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FILED

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DEPT. OF REAL ESTATE

By *John Aguilera*

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 In the Matter of the Accusation of

No. H-41837 LA.

12 MERIT ONE LENDING, INC.,
13 DONALD THEODORE SPEAKMAN,
14 individually and as designated officer of
15 MERIT ONE Lending, Inc., and
16 ROGER DUZIAN,

ACCUSATION

Respondents.

17 The Complainant, Luke Martin, a Supervising Special Investigator for the Department of Real
18 Estate ("Department" or "DRE") of the State of California, for cause of Accusation against MERIT
19 ONE LENDING, INC. ("MERIT ONE"), DONALD THEODORE SPEAKMAN ("SPEAKMAN"),
20 and ROGER DUZIAN ("DUZIAN") (collectively "Respondents"), alleges as follows:

21 1. The Complainant, Luke Martin, acting in his official capacity as a Supervising
22 Special Investigator, makes this Accusation against Respondents.

23 2. All references to the "Code" are to the California Business and Professions Code
24 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

25 LICENSE HISTORY

26 3. Respondent MERIT ONE has been licensed by the DRE as a real estate corporation
27 ("REC"), License ID 01860670, from on or about March 24, 2009, through the present, with
28 MERIT ONE's license scheduled to expire on March 23, 2021 unless renewed. MERIT ONE is

1 licensed through SPEAKMAN's real estate broker ("REB") license and SPEAKMAN is the
2 designated officer ("D.O.") of MERIT ONE.

3 4. Respondent SPEAKMAN has been licensed by the DRE as a REB, License ID
4 01782215, from on or about November 1, 2012, through the present. SPEAKMAN's license was
5 set to expire on October 31, 2020, however, his license expiration has been extended through an
6 executive order of the Governor of California.^{3/} SPEAKMAN was previously licensed as a real
7 estate salesperson ("RES"), from on or about January 3, 2007 to on or about October 31, 2012.

8 5. Respondent DUZIAN is currently licensed by the DRE as a restricted RES, License
9 ID 01316212. DUZIAN has been licensed by the DRE from August 20, 2001, through the present,
10 with DUZIAN's restricted license scheduled to expire on April 10, 2021 unless renewed.

11 **PRIOR DISCIPLINE – DRE CASE NO. H-38015 LA - DUZIAN**

12 6. On or about April 3, 2012, the DRE filed an Accusation against DUZIAN for
13 violations of Code Sections 10130 and 10137, which provided cause for the suspension or
14 revocation of the licenses and license rights of DUZIAN pursuant to Code Sections 10137,
15 10177(d), 10177(g) and/or 10177(j). The DRE alleged that DUZIAN, using the name Merit One
16 Lending Inc., collected a series of advance fees pursuant to the provisions of a written agreement
17 pertaining to loan modification services to be provided by DUZIAN—activities which required a
18 REB license—and that DUZIAN performed such activities when he was not licensed as a REB nor
19 employed as a RES by the REB on whose behalf the activities were performed.

20 7. On or about March 19, 2013, the Real Estate Commissioner adopted as his decision,
21 effective April 11, 2013, a Stipulation and Agreement entered into by DUZIAN and the DRE in
22 which all licenses and licensing rights of DUZIAN were revoked, provided that a restricted RES
23 would be issued subject to certain terms and conditions including but not limited to: taking and
24 passing the Professional Responsibility Examination ("PRE"); "The restricted license issued to
25 Respondent may be suspended prior to hearing by Order of the Commissioner on evidence
26 satisfactory to the Commissioner that Respondent has violated provisions of the Real Estate law,
27 the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to
28

^{3/}Pursuant to Governor Newsom's Executive Order No. N-83-20, SPEAKMAN's license expiration date was extended until June 30, 2021.

1 the restricted license"; and a statement signed by his employing broker that the employing broker
2 will exercise close supervision over the performance by the restricted licensee relating to activities
3 for which a RES license is required.

4 8. On or about April 11, 2013, the DRE issued DUZIAN a restricted RES license.

5 9. On or about May 21, 2014, the DRE suspended DUZIAN's restricted RES license
6 for failure to take and pass the PRE. On or about June 19, 2014, the DRE re-issued DUZIAN's
7 restricted RES license when he passed the PRE.

8 10. On or about April 14, 2017, DUZIAN petitioned for reinstatement of his RES license.

9 11. On or about October 24, 2017, the Real Estate Commissioner denied DUZIAN's
10 petition for reinstatement of his RES license by order effective on November 16, 2017, based on
11 the finding that a records check revealed that DUZIAN had "at least outstanding 17 judgments and
12 liens for a total of at least \$446,487," and that DUZIAN "presented no evidence of bona fide efforts
13 toward discharging these debts." Moreover, in response to question 4A in DUZIAN's petition for
14 reinstatement, to wit: "Do you have any past debts, outstanding judgments, or have you filed
15 bankruptcy," DUZIAN replied "no" and failed to disclose multiple bankruptcy filings. The
16 Commissioner found that DUZIAN was not sufficiently rehabilitated to receive a RES license.

17 **ACTIVITIES REQUIRING A REAL ESTATE LICENSE**

18 12. At all times mentioned herein, in Los Angeles County, California, Respondents
19 engaged in the performance of activities requiring a real estate license pursuant to Code Section
20 10130, and acted and ordered, caused, authorized or participated in licensed activities within the
21 meaning of Code Sections 10131, 10131.2., and 10131.4.

22 **FACTS DISCOVERED BY DRE**

23 13. From in or about October 2017 through the present, Respondents engaged in a
24 course of conduct to obtain advance fees of \$250,000 from G.S.^{4/}, a private investor/lender, under
25 the pretext of securing \$9 million in funding for a loan for a borrower, John Keith Edwards
26 ("Edwards")—on whose behalf G.S. was lending the \$250,000—without Respondents having
27

28 ^{4/} Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent and/or her attorney(s), after service of a timely and proper request for discovery on Complainant's counsel.

1 secured funding for such \$9 million for Edwards. Respondents then proceeded to receive G.S.'s
2 \$250,000 in advance fees/trust funds through his wire transfers into MERIT ONE's bank account,
3 which unbeknownst to G.S. was not a trust account, then Respondents immediately began
4 disbursing G.S.'s \$250,000 to DUZIAN and others without the knowledge or authorization of G.S.,
5 and without ever refunding any part of the \$250,000 to G.S., despite repeated requests by G.S.
6 Unbeknownst to G.S., within three weeks of receiving G.S.'s \$250,000, Respondents had disbursed
7 all but \$3,430.24 of G.S.'s trust funds, and within just over eight months, all of the trust funds had
8 been disbursed. Respondents' refusal to account for the \$250,000 to G.S., or to refund any part of
9 it to G.S., was an integral part of Respondents' ongoing course of conduct which continues to the
10 present—with the exception of Respondents producing incomplete and inaccurate accountings of
11 the \$250,000 to the Denver, Colorado District Attorney's Office on or about March 8, 2019, and to
12 the DRE on or about August 19, 2020—in order to avoid accountability for G.S.'s \$250,000 and
13 violations of the Real Estate Law.

14 14. Respondents engaged, and continue to engage, in a long-term, ongoing course of
15 conduct of failing to provide or disclose material facts and documents, delaying the provision or
16 disclosure of material facts and documents, and then only partially disclosing material facts and
17 documents after the involvement of law enforcement and the DRE, in order to avoid accountability
18 for G.S.'s \$250,000 and violations of the Real Estate Law. As a result of Respondents' ongoing
19 course of conduct involving suppression of material facts and documents, delaying disclosure of
20 material facts and documents, and then only partially disclosing material facts and documents,
21 despite repeated efforts by G.S. and his attorney, as shown below, the DRE could not, with due
22 diligence, discover any of the material facts regarding what happened to the \$250,000 wired to
23 MERIT ONE until March 8, 2019 at the earliest, when DUZIAN's attorney in Denver, Colorado
24 sent a letter with an incomplete and inaccurate accounting to the Denver District Attorney's Office.

25 15. Moreover, as will be shown below, from November 6, 2017 to present, DUZIAN
26 and MERIT ONE have acted as the real estate agent and broker for G.S., receiving \$250,000 in
27 trust funds made by G.S. to Edwards as a loan, and soliciting lenders and brokering and negotiating
28 potential loans for Edwards that, when funded, was to result in the refund of G.S.'s \$250,000 and

1 payment of a \$50,000 fee to G.S. Through Respondents' real estate activities, they created a
2 fiduciary relationship with G.S. Based on representations made by Edwards and DUZIAN, G.S.
3 was lead to believe a \$9 million loan for Edwards would be funded almost immediately, within a
4 week, and if not, then no later than 30 days, otherwise G.S. could request a refund of his \$250,000.
5 Based on a promissory note that Edwards signed to secure G.S.'s \$250,000 that he wired to
6 Respondents as a loan to Edwards, G.S. believed that the maturity date for repayment of his
7 \$250,000 was December 5, 2017. G.S. did not begin to suspect fraud and dishonest dealing by
8 Respondents until sometime after the December 5, 2017 maturity date, when repayment of his
9 \$250,000 did not occur.

