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JUL 12 2017
BUREAU OF REAL ESTATE
By B. Nicholas

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 BIZ4LOANS, HARPREET BALI,)
13 PRADEEP BALI and DALJEET SINGH,)
14 Respondents.)

No. H-3037 FR
FIRST AMENDED ACCUSATION

15 The Complainant, BRENDA SMITH, a Supervising Special Investigator of the
16 State of California, for Accusation against Respondents BIZ4LOANS (BIZ), HARPREET BALI
17 (HARPREET), PRADEEP BALI (PRADEEP) and DALJEET SINGH (SINGH), sometimes
18 collectively referred to as Respondents, is informed and alleges as follows:

19 1

20 The Complainant makes this Accusation against Respondents in her official
21 capacity.

22 2

23 BIZ is presently licensed and/or has license rights under the Real Estate Law,
24 Part 1 of Division 4 of the California Business and Professions Code (Code) by the Bureau of
25 Real Estate (Bureau) as a corporate real estate broker.

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HARPREET is presently licensed and/or has license rights under the Code as a real estate broker.

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At all times mentioned, PRADEEP was and now is licensed by the Bureau as a real estate salesperson whose license has at all times mentioned herein since December 29, 2010, been, and now is, a restricted real estate salesperson license subject to terms, conditions and restrictions pursuant to Sections 10156.6 and 10156.7 of the Code.

5

SINGH is presently licensed and/or has license rights under the Code as a real estate broker.

6.

At all times mentioned, HARPREET was the designated broker-officer of BIZ. As the designated broker-officer, HARPREET was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of officers, agents, real estate licensees and employees of BIZ for which a real estate license is required to ensure the compliance of the corporation with the Real Estate law and the Regulations.

7

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a loan brokerage business with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property, and wherein Respondents arranged negotiated, processed, and consummated such loans.

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1 FIRST CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 7, above, and incorporates the same
4 herein by reference.

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6 Beginning on January 13, 2016, and continuing intermittently through February
7 5, 2016, an audit was conducted at BIZ's main office located at 4491 W. Shaw Avenue, #101,
8 Fresno, California, and at the Bureau's district office located at 1651 Exposition Blvd.,
9 Sacramento, California, where the auditor examined records for the period of January 1, 2015,
10 through January 30, 2016 (the audit period).

11 10

12 While acting as a real estate broker as described in Paragraph 6, above, and
13 within the audit period, BIZ accepted or received funds in trust (trust funds) from or on behalf of
14 property owners, deposited or caused to be deposited those funds into bank accounts maintained
15 by BIZ, at Chase Bank, P.O. Box 659754, Fresno, California, as described below:

16

BANK ACCOUNT #1	
17 Account No.:	XXXXXXXX1885
18 Entitled:	Biz4Loans

19

20 and thereafter from time-to-time made disbursement of said trust funds.

21 11

22 In the course of the activities described in Paragraph 6, in connection with the
23 collection and disbursement of trust funds, it was determined that:

- 24 (a) BIZ failed to designate Bank Account #1 as a trust account as required by
25 Section 2832 of Chapter 6, Title 10, California Code of Regulations
26 (Regulations);
27

