FILED STEVE CHU, Counsel (SBN 238155) Department of Real Estate 2 320 West 4th Street, Suite 350 OCT 2 0 2020 Los Angeles, California 90013-1105 **DEPT. OF REAL ESTATE** Telephone: (213) 620-6430 Fax: (213) 576-6917 5 6 7 8 BEFORE THE DEPARTMENT OF REAL ESTATE 9 STATE OF CALIFORNIA 10 11 In the Matter of the Accusation of No. H-41803 LA 12 THE FHL FINANCIAL GROUP, and 13 ACCUSATION JEFFREY LOUIS PRATHER, doing business as T D Co, individually and as designated officer of 15 The FHL Financial Group, 16 Respondents. 17 18 The Complainant, Chika Sunquist, a Supervising Special Investigator of the 19 State of California, for cause of Accusation against THE FHL FINANCIAL GROUP and 20 JEFFREY LOUIS PRATHER, doing business as T D Co, individually and as designated 21 officer of The FHL Financial Group, ("Respondents"), is informed and alleges as follows: 22 1. 23 The Complainant, Chika Sunquist, acting in her official capacity as a 24 Supervising Special Investigator of the State of California, makes this Accusation against 25 Respondents THE FHL FINANCIAL GROUP and JEFFREY LOUIS PRATHER. 26

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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.

#### LICENSE HISTORY

3.

Respondent THE FHL FINANCIAL GROUP ("FHL FINANCIAL") presently has license rights under the Real Estate Law, Part 1 of Division 4 of the Code as a corporate real estate broker.

4.

Respondent JEFFREY LOUIS PRATHER ("PRATHER") presently has license rights as a real estate broker. PRATHER also has an individual mortgage loan originator license endorsement.

5.

Respondent FHL FINANCIAL is licensed by the Department of Real Estate ("Department") as a corporate real estate broker by and through Respondent PRATHER, as the designated officer and broker responsible, pursuant to Code section 10159.2, for supervising the activities requiring a real estate license conducted on behalf of FHL FINANCIAL, or by FHL FINANCIAL'S officers, agents and employees.

#### PRIOR LICENSE DISCIPLINE

6.

On or about April 30, 2008, the Real Estate Commissioner in Case

No. H-34504 LA adopted as his Decision effective on or about June 11, 2008, a Stipulation and
Agreement entered on or about March 4, 2008, by Respondents FHL FINANCIAL and
PRATHER and the Department where FHL FINANCIAL and PRATHER stipulated to the acts
and omissions in the Accusation as grounds for disciplinary action in that: FHL FINANCIAL
and PRATHER violated Code sections 10145, 10176(g), and 10238(f) and Regulations
sections 2831, 2831.1, 2832.1, and 2950(h); and PRATHER violated Code section 10159.2.

# BROKERAGE

## THE FHL FINANCIAL GROUP

7.

At all times mentioned, in the City of Laguna Hills, County of Orange, Respondent FHL FINANCIAL acted as a real estate broker, conducting licensed activities within the meaning of Code section 10131(d) (solicits 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 by real property).

### **AUDIT**

### THE FHL FINANCIAL GROUP

8.

On September 30, 2019, the Department completed audit examinations of the books and records of Respondent FHL FINANCIAL pertaining to the activities described in Paragraph 7 which require a real estate license. The audit examinations covered a period of time from January 1, 2017, to April 30, 2019. The audit examinations revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Report LA180052 and the exhibits and workpapers attached to said audit report.

9.

Respondent FHL FINANCIAL accepted or received funds in trust

("trust funds"). Thereafter, Respondent made deposits and or disbursements of such trust

funds. During the examination period described in Paragraph 8 above, Respondent deposited or

maintained trust funds in the following bank accounts:

Bank Account 1: California Bank Trust account ending in 222.

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<b>AUDIT</b>	VIOLA	TIONS	OF THE	REAL	<b>ESTATE</b>	I.AW
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10.

In the course of activities described in Paragraph 7 above and during the examination period described in Paragraph 8 above, Respondents FHL FINANCIAL and PRATHER acted in violation of the Code and the Regulations in that:

- 10(a) As of April 30, 2019, Respondent FHL FINANCIAL had a trust fund shortage in the amount of \$2,000.00. Respondent did not have written consent from the owners of the trust funds to reduce the balance of trust funds to an amount less than the aggregate trust fund liabilities, in violation of Code section 10145 and Regulations section 2832.1.
- 10(b) Bank account 1 used by Respondent FHL FINANCIAL for trust funds was not designated as a trust account in violation of Code section 10145 and Regulations section 2832.
- 10(c) Respondent FHL FINANCIAL did not maintain a complete and accurate control record or general ledger of all trust funds received and disbursed, in violation of Code section 10145 and Regulations section 2831.
- 10(d) Respondent FHL FINANCIAL did not maintain a complete and accurate separate record of all trust funds received and disbursed for each beneficiary in connection with Respondent's broker activities, in violation of Code section 10145 and Regulations section 2831.1.
- 10(e) Respondent FHL FINANCIAL did not perform and maintain a monthly reconciliation of all the separate records with the control record of all trust funds received and disbursed, in violation of Code section 10145 and Regulations section 2831.2.
- 10(f) A subpoena was served to Respondent FHL FINANCIAL for the production of books and records related to the brokerage activities conducted by FHL FINANCIAL. FHL FINANCIAL failed to retain and make available for examination, copying, and inspection the books, accounts, and records related to FHL FINANCIAL'S brokerage activities for the audit period, in violation of Code section 10148.

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10(g) The conduct, acts, or omissions of Respondent PRATHER, as described in Paragraph 10, in failing to ensure compliance of the Real Estate Law by Respondent FHL FINANCIAL, is in violation of Code section 10159.2 and Regulations section 2725.

11.

The conduct, acts, or omissions of Respondents FHL FINANCIAL and PRATHER, described in Paragraph 10 above, violated the Code and the Regulations as set forth below:

8	<u>PARAGRAPH</u>	PROVISIONS VIOLATED			
9	10(a)	Code section 10145 and Regulations section 2832.1			
10		(FHL FINANCIAL)			
11	10(b)	Code section 10145 and Regulations section 2832			
12		(FHL FINANCIAL)			
13	10(c)	Code section 10145 and Regulations section 2831			
14		(FHL FINANCIAL)			
15	10(d)	Code section 10145 and Regulations section 2831.1			
16		(FHL FINANCIAL)			
17	10(e)	Code section 10145 and Regulations section 2831.2			
18		(FHL FINANCIAL)			
19	10(f)	Code section 10148 (FHL FINANCIAL)			
20	10(g)	Code section 10159.2 and Regulations section 2725			
21		(PRATHER)			
22	The foregoing violation	The foregoing violations constitute cause for the suspension or reveastion of all			

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

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

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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.

13.

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 Respondents THE FHL FINANCIAL GROUP and JEFFREY LOUIS PRATHER 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  $21^{9}$  day of 400, 200

Chika Sunquist

Supervising Special Investigator

THE FHL FINANCIAL GROUP

JEFFREY LOUIS PRATHER
Chika Sunquist

Sacto.

Audits