10 16. To date, G.S. has received no refund or repayment of any of his \$250,000. Further
11 details of Respondents' ongoing course of conduct to avoid accountability for G.S.'s \$250,000 and
12 violations of the Real Estate Law follow below.

13 17. The DRE received a complaint from G.S. on or about November 28, 2018, when
14 G.S. was 72 years old. G.S. alleges that from on or about November 5 through 7, 2017, G.S. made
15 three wire-transfer deposits totaling \$250,000 of his own funds into a Wells Fargo Bank account
16 ending in 6361 held by MERIT ONE. G.S. made these deposits of his own funds totaling \$250,000
17 as a loan to his former employer, Edwards. According to G.S., G.S. was asked to provide a loan of
18 \$250,000 as a good faith deposit so that Edwards could secure a commercial loan for his company,
19 Wyoming Acquisitions Venture, LLC ("WAV").

20 18. Edwards told G.S. that the \$250,000 would not be disbursed until and unless
21 MERIT ONE was ready to close the loan commitment for Edwards/WAV, and also that G.S. would
22 need to give his written approval for MERIT ONE to disburse the money based on a preliminary
23 closing statement that G.S. never received. Edwards told G.S. that if no closing happened on the
24 loan within 30 days, G.S.'s money would be returned to him. Edwards told G.S. that MERIT ONE
25 was a licensed California loan broker and that G.S.'s money would be held in trust until a loan to
26 WAV closed in the approximate amount of \$9 million. According to G.S., the loan never closed,
27 and Edwards told him he had no written agreements with MERIT ONE regarding G.S.'s deposit or
28 use of the funds.

1 19. G.S. knew Edwards from having been a consultant to Edwards's company, Bearcat
2 Energy, LLC ("Bearcat"), in Colorado during 2016. At some point prior to G.S. lending Edwards
3 the \$250,000 that was wired to MERIT ONE in 2017, G.S. made a loan to Edwards which was
4 repaid in full in 2016. Because of their prior working relationship and since Edwards repaid G.S.
5 on a previous loan, G.S. placed some trust in Edwards.

6 20. On or about March 14, 2017, Bearcat filed for bankruptcy under Chapter 11 of the
7 Bankruptcy Code, in Colorado. Edwards signed the petition as the CEO of Bearcat.

8 21. On or about September 22, 2017, Bearcat entered into a Purchase and Sale
9 Agreement ("PSA") with WAV whereby WAV would purchase substantially all of Bearcat's assets
10 free and clear of any claims, effective October 1, 2017. On or about September 29, 2017, Bearcat
11 sought an order from the bankruptcy court approving the PSA with WAV. On or about June 13,
12 2018, the bankruptcy court issued an order approving the PSA with WAV.

13 22. On or about October 21, 2017, Edwards contacted G.S. by telephone to discuss a
14 loan proposal. According to G.S., Edwards told G.S. that the loan was a high interest, short term
15 loan secured by his assets, and was to be used as a "good faith deposit" to secure the funding of a
16 commercial loan for a company that Edwards was a 50% partner in, WAV.

17 23. On or about October 22, 2017, Edwards emailed M.W., an acquaintance of G.S.,
18 about the same loan proposal. In this email, among other things, Edwards explained that he had a
19 business plan to raise \$60 million, in three tranches, to take Bearcat out of Chapter 11, acquire
20 pipelines, wells, and well property, and participate on a jet fuel contract. Edwards referenced a
21 phone call with M.W. the previous day. Edwards stated that he was working with "Harrison and
22 Horlick who does fuel contracts," and also that "The money would go directly to the Charles
23 Brown Law firm in Houston who will manage the financial and legal aspects." According to
24 Edwards, Charles Brown was the attorney for Michael Harrison ("Harrison") of Harrison &
25 Horlick. Also according to Edwards, Edwards and Harrison were equal owners of WAV.

26 24. On or about October 23, 2017, Edwards sent another email message to M.W.
27 stating, among other things, that \$3 million had been raised to buy the pipeline, but that \$250,000
28 "earnest money" was needed, and that this money would be credited to the financing that was to

1 close the following week. On the same date, M.W. replied that he needed to pass on the offer and
2 that he did not understand how he would be protected "if things go sideways."

3 25. On or about October 25, 2017, G.S., M.W., and Edwards met at a restaurant in
4 Denver to discuss Edwards's proposal. According to G.S., at this meeting:

5 a. Edwards explained that a loan commitment of \$60 million had been arranged
6 by MERIT ONE, a loan broker in Pasadena, CA, and that his contact at MERIT ONE was
7 DUZIAN, a licensed broker. Edwards stated the first loan tranche of \$9 million was "ready
8 to be made" to WAV and could close within a week, but that \$250,000 in "good faith fees"
9 was required to secure the loan. Edwards stated he did not have the funds but would offer
10 to secure a loan if G.S. wired the money on his behalf directly to MERIT ONE, a licensed
11 California lender with a trust account where the money would be held until closing.

12 b. Edwards stated that once the full deposit was made it would trigger funding
13 of the first \$9 million, and upon funds being disbursed to WAV, the \$250,000 plus a
14 \$50,000 fee would be wired to G.S.

15 c. Edwards stated that in the event the loan did not close within 30 days, G.S.'s
16 deposit could be refunded in full.

17 26. On or about October 27, 2017, DUZIAN sent an email message to Michael Harrison
18 and Charles Brown with the subject "Revised Commitment letter" in which DUZIAN wrote,
19 "Greetings, please see attached the revised commitment letter, please have it signed, and returned
20 via email, Please make sure the wire is out before 'cut off' today or date on the commitment
21 agreement will need to be amended, and I need to contact the investors and make changes that
22 don't like to do." Attached to DUZIAN's October 27, 2017 email message was a document titled
23 "Commitment Letter" on Merit One Realty letterhead, stating that the letter was for Edwards as the
24 borrower, working with MERIT ONE, to procure a private investor loan in the amount of \$9
25 million. The Commitment Letter also stated, "As part of the agreement, borrower will deposit a
26 commitment fee in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) with Merit One
27 Lending Inc.," and then provided instructions for a wire transfer of the commitment fee to MERIT
28 ///

1 ONE's Wells Fargo Bank account ending in 6361. DUZIAN's email message with the attached
2 Commitment Letter was forwarded by Charles Brown to Harrison and Edwards the same day.

3 27. On or about October 30, 2017, G.S. sent an email message to Edwards stating the
4 following:

5 "Is there a website or other way I can a resume [sic] on Charles Brown?

6 Same thing (a resume) on Roger Duzian. [¶] On the Merit One website and on Loopnet he
7 is shown simply as a real estate broker specializing in everything on the planet. Although on
8 the California Dept of R.E. site only Merit One Lending shows up w/ Roger as President?
[¶] There is nothing I can find indicating a relationship between [Harrison & Horlick] and
Merit."

9 The same day, Edwards replied by email to G.S., stating:

10 "Here's his website. He work [sic] at Amoco the same time I was there. I don't know much
11 about Roger other than that Michael [Harrison] speaks very highly of him and they do a lot
12 of international business. [¶] <http://www.charlesbrownlawfirm.com/index.php>

13 28. On or about November 1, 2017, Edwards sent an email message to G.S., M.W.,
14 Charles Brown, and Michael Harrison with the subject "Wyoming Acquisition Venture LLC Joint
15 Venture Agreement 9-21-17." Attached to this email message was a document titled "Loan
16 Facilitation Agreement" ("LFA") dated November 1, 2017, which stated that the LFA was by and
17 between M.W. and G.S. as "Investors," and MERIT ONE as the "Lender." The LFA identified
WAV and Edwards as the "Joint Venture."

18 29. Also on or about November 1, 2017, Harrison sent an email message to DUZIAN
19 stating, "Roger, please note the revised Agreement from Keith [Edwards] below," and Harrison
20 attached a copy of the LFA for DUZIAN. The LFA contained signature lines for M.W., G.S.,
21 Edwards, and MERIT ONE. The LFA stated that,

22 The Joint Venture wishes to establish a lending relationship with MeritOne Realty for the
23 purpose of acquiring Wyoming oil and gas assets set forth in the Bearcat Energy Summary
24 and Use of Proceeds[,] and Investors wish to facilitate that relationship by providing initial
funding for the benefit of the Joint Venture to facilitate that lending relationship.