- 1 (b) during an accountability performed on Bank Account #1, and as of
2 January 30, 2015, a shortage of \$2,106.85 was revealed, in violation of
3 Section 10145 of the Code;
- 4 (c) BIZ failed to obtain written permission from owners of trust funds in
5 Bank Account #1 to allow the balance to drop below accountability, in
6 violation of Section 2832.1 of the Regulations;
- 7 (d) BIZ failed to submit to the Bureau materials used in connection with the
8 loan modification services offered and undertaken on behalf of clients, as
9 required by Section 2970 of the Regulations and Section 10085 of the
10 Code;
- 11 (e) On or after October 11, 2009, BIZ collected a total of \$4,747.00 in
12 advance fees to perform loan modification services, in violation of
13 Section 10085.6 of the Code;
- 14 (f) BIZ failed to provide an accounting to trust fund owner-beneficiaries
15 from whom advance fees had previously been collected as required by
16 Section 2972 of the Regulations and Section 10146 of the Code;
- 17 (g) BIZ failed to maintain control records for Bank Account #1, as required
18 by Section 2831 of the Regulations;
- 19 (h) BIZ failed to maintain separate beneficiary records for Bank Account #1
20 as required by Section 2831.1 of the Regulations;
- 21 (i) BIZ failed to perform monthly reconciliations of the separate beneficiary
22 records and control records for Bank Account #1 as required by Section
23 2831.2 of the Regulations; and
- 24 (j) BIZ disbursed trust funds from Bank Account #1 for personal use in
25 violation of Section 10176(e) of the Code.

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The acts and/or omissions described above constitute violations of Sections 2831 (control records), 2831.1 (separate beneficiary records), 2831.2 (monthly reconciliations), 2832 (trust fund designation), 2832.1 (written permission balance below accountability) and 2972 (advance fee accounting) of the Regulations, and of Sections 10145 (trust fund handling) and 10176(e) (commingling) of the Code and are grounds for discipline under Sections 10176(e), 10177(d) (willful disregard of real estate laws) and 10177(g) (negligence/incompetence licensee) of the Code.

SECOND CAUSE OF ACTION

13

Complainant refers to Paragraphs 1 through 12, above, and incorporates the same herein, by reference.

14

On or about January 26, 2015, Keith H. agreed to have BIZ, by and through PRADEEP, to perform a modification of a loan secured by property commonly known as 144 Southeast Priest Street, Madison, Florida (Priest Property).

15

On or about January 26, 2015, PRADEEP, acting on behalf of BIZ, told Keith H. that he would have to pay an up front "administrative fee" of \$2,100.00 for the loan modification.

16

On or about January 29, 2015, Keith H. paid PRADEEP \$2,100.00 for the loan modification on the Priest Property.

17

On or about February 9, 2015, BIZ issued and sent to Keith H., a "Conditional Commitment/Letter of Intent" wherein it agreed to process the loan modification of the Priest Property.

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Respondents failed to obtain a loan modification on the Priest Property for Keith H.

19

From and since March 10, 2015, Keith H. has asked for a refund of his \$2,100.00 advance fee, but was told by PRADEEP that it was non-refundable.

20

The acts and or omissions referred to in Paragraphs 12 through 19, above, constitute violations of Section 10085.6 (advance fees for loan modification) of the Code and are grounds for the suspension or revocation of Respondents' licenses pursuant to Sections 10177(d) and 10177(g) of the Code.

THIRD CAUSE OF ACTION

21

Complainant refers to Paragraphs 1 through 20, above, and incorporates the same herein, by reference.

22

On or about January 15, 2015, Alan and Marlene V. agreed to have BIZ, by and through PRADEEP, to perform a modification of a loan secured by their family farm, comprised of numerous parcels, located in Marshall, Minnesota (Marshall Property).

23

On or about January 15, 2015, PRADEEP, acting on behalf of BIZ, told Alan and Marlene V. that they would have to pay an up front "administrative fee" of \$4,500.00 for the loan modification. Ultimately, PRADEEP lowered the fee to \$2,699.00.

24

On or about February 2, 2015, Alan and Marlene V. paid PRADEEP \$2,699.00 for the loan modification on the Marshall Property.

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On or about January 27, 2015, BIZ issued and sent to Alan and Marlene V., a “Conditional Commitment/Letter of Intent”, wherein it agreed to process the loan modification of the Marshall Property.

26

Respondents obtained a lender for a loan modification on the Marshall Property, which Alan and Marlene V. rejected.

27

From and since rejecting the loan, Alan and Marlene V. have asked for a refund of their \$2,699.00 advance fee, but was told by PRADEEP that it was non-refundable, since Respondents did find a lender.

