

FILED

JUN 22 2021

DEPT. OF REAL ESTATE

By



BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Accusation of:	)	DRE No. H-41722 LA
	)	
IRON FINANCIAL, INC.: and	)	OAH No. 2020070914
RON EUGENE READY, individually and	)	
as designated officer of Iron Financial, Inc.,	)	
	)	
<u>Respondents.</u>	)	

DECISION

The Proposed Decision dated April 27, 2021, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

Pursuant to Section 11517 (c) (2) (C) of the Government Code, the following corrections are made:

Factual Findings, page 6, Paragraph 10 should state:

“On July 31, 2019, the Department completed an audit of the books and records of Respondent IFI to determine whether Respondents handled and accounted for trust funds and conducted mortgage loan activities in accordance with the Real Estate Law and Regulations. Department auditor Isabel Beltran (Auditor) performed the audit, and prepared an audit report. (Exhibits 4-15.) Respondent Ready, the Designated Officer of Respondent IFI, was the primary person who provided the records for the Department’s examination. As of February 25, 2019, the audit date, Respondent IFI’s corporate structure provided that Respondent Ready was the President, Treasurer, and 100 percent shareholder of Respondent IFI. Non-DRE licensee Steven Brown was listed as Respondent IFI’s Secretary.”

Factual Findings, page 7, paragraph 14 should state:

“Based on the Audit Report LA 180065 (audit report) and the exhibits and work papers attached to the audit report, the Department established through clear and convincing evidence the following violations of the Code and the Regulations by Respondents in relation to their mortgage loan activities during the audit examination period, as set forth below.<sup>3</sup>”

The Decision suspends or revokes one or more real estate licenses.

Pursuant to Government Code Section 11521, the Department of Real Estate 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 Department’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.

This Decision shall become effective at 12 o’clock noon on July 22, 2021.

IT IS SO ORDERED CC 16 21

DOUGLAS R. McCAULEY  
REAL ESTATE COMMISSIONER

Douglas R. McCauley

**BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA**

**In the Matter of the First Amended Accusation against:  
IRON FINANCIAL, INC; and RON EUGENE READY,  
Individually and as Designated Officer of Iron Financial, Inc.  
Respondents.**

**Agency Case No. H-41722 LA**

**OAH No. 2020070914**

**PROPOSED DECISION**

Irina Tentser, Administrative Law Judge, Office of Administrative Hearings (OAH), State of California, heard this matter by videoconference on March 22 and 23, 2021.

Diane Lee, Counsel, appeared on behalf of Chika Sunquist (Complainant), Supervising Special Investigator of the State of California, Department of Real Estate (Department or DRE).

Dennis H. Doss and Christopher J. Donovan, Doss Law LLP, Attorneys, appeared on behalf of Iron Financial Inc. (Respondent IFI) and Ron Eugene Ready (Respondent

Ready), individually and as designated officer of Respondent Iron Financial, (collectively, Respondents).

Oral and documentary evidence was received. At hearing, the ALJ granted Complainant's unopposed motion to amend the First Amended Accusation to conform to proof at hearing pursuant to Government Code section 11507 by deleting Paragraphs 8(a) and 8(b) at page 4, lines 5-11. (Exhibit 1, p. 49.)

The record remained open until March 26, 2021 for parties to file respective updated exhibit lists by March 25, 2021 and any objections to each other's updated exhibit lists by March 26, 2021. On March 25, 2021, Respondents filed Exhibits A-AB, including Respondents' Exhibit List, Exhibit AB. Complainant filed its updated Exhibit List on March 23, 2021, Exhibit 39. No objections were filed by the parties to each other's updated exhibit lists or Respondents' Exhibits A-AA filed on March 25, 2021.

The record was closed and the matter was submitted for decision on March 26, 2021.

### **STATEMENT OF THE CASE**

Respondent IFI is licensed by the Department as a real estate corporation and has a mortgage loan originator (MLO) license endorsement. Respondent Ready is licensed as a broker and has an MLO license endorsement. Respondent Ready was previously licensed as a real estate salesperson. The Department seeks to impose discipline action against all licenses and licensing rights and MLO endorsement rights

of Respondents based upon Respondents' actions<sup>1</sup> in a real estate transaction while Respondents were acting as real estate licensees. Complainant alleges that Respondents failed to conduct mortgage loan activities in accordance with the Real Estate Law and Regulations, and engaged in misrepresentation, fraud, and/or dishonest dealing, and acted dishonestly regarding two properties.

Respondents deny all wrongdoing and offer evidence in support of retention of their real estate licenses, MLO endorsements, and license rights. At hearing, Complainant's allegations against Respondents were established through clear and convincing evidence. Respondents provided no credible or reasonable mitigating circumstances for their acts or omissions and insufficient evidence of rehabilitation. To ensure public protection, revocation of all license and licensing rights and MLO endorsement rights of Respondents is warranted and necessary.

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<sup>1</sup> Whenever acts are attributed to Respondent IFI and/or Respondent Ready by Complainant, those acts are alleged to have been done by Respondent IFI and/or Respondent Ready, acting by itself/himself, themselves, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to, Jose Cajahuaranga.

## FACTUAL FINDINGS

### Jurisdictional Matters

1. On July 7, 2020, Complainant filed the Accusation in her official capacity. Subsequently, on July 23, 2020, a First Amended Accusation was filed by Complainant. The First Amended Accusation is the operative pleading in this matter.
2. Respondents timely filed a notice of defense and this hearing took place, pursuant to Government Code section 11500 et seq.
3. At the time of the relevant events, Respondents had license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (Code).<sup>2</sup>
4. Respondent IFI is presently licensed by the Department. On May 26, 2005, the Department issued Respondent IFI real estate corporation license number 01503100. The license is scheduled to expire on May 25, 2021. From October 10, 2012 through present, Respondent IFI's designated officer has been Respondent Ready. From November 26, 2014 through the present, Respondent IFI's fictitious business name has been "Iron Properties".
5. Respondent IFI has had an MLO license endorsement, NMLS ID 1005573, from January 9, 2013 to August 3, 2017 and from August 8, 2017 to the present.