25 The LFA also contained the following relevant paragraphs:

26 **Loan.** Through the Charles Brown Law Firm the Joint Venture has entered into a
27 Commitment Letter to provide for \$9 million of loan financing to finance the aforementioned
28 business plan documents. An upfront expense of approximately \$500,000 is required by
MeritOne to secure the loan proceeds. Investors will provide 50% of the expense (\$250,000)
to the Charles Brown Law Firm pursuant to this Agreement. CBLF will make those funds
available to MeritOne immediately upon request. Upon funding of the \$9 million loan and at

1 such closing CBLF will wire \$300,000 to Investors in consideration for providing the 50%
2 portion of the required upfront expense money.
3

4 **Return of Funds.** . . . After thirty days, Investor may give written demand to return unused
5 funds to Investors without further demands or claims once the funds have been returned.
6 Upon written demand MeritOne or CBLF will immediately transfer the funds to Investors.

7 30. On or about November 2, 2017, DUZIAN sent an email to Charles Brown with the
8 subject, "Wire instructions for MERIT ONE," containing wire instructions for MERIT ONE's
9 Wells Fargo Bank account ending in 6361. On or about November 3, 2017, Brown forwarded
10 DUZIAN's email to Edwards, and the same day, Edwards forwarded DUZIAN's email to G.S.
11 According to Edwards, this email was related to the same transaction discussed by Edwards in his
12 October 22 and 23, 2017 email messages to M.W. Between October 22 and November 2, 2017, the
13 recipient of the \$250,000 changed from the Charles Brown Law Firm to MERIT ONE.

14 31. At some point between on or about October 21, and November 6, 2017, but prior to
15 the time G.S. caused the first amount of money to be wire transferred from G.S. to MERIT ONE, a
16 telephone conference took place between Edwards, DUZIAN, and G.S., in which DUZIAN was
17 asked if there was a loan that would be funded almost immediately after G.S. made the wire
18 transfer and DUZIAN confirmed that, yes, there was a loan.

19 32. On or about November 5, 2017, Edwards signed a promissory note ("November 5
20 Promissory Note") identifying G.S. as the lender of \$250,000 for the benefit of Edwards, which
21 was secured by Edwards's proportionate share of proceeds from his pending divorce agreement.
22 Under the promissory note, Edwards was to make one payment of all principal, interest, and other
23 sums to G.S. on the earlier of December 5, 2017, or at the time of closing of a \$9 million loan
24 tranche to WAV, which payment to G.S. was to include a \$50,000 fee to G.S.

25 33. Thereafter, Edwards signed an "Amended Promissory Note" for G.S. as lender,
26 identifying as the "Date of Corrective Amendment: 1/2/2018," and listing the due date as
27 December 5, 2017. The amended note was secured by Edwards's proportionate share of proceeds
28 from his divorce agreement, and Edwards promised to pay \$250,000 to G.S., with interest, and an
additional payment of \$50,000 to G.S. as a "Consulting Service Fee" for arranging the deposit fee
for the benefit of Edwards regarding a \$9 million loan commitment.

1 34. On or about November 5 and 6, 2017:

2 a. G.S. signed a "Promissory Note Buy Direct Letter" to loan \$100,000 to
3 Edwards from G.S.'s New Direction IRA account ending in 0547, and included wire
4 transfer instructions to MERIT ONE's Wells Fargo Bank account ending in 6361.

5 b. Edwards signed a Borrower's Acknowledgement Letter regarding the
6 \$100,000 in IRA funds being loaned to Edwards by G.S.

7 c. At G.S.'s request, New Direction IRA wired \$100,000 from G.S.'s IRA
8 account ending in 0547 to MERIT ONE's Wells Fargo Bank account ending in 6361.

9 35. On or about November 6, 2017, at G.S.'s request, Wells Fargo Bank wired \$120,000
10 from G.S.'s Wells Fargo Bank account ending in 6304 into MERIT ONE's Wells Fargo Bank
11 account ending in 6361, and the request contained the notation "regarding Edwards transaction."

12 36. On or about November 7, 2017, at G.S.'s request, Wells Fargo Bank wired \$30,000
13 from G.S.'s Wells Fargo Bank account ending in 6304 into MERIT ONE's Wells Fargo Bank
14 account ending in 6361, and the request contained the notation "for Edwards Transacton [*sic*]."

15 37. Based on the wire transfers made from G.S.'s IRA and Wells Fargo Bank accounts
16 described above in paragraphs 34 through 36, G.S. wired a total of \$250,000 into MERIT ONE's
17 Wells Fargo Bank account ending in 6361 as a loan to Edwards for purposes of securing a \$9
18 million loan for WAV, and in reliance upon representations that the loan would quickly be funded,
19 G.S.'s \$250,000 would be repaid on or before December 5, 2017, and G.S. would be paid an
20 additional \$50,000 fee.

21 38. The funding of the \$9 million loan for WAV did not occur by the maturity date of
22 December 5, 2017, and has not occurred at any time since. Despite repeated requests by G.S. for
23 executed documents, Edwards never provided them. Sometime after December 5, 2017, G.S. made
24 approximately a half dozen phone calls to DUZIAN to make inquiries about the transaction,
25 leaving voicemail messages each time, however, DUZIAN never returned G.S.'s calls.

26 39. On or about January 11, 2018, unbeknownst to G.S., Edwards filed for personal
27 bankruptcy under Chapter 13 of the U.S. Bankruptcy Code. G.S. did not learn that Edwards had
28 filed for personal bankruptcy until on or about July 30, 2018.

1 40. On or about February 7, 2018, G.S. filed a lawsuit against Edwards in the Denver,
2 Colorado District Court alleging that Edwards was in default on the promissory note for G.S.'s
3 \$250,000. G.S. withdrew the lawsuit, because, according to Edwards, he had obtained a loan that
4 was going to close in short order and assured G.S. that he would be paid in full.

5 41. In or about late April 2018, Edwards arranged a conference call with G.S. and
6 DUZIAN. DUZIAN stated he was working on new lenders but would not reveal the identity of any
7 lenders. Although G.S. sent DUZIAN a copy of the "loan pay-off" for the \$250,000 as of April 30,
8 2018, DUZIAN failed to confirm in writing that it would be included when Edwards's loan closed.
9 DUZIAN also would not confirm the location of G.S.'s "Good Faith Deposit" of \$250,000.

10 42. On or about October 15, 2018, G.S.'s attorney sent a letter to MERIT ONE and
11 DUZIAN demanding the immediate refund of G.S.'s \$250,000.

12 43. On or about October 22, 2018, DUZIAN emailed G.S.'s attorney stating that he had
13 received the attorney's letter, and requested that the attorney allow DUZIAN some time for him to
14 connect with Edwards so that he may be able to respond.

15 44. On or about November 1, 2018, G.S. filed a complaint with the Denver District
16 Attorney's Office Economic Crime Unit, in Colorado.

17 45. On or about November 28, 2018, G.S. filed a complaint with the DRE, as alleged
18 above in paragraph 16.

19 46. On or about December 17, 2018, G.S.'s attorney took the deposition of Edwards in
20 Denver through a Rule 2004 Examination pursuant to the bankruptcy proceedings of Edwards'
21 former company, Bearcat. During the deposition, Edwards testified that all he knew was that
22 G.S.'s money went to MERIT ONE and that DUZIAN said it was used for securing loans, though
23 no loan had been funded.

24 47. On or about March 1, 2019, a criminal investigator for the Denver District
25 Attorney's Office in Colorado interviewed DUZIAN by phone. During this interview, DUZIAN
26 confirmed that G.S. wired \$250,000 to DUZIAN. DUZIAN stated that out of the \$250,000, some
27 of the money was paid to Charles Brown, about half was paid to Michael Harrison, and the rest of
28 the money was compensation for work that DUZIAN did for Harrison and Edwards.

1 48. On or about March 8, 2019, a Denver attorney for DUZIAN emailed a letter to the
2 criminal investigator for the Denver District Attorney's Office in Colorado. The DRE did not
3 receive a copy of this letter until on or about July 17, 2020, and it was not provided by
4 Respondents. In his March 8, 2019 letter, DUZIAN's attorney stated the following:

5 a. DUZIAN began working with Michael Harrison in about July 2017 in order
6 to help locate potential lenders to finance one or more business ventures that Harrison was
7 involved with. Harrison introduced DUZIAN to Edwards. The letter stated, "Since a
8 portion of Mr. Duzian's services fell outside his area of expertise, he requested a \$100,000
9 retainer to begin his work."

10 b. By letter dated October 4, 2017, MERIT ONE and DUZIAN requested a
11 retainer in the form of an "up-front commitment fee" of \$100,000. The October 4 letter was
12 revised a few times "resulting, per Mr. Harrison's request, in the amount being increased to
13 \$250,000 to include other amounts directed by Mr. Harrison."