28

The acts and or omissions referred to in Paragraphs 20 through 26, above, constitute violations of Section 10085.6 of the Code and are grounds for the suspension or revocation of Respondents’ licenses pursuant to Sections 10177(d) and 10177(g) of the Code.

FOURTH CAUSE OF ACTION (Loan No. 1)

29

Complainant refers to Paragraphs 1 through 28, above, and incorporates them herein by reference.

30

Leo Entertainment, Inc. (LEO) is a California Corporation, owned by HARPREET and SINGH, and has never been licensed by the Bureau as a corporate real estate broker.

31

Daily Investments Group, LLC (DI) is a California Limited Liability Company, owned by HARPREET and SINGH, and has never been licensed by the Bureau as a corporate real estate broker.

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For the FOURTH through TENTH CAUSE OF ACTIONS, hereafter, Respondents refers to all named Respondents and LEO and DI.

33

Respondents, through HARPREET, solicited Reenu Saini (Reenu S.) to make a loan on certain real property commonly known as 5235 W. Olive, Fresno, California.

34

Reenu S., at various time mentioned herein, represented the interests of Vikas Saini, Shakuntla Saina and IRA Services Trust Co. CFBO Shakuntla Saini-IRA (IRA Trust) as well as herself.

35

The amount solicited for this loan, No. 1, was \$10,000.00. Respondents represented that Loan No. 1 would be secured by real property and be in first position.

36

On or about May 7, 2015, Respondents emailed Reenu S. a note dated May 12, 2015, with BIZ4LOANS as the borrower, in the amount of \$10,000.00. Interest was 15%, with the principal balance due on November 11, 2015. Respondents failed to provide a Lender Purchaser Disclosure Statement (LPDS) and Self-Dealing Notice as required by Section 10231.2(a) of the Code.

37

Respondents made six (6) interest only payments of \$125.00 per month then stopped.

38

Respondents did not maintain any account of receipt of the loan or distribution of interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145 of the Code.

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On May 11, 2015, Reenu S. wired \$10,000.00 to Respondents for Loan No. 1. Respondents failed to provide a LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

40

Before receiving the funds for Loan No. 1, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.45 of the Code and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

41

On November 11, 2015, Respondents defaulted on the principal payment of \$10,000.00.

42

The \$10,000.00 that Reenu S. paid for Loan No. 1 was used by Respondents for their operating expenses instead of a specific loan, in violation of Section 10231 of the Code.

43

No Deed of Trust was created, and thus no Deed of Trust was recorded as required by Sections 10234 and 10234.5 of the Code.

44

The facts alleged above violate Section 10176(a) (substantial misrepresentation, 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code and are grounds for the suspension or revocation of the licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(c), 10176(i) and 10177(j) of the Code.

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2 The above acts and/or omissions of Respondents violate Sections 2831 (trust fund
3 records) and 2832 (trust fund handling) of the Regulations and Sections 10145 (trust fund
4 handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS
5 and Self-Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10232.45
6 (failure to ensure investor suitability), 10233 (no written service agreement), 10234 (failure to
7 record deed of trust) and 10234.5 (failure to deliver deed of trust to investor) of the Code and
8 constitute grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g)
9 and 10177(h) (broker supervision) of the Code.

10 FIFTH CAUSE OF ACTION (Loan No. 2)

11 46

12 Complainant refers to Paragraphs 1 through 45, above, and incorporates them
13 herein by reference.

14 47

15 Respondents, through HARPREET, solicited Reenu S. to make a second loan on
16 certain real property commonly known as 5235 W. Olive, Fresno, California.

17 48

18 The amount solicited for this loan, No. 2, was \$25,000.00. Respondents
19 represented that Loan No. 2 would be secured by real property.

