 through the present. From on or about October 10, 2012 through the present, IFI's designated officer has been READY. IFI's fictitious business name has been "Iron Properties" from on or about November 26, 2014 through the present.

b. Respondent IFI has had a mortgage loan originator ("MLO") license endorsement (NMLS ID 1005573) from on or about January 9, 2013 to August 3, 2017 and August 8, 2017 through the present.

4.

a. Respondent READY is presently licensed and/or issued by the Department of Real Estate as a real estate broker (license no. 01277258). READY was originally licensed as a real estate broker on or about July 14, 2010. Previously, READY had a real estate salesperson license from on or about April 25, 2000 to July 13, 2010. READY's fictitious business name has been "Iron Financial" from on or about March 26, 2012 through the present.

b. READY has had a MLO license endorsement (NMLS ID 320985) from on or about April 8, 2011 to December 31, 2017 and January 4, 2018 through the present. READY is authorized to represent IFI (license no. 01503100; NMLS ID 1005573) from on or about March 1, 2005 through the present, C2 Financial Corporation (license no. 01821025; NMLS ID 135622) from on or about January 30, 2013 through the present, and West One Capital Group, Inc. (license no. 01366098; NMLS ID 982017) from on or about July 31, 2018 through the present.

1 5.

2 Whenever acts referred to below are attributed to IFI and/or READY, those acts  
3 are alleged to have been done by IFI and/or READY, acting by itself/himself/themselves, or by  
4 and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but  
5 not limited to, Jose Cajahuaranga.

6 6.

7 At all times mentioned, in the County of Orange, IFI and READY were engaged  
8 in the business of a real estate broker conducting licensed activities within the meaning of  
9 Code section 10131(d) (“[s]olicits borrowers or lenders for or negotiates loans or collects  
10 payments or performs services for borrowers or lenders or note owners in connection with  
11 loans secured directly or collaterally by liens on real property or on a business opportunity”).

12  
13 FIRST CAUSE OF ACCUSATION

14 (Trust Fund Audit)

15 7.

16 On or about July 31, 2019, the Department of Real Estate completed an audit  
17 examination of the books and records of IFI to determine whether IFI and READY handled and  
18 accounted for trust funds and conducted their mortgage loan activities in accordance with the  
19 Real Estate Law and Regulations. The audit examination covered a period of time beginning  
20 on February 1, 2016 and ending on January 31, 2019. The audit examination revealed  
21 violations of the Code and the Regulations set forth in the following paragraphs, and more fully  
22 discussed in Audit Report LA180065 and the exhibits and work papers attached to said audit  
23 report.

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1 8.

2 In the course of activities described in Paragraph 6, above, and during the audit  
3 examination period in Paragraph 7, above, Respondents IFI and READY acted in violation of  
4 the Code and the Regulations as set forth below:

5 (a) Failed to maintain a record of trust funds received and disbursed when IFI  
6 and/or READY received credit report fees through the close of escrow for most, if not all, files,  
7 including, but not limited to, borrowers Z. and T. Plonski in August 2017, in violation of Code  
8 section 10145 and Regulations section 2831.

9 (b) Failed to maintain a separate record of trust funds received and disbursed for  
10 each beneficiary or transaction, including, but not limited to, borrowers Z. and T. Plonski in  
11 August 2017, in violation of Code section 10145 and Regulations section 2831.1.

12 (c) Originated, arranged, and/or funded loans secured by real property  
13 containing one to four residential units, but failed to notify the Department of Real Estate by  
14 January 31, 2010 or within thirty (30) days of commencing that activity, whichever is later, in  
15 violation of Code section 10166.02(a).

16 (d) Originated, arranged, and/or funded loans secured by real property  
17 containing one to four residential units, but failed to file a business activities report with the  
18 Department of Real Estate within ninety (90) days from December 31, 2016, IFI's fiscal year  
19 end, or on or before May 31, 2018, in violation of Code section 10166.07.

20 (e) Failed to provide a Mortgage Loan Disclosure Statement ("MLDS") to  
21 borrowers in at least three (3) loan files, in violation of Code section 10240(a) and Regulations  
22 section 2840. These files include, but are not limited to, J. Devito in November 2018, M. and  
23 C. Tawil in December 2018, and M. and M. Grove in December 2018.

24 (f) Misrepresented in the Fair Lending Notice ("FLN") provided to borrowers  
25 that the Department of Business Oversight was the agency that regulated the mortgage loan  
26 activities conducted by IFI when in actuality the Department of Real Estate regulated its  
27

1 activities, in violation of Code section 10176(a) and California Health and Safety Code section  
2 35800, et seq. These borrowers include, but are not limited to, S. and A. Gast in July 2018, Z.  
3 and T. Plonski in August 2017, J. Devito in November 2018, M and C. Tawil in December  
4 2018, and M. and M. Grove in December 2018.

5 (g) Based on the above violations and his overall conduct, READY failed to  
6 exercise the reasonable supervision and control over the licensed activities of IFI and its  
7 employees to keep IFI and its employees in full compliance with the Real Estate Law, in  
8 violation of Code section 10159.2 and Regulation section 2725.

9 9.

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

<u>12 PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
13 8(a)	Code section 10145 and Regulations section 2831
14 8(b)	Code section 10145 and Regulations section 2831.1
15 8(c)	Code section 10166.02(a)
16 8(d)	Code section 10166.07
17 8(e)	Code section 10240(a) and Regulations section 2840
18 8(f)	Code section 10176(a) and California Health and Safety Code section 19 35800, et seq.
20 8(g)	Code section 10159.2 and Regulation section 2725

21 The foregoing violations constitute cause for discipline of the real estate license and license  
22 rights and MLO license endorsement of Respondents IFI and READY under the provisions of  
23 Code sections 10166.051(a), 10166.051(b), 10176(a), 10177(d), 10177(g), and 10177(h).