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<sup>2</sup> All further references are to the Business and Professions Code unless otherwise noted. All references to "Regulations" are to Title 10, Chapter 6 of the California Code of Regulations.

6. Respondent Ready is presently licensed by the Department. On July 14, 2010, the Department issued Respondent Ready real estate broker license number 01277258. The license is scheduled to expire on July 13, 2022. Respondent Ready was previously licensed as a real estate salesperson from April 25, 2000 to July 13, 2010. From March 26, 2012 through the present, Respondent Ready's fictitious business name has been "Iron Financial."

7. From April 8, 2011 to December 31, 2017 and from January 4, 2018 through the present, Respondent Ready has had an MLO license endorsement, NMLS ID 320985. Respondent Ready is authorized to represent Respondent IFI, license number 01503100, NMLS ID 1005573 from March 1, 2005 through the present, C2 Financial Corporation, license number 01821025, NMLS ID 135622 from January 30, 2013 through the present, and West One Capital Group, Inc., license number 01366098, NMLS ID 982017 from July 31, 2018 through the present.

8. Respondent IFI's real estate corporation license number 01503100 and Respondent Ready, as Respondent IFI's Designated Officer, were previously disciplined by the Department for Respondent IFI's violation of Code section 10166.08 (Failure to submit Report of Condition). Specifically, on April 28, 2016, the Department issued citations C-4-16-0428-001 and C-4-16-0428-002 to Respondent IFI (corporation) and its designated officer (Respondent Ready) for Respondent IFI's failure to timely submit the 2015 Quarter 1 and Quarter 2 Mortgage Call Reports to the NMLS that became due on May 15, 2015 and August 14, 2015 respectively. The citations are now final.

9. At all relevant times, Respondents were engaged in the business of a real estate broker conducting licensed activities in the County of Orange within the meaning of Code section 10131, subdivision (d).

## Department Audit LA180065

10. On July 31, 2019, the Department completed an audit of the books and records of Respondent IFI to determine whether Respondents handled and accounted for trust funds and conducted mortgage loan activities in accordance with the Real Estate Law and Regulations. Department auditor Isabel Beltran (Auditor) performed the audit, prepared an audit report, and testified at hearing in support of the Department's findings. (Exhibits 4-15.) Respondent Ready, the Designated Officer of Respondent IFI, was the primary person who provided the records for the Department's examination. As of February 25, 2019, the audit date, Respondent IFI's corporate structure provided that Respondent Ready was the President, Treasurer, and 100 percent shareholder of Respondent IFI. Non-DRE licensee Steven Brown was listed as Respondent IFI's Secretary.

11. The period covered by the audit examination was from February 1, 2016 through January 31, 2019 (audit examination period). (Exhibit 4.) According to Respondent Ready, Respondent IFI originated loans for borrowers and funded the loans with its line of credit. Between January 31, 2018 and January 31, 2019, Respondent IFI negotiated and funded about 25 loans for approximately \$10,920,633. In addition, during the audit examination period Respondent IFI originated loans for borrowers and submitted loan applications to lender Deephaven Mortgage Wholesale (DMW). Between January 31, 2018 and January 31, 2019, Respondent IFI submitted five loan applications for borrowers to DMW totaling \$5,092,367. (*Ibid.*)

12. At the time of the audit, Respondent IFI had an agreement with DMW as a loan originator broker. Further, as reported to the Auditor, Respondent had a line of credit with Roseland Lenders Warehouse Inc (RLWI). According to RLWI's February 19,



2019 letter, Respondent IFI was approved with a line of credit of \$5.7 million. (Exhibit 4.)

13. The Department's relevant examination was limited to Respondent IFI's mortgage loan activities. Respondent IFI also performed real estate sales during the audit period. However, an audit of Respondent IFI's real estate sales was not performed.

14. Based on the credible testimony of the Auditor at hearing as corroborated by Audit Report LA 180065 (audit report) and the exhibits and work papers attached to the audit report, the Department established through clear and convincing evidence the following violations of the Code and the Regulations by Respondents in relation to their mortgage loan activities during the audit examination period, as set forth below.<sup>3</sup>

#### **RESPONDENTS' FAILURE TO FILE MORTGAGE LOAN NOTIFICATION**

15. A. Respondents originated, arranged, and/or funded loans secured by real property containing one or more four residential units, but failed to notify the Department by January 31, 2010 or within 30 days of commencing that activity, whichever is later, in violation of Code section 10166.02, as described below.

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<sup>3</sup> Based on the amending of the First Amended Accusation at hearing to remove the allegations concerning Respondents' trust fund handling contained in paragraphs 8a and 8b, the allegations of violations of Code section 10145 and Regulations sections 2831 and 2831.1, are moot and are not, therefore, addressed in this Decision. (Exhibit 1, p. 50; lines 13-14.)

B. The Department is to be provided notice when a real estate license is being used for mortgage brokering, pursuant to Code section 10166.02. Accordingly, real estate brokers who use their license to engage in mortgage loan transactions are required to file a Mortgage Loan Activity Notification (RE 866) with the Department.

C. On September 20, 2010, Ronald Peter Gallego, Respondent IFI's prior Designated Officer, notified the Department through a mortgage loan activity notification that Respondent IFI was conducting such activities under Code sections 10131, subdivisions (d), (e), and/or 10131.1. (Exhibit 14.)

D. On August 29, 2011, Ronald Peter Gallego notified the Department through a mortgage loan activity notification that Respondent IFI was no longer conducting activities described in Code section 10166.02.

E. However, contrary to the August 29, 2011 filing, Respondent IFI continued to conduct activities described in Code section 10166.02, without filing a mortgage loan activity notification with the Department.

F. Almost eight years later, on April 24, 2019, Respondent Ready notified the Department through a mortgage loan activity notification (RE 866) that Respondent IFI was conducting activities described in Code section 10166.02.