20 49

21 On or about May 22, 2015, Respondent emailed Reenu S. a note dated June 1,
22 2015 with DAILY INVESTMENTS INC. as the borrower, in the amount of \$25,000.00.
23 Interest was 15%, with the principal balance due on December 31, 2015. Respondents failed to
24 provide a LPDS and Self-Dealing Notice as required by Section 10231.2(a) of the Code.

25 50

26 Respondents made six (6) interest only payments of \$312.30 per month then
27 stopped.

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Respondents did not maintain any account of receipt of the loan or distribution of interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145 of the Code.

52

On May 28, 2015, Reenu S. wired \$25,000.00 to Respondents for Loan No. 2. Respondents failed to provide a LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

53

Before receiving the funds for Loan No. 2, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.45 of the Code, and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

54

On December 31, 2015, Respondents defaulted on the principal payment of \$25,000.00.

55

The \$25,000.00 that Reenu S. paid for Loan No. 2 was used by Respondents to make an unsecured loan to Dr. T., instead of a specific loan, in violation of Section 10231 of the Code.

56

No Deed of Trust was created, and thus no Deed of Trust was recorded as required by Sections 10234 and 10234.5 of the Code.

57

The facts alleged above violate Section 10176(a) (substantial misrepresentation, 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code, and are grounds for the suspension or revocation of the

1 (fraud/dishonest dealing) of the Code, and are grounds for the suspension or revocation of the
2 licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(c),
3 10176(i) and 10177(j) of the Code.

4 58

5 The above acts and/or omissions of Respondents violate Sections 2831 (trust fund
6 records) and 2832 (trust fund handling) of the Regulations and Sections 10145 (trust fund
7 handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS
8 and Self-Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10232.45
9 (failure to ensure investor suitability), 10233 (no written service agreement), 10234 (failure to
10 record deed of trust) and 10234.5 (failure to deliver deed of trust to investor) of the Code and
11 constitute grounds for disciplinary action under the provisions of Sections 10177(d) and
12 10177(g) of the Code.

13 SIXTH CAUSE OF ACTION (Loan No. 4)

14 59

15 Complainant refers to Paragraphs 1 through 58, above, and incorporates them
16 herein by reference.

17 60

18 Respondents, through HARPREET, solicited Reenu S. to make a bridge loan on
19 a 145.71 acre walnut orchard.

20 61

21 The amount solicited for this loan, No. 4, was \$150,000.00. Respondents
22 represented that Loan No. 4 would be secured by real property.

23 62

24 On or about July 30, 2015, Respondents emailed Reenu S. a note dated
25 July 30, 2015 with P & M Samra Land Investments, LLC as the borrower, in the amount of
26 \$150,000.00. Interest was 19%, with a balance due on November 15, 2015. Respondents failed
27 to provide an LPDS and Self-Dealing Notice as required by Section 10231.2(a) of the Code.

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63

Respondents made three (3) interest only payments of \$2,375.00 per month then stopped.

64

Respondents did not maintain any account of receipt of the loan or distribution of interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145 of the Code.

65

On July 29, 2015, Reenu S. wired \$150,000.00 to Respondents for Loan No. 4. Respondents failed to provide an LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

66

On or about August 10, 2015, Respondents prepared a Mortgage Loan Disclosure Statement (MLDS) for borrowers of Loan No. 4. Respondents failed to sign the MLDS, in violation of Section 10240 of the Code.

67

On August 11, 2015, a Deed of Trust for Loan No. 4 was recorded in Sutter County.

68

On August 11, 2015, two Subordination Agreements for Loan No. 4 were recorded in Sutter County. One of the Agreements was in favor of Reenu S., but was not signed by Reenu S.

69

Respondents did not have written authorization to service Loan No. 4, in violation of Section 10233 of the Code.

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1 70

2 Before receiving the funds for Loan No. 4, Respondents failed to obtain an
3 Investor Suitability Questionnaire as required by Section 10232.45 of the Code, and failed to
4 provide lenders a Service Agreement as required by Section 10233 of the Code.