14 c. The \$250,000 was wired to MERIT ONE's bank account on November 6
15 and 7, 2017. The March 8, 2019 letter from DUZIAN's attorney continued:

16 The following day, per instruction, Mr. Duzian wired \$25,000 to Harrison-Edwards'
17 attorney contact in Texas, Charles Brown PC, and \$102,500 to Mr. Harrison. . . .
18 Thus, \$122,500 remained with Mr. Duzian. Later that month, a potential lender for
19 a project in Vail, 'LRE Accord LLC,' required a \$20,000 commitment fee in order
20 to entertain and evaluate the project. . . . This amount was wired to LRE Accord
21 LLC on November 30, 2017. . . . Out of the \$102,500 that then remained of the
22 initial deposit, Mr. Duzian continued to use the money for commitment fees and
other expenses incurred in the normal course of business while in pursuit of
Harrison-Edwards projects. Mr. Duzian paid funds at their direction (commitment
fees, appraisals, etc.), including some legal fees Mr. Edwards expended attempting
to clear title to properties he wanted to use for collateral. Per the agreement, Mr.
Duzian also took personal draws from the commitment fee to compensate him for
his work.

23 49. On or about July 3, 2020, the DRE's special investigator emailed SPEAKMAN and
24 MERIT ONE requesting the following:

25 a. Copies of MERIT ONE'S bank statements covering the months of October,
26 November, and December 2017 for MERIT ONE's bank account ending in 6361;

27 b. Copies of all investor forms or documents and loan transaction files—
28 whether the loan transaction ultimately was completed or not—involving G.S.; and,

c. Copies of all investor forms or documents and loan transaction files—whether the loan transaction ultimately was completed or not—involving Edwards.

50. On July 21, 23, and 27, 2020, and August 13, 2020, the DRE's special investigator made five additional requests, one of which was through a subpoena duces tecum, of SPEAKMAN, Respondents' attorney, and/or MERIT ONE requesting the records described in the July 3, 2020 email to SPEAKMAN.

51. On August 14, 2020, six weeks after the DRE's initial records request, Respondents' attorney emailed the DRE's special investigator a Dropbox link containing documents. On August 19, 2020, the DRE received paper copies of documents produced by Respondents.

52. Among the documents produced by Respondents were copies of MERIT ONE's bank statements covering the months of October, November, and December 2017 for MERIT ONE's bank account ending in 6361. From these bank statements, the DRE learned for the first time that MERIT ONE's Wells Fargo Bank account ending in 6361 was not a trust account, and was not in the name of MERIT ONE as trustee.

53. Also among the documents produced by Respondents electronically by Dropbox was a copy of a document titled "28. Exhibit 27 Edwards Harrison General Accounting," with the heading "Keith Edwards, Michael Harrison," which for the first time disclosed to the DRE an accounting from MERIT ONE of the \$250,000 wired by G.S. to MERIT ONE—with additional details beyond the March 8, 2019 letter from DUZIAN's attorney—as follows:

Keith Edwards Michael Harrison					
AMOUNT RECE	DATE RCVD	ACTION TAKEN	COST	NOTES	
\$120,000	11/6/2017			INCOMING WIRE FOR EDWARDS/HARRISON PROJECT	
\$100,000	11/7/2017			INCOMING WIRE FOR EDWARDS/HARRISON PROJECT	
\$30,000	11/7/2017			INCOMING WIRE FOR EDWARDS/HARRISON PROJECT	
-\$25,000	11/8/2017	PAID CHARLE [sic] BROWN LAW FIRM	\$25,000	PAID CHARLES BROWN PER MICHAEL HARRISON	
-\$102,500	11/8/2017	PAID MICHAEL HARRISON	\$102,500	PAID MICHAEL HARRISON PER HIS INSRUCTIONS	
-\$10,000	11/13/2017	PAID OUT ROGER DUZIAN	\$10,000	PERSONAL DRAW	
-\$2,300	11/28/2017	PACK APPRAISAL CO	\$2,300	APPRAISAL FOR 223 BEAVER DAM RD PROPERTY	
-\$20,000	11/30/2017	COMMITMENT FEE	\$20,000	LRE ACCORD LLC COMMITMENT FEE FOR LOAN BEAVER DAM	
-\$11,000	12/11/2017	PAID OUT ROGER DUZIAN	\$11,000	PERSONAL DRAW	
-\$6,500	12/18/2017	COMMITMENT FEE	\$6,500	AVATAR FINANCIAL COMMITMENT FEE FOR LOAN ON BELCARO DR	
-\$2,500	1/11/2018	PARAGON APPRAISAL	\$2,500	APPRAISAL FOR 3500 BELCARO DR DENVER	
-\$10,000	1/31/2018	PAY OUT ROGER DUZIAN	\$10,000	PERSONAL DRAW	
-\$10,000	2/26/2018	PAY OUT ROGER DUZIAN	\$10,000	PERSONAL DRAW	
-\$2,500	2/26/2018	LEGAL FOR KIETH [sic] EDWARDS	\$2,500	COMMITMENT FEE 3500 BELCARO DR	
-\$10,000	3/1/2018	PAY OUT ROGER DUZIAN	\$10,000	PERSONAL DRAW	
-\$5,000	4/14/2018	LEGAL FOR KIETH [sic] EDWARDS	\$5,000	LEGAL FEE KEITH EDWARDS 223 BEAVER DAM	

1	-\$1,000	4/20/2018	PAY OUT ROGER DUZIAN	\$1,000	PERSONAL DRAW
	-\$2,000	4/30/2018	PAY OUT ROGER DUZIAN	\$2,000	PERSONAL DRAW
2	-\$8,000	5/1/2018	PAY OUT ROGER DUZIAN	\$8,000	PERSONAL DRAW
	-\$2,500	5/17/2018	LEGAL FOR KIETH [sic] EDWARDS	\$2,500	JAMES GALLO FOR GORE CREEK
3	-\$2,500	5/21/2018	LEGAL FOR KIETH [sic] EDWARDS	\$2,500	JAMES GALLO FOR GORE CREEK
	-\$8,000	6/1/2018	LEGAL FOR KIETH [sic] EDWARDS	\$8,000	PERSONAL DRAW
4	-\$8,000	6/6/2018	COMMITMENT FEE	\$8,000	MONACO CAPITAL COMMITMENT FEE ESCALARA/WARREN
	-\$2,000	6/22/2018	COMMITMENT [sic] FEE	\$2,000	MONACO CAPITAL COMMITMENT FEE ESCALARA/WARREN
5	-\$1,000	6/22/2018	COMMITMENT FEE	\$1,000	MONACO CAPITAL COMMITMENT FEE ESCALARA/WARREN
	(\$35,000.00)			\$35,000.00	

54. G.S. never consented to or authorized MERIT ONE to distribute his \$250,000 in deposits.

VIOLATIONS OF THE REAL ESTATE LAW – CAUSES FOR DISCIPLINE

55. In the course of the activities described above in Paragraph 12, and based on the facts discovered by the DRE, as alleged in Paragraphs 13 through 54 above, Respondents acted in violation of the Code and Regulations as follows.

First Cause of Accusation: Code Sections 10085 and 10085.5, and Regulation 2970 – No Advance Fee Agreement Materials Approved

56. The Complainant realleges and incorporates by reference all of the allegations in paragraphs 1 through 55 above, with the same force and effect as though fully set forth herein.

57. According to the DRE's records as of July 21, 2020, there are no approvals of advance fee materials for use by DUZIAN, MERIT ONE, or SPEAKMAN.

58. MERIT ONE and DUZIAN claimed, demanded, charged, received, collected, or contracted for advance fees from G.S. in the amount of \$250,000, for soliciting lenders on behalf of Edwards and/or performing services for Edwards in connection with loans to be secured directly or collaterally by a lien on real property, without submission to the Real Estate Commissioner of any or all materials used in the advance fee agreement, and based on MERIT ONE's Accounting, as shown above in paragraph 53, MERIT ONE used G.S.'s advance fees to pay "commitment fees" of:

- a. \$20,000 to LRE Accord, LLC, on or about November 30, 2017;
- b. \$6,500 to Avatar Financial, on or about December 18, 2017; and
- c. \$8,000, \$2,000 and \$1,000 to Monaco Capital between on or about June 6 and 22, 2018.