### **FAILURE TO FILE A BUSINESS ACTIVITIES REPORT**

16. A. Respondents originated, arranged, and/or funded loans secured by real property containing one or four residential units, but failed to file a Business Activities Report (BAR) with the Department within 90 days from December 31, 2016,

Respondent IFI's fiscal year end, or on or before May 31, 2018, in violation of Code section 10166.07.

B. As of the date of hearing, the relevant BAR has not been filed by Respondents.

### **FAILURE TO PROVIDE MORTGAGE LOAN DISCLOSURE STATEMENTS**

17. Respondents failed to provide a Mortgage Loan Disclosure Statement (MLDS) to borrowers in at least three loan files in violation of Code section 10140, subdivision (a) and Regulations section 2840. These files include, J. Devito<sup>4</sup> in November 2018, M. and C. Tawil in December 2018, and M. and M. Grove in December 2018 (collectively, MLDS borrowers).

### **MISREPRESENTATION OF THE FLN**

18. Respondents misrepresented in the Fair Lending Notice (FLN) provided to borrowers that the Department of Business Oversight<sup>5</sup> was the agency that regulated the mortgage loan activities conducted by Respondent IFI. (Exhibit K.) In fact, it is the DRE that regulated Respondent IFI's relevant activities. (Exhibit 32.) Respondents' misrepresentation violated Code sections 10176, subdivision (a), and California Health and Safety Code section 35800, et seq. The borrowers to whom

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<sup>4</sup> First initials and last names are referenced to protect the consumers' privacy rights.

<sup>5</sup> Subsequent to the filing of the First Amended Accusation, the Department of Business Oversight was renamed as the "Department of Financial Protection & Innovation."

Respondents misrepresented the FLN included: S. and A. Gast in July 2018, Z. and T. Plonski in August 2017, J. Devito in November 2018, M and C. Tawil in December 2018, and M. and M. Grove in December 2018.

19. Based on Factual Findings 10-18, Respondent Ready failed to exercise the reasonable supervision and control over the licensed activities of Respondent IFI and its employees to keep Respondent IFI and its employees in full compliance with the Real Estate Law, in violation of Code section 10159.2 and Regulation section 2725.

### **Respondents' Misrepresentation, Fraud, and Dishonest Dealing**

#### **CHAMALEA DR. PROPERTY**

20. On January 10, 2018, Zachary Plonski (Mr. Plonski) filed a complaint with supporting documentation with the Department against Respondents. (Exhibit 16.) Mr. Plonski credibly testified at hearing in support of his complaint, calmly and reasonably describing the trajectory of his stressful dispute with Respondents and its ultimate resolution in January 2011.

21. In December 2016, Respondents solicited, induced, and negotiated their first refinance with Mr. Plonski and his now-estranged wife, T. Plonski (the Plonskis) to refinance the Plonskis' real property at 24442 Chamalea Dr., Mission Viejo, CA 92691 (Chamalea Dr. Property). The first refinance resulted in a higher than desirable interest rate on the loan based on the Plonskis' damaged credit.

22. At the time of the first refinance, however, Respondent Ready assured the Plonskis that they could do a no-cost refinance in six months after Respondents repaired their credit, obtained a lower rate, and thereby lowered the Plonskis' monthly

payment. Mr. Plonski discussed his desire to take some cash out when they did their second refinance with Respondents to pay off a motorcycle loan of about \$12,000.

23. Several months after the first refinance, Respondents contacted Mr. Plonski to solicit, induce, and negotiate the second refinance. Mr. Plonski spoke with Respondent Ready about wanting to take some cash out of the second loan to pay off his motorcycle loan. Respondent Ready told Mr. Plonski that he had a way to get the Plonskis the money to pay off the motorcycle but avoid the higher interest rate of a "cash out" loan.

24. On June 15, 2017, Respondents provided the Plonskis with a Loan Estimate for a 30-year conventional fixed rate loan for a loan amount of \$600,000. The Lona Estimate included a loan origination fee of \$15,000. A loan origination fee is an upfront charge paid to the lender at closing. However, Respondents assured the Plonskis that the refinance would be a "no cost" loan in that they would not be charged a loan origination fee. Respondent Ready informed Mr. Plonski that the cash out money for the payoff of the motorcycle loan would come from the \$15,000 origination fee. Mr. Plonski and Respondent Ready had discussed a \$10,000 cash out and the loan origination fee was \$15,000. However, since Respondents had represented that this would be a "no cost" loan, Mr. Plonski assumed that Respondents had increased the loan origination amount to \$15,000 to ensure that he could pay off the entire motorcycle loan balance and have some money left over. The Plonskis agreed to the Loan Estimate terms with the understanding that it was a "no cost" loan and they would receive the loan origination fee to pay off Mr. Plonski's motorcycle loan.

25. On August 16, 2017, the loan closed. Respondents received the \$15,000 loan origination fee.

26. After the loan closed, Mr. Plonski thanked Respondent Ready and sent him a note asking how and when Respondents intended to pay him the promised money. Respondent Ready refused to provide the funds, indicating the funds were tied up in "purchasing." At this time, Mr. Plonski first realized that Respondent Ready did not intend to pay the entire \$15,000 origination fee that Mr. Plonski had reasonably believed he would be paid based on Respondents' misrepresentation that the refinance would result in a "no cost" loan to the Plonskis.

27. In fact, Mr. Plonski now realized that the Plonskis had not received a "no cost" loan from Respondents, but, on the contrary, had paid almost every possible cost. Mr. Plonski understood that he signed all the disclosures and documents, but had trusted Respondent Ready's ultimate misrepresentations and believed that Respondents would honor their assurances.

28. Between August 2017 and the end of September 2017, Mr. Plonski repeatedly emailed and texted Respondent Ready requesting to be paid the moneys the Plonskis were owed. No moneys, however, were paid by Respondents. Instead, Mr. Plonski was provided an ongoing stream of unsubstantiated excuses by Respondent Ready, attributing the failure to pay to, among other things, inexplicable wire transfer errors and his bank's refusal to release the funds. Mr. Plonski becomes increasingly more angry and financially desperate, finally telling Respondent Ready that Respondents could pay him the owed funds in installments.