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1 SECOND CAUSE OF ACCUSATION

2 (Misrepresentation, Fraud and/or Dishonest Dealing, Etc.)

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4 Chamalea Dr. Property

5 10.

6 In or about December 2016 through August 16, 2017, Respondents IFI and  
7 READY solicited, induced, and negotiated with Z. and T. Plonski (the "Plonskis") to refinance  
8 the Plonski's real property at 24442 Chamalea Dr., Mission Viejo, CA 92691 ("Chamalea Dr.  
9 Property"). Respondents IFI and READY informed the Plonskis that it would be a "no cost"  
10 loan, which means, in part, they would not be charged a loan origination fee. The Plonskis  
11 expressed to Respondents IFI and READY that they needed at least \$10,000 from the real  
12 property loan to pay off their motorcycle loan. Respondents IFI and READY agreed to meet  
13 this demand.

14 11.

15 On or about June 15, 2017, Respondents IFI and READY provided the Plonskis  
16 with a Loan Estimate a 30-year conventional fixed rate loan for a loan amount of \$600,000.  
17 The Loan Estimate included, in part, a loan origination fee of \$15,000. Respondents IFI and  
18 READY expressed to the Plonskis that the Plonskis would receive the loan origination fee so  
19 they could pay off their motorcycle loan. The Plonskis agreed to the Loan Estimate terms with  
20 the understanding that it was a "no cost" loan and they would receive loan origination fee to  
21 pay off their motorcycle loan.

22 12.

23 On or about August 16, 2017, the loan closed, and Respondents IFI and READY  
24 received the \$15,000 loan origination fee.

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13.

Respondent IFI and/or READY transferred \$2,500 to the Plonskis on or about October 2, 2017 and another \$2,500 on or about October 11, 2017 for a total of \$5,000. To date, the Plonskis have not received any further funds from Respondents IFI and/or READY.

Nipoma Ave. Property

14.

In or about May 2016 through August 1, 2017, Respondents IFI and READY solicited, induced, and negotiated with E. Obey (“Obey”) to finance and refinance the real property at 4108 Nipoma Ave., Lakewood, CA 90713 (“Nipoma Ave. Property”).<sup>1</sup>

15.

Respondents IFI and READY advised Obey that Obey did not qualify for a conventional loan, and as a result, Obey could only get a hard money loan; but once Obey had lived in the Nipoma Ave. Property, then she could refinance and get a conventional loan. Obey was concerned about the high lender’s fees totaling approximately \$19,173.97 (including a \$14,000 origination charge) associated with the hard money loan, but Respondents IFI and READY stated that Respondents IFI and READY would pay back at least \$7,500 to Obey when Obey refinanced. With that understanding, Obey agreed to the hard money loan offered by Respondents IFI and READY.

16.

On or about June 21, 2016, Obey purchased the Nipoma Ave. Property for \$559,000 with a down payment of \$279,000 and a hard money loan of \$280,000.

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<sup>1</sup> The Obeyes were introduced to Respondents IFI and READY by the Obeyes’ real estate broker, Scott Andrew Underwood (“Underwood”) (license no. 00999539) who represented them in the purchase of the Nipoma Ave. Property.

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17.

On or about August 1, 2017, Obey (along with her parents) refinanced the Nipoma Ave. Property with a conventional loan through Respondents IFI and READY.

18.

On or about December 29, 2017, Respondents IFI and READY proposed a payment plan in which Respondents IFI and/or READY would pay \$1,000 to Obey every Friday from December 29, 2017 to February 19, 2018 until the total amount of \$7,500 was paid in full.

19.

On or about January 19, 2018, Respondents IFI and/or READY transferred \$1,000 to Obey. To date, Obey has not received any other funds from Respondents IFI and/or READY.

20.

The conduct, acts, and/or omissions of Respondents IFI and READY, as set forth above, constitute grounds for the suspension or revocation of the licenses and license rights of Respondents IFI and READY pursuant to Code sections 10166.051(b) (financial responsibility, character, and general fitness), 10176(a) (substantial misrepresentation), 10176(b) (false promises), 10176(k) (failure to disburse funds), 10177(d) (disregard and/or violation of Real Estate Law), 10177(g) (negligence and/or incompetence), 10177(h) (failure to exercise reasonable supervision), and 10176(i)/10177(j) (fraud and/or dishonest dealing).

(COSTS)

21.

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




1 violation of this part to pay a sum not to exceed the reasonable costs of investigation and  
2 enforcement of the case.

3 22.

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

8 WHEREFORE, Complainant prays that a hearing be conducted on the  
9 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing  
10 disciplinary action against the license, MLO license endorsements, and license rights of IRON  
11 FINANCIAL, INC. and RON EUGENE READY under the Real Estate Law (Part 1 of Division  
12 4 of the California Business and Professions Code), for the cost of investigation and  
13 enforcement pursuant to Code section 10106 and as permitted by law, costs of audit pursuant to  
14 Code section 10148(b), and for such other and further relief as may be proper under other  
15 applicable provisions of law.

16 Dated at Sacramento, California: July 23, 2020.

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19 \_\_\_\_\_  
20 Chika Sunquist  
21 Supervising Special Investigator

22 cc: Iron Financial, Inc.  
23 Ron Eugene Ready  
24 Chika Sunquist  
25 Sacto  
26 Enforcement  
27 Audits – Isabel Beltran