1 MERIT ONE's acts and/or omissions as alleged above were all part of its ongoing, continuous
2 course of conduct to mischaracterize advance fees as "commitment fees," collect and pay advance
3 fees from November 7, 2017 through June 22, 2018, do so without submission to the Real Estate
4 Commissioner of any or all materials used in the advance fee agreement violation, and has
5 continued to violate its obligation to obtain approvals of advance fee agreements, in violation of
6 **Code Sections 10085 and 10085.5, and Regulation 2970.**

7 **Second Cause of Accusation: Code Section 10146 – MERIT ONE Failed to Place Advance**
8 **Fees in Trust Account**

9 59. The Complainant realleges and incorporates by reference all of the allegations in
10 paragraphs 1 through 58 above, with the same force and effect as though fully set forth herein.

11 60. MERIT ONE, through DUZIAN, instructed G.S. to wire transfer advance fees to,
12 and such advance fees were received in, MERIT ONE's Wells Fargo Bank account ending in 6361.
13 MERIT ONE's Wells Fargo Bank account ending in 6361 was not set up as a trust account and was
14 not in the name of the broker as a trustee. MERIT ONE's receipt of G.S.'s advance fees in its Wells
15 Fargo Bank account ending in 6361, and its continuing course of conduct in which it failed to place
16 and maintain such advance fees in a trust account between November 6, 2017 and the present, was
17 in violation of **Code Section 10146.**

18 **Third Cause of Accusation: Code Section 10146 and Regulation 2972 – MERIT ONE Failed**
19 **to Provide a Quarterly Accounting of Advance Fees**

20 61. The Complainant realleges and incorporates by reference all of the allegations in
21 paragraphs 1 through 60 above, with the same force and effect as though fully set forth herein.

22 62. According to G.S., he has never received any documentation from MERIT ONE,
23 including a quarterly accounting of the \$250,000 in advance fees. MERIT ONE's failure to
24 provide a quarterly accounting of the advance fees to G.S. was in violation of **Code Section 10146**
25 **and Regulation 2972.**

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1 **Fourth Cause of Accusation: Code Section 10145(a)(1) and Regulation 2832 – MERIT ONE**
2 **Failed to Place Trust Funds in Trust Account**

3 63. The Complainant realleges and incorporates by reference all of the allegations in
4 paragraphs 1 through 62 above, with the same force and effect as though fully set forth herein.

5 64. MERIT ONE, through DUZIAN, instructed G.S. to wire trust funds to, and such
6 trust funds were received in, MERIT ONE's Wells Fargo Bank account ending in 6361, which
7 bank account was not set up as a trust account and was not in the name of the broker as a trustee.
8 MERIT ONE's receipt of G.S.'s trust funds in its Wells Fargo Bank account ending in 6361, and its
9 continuing course of conduct in which it failed to place and maintain such trust funds in a neutral
10 escrow depository or trust fund account between November 6, 2017 and the present, was in
11 violation of **Code Section 10145(a)(1) and Regulation 2832.**

12 **Fifth Cause of Accusation: Code Section 10145(a)(1) – Unauthorized Distribution of Trust**
13 **Funds**

14 65. The Complainant realleges and incorporates by reference all of the allegations in
15 paragraphs 1 through 64 above, with the same force and effect as though fully set forth herein.

16 66. The Accounting of G.S.'s \$250,000 produced by MERIT ONE, as alleged above in
17 paragraph 53, which the DRE did not receive until August 19, 2020, shows payments which
18 actually total \$252,300, but MERIT ONE provided no explanation for the additional \$2,300.

19 67. MERIT ONE did not provide the DRE with any document authorizing the
20 disbursement of any of G.S.'s \$250,000, nor did MERIT ONE produce any document indicating
21 what the disbursements were for, with the exception of the "Notes" column of the Accounting. As
22 alleged above in paragraph 54, G.S. never consented to or authorized MERIT ONE to distribute his
23 \$250,000, and he was lead to believe that the funds were to remain in a trust account while MERIT
24 ONE and DUZIAN sought additional investors for Edwards.

25 68. MERIT ONE's disbursement of G.S.'s trust funds without written authorization
26 from G.S., and unbeknownst to G.S., was part of MERIT ONE's ongoing course of conduct in
27 order to avoid accountability for G.S.'s \$250,000 and its violations of the Real Estate Law, as
28 alleged above, and was in violation of **Code Section 10145(a)(1).**

1 **Sixth Cause of Accusation: Code Sections 10176(e), 10176(i), 10177(j), and 10177(k) – Fraud,**
2 **Dishonest Dealing, and Commingling of Funds**

3 69. The Complainant realleges and incorporates by reference all of the allegations
4 contained in paragraphs 1 through 68 above, with the same force and effect as though fully set forth
5 herein.

6 70. At all times herein mentioned, DUZIAN was the agent and employee of MERIT
7 ONE and required to be under the close supervision of SPEAKMAN pursuant to the terms of the
8 Real Estate Commissioner's decision to issue DUZIAN a restricted RES, as alleged above in
9 paragraphs 7 and 8.

10 71. At some point between July 2017 and October 4, 2017, DUZIAN began working
11 with Edwards to find potential lenders to finance a business venture for Edwards and Harrison
12 according to the letter from DUZIAN's attorney sent to the a criminal investigator for the Denver
13 District Attorney's Office in Colorado, as alleged above in paragraph 48. DUZIAN's activities in
14 soliciting lenders and brokering and negotiating potential loans, among other activities, on behalf of
15 Edwards, and as the agent of MERIT ONE, created and established a real estate agency relationship
16 between Edwards and DUZIAN and MERIT ONE.

17 72. In addition, the following activities undertaken by DUZIAN as the agent of MERIT
18 ONE created and established a real estate agency relationship between G.S. and DUZIAN and
19 MERIT ONE: drafting the Commitment Letter requiring the \$250,000 commitment fee; providing
20 wire transfer instructions for deposit of the \$250,000 into MERIT ONE's bank account that were
21 conveyed to G.S.; receiving a copy of the Loan Facilitation Agreement detailing the nature of the
22 loan from G.S. to Edwards in order to secure a \$9 million loan and identifying G.S. as the investor,
23 Edwards as the borrower, and MERIT ONE as the lender; participating in a phone call prior to G.S.
24 initiating the wire transfer of \$250,000 to MERIT ONE's bank account in which DUZIAN
25 confirmed the existence of a loan that would be funded almost immediately after receipt of G.S.'s
26 \$250,000; having MERIT ONE receive G.S.'s \$250,000 into its Wells Fargo Bank account ending
27 in 6361; and disbursing G.S.'s \$250,000.

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1 73. As a result of MERIT ONE and DUZIAN having created and established real estate
2 agency relationships with both Edwards and G.S., MERIT ONE and DUZIAN owed a fiduciary
3 duty to Edwards and G.S., and each of them, and by virtue of G.S. having placed confidence in the
4 fidelity and integrity of MERIT ONE and DUZIAN in entrusting MERIT ONE and DUZIAN to
5 receive G.S.'s \$250,000 in trust funds, a confidential relationship existed at all times herein
6 mentioned between G.S. and DUZIAN and MERIT ONE.

7 74. MERIT ONE accepted \$250,000 in funds that G.S. wire transferred to MERIT
8 ONE's Wells Fargo Bank account ending in 6361, funds that G.S. caused to be wire transferred as
9 a loan on behalf of Edwards to MERIT ONE based on DUZIAN's wire transfer instructions for
10 MERIT ONE's bank account, because G.S. trusted Edwards through G.S. having worked as an
11 employee for Edwards in the past, also through G.S. having loaned Edwards money on a previous
12 occasion and Edwards repaid the loan to G.S., and based on the following representations:

13 a. According to Edwards, Michael Harrison spoke very highly of DUZIAN and
14 Harrison and DUZIAN did a lot of international business together;

15 b. The \$250,000 was a "good faith deposit" needed by Edwards in order for
16 Edwards to obtain \$9 million in loan funding, that was ready to be made, and could close
17 within a week, and that once the full deposit was made, it would trigger funding of the \$9
18 million loan, which would be disbursed to WAV, and the \$250,000 plus a \$50,000 fee
19 would be wired to G.S.;

20 c. That G.S.'s \$250,000 was to be held in a trust account, was safe, and could
21 not be disbursed without G.S.'s authorization;

22 d. That in the event the loan did not close within 30 days, G.S.'s deposit could
23 be refunded to G.S. in full;

24 e. The Loan Facilitation Agreement dated November 1, 2017, prepared by
25 Edwards, and provided to G.S. and DUZIAN, identified G.S. as an investor, and stated that,
26 "Upon funding of the \$9 million loan and at such closing CBLF will wire \$300,000 to
27 Investors in consideration for providing the 50% portion of the required upfront expense
28 money," and that "After thirty days, Investor may give written demand to return unused

1 funds to Investors without further demands or claims once the funds have been returned.
2 Upon written demand MeritOne or CBLF will immediately transfer the funds to Investors”;

3 f. DUZIAN’s confirmation over the phone, prior to G.S. completing the wire
4 transfer, that there was a loan that would be funded almost immediately; and

5 g. Edwards signed promissory note to G.S. for \$250,000 secured by Edwards’s
6 proportionate share of proceeds from his divorce and separation agreement.