29. On September 8, 2017, Respondent Ready wrote to Mr. Plonski, "Please accept my apologies for the delay in the final closing and reconciliation of your transaction. Please note that your refund of 10k will be delivered to your account by September 15th." (Exhibit 16, p. 10.) However, no moneys were paid.

30. On October 2, 2017, Respondents wired \$2,500 into Mr. Plonski's account. After additional angry phone calls, nine days later, on October 11, 2017, Respondents wired another \$2,500 into Mr. Plonski's account. Approximately 10 days later, Mr. Plonski heard from Respondent Ready, who told him that he had a family emergency and would pay Mr. Plonski the following week. However, no additional moneys were paid.

31. On October 30, 2017, Respondent Ready texted Mr. Plonski that funds would be released sometime that week. However, no funds were released. Mr. Plonski continued to text and call Respondent Ready regarding the payment of the remaining owed funds. After receiving no response from Respondents, he filed a complaint with the Department on January 10, 2018.

32. Between December 2017 and December 2020, Mr. Plonski had no contact with Respondents. During that time Mr. Plonski had ongoing financial difficulties based on an extended period of unemployment. In December 2020, a month before this matter was originally scheduled for hearing, Respondents contacted Mr. Plonski to negotiate a settlement of his complaint against Respondents. Initially, Respondents offered to pay \$5,000 to Mr. Plonski. However, he refused and asked for the \$10,000 he believed he was owed based on Respondents' initial representations that his second refinance was to be a "no cost loan" without loan origination fees. Respondents agreed to pay Mr. Plonski the requested \$10,000.

33. Prior to the moneys being paid, Respondents informed Mr. Plonski that no moneys would be paid unless he signed a settlement which stated, among other things, that the entire dispute was a "misunderstanding," Respondents did nothing wrong, and that Mr. Plonski retracted any statements he made in his DRE complaint against Respondents. (Exhibit 19.) Mr. Plonski refused to sign the settlement because it

contradicted his DRE complaint and misrepresented his dispute with Respondents. He was ultimately paid \$10,000 on or about January 13, 2021, for a total of \$15,000.

34. At hearing, Mr. Plonski testified that he believed Respondents should be held accountable for their actions, did not trust Respondent Ready based on his lack of truthfulness, and would not recommend Respondents' real estate services to another consumer.

### **NIPOMA AVE. PROPERTY**

35. On or about 2018, Eda Obey (Ms. Obey) filed a complaint with supporting documents with the Department against Respondents. (Exhibits 20-30.) Ms. Obey credibly testified at hearing in support of her complaint, clearly still indignant at the negative real estate transaction experience she had with Respondents until its ultimate resolution in January 2011.

36. From May 2016 through August 2017, Respondents solicited, induced, and negotiated with Ms. Obey to finance the real property at 4108 Nipoma Ave., Lakewood, CA 90713 (Nipoma Ave. Property). Respondents advised Ms. Obey that she did not qualify for a conventional loan, and as a result, Ms. Obey could only get a hard money loan.<sup>6</sup> However, Respondents informed Ms. Obey that she could subsequently refinance and obtain a conventional loan.

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<sup>6</sup> A hard money loan is a type of loan that is secured by real property. Hard money loans are considered loans of "last resort" or short-term bridge loans. These loans are primarily used in real estate transactions, with the lender generally being individuals or companies and not banks.



37. Ms. 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. However, Respondents represented to Ms. Obey they would pay back at least \$7,500 to Ms. Obey when she refinanced. Based on that representation, Ms. Obey agreed to the hard money loan offered by Respondents.

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

39. On August 1, 2017, Ms. Obey and her parents refinanced the Nipoma Ave. Property with a conventional loan through Respondents.

40. Ms. Obey contacted Respondents repeatedly to obtain the promised \$7,500 in payment between the loan closing and December 2017, without any payments being made by Respondents. Instead, Respondents repeatedly promised payments that did not materialize.

41. On December 15, 2017, Respondent Ready's email to Ms. Obey stated, "Iron Financial, Inc. agrees it owes Eda Obey a refund of 7,500.00. Once funds are returned to Irons borrower refund account we will do our best to send runner with a check to the borrower." (Exhibit 26, p. 6.) No payment, however, was made.

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

43. On January 19, 2018, Respondents transferred \$1,000 to Ms. Obey. Between January 2018 and December 2020, Ms. Obey received no other payments

from Respondents despite multiple attempts to collect the balance of the owed refund.

44. On February 13, 2018, Ms. Obey filed a small claims court case against Respondents. (Exhibit 29.) She obtained a judgment of \$6,690, was unable to collect the judgment from Respondents, and filed a lien on Respondent Ready's house based on the small claims judgment.

45. On January 13, 2021, Respondents paid Ms. Obey \$10,000 to resolve their dispute. Prior to the moneys being paid, Respondents informed Ms. Obey that no moneys would be paid unless she signed a settlement which stated, among other things, that the entire dispute was the result of "confusion," Respondents did nothing wrong, and that Ms. Obey retracted any statements she made in her DRE complaint against Respondents. (Exhibit 30.) Ms. Obey refused to sign the settlement because it inaccurately portrayed her dispute with Respondents.

46. Ms. Obey testified that she believes Respondent Ready is a "liar" who "took advantage" of her financially in their real estate dealings.

## **Respondents' Evidence**

### **MISREPRESENTATION, FRAUD, AND DISHONEST DEALING**

47. Respondents deny all allegations related to their actions towards Ms. Obey and Mr. Plonski (the borrowers) with regards to the refinances on their respective properties. Respondent Ready asserts that Respondents had no financial obligation to pay the borrowers any moneys and promised and paid them moneys Respondents did not owe. Respondents deny Complainant's argument that their

actions of promising no cost loans to consumers by providing a refund from charged loan origination fees constitutes a kick back.