5 71

6 On November 15, 2015, Respondents defaulted on the principal payment of
7 \$150,000.00.

8 72

9 On November 24, 2015, the borrowers of Loan No. 4 filed Chapter 12
10 Bankruptcy.

11 73

12 The facts alleged above violate Section 10176(a) (substantial misrepresentation,
13 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course
14 of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j)
15 (fraud/dishonest dealing) of the Code, and are grounds for the suspension or revocation of the
16 licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(c),
17 10176(i) and 10177(j) of the Code.

18 74

19 The above acts and/or omissions of Respondents violate Sections 2831 (trust fund
20 records) and 2832 (trust fund handling) of the Regulations, and Sections 10145 (trust fund
21 handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS
22 and Self- Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10232.45
23 (failure to insure investor suitability), 10233 (no written service agreement), 10234 (failure to
24 record deed of trust) and 10234.5 (failure to deliver deed of trust to investor) and 10240 (failure
25 to sign MLDS) of the Code, and constitute grounds for disciplinary action under the provisions
26 of Sections 10177(d) and 10177(g) of the Code.

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Before receiving the funds for Loan No. 5, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.45 of the Code and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

83

On June 21, 2016, Respondents defaulted on the principal payment of \$80,000.00.

84

The \$80,000.00 that Reenu S. paid for Loan No. 5 was used by Respondents to make several smaller unsecured loans, instead of a specific loan, in violation of Section 10231 of the Code.

85

No Deed of Trust was created, and thus no Deed of Trust was recorded as required by Sections 10234 and 10234.5 of the Code.

86

The facts alleged above violate Section 10176(a) (substantial misrepresentation), 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code, and are grounds for the suspension or revocation of the licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(c), 10176(i) and 10177(j) of the Code.

87

The above acts and/or omissions of Respondents violate Sections 2831 (trust fund records) and 2832 (trust fund handling) of the Regulations and Sections 10145 (trust fund handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS and Self-Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10233 (no written service agreement), 10234 (failure to record deed of trust) and 10234.5 (failure to deliver

1 deed of trust to investor) of the Code and constitute grounds for disciplinary action under the
2 provisions of Sections 10177(d) and 10177(g) of the Code.

3 EIGHTH CAUSE OF ACTION (Loan No.7)

4 88

5 Complainant refers to Paragraphs 1 through 87, above, and incorporates them
6 herein by reference.

7 89

8 Respondents, through HARPREET, solicited Reenu S. to make a second loan on
9 a start-up company known as Confia Systems.

10 90

11 The amount solicited for this loan, No. 7, was \$35,000.00. Respondents
12 represented that Loan No. 7 would be secured by real property.

13 91

14 On or about July 8, 2015, Respondents emailed Reenu S. a note dated July 8,
15 2015 with Nadaradjane R. and Seema A. as the borrowers, in the amount of \$35,000.00.
16 Interest was 17%, with a balance due on January 8, 2016. Respondents failed to provide a
17 LPDS and Self-Dealing Notice as required by Section 10231.2(a) of the Code.

18 92

19 On July 8, 2015, Respondents prepared a Mortgage Loan Disclosure Statement
20 for borrowers of Loan No. 7 that was not signed, in violation of Section 10240 of the Code.

21 93

22 Respondents made six (6) interest only payments of \$495.03 per month then
23 stopped.

24 94

25 Respondents did not maintain any account of receipt of the loan or distribution of
26 interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145
27 of the Code.

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95

On August 13, 2015, Reenu S. wired \$35,000 to Respondents for Loan No. 7. Respondents failed to provide an LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

96

Before receiving the funds for Loan No. 7, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.4, 10232.45 and 10234 of the Code, and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

97

On or about July 8, 2015, the borrowers of Loan No. 7 signed a Deed of Trust with IRA listed as the beneficiary and borrowers residence as security. This deed of Trust was not recorded, in violation of Section 10234 of the Code.