7 75. Material representations alleged in paragraph 74 above were in fact false. The true
8 facts were that:

9 a. MERIT ONE’s bank account that G.S.’s \$250,000 was wired to was not a
10 trust account;

11 b. G.S.’s \$250,000 in trust funds were commingled with MERIT ONE’s own
12 funds in MERIT ONE’s bank account ending in 6361;

13 c. The \$9 million loan was not confirmed by DUZIAN and DUZIAN knew or
14 had reason to know that the loan was not going to be funded immediately, or by the
15 maturity date of December 5, 2017, or at any other time, upon deposit of G.S.’s \$250,000;
16 and

17 d. MERIT ONE and DUZIAN had no intention of ever refunding G.S.’s
18 \$250,000 after 30 days because, based on MERIT ONE’S bank statements and accounting,
19 MERIT ONE and DUZIAN had already disbursed all but \$3,430.24 of G.S.’s \$250,000 by
20 November 27, 2017, and disbursed the remainder by June 22, 2018.

21 76. DUZIAN made the representations to G.S. that the \$9 million loan was going to be
22 funded almost immediately, and failed to disclose to G.S. that:

23 a. The \$9 million loan was not funded and there was no likelihood that the \$9
24 million was going to be funded;

25 b. MERIT ONE’s bank account was not a trust account;

26 c. G.S.’s \$250,000 when deposited would be commingled with MERIT ONE’s
27 own funds;

28 d. MERIT ONE would disburse the funds without G.S.’s authorization;

1 e. MERIT ONE would not provide any documentation or accounting of the
2 \$250,000 to G.S.; and

3 f. MERIT ONE would not refund G.S.'s \$250,000.

4 DUZIAN made such representations, and failed to disclose the above material facts, with the
5 intention to deceive and defraud G.S. and to induce G.S. to act in reliance on these representations
6 and the lack of disclosure of material facts by wiring the \$250,000 to MERIT ONE's bank account,
7 or with the expectation that the G.S. would so act.

8 77. G.S., at the time these representations were made, and the facts regarding
9 disbursement and refund were suppressed, by MERIT ONE and DUZIAN, and at the time G.S.
10 took the actions herein alleged, was ignorant of the falsity of MERIT ONE's and DUZIAN's
11 representations and believed them to be true, and of MERIT ONE's and DUZIAN's failure to
12 disclose the aforementioned material facts. In reliance on these representations and lack of
13 disclosure of material facts, G.S. was induced to and did wire \$250,000 to MERIT ONE's bank
14 account. Had G.S. known the actual facts, G.S. would not have taken such action.

15 78. Despite MERIT ONE and DUZIAN having voluntarily accepted the trust and
16 confidence reposed in them by G.S. regarding the deposit of G.S.'s \$250,000 into MERIT ONE's
17 bank account, and in violation of this relationship of trust and confidence, MERIT ONE and
18 DUZIAN abused the trust and confidence of G.S.

19 79. After MERIT ONE received G.S.'s \$250,000 on November 6 and 7, 2017, it began
20 disbursing the funds right away for purposes other than securing immediate funding of a \$9 million
21 loan for Edwards. Based on MERIT ONE's bank statements and the accounting alleged in
22 paragraph 53 above, between November 6 and 27, 2017, MERIT ONE disbursed all but \$3,430.24
23 of G.S.'s \$250,000 for the following:

- 24 a. To pay personal bills and business expenses;
25 b. To wire \$127,500, over half the money, to Charles Brown and Michael
26 Harrison; and
27 c. To pay \$70,000 in personal draws for DUZIAN.

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1 According to MERIT ONE's own accounting, as shown in paragraph 53 above, by June 22, 2018,
2 MERIT ONE had disbursed the entirety of G.S.'s \$250,000.

3 80. MERIT ONE made the disbursements to Charles Brown and Michael Harrison with
4 no explanation—or documentation—as to the reasons for doing so, and made the personal draw
5 disbursements to DUZIAN without any documentation showing that MERIT ONE or DUZIAN had
6 disclosed what their compensation was to be.

7 81. MERIT ONE produced almost no loan transaction documents at all related to the
8 various Edwards loan attempts, and failed to produce any investor documents—such as DRE forms
9 RE 870 Investor Questionnaire, and RE 851A, Lender/Purchaser Disclosure Statement—for G.S. or
10 any other potential investor.

11 82. After G.S.'s attorney sent a letter to DUZIAN asking for an immediate refund of
12 G.S.'s funds, on October 15, 2018, which was four months after the last entry on MERIT ONE'S
13 Accounting of how G.S.'s funds had been disbursed, DUZIAN replied to G.S.'s attorney on October
14 22, 2018 stating that he needed some time to connect with Edwards and would then respond to G.S.'s
15 attorney. However, that email was the last communication either G.S. or his attorney received from
16 DUZIAN, and G.S. was never provided an accounting of what happened to his funds.

17 83. MERIT ONE submitted copies of their October 2017, November 2017 and
18 December 2017 Wells Fargo Bank account statements for the account ending in 6361, and
19 highlighted on the November and December statements three wire transfers in from G.S. totaling
20 \$250,000, and four wire transfers out totaling \$154,000, corresponding with four parties listed on
21 MERIT ONE's Accounting whom received monies disbursed from G.S.'s funds. On MERIT
22 ONE's November statement, numerous debits appear showing payments to credit cards, credit
23 lines, utilities, restaurants, life insurance premiums, and other entities, as well as large withdrawals
24 described as "made in a branch/store" in the amounts of \$10,500, \$20,000, \$20,010 and \$5,000, the
25 dates of which do not correspond with dates and/or amounts listed on MERIT ONE's Accounting
26 of G.S.'s funds shown in paragraph 53 above.

27 84. MERIT ONE's Accounting of G.S.'s funds shows that G.S.'s \$250,000 was
28 disbursed between November 8, 2017 and June 22, 2018. However, a reconciliation of MERIT

1 ONE's bank statement for November 2017 shows that by November 27, 2017, all but \$3,430.24 of
2 G.S.'s \$250,000 had been disbursed.

3 85. MERIT ONE's November 2017 bank statement shows that:

4 a. On November 6, 2017 there was \$3,429.65 in the account other than G.S.'s
5 first wire transfer of \$120,000, while the debits for just November 6, 2017 totaled
6 \$47,164.69, meaning that on November 6 alone \$43,735.04 of G.S.'s funds were cleared
7 out of the account, yet the Accounting submitted by MERIT ONE shows none of G.S.'s
8 funds being disbursed on November 6, 2017.

9 b. Between November 7, 2017 and November 27, 2017 an additional
10 \$202,834.72 of G.S.'s funds were disbursed, when adding all debits less deposits other than
11 G.S.'s deposit, leaving a balance of only \$3,430.24 of G.S.'s funds, while MERIT ONE's
12 account as of the close of business on November 27, 2017 had an account balance of only
13 \$1,715.12.

14 86. MERIT ONE's Accounting, as shown in paragraph 53 above, shows that:

15 a. Between November 7, 2017 and November 27, 2017, \$137,500 of G.S.'s
16 funds were disbursed, while a reconciliation of MERIT ONE's November 2017 bank
17 statement shows \$202,834.72 of G.S.s funds were disbursed in that same timeframe.

18 b. Between November 28, 2017 and June 22, 2018, \$114,800 of G.S.'s funds
19 were disbursed, while a reconciliation of MERIT ONE's November 2017 bank statement
20 shows that only \$3,430.24 of G.S.'s funds would have remained in the account after
21 November 27, 2017.

22 c. A total of 22 payments of various amounts were made with G.S.'s \$250,000.
23 Nine of the payments were "personal draws" to DUZIAN, totaling \$70,000, however
24 MERIT ONE provided no document that disclosed to potential borrower Edwards or
25 investor G.S. what compensation would be paid to MERIT ONE. The remaining 13
26 payments were made to other parties, only four of which correspond with payments on the
27 Accounting. Additionally, MERIT ONE's November and December 2017 bank account
28 statements were submitted "highlighted" by MERIT ONE to show one wire transfer out in

1 the amount of \$20,000 on November 30, 2017 and one wire transfer out in the amount of
2 \$6,500 on December 18, 2017, corresponding with two withdrawals on MERIT ONE's
3 Accounting, but both of those transfers were made after November 27, 2017 when the
4 balance of G.S.'s funds remaining in the account was only \$3,430.24.