48. Respondent Ready further asserts that Respondents are blameless in that the borrowers signed the loan documentation and were aware of the terms of the refinances, including any loan origination fees. Respondents deflect all responsibility for the disputes with the borrowers, arguing that any issues in the transactions resulted from the borrowers' ignorance and failure to understand the refinance process. Respondents assert that they were involved in over 200 successful loan transactions during the audit period which resulted in "happy borrowers and flawless loan files." (Exhibit AA, p. 2.) Respondents argue that based on the sheer volume of transactions some borrowers "cannot be pleased even through Respondents went to great lengths to do so." (*Id.*)

49. Respondent Ready's testimony and Respondents' arguments are factually and legally unpersuasive and are not credited. In balance, the borrowers' testimony that Respondents' induced them into refinances based on refunds from the loan in the form of a refund, in the case of Ms. Obey, and the payment of Respondents' loan origination fee, in the case of Mr. Plonski, is afforded greater evidentiary weight than the testimony of Respondent Ready as to Respondents' actions and the claimed selfless motivation to pay moneys to the borrowers. Respondent Ready's assertion that Respondents promised and paid money to the borrowers that they did not owe is inherently improbable and self-serving. Further, Respondents' assertions are contradicted by the credible corroborating evidence that Respondents admitted in writing to refund and pay portions of the loan origination fee to the borrowers, as set forth in Factual Findings 29 and 41.

## **FAILURE TO FILE MORTGAGE LOAN ACTIVITY NOTIFICATION**

50. Respondents argue that Complainant failed to establish a violation of Code section 10166.02, as described in Factual Finding 15. According to Respondents, the Mortgage Loan Activity Notification filed on September 10, 2010 by Ronald Peter Gallego was in place since September 20, 2010 because Gallego's cancellation of the RE 866 on August 29, 2011 was invalid in that Gallego ceased being Respondent IFI's Designated Officer on January 7, 2011 and withdrew the RE 866 without Respondent IFI's authorization. (Exhibit AA, pp. 10-11.)

51. Even if Respondents' assertion that Gallego cancelled the RE 866 without Respondents' knowledge or consent is accepted, the fact is that Respondents failed to provide a reasonable explanation for why Respondent Ready, as Respondent IFI's Designated Officer from October 2012, failed to file an RE 866 prior to 2019. It is the duty of the licensee to comply with the Real Estate Law.

52. No credible evidence was presented to support Respondents' legal and factual argument to mitigate Respondents' failure to file a mortgage loan activity notification, as set forth in Factual Findings 15.

## **FAILURE TO FILE BAR**

53. Respondents admit that no BAR was filed with the Department, as set forth in Factual Finding 16. Respondents' mitigate the failure to file the BAR by explaining that Respondent RFI experienced a change in personnel and that the person taking over the responsibility for this filing "missed it." (Exhibit AA, p. 12.) No corroborating contemporaneous evidence was submitted to substantiate Respondents' self-serving testimony and argument.

54. Further, Respondents provided no reasonable mitigating evidence for Respondents' failure to file not only the 2016 BAR, but also the 2017 and 2018 BARs.

55. Respondents argued that because the BAR "is mostly statistical and not available to the public, so the missed filing of the previous years' BARs did not result in any harm to the public." (Exhibit AA, p. 12.)

56. Respondents filed their 2019 and 2020 BARs as required. However, Respondents' arguments to justify their failure to file the 2016, 2017, and 2018 BARs were not persuasive and Respondents' failures demonstrate a willful disregard to their duties as licensees to comply with the Real Estate Law and undermine their claims of rehabilitation.

57. Respondents argue that the Department cannot seek to discipline Respondents license rights because the DRE must first bill Respondents for the cost of the DRE's audit associated with the licensees' violation of Code section 10166.07, subdivision (a), in failing to file the 2016 BAR, pursuant to Code section 10166.07, subdivision (c). (Exhibit AA, p. 11-12.) Based on the Department's failure to first bill for the DRE's audit costs, Respondents argue that the Department is limited to seeking a citation and fine against Respondents for the 10166.07, subdivision (a), violation rather than pursuing license discipline in this matter. Respondents' argument is legally unpersuasive. The Legislative use of the permissive word "may," rather than the mandatory word "shall," in Code section 10166.07, subdivision (c), clearly designates that the Department has the discretion to seek license discipline in this matter for Respondents' admitted violation of Code section 10166.07, subdivision (a), and is not required to first bill Respondents for the cost of examination.

58. According to Respondents, the company compliance manual has been updated to ensure that the BAR is filed in a timely manner in the future.

### **FAILURE TO PROVIDE MLDS TO BORROWERS**

59. Respondents admit that no MLDS were provided to the MLDS borrowers, as set forth in Factual Finding 17. Respondents attempt to justify their violation of Code section 10240, subdivision (a), by arguing the MLDS in question were provided to the MLDS borrowers by the lender on the loans in question, Deephaven Mortgage LLC. Not only is no corroborating evidence provided to substantiate this speculative assertion, but it is not relevant to the clear statutory duty of Respondents as the broker on the loans to provide the MLDS to the MLDS borrowers under Code section 10240, subdivision (a).

60. Respondents further argue that because all three of the consumer loans were subject to federal disclosure laws, including the requirement of a federal Loan Estimate (LE), Respondents were not required to provide an MLDS to the MLDS borrowers because LE's were provided. (Exhibits J and AA, p. 13.) The LE's submitted into evidence by Respondents to support this argument, however, are unpersuasive as there is no convincing evidence that the LE's were provided and received by the MLDS borrowers, including, but not limited to the lack of a confirmation receipt on any of the LE's Respondents assert were provided to the MLDS borrowers. (Exhibit J.)

61. Further, Respondents argument that the LE's allegedly provided to the MLDS borrowers were sufficient to satisfy Respondents' legal obligations is undermined by their admission that "at most IFI is guilty of not providing a statement that the LE does not constitute a loan commitment and the license checking information." (Exhibit AA, p. 14.)