98

On January 8, 2016, Respondents defaulted on the principal payment of \$35,000.00.

99

No Deed of Trust was created, and thus no Deed of Trust was recorded as required by Sections 10234 and 10234.5 of the Code.

100

The facts alleged above violate Section 10176(a) (substantial misrepresentation, 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code, and are grounds for the suspension or revocation of the licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(c), 10176(i) and 10177(j) of the Code.

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The above acts and/or omissions of Respondents violate Sections 2831 (trust fund records) and 2832 (trust fund handling) of the Regulations, and Sections 10145 (trust fund handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS and Self- Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10232.45 (failure to ensure investor suitability), 10233 (no written service agreement), 10234 (failure to record deed of trust), 10234.5 (failure to deliver deed of trust to investor) and 10240 (failure to sign MLDS) of the Code, and constitute grounds for disciplinary action under the provisions of Sections 10177(d) and 10177(g) of the Code.

NINTH CAUSE OF ACTION (Loan No. 8)

102

Complainant refers to Paragraphs 1 through 101, above, and incorporates them herein by reference.

103

Respondents, through HARPREET, solicited Reenu S. to make a business owned by Kathleen B.

104

The amount solicited for this loan, No. 8, was \$15,000.00. Respondents represented that Loan No. 8 would be secured by real property commonly known as 3849 N. Cheryl Ave., Fresno, California.

105

On or about September 1, 2015, Respondents emailed Reenu S. a note dated September 1, 2015, with Kathleen B. as the borrower, in the amount of \$15,000.00. Although Reenu S. loaned the money, the promisee on the note was Daily Investments LLC. (sic) Interest was 16%, with a balance due on June 1, 2016. Respondents failed to provide an LPDS and Self-Dealing Notice as required by Section 10231.2(a) of the Code.

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106

On August 31, 2015, Respondents prepared a Mortgage Loan Disclosure Statement for borrowers of Loan No. 8 that was not signed, in violation of Section 10240 of the Code.

107

Respondents made eight (8) interest only payments of \$125.00 to \$175.00 per month then stopped.

108

Respondents did not maintain any account of receipt of the loan or distribution of interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145 of the Code.

109

On September 4, 2015, Reenu S. wired \$15,000 to Respondents for Loan No. 8. Respondents failed to provide a LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

110

Before receiving the funds for Loan No. 8, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.45 of the Code, and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

111

On or about September 1, 2015, the borrowers of Loan No. 8 signed a Deed of Trust with Reenu S. listed as the beneficiary and 3849 N. Cheryl Ave., Fresno, as security. This deed of Trust was not recorded, and therefore not delivered, in violation of Sections 10234 and 10234.5 of the Code.

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112

On June 1, 2016, Respondents failed to pay Reenu S. the principal payment of \$15,000.00, despite having been paid by Kathleen B.

113

The facts alleged above violate Section 10176(a) (substantial misrepresentation, 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code and are grounds for the suspension or revocation of the licenses and license rights of Respondents under Sections 10176(a), 10176(b), 10176(c), 10176(i) and 10177(j) of the Code.

114

The above acts and/or omissions of Respondents violate Sections 2831 (trust fund records) and 2832 (trust fund handling) of the Regulations, and Sections 10145 (trust fund handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS and Self-Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10233 (no written service agreement), 10234 (failure to record deed of trust) 10234.5(failure to deliver deed of trust to investor), and 10240 (failure to sign MLDS) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d) and 10177(g) of the Code.

TENTH CAUSE OF ACTION (Loan No. 9)

115

Complainant refers to Paragraphs 1 through 114, above, and incorporates them herein by reference.

116

Respondents, through HARPREET, solicited Reenu S. to make a loan on a golf course.

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117

The amount solicited for this loan, No. 9, was \$100,000.00. Respondents represented that Loan No. 9 would be secured by real property.