5 87. MERIT ONE and DUZIAN did the acts herein alleged with the intent to deceive and
6 defraud G.S., and MERIT ONE and DUZIAN employed the following devices to conceal from
7 G.S. the facts that the loan for Edwards was not funded and would not be funded, that MERIT ONE
8 and DUZIAN immediately began disbursing G.S.'s \$250,000 and by June 22, 2018 had completely
9 disbursed G.S.'s \$250,000:

10 a. MERIT ONE and DUZIAN refused to provide G.S. with any documentation
11 regarding his \$250,000 in trust funds;

12 b. DUZIAN refused to return G.S.'s multiple phone calls;

13 c. DUZIAN refused to identify any potential lenders to G.S.;

14 d. DUZIAN refused to confirm that the amount owed to G.S. as of late-April
15 2018 would be included as a line item when a loan closed for Edwards;

16 e. DUZIAN refused to confirm the location of G.S.'s \$250,000 as of late-April
17 2018;

18 f. While DUZIAN replied to G.S.'s attorney by email on October 15, 2018
19 requesting time to connect with Edwards to respond, DUZIAN refused to respond further to
20 G.S.'s attorney;

21 g. MERIT ONE and DUZIAN continued to refuse to provide any accounting of
22 the \$250,000 until on or about March 8, 2019, when their attorney sent a letter to the
23 criminal investigator for the Denver District Attorney's Office in Colorado, in which they
24 disclosed for the first time that they disbursed the \$250,000. The DRE did not receive a
25 copy of this letter until on or about July 17, 2020 and it was not provided by Respondents.
26 The DRE received MERIT ONE's Accounting for the first time on August 14, 2020;

27 h. MERIT ONE and DUZIAN, upon receiving an email message from the
28 DRE's special investigator on or about July 3, 2020 requesting records, delayed production

1 of such records for six weeks and only partially produced the records requested by the DRE,
2 first through a Dropbox link on or about August 14, 2020, and then through paper copies
3 received by the DRE on or about August 19, 2020.

4 88. MERIT ONE and DUZIAN took the above actions with the intent to induce reliance
5 by G.S. in the continuing fidelity of MERIT ONE and DUZIAN entrusted with G.S.'s \$250,000 in
6 trust funds. G.S. reasonably relied on MERIT ONE and DUZIAN because they were licensed by
7 the DRE and had established a real estate agency relationship and fiduciary relationship with G.S.

8 89. MERIT ONE's and DUZIAN's acts and/or omissions were in violation of **Code**
9 **Sections 10176(e), 10176(i), and 10177(j).**

10 90. DUZIAN's acts and/or omissions in violation of **Code Sections 10176(e), 10176(i),**
11 **and 10177(j)** also constitute cause pursuant to **Code Section 10177(k)** for the suspension or
12 revocation of all licenses and license rights DUZIAN under the Real Estate Law.

13 **Seventh Cause of Accusation: Code Section 10176(g), 10177(k) – Undisclosed Compensation –**
14 **Secret Profit**

15 91. The Complainant realleges and incorporates by reference all of the allegations in
16 paragraphs 1 through 90 above, with the same force and effect as though fully set forth herein.

17 92. Based on MERIT ONE'S Accounting, as shown in paragraph 53 above, DUZIAN
18 took personal draws totaling \$70,000.00 from G.S.'s \$250,000, however, Respondents did not
19 produce any document that has any information about any disclosure made to the potential
20 borrower or any of the potential investors detailing what compensation MERIT ONE and DUZIAN
21 were to receive for the services they provided to Edwards and G.S. that required a real estate
22 license. According to G.S., MERIT ONE and DUZIAN never provided G.S. with any documents
23 at all regarding the transaction.

24 93. MERIT ONE's and DUZIAN's acts and/or omissions were in violation of **Code**
25 **Section 10176(g),** and constitute cause for the suspension or revocation of all licenses and license
26 rights of MERIT ONE and DUZIAN.

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1 94. DUZIAN's acts and/or omissions in violation of **Code Section 10176(g)** also
2 constitute cause pursuant to **Code Section 10177(k)** for the suspension or revocation of all licenses
3 and license rights DUZIAN under the Real Estate Law.

4 **Eighth Case of Accusation: Code Sections 10148, 10177(g), and 10232.45(c) – Failure to**
5 **Maintain Records, Negligence and Incompetence**

6 95. The Complainant realleges and incorporates by reference all of the allegations
7 contained in paragraphs 1 through 94 above, with the same force and effect as though fully set forth
8 herein.

9 96. As alleged above, on or about July 3, 2020, the DRE's special investigator sent an
10 email message to SPEAKMAN and MERIT ONE requesting that copies of the following MERIT
11 ONE records be provided to the DRE:

12 a. Copies of MERIT ONE'S bank statements covering the months of October,
13 November, and December 2017 for MERIT ONE's bank account ending in 6361;

14 b. Copies of all investor forms or documents and loan transaction files—
15 whether the loan transaction ultimately was completed or not—involving G.S.; and,

16 c. Copies of all investor forms or documents and loan transaction files—
17 whether the loan transaction ultimately was completed or not—involving Edwards.

18 97. On or about August 14, 2020, six weeks after the initial request, Respondents,
19 through their attorney, provided a Dropbox link to documents and also advised the DRE that that
20 they never engaged in any loan transaction with Edwards and G.S., and as a result, there were no
21 “files” for MERIT ONE to provide pertaining to the DRE's request. Instead, Respondents advised
22 that DUZIAN's engagement with Edwards and G.S. was limited to “a role as a liaison,” and that
23 DUZIAN “maintained his role between any and all parties to that of making introductions.”

24 98. The documents that MERIT ONE provided other than the bank statement included:

25 a. Printouts of email messages, some of which indicate DUZIAN is attempting
26 to obtain investors for a loan for Edwards;

27 b. The Accounting document referenced above in paragraph 53, that provides
28 limited details regarding how of G.S.'s \$250,00 was disbursed;

- 1 c. Draft commitment letters for different business opportunities/ventures;
2 d. A draft Loan Facilitation Agreement wherein G.S. is listed as one of the
3 investors, Edwards is listed as a borrower, and MERIT ONE is listed as the lender;
4 e. Draft lender and business venture agreements, none of which are executed or
5 fully executed;
6 f. One appraisal report; and
7 g. One report, some information sheets and some proposed agreements and
8 offers for an oil rig, oil and gas interest, and coal bed methane products, some of which are
9 dated 2015 and some of which are addressed to or are from parties not referenced anywhere
10 else among the documents from MERIT ONE.

11 99. MERIT ONE's Accounting, included among the documents produced by MERIT
12 ONE, shows that:

13 a. DUZIAN was working on the Edwards loan using G.S.'s funds from at least
14 November 8, 2017 though at least June 22, 2018. The date range among the most of the few
15 documents produced by MERIT ONE extends to only mid-December 2017. The documents
16 include one letter dated in August 2018, but it does not appear to involve any of the parties
17 to the Edwards loan, nor any of the properties or business opportunities. If MERIT ONE
18 continued to work on the Edwards loan and disburse G.S. funds between the second half of
19 December 2017 and June 22, 2018, MERIT ONE failed to produce any documentation for
20 any of that time period.

21 b. Between November 13, 2017 and June 1, 2018, there are nine entries on the
22 Accounting listed as personal draws for DUZIAN, totaling \$70,000, but MERIT ONE
23 provided no other document to indicate how MERIT ONE was obligated to pay these sums,
24 and what activities DUZIAN conducted to earn these fees, commissions, or compensation.
25 Of note is that DUZIAN's attorney's March 8, 2019 letter to the criminal investigator for
26 the Denver District Attorney's Office in Colorado stated that, "Per the agreement, Mr.
27 DUZIAN also took personal draws from the commitment fee to compensate for his work,"
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1 however no document or written agreement providing for this arrangement has been
2 produced by Respondents.

3 c. Charles Brown and Michael Harrison were paid \$25,000 and \$102,500
4 respectively, and although there are some email exchanges and some documents among the
5 documents MERIT ONE produced to the DRE, there is no copy of any executed agreement
6 indicating what role either Brown or Harrison played, what activities they performed in the
7 Edwards loan transaction, in what capacity they performed their activities, how their fees
8 were determined, or what obligated MERIT ONE to pay both Brown and Harrison. Of note
9 is that DUZIAN's attorney's letter to the criminal investigator for the Denver District
10 Attorney's Office in Colorado, referred to instructions from Harrison to wire \$25,000 to
11 Charles Brown, and \$102,500 to Harrison, but no documents containing such instructions
12 were produced by Respondents.

13 d. A fee of \$2,300 was paid for an appraisal of property located at 223 Beaver
14 Dam Rd. An appraisal report for 223 Beaver Dam Rd. was among the documents produced
15 by Respondents, however there is no invoice for the report, and the report references a
16 different client.