## **FLN MISREPRESENTATION**

62. Respondents dispute that they misrepresented the FLN provided to borrowers, as set forth in Factual Finding 18. (Exhibit AA, pp. 14-15.) According to Respondents, the FLN statement provided by Respondents was sufficient because it included both the Department and the Department of Business Oversight as alternate Departments where a borrower could file a complaint. (Exhibit 11.) Respondents argument is unpersuasive as the FLN statement provided to borrowers misrepresents to borrowers that the Department, rather than the Department of Business Oversight, is the proper agency where a consumer can address any complaints related to Respondents' mortgage loan activities. (Exhibit 32.)

63. Respondents also deflect responsibility for their deficient FLN by asserting that the FLN Respondent IFI was using at the time was provided by the loan origination software provided by Calyx Point and it had a "minor issue" in the software which automatically populated the FLN to tell borrowers to contact either the Department of Business Oversight with its address or the DRE and its address. No corroborating evidence is provided to substantiate the foregoing assertion.

64. Respondents assert that they are now using the proper FLN disclosure because Calyx Point's software deficiency has been corrected.

## **RESPONDENT READY'S TESTIMONY**

65. Respondent Ready testified that Respondents satisfy their financial obligations to consumers. Respondent Ready testified that Respondents experienced financial difficulties which resulted in a bankruptcy filing that he characterized as one of the biggest in Orange County.

66. Respondent Ready relies on the income generated as a Department licensee to provide for his family. He testified at hearing that he wants to retain his and Respondent IFI's license and licensing rights and intends to act as a real estate licensee in the future.

67. Respondent Ready does not believe that Respondents actions warrant Department discipline of Respondents licenses, MLO endorsement rights, and licensing rights.

68. No character reference letters were submitted by Respondents to corroborate their claims of good character and rehabilitation.

### **Costs**

69. The Department incurred \$2,730.12 in investigative costs and \$4,680 in enforcement costs in the prosecution of this matter, for a total of \$7,410.12 in costs. The costs are reasonable.

70. The Department incurred \$5,264.52 in audit costs. The costs are reasonable.

71. Based on Complainant's amendment of the First Amended Accusation to remove allegations against Respondents from the First Amended Accusation which constitute a portion of the costs the Department is seeking to recover in this matter, Respondents' responsibility for the total amount of audit, investigative, and enforcement costs of \$12,674.64 is reduced by one-third. Accordingly, Respondents are jointly and severable responsible for \$8,449.76 in total costs.



72. Except as set forth in this Decision, all other allegations in the First Amended Accusation and all other contentions by the parties lack merit or constitute surplusage.

## LEGAL CONCLUSIONS

### **Jurisdiction and Standard and Burden of Proof**

1. Jurisdiction was established pursuant to Code section 10100, based on Factual Findings 1-7, and 9.
2. The burden of proof is on the Complainant to show that Respondents' licenses, endorsements, and license rights should be disciplined. To prevail in this matter, Complainant must establish the allegations against Respondents through clear and convincing evidence, to a reasonable certainty. (*Ettinger v. Bd. of Med. Quality Assurance* (1982) 135 Cal.App.3d 853.)

### **Applicable Statutes and Regulations**

3. Code section 10131, subdivision (d), defines a real estate broker engaging in licensed activities as one who "[s]olicits borrowers or lenders for or negotiates loans or collects payments or performs 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."

4. Code section 10166.05 provides, in relevant part:

In addition to any penalties authorized by regulations adopted pursuant to Section 10166.15, the commissioner

may do one or more of the following, after appropriate notice and opportunity for hearing:

(a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan originator license endorsement for a violation of this article, or any rules or regulations adopted hereunder.

(b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license endorsement, if an applicant or endorsement holder fails at any time to meet the requirements of Section 10166.05 or 10166.09, or withholds information or makes a material misstatement in an application for a license endorsement or license endorsement renewal.

5. Code section 10176 states, in relevant part:

The commissioner may, upon his or her own motion, and shall, upon the verified complaint in writing of any person, investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee within this state, and he or she may temporarily suspend or permanently revoke a real estate license at any time where the licensee, while a real estate licensee, in performing or attempting to perform any of the acts within the scope of this chapter has been guilty of any of the following:

(a) Making any substantial misrepresentation.

(b) Making any false promises of a character likely to influence, persuade, or induce. [¶] . . . [¶]

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

(k) Failing to disburse funds in accordance with a commitment to make a mortgage loan that is accepted by the applicant when the real estate broker represents to the applicant that the broker is either of the following:

(1) The lender.

(2) Authorized to issue the commitment on behalf of the lender or lenders in the mortgage loan transaction.

6. Code section 10177 states, in relevant part:

The commissioner may suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real estate licensee, or deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, delay the renewal of a license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following: [¶] . . . [¶]

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with

Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2. [¶] . . . [¶]

(g) Demonstrated negligence or incompetence in performing an act for which the officer, director, or person is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of that licensee's salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required. [¶] . . . [¶]

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

7. Code section 10166.02, subdivision (a), provides:

A real estate broker who acts pursuant to Section 10131.1 or subdivision (d) or (e) of Section 10131, and who makes, arranges, or services loans secured by real property containing one to four residential units, and any salesperson who acts in a similar capacity under the supervision of that broker, shall notify the department by January 31, 2010, or within 30 days of commencing that activity, whichever is later. The notification shall be made in writing, as directed, on a form that is acceptable to the commissioner.

8. Code section 10166.07, subdivision (a), provides, in relevant part:

A real estate broker who acts pursuant to Section 10131.1 or subdivision (d) or (e) of Section 10131, and who makes, arranges, or services one or more loans in a calendar year that are secured by real property containing one to four residential units, shall annually file a business activities report, within 90 days after the end of the broker's fiscal year or within any additional time as the commissioner may allow for filing for good cause.

9. Code section 10166.07, subdivision (c), provides:

If a broker subject to this section fails to timely file the report required under this section, the commissioner may cause an examination and report to be made and may charge the broker one and one-half times the cost of making the examination and report. In determining the hourly cost incurred by the commissioner for conducting an examination and preparing the report, the commissioner may use the estimated average hourly cost for all department audit staff performing audits of real estate brokers. If a broker fails to pay the commissioner's cost within 60 days of the mailing of a notice of billing, the commissioner may suspend the broker's license or deny renewal of that license. The suspension or denial shall remain in effect until the billed amount is paid or the broker's right to renew a license has expired. The

commissioner may maintain an action for the recovery of the billed amount in any court of competent jurisdiction.