118

On or about December 7, 2015, Respondents emailed Reenu S. a note dated December 7, 2015 with Daily Investments, LLC (sic) as the borrower, in the amount of \$100,000.00. Interest was 17%, with the principal balance due on September 4, 2016. Respondents failed to provide an LPDS and Self- Dealing Notice as required by Section 10231.2(a) of the Code.

119

Respondents made four (4) interest only payments of \$1,416.66 per month and six (6) payments of \$1,500.00 per month, then stopped.

120

Respondents did not maintain any account of receipt of the loan or distribution of interest payments in violation of Section 2831 and 2832 of the Regulations and Section 10145 of the Code.

121

On November 24, 2015, Reenu S. wired \$59,970.00 and on November 30, 2015, wired \$39,970.00 to Respondents for Loan No. 9. Respondents failed to provide an LPDS to Reenu S. before receiving the funds, in violation of Section 10231(b) of the Code.

122

Respondents used the \$100,000.00 meant by Reenu S. as a loan on a golf course, for several smaller unsecured loans, in violation of Section 10231 of the Code.

123

Respondents did not have written authorization to service Loan No. 9, in violation of Section 10233 of the Code.

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124

Before receiving the funds for Loan No. 9, Respondents failed to obtain an Investor Suitability Questionnaire as required by Section 10232.45 of the Code, and failed to provide lenders a Service Agreement as required by Section 10233 of the Code.

125

On September 4, 2016, Respondents defaulted on the principal payment of \$100,000.00.

126

The facts alleged above violate Section 10176(a) (substantial misrepresentation, 10176(b) (false promises to influence, persuade or induce), 10176(c) (continued, flagrant course of misrepresentation), 10176(i) (other conduct: fraud or dishonest dealing) and 10177(j) (fraud/dishonest dealing) of the Code and are grounds for the suspension or revocation of the licenses and license rights of Respondents under Sections 10176(a), 10176(b), 10176(c), 10176(i) and 10177(j) of the Code.

127

The above acts and/or omissions of Respondents violate Sections 2831 (trust fund records) and 2832 (trust fund handling) of the Regulations and Sections 10145 (trust fund handling), 10231 (funds not applied to specific loan), 10231.2(a) and (b) (failure to submit LPDS and Self-Dealing Notice to BRE), 10232.4 (failure to provide LPDS to investor), 10232.45 (failure to insure investor suitability), 10233 (no written service agreement), 10234 (failure to record deed of trust) and 10234.5 (failure to deliver deed of trust to investor) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d) and 10177(g) of the Code.

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1 ELEVENTH CAUSE OF ACTION

2 128

3 Complainant refers to Paragraphs 1 through 127, above, and incorporates the
4 same herein, by reference.

5 129

6 At all times herein above mentioned, HARPREET was responsible as the
7 supervising designated broker/officer for BIZ, for the supervision and control of the activities
8 conducted on behalf of BIZ'S business by its employees to ensure its compliance with the Real
9 Estate Law and Regulations. HARPREET failed to exercise reasonable supervision and control
10 over the property management activities of BIZ. In particular, HARPREET permitted, ratified
11 and/or caused the conduct described above to occur, and failed to take reasonable steps,
12 including but not limited to, the handling of trust funds, supervision of employees, and the
13 implementation of policies, rules, and systems to ensure the compliance of the business with the
14 Real Estate Law and the Regulations.

15 130

16 The above acts and/or omissions of HARPREET violate Section 2725 of the
17 Regulations and Section 10159.2 (responsibility/designated officer) of the Code, and constitute
18 grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g) and
19 10177(h) (broker supervision) of the Code.

20 131

21 Section 10106 of the Code provides, in pertinent part, that in any order issued in
22 resolution of a disciplinary proceeding before the Bureau, the commissioner may request the
23 administrative law judge to direct a licensee found to have committed a violation of this part to
24 pay a sum not to 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
2 allegations of this Accusation and that upon proof thereof a decision be rendered imposing
3 