17 e. On or about November 30, 2017, MERIT ONE paid LRE Accord, LLC a
18 commitment fee of \$20,000 for a loan on Beaver Dam. The only document related to LRE
19 Accord LLC included among the documents provided by MERIT ONE is a letter of intent
20 from March 30, 2015, which letter is not signed by the potential borrower. MERIT ONE
21 highlighted the \$20,000 payment to LRE on the November 2017 bank statement it produced
22 to the DRE, but it did not provide any executed document showing why MERIT ONE was
23 obligated to make this payment, nor is there any document showing that a loan secured by
24 the payment to LRE closed.

25 f. On or about December 18, 2017, MERIT ONE paid Avatar Financial a
26 commitment fee of \$6,500 for a loan on Belcaro Drive. MERIT ONE highlighted the
27 \$6,500 payment to Avatar on its December 2017 bank statement that it produced, but
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2 MERIT ONE did not provide any document other than the Accounting and the December
3 2017 bank statement that references Avatar Financial in any way.

4 g. An appraisal fee of \$2,500 was paid to Paragon for an appraisal of property
5 located at 3500 Belcaro Dr., Denver, but there is no appraisal report or invoice for the
6 appraisal report among the documents MERIT ONE produced to the DRE.

7 h. On February 26, April 14, May 17, and May 21, 2018, MERIT ONE made
8 payments described as "Legal for Keith Edwards" in the amounts of \$2,500, \$5,000, \$2,500
9 and \$2,500, respectively. The first two of these payments do not identify to whom the
10 payments were made, while the last two reference James Gallo. MERIT ONE provided no
11 document that references James Gallo, providing detail beyond the Accounting's
12 description of what the payments were for, or what obligated MERIT ONE to make the
13 payments.

14 i. Between on or about June 6 and 22, 2018, MERIT ONE made three
15 payments to Monaco Capital—\$8,000, \$2,000 and \$1,000—as commitment fees for
16 Escalara Warren, but MERIT ONE did not provide any document that includes the name
17 Monaco Capital.

18 100. Additionally, no advance fee agreement, no Lender/Purchaser Disclosure
19 Statements, and no Investor Questionnaires were included among the documents Respondents
20 produced provided to the DRE.

21 101. MERIT ONE failed to provide loan transaction file(s) for the loans it attempted to
22 obtain for Edwards, and failed to produce investor records for G.S. and the other potential investors
23 referenced among the few documents that Respondents did produce, including M.W., WAV,
24 Michael Harrison/Harrison and Horlick, and Rosdev Capital Funding LP/LRE Accord LLC.

25 102. Respondents also failed to include among the documents it produced some of the
26 documents that DUZIAN's attorney previously provided to the criminal investigator with the
27 Denver District Attorney's Office.

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1 103. MERIT ONE's acts and/or omissions were in violation of Code Sections 10148,
2 10177(g), and 10232.45(c).

3 **Ninth Cause of Accusation: Code Section 10159.5 and Regulation 2731 – Use of False or**
4 **Fictitious Name**

5 104. The Complainant realleges and incorporates by reference all of the allegations
6 contained in paragraphs 1 through 103 above, with the same force and effect as though fully set
7 forth herein.

8 105. MERIT ONE and DUZIAN used the unlicensed fictitious business name "Merit One
9 Realty" to conduct real estate activities, as evidenced on documents and email messages including,
10 but not limited to, the Commitment Letter from DUZIAN to Edwards referenced in paragraph 26
11 above, draft commitment letters sent by DUZIAN to Edwards on or about January 12, 2018, an
12 August 1, 20017 email message from DUZIAN to Michael Harrison, and a June 7, 2018 email from
13 DUZIAN to Edwards and Harrison. The aforementioned fictitious business name was not listed in
14 the DRE's licensing records.

15 106. MERIT ONE's and DUZIAN's acts and/or omissions were in violation of Code
16 Section 10159.5 and Regulation 2731.

17 **Tenth Cause of Accusation: Code Sections 10162(b), 10162(c)(1), and 10162(c)(2) and**
18 **Regulation 2715 – Conducting Business at Address Not of Record**

19 107. The Complainant realleges and incorporates by reference all of the allegations
20 contained in paragraphs 1 through 106 above, with the same force and effect as though fully set
21 forth herein.

22 108. MERIT ONE's main address of record with the DRE is 931 Cypress Avenue,
23 Pasadena, CA, 91103.

24 109. MERIT ONE's mailing address of record with the DRE is 1443 E. Washington
25 Blvd., #182, Pasadena, CA, 91104.

26 110. Mail sent to MERIT ONE by the DRE on or about July 28, 2020 to 1443 E.
27 Washington Blvd., #182, Pasadena, CA 91104 was returned to the DRE marked "ATTEMPTED –
28 NOT KNOWN, UNABLE TO FORWARD."

1 111. By email dated August 13, 2020, Respondents; counsel informed the DRE's special
2 investigator that her clients had relocated.

3 112. MERIT ONE failed to inform the DRE of any change to its main office address and
4 mailing address within 30 days after making the change, in violation of **10162(b), 10162(c)(1), and**
5 **10162(c)(2) and Regulation 2715.**

6 **Eleventh Cause of Accusation: Code Sections 10159.2 and 10177(h), Regulation 2725, and**
7 **Code Sections 10177(d) and/or 10177(g): Responsibility of Corporate Officer in Charge;**
8 **Broker Supervision**

9 113. The Complainant realleges and incorporates by reference all of the allegations
10 contained in paragraphs 1 through 112 above, with the same force and effect as though fully set
11 forth herein.

12 114. Based on the allegations contained in paragraphs 12 through 112 above, and the
13 First through Tenth Causes of Accusation above, as the broker and designated officer of MERIT
14 ONE, SPEAKMAN did not exercise adequate supervision and control over the real estate activities
15 conducted on behalf of MERIT ONE by its employees and licensees to ensure compliance with the
16 Real Estate Laws and Regulations. SPEAKMAN failed to establish policies, rules and systems to
17 review, oversee, inspect, and manage transactions requiring a real estate license and the handling of
18 trust funds. Moreover, pursuant to the Real Estate Commissioner's decision to issue a restricted
19 RES license to DUZIAN, SPEAKMAN was required to carefully review all transaction documents
20 that DUZIAN prepared and to otherwise exercise close supervision over the licensed activity of
21 DUZIAN, which SPEAKMAN has failed to do.

22 115. SPEAKMAN's acts and/or omissions were in violation of **Code sections 10159.2**
23 **and 10177(h), and Regulation 2725.**

24 116. SPEAKMAN's acts and/or omissions were also in violation of **Code Section**
25 **10177(d)** for willful disregard of the Real Estate Law, and in the alternative, **Code Section**
26 **10177(g)** for negligence or incompetence in performing acts for which he is required to hold a
27 license, and constitute cause for the suspension or revocation of all licenses and license rights
28 SPEAKMAN under the Real Estate Law.

1 **Twelfth Cause of Accusation: Code Sections 10177(d) and/or 10177(g), and 10177(k) –**
2 **Negligence and/or Willful Disregard of the Real Estate Law**

3 117. The Complainant realleges and incorporates by reference all of the allegations
4 contained in paragraphs 1 through 116 above, with the same force and effect as though fully set
5 forth herein.

6 118. The overall conduct of DUZIAN is violative of the Real Estate Law and constitutes
7 cause for the suspension or revocation of the real estate licenses and license rights of DUZIAN
8 under the provisions of **Code Section 10177(d)** for willful disregard of the Real Estate Law, and in
9 the alternative, **Code Section 10177(g)** for negligence or incompetence in performing acts for
10 which he is required to hold a license.

11 119. DUZIAN's acts and/or omissions in violation of **Code Sections 10177(d) and/or**
12 **10177(g)**, also constitute cause pursuant to **Code Section 10177(k)** for the suspension or
13 revocation of all licenses and license rights DUZIAN under the Real Estate Law.

14 **INVESTIGATION AND ENFORCEMENT COSTS**

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

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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
2 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
3 against all the licenses and license rights of MERIT ONE LENDING, INC., DONALD
4 THEODORE SPEAKMAN, and ROGER DUZIAN under the Real Estate Law, for the costs of
5 investigation and enforcement as permitted by law, and for such other and further relief as may be
6 proper under other applicable provisions of law.
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8 Dated at Sacramento, California this 1ST day of DECEMBER, 2020.
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10 LSmart.
11 Luke Martin
12 Supervising Special Investigator

13 cc: MERIT ONE LENDING, INC.
14 DONALD THEODORE SPEAKMAN
15 ROGER DUZIAN
16 Luke Martin
17 Sacto.
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