10. Code section 10240, subdivision (a), provides:

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 after receipt of a completed written loan application or before the borrower becomes obligated on the note, whichever is earlier, cause to be delivered to the borrower a statement in writing, containing all the information required by Section 10241. It shall be personally signed by the borrower and by the real estate broker negotiating the loan or by a 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.

11. Regulations section 2840 provides:

(a) The Commissioner shall publish and make available to interested persons as official forms of the Bureau of Real Estate Forms RE 882 (Rev. 8/08) and RE 883 (Rev. 8/08) which are incorporated by reference. Forms RE 882 and RE

883 contain approved format and content for the disclosure statement required by subdivision (a) of Section 10240 of the Code and Section 10241 of the Code.

(b) The publication of the forms pursuant to subdivision (a) hereof is for the purpose of aiding real estate licensees in providing the disclosure of material information to prospective borrowers in a uniform and effective manner.

(c) A real estate broker must obtain the prior written approval of the Commissioner if he/she wishes to use forms different than those referred to in (a). Forms that do not adequately provide the information required by the forms in subsection (a) above, as appropriate, and in a format that is easily used by the Bureau will not be approved.

12. The FLN is a California State disclosure that informs the loan applicant that it is illegal to discriminate against credit applicants based on race, color, religion, sex, marital status, national origin or ancestry, and conditions, characteristics, or trends in the neighborhood or geographic area surrounding a housing accommodation. The purpose of the FLN is to comply with the provisions of the California Housing Financial Discrimination Act of 1977, which is also known as the Holden Act. The FLN requirement is codified in the section 35830 of California Health and Safety Code et seq. In California, the lender is required to provide the disclosure to the applicant at the time of receiving a written loan application. The disclosure is required to be provided on mortgage loans secured by properties located in California. The FLN notifies the lender that the DRE regulates mortgage loan activities.

13. Code section 10159.2, subdivision (a), provides:

The officer designated by a corporate broker licensee pursuant to Section 10211 shall be responsible for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees as necessary to secure full compliance with the provisions of this division, including the supervision of salespersons licensed to the corporation in the performance of acts for which a real estate license is required.

14. Regulation section 2725 provides:

A broker shall exercise reasonable supervision over the activities of his or her salespersons. Reasonable supervision includes, as appropriate, the establishment of policies, rules, procedures and systems to review, oversee, inspect and manage:

- (a) Transactions requiring a real estate license.
- (b) Documents which may have a material effect upon the rights or obligations of a party to the transaction.
- (c) Filing, storage and maintenance of such documents.
- (d) The handling of trust funds.
- (e) Advertising of any service for which a license is required.



(f) Familiarizing salespersons with the requirements of federal and state laws relating to the prohibition of discrimination.

(g) Regular and consistent reports of licensed activities of salespersons.

The form and extent of such policies, rules, procedures and systems shall take into consideration the number of salespersons employed and the number and location of branch offices.

A broker shall establish a system for monitoring compliance with such policies, rules, procedures and systems. A broker may use the services of brokers and salespersons to assist in administering the provisions of this section so long as the broker does not relinquish overall responsibility for supervision of the acts of salespersons licensed to the broker.

### **First Cause of Action – Respondents’ Audit Violations**

15. Cause exists pursuant to Code sections 10166.051, subdivisions (a) and (b), section 10176, subdivision (a), and 10177, subdivisions (d), (g), and (h), to discipline Respondents’ license and license rights and MLO license endorsements based on Complainant establishing through clear and convincing evidence Respondents violated the Real Estate Law, as described in Factual Findings 10-19, 50-57, and 59-63.

## **Second Cause of Action – Misrepresentation, Fraud, and Dishonest Dealing**

16. Cause exists pursuant to Code sections 10166.051, subdivision (b) (financial responsibility, character, and general fitness), 10176, subdivision (a) (substantial misrepresentation), 10176, subdivision (b) (false promises), 10176, subdivision (k) (failure to disburse funds), 10177, subdivision (d) (disregard and violation of Real Estate Law), 10177, subdivision (g) (negligence and incompetence), 10177, subdivision (h) (failure to exercise reasonable supervision), 10176, subdivision (i) and 10177, subdivision (j) (fraud and dishonest dealing), to discipline Respondents' license and license rights and MLO license endorsements based on Complainant establishing through clear and convincing evidence Respondents violated the Real Estate Law, as described in Factual Findings 20-49.

### **Appropriate Discipline**

17. Respondents have the burden of demonstrating rehabilitation. Criteria have been developed by the Department to evaluate the rehabilitation of licensees who have committed a crime. Although Respondents have not committed a crime, it is appropriate to evaluate their rehabilitation by reference to the applicable criteria found at Regulations, section 2912. Respondents have not met most of the relevant rehabilitation criteria.

18. Respondents continue to conduct business at the brokerage where the dishonesty occurred. (Regulations, § 2912, subd. (h).) While Respondents ultimately satisfied their financial obligations to the borrowers, the payment occurred only after the Complainant filed the instant matter seeking discipline and more than three years after Respondents incurred their obligations to the borrowers. (Regulations, § 2912,

subds. (b) and (g).) It has been more than two years since the various violations perpetrated by Respondents. (Regulations, § 2912, subd. (a)(1).) Regulations, section 2912, subdivision (a)(1), provides for passage of two years since the act or offense, which can be increased by considering the nature and severity of the crime and the licensee's history of criminal convictions that are "substantially related" to the qualifications, functions, or duties of a real estate licensee.

19. Respondents presented no evidence of involvement in programs designed to provide social benefits or to ameliorate social problems. (Regulations, §2912, subd. (l).) Regulations, section 2912, subdivision (m), calls for a change in attitude from the time of the criminal acts to the present, evidenced by: (1) evidence of rehabilitation from Respondents; (2) evidence from family members, friends or others familiar with Respondents' previous conduct and subsequent attitudes and behavior patterns; (3) evidence from probation or parole officers or law enforcement officials regarding Respondents' social adjustments; (4) evidence from psychiatrists, psychologists, sociologists or other persons competent to testify with regard to neuropsychiatric or emotional disturbances; and (5) absence of subsequent convictions or other conduct which reflect an inability to conform to societal rules when considered in light of the conduct in question.

20. Respondents demonstrated no remorse for their acts or conduct towards the borrowers or in relation to the violations found pursuant to the Department's Audit. Respondents clearly fail to understand how they violated their licensee duties by their knowing, willful, and negligent conduct, continuing to maintain that there is no basis to hold them accountable for any of their actions. Accordingly, Respondents have not demonstrated the necessary change in attitude that makes future recurrence of dishonest and fraudulent conduct and violation of the Real Estate Law obligations

unlikely by continuing to refute any responsibility for the dishonesty perpetrated under their licenses and endorsements. (Regulations, § 2912, subd. (m).)

21. Respondents submitted no affidavits attesting to their personal or professional conduct or integrity. "Favorable testimony of acquaintances, neighbors, friends, associates and employers with reference to their observation of the daily conduct and mode of living" can be helpful in determining whether a person seeking licensure is rehabilitated. (See *In the Matter of Brown* (1993) 2 Cal. State Bar Ct. Rptr. 309, 317 - 318.) Here, there is an absence of evidence to corroborate Respondents' assertions of good character and rehabilitation.

22. Rehabilitation is a state of mind and the law looks with favor upon one who has achieved reformation and regeneration with the reward of the opportunity to serve. (*Pacheco v. State Bar* (1987) 43 Cal.3d 1041, 1058.) Fully acknowledging the wrongfulness of past actions is an essential step towards rehabilitation. (*Seide v. Committee of Bar Examiners* (1989) 49 Cal.3d 933, 940.) The evidentiary significance of misconduct is greatly diminished by the passage of time and by the absence of similar, more recent misconduct. (*Kwasnik v. State Bar* (1990) 50 Cal.3d 1061, 1070.) Mere remorse does not demonstrate rehabilitation. A truer indication of rehabilitation is sustained conduct over an extended period. (*In re Menna* (1995) 11 Cal.4th 975, 991.) Respondent bears the particular burden of establishing rehabilitation sufficient to compel his licensure. (*In the Matter of Brown* (1993) 2 Cal. State Bar Ct. Rptr. 309.)

23. Rehabilitation depends upon a track record of conduct that convinces the Department that that the public would be safe in granting privileges of licensure to respondent. A respondent must establish a history of reliable, responsible and consistently appropriate conduct.

24. Respondents continued licensure and endorsement would not be in the public interest. In determining the appropriate discipline, the central question is what level of discipline is necessary to protect the public. Disciplinary proceedings to suspend or revoke a real estate license are not conducted for the primary purpose of punishing an individual. (*Small v. Smith* (1971) 16 Cal.App.3d 450, 457.) The acts underlying discipline of Respondents' licenses and MLO endorsements are direct violations of the kinds of activities the Department has entrusted them to lawfully engage in by the granting of their respective licenses and endorsements. Further, Respondent Ready is charged with providing supervision to broker associates and salespersons operating under his license. His failure to take responsibility for his and Respondent IFI's actions is alarming and demonstrates a continuing lack of understanding of the Department's requirements. Moreover, Respondent Ready's posture shows that he may not be competent to provide proper supervision as a licensed broker. Respondent Ready's insistence that Respondents are blameless in the dishonesty perpetrated under their license and endorsements against consumers, the borrowers, demonstrates that Respondents continued licensure and endorsement on a restricted basis is untenable. Respondents have not met their burden to establish rehabilitation. Absent any meaningful assurances by Respondents that violations of the Real Estate Law will not recur in the future, the primary purpose of public interest can only be achieved by outright revocation of Respondents' licenses and licensing rights and MLO endorsements.

### **Costs**

25. Code section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the DRE, 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 investigation and enforcement of the case. Complainant provided sufficient evidence to support an award of the costs of the investigation and enforcement in the reduced amount of \$4,940.08, as set forth in Factual Findings 69 and 71.

26. Code section 10148, subdivision (b), provides, in pertinent part, that the Commissioner shall charge a real estate broker for the cost of any audit, if the Commissioner has found that 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 section. Complainant provided sufficient evidence to support an award of audit costs in the reduced amount of \$3,509.68, as set forth in Factual Findings 70 and 71.

27. In *Zuckerman v. State Board of Chiropractic Examiners* (2002) 29 Cal.4th 32, the Supreme Court set forth four factors to be considered to ensure the Department's authority to assess reasonable costs does not deter meritorious claims: (1) Whether the licensee used the hearing process to obtain dismissal of other charges or a reduction in the severity of the discipline imposed; (2) whether the licensee had a "subjective" good faith belief in the merits of his position; (3) whether the licensee raised a "colorable challenge" to the proposed discipline; and (4) whether the licensee has the financial ability to make payments. Applying the *Zuckerman* factors, based on the loss of Respondents' professional licenses and MLO endorsements and its negative impact on Respondents' ability to generate livelihood, it is reasonable to require Respondents to pay the Board's total \$8,449.76 in costs if they choose to reapply for licensure and/or endorsement in the future.

## ORDER

1. All licenses, licensing rights, and MLO license endorsements of respondents Iron Financial, Inc. and Ron Eugene Ready under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) are revoked.
2. Respondents are jointly and severable liable and shall pay costs of investigation and enforcement of \$4,940.08 to the Department upon reapplication for licensure after their licenses and MLO license endorsement revocations.
3. Respondents are jointly and severable liable and shall pay audit costs of \$3,509.68 to the Department upon reapplication for licensure after their licenses and MLO license endorsement revocations.

DATE: 04/27/2021

*Irina Tentser*

IRINA TENTSER

Administrative Law Judge

Office of Administrative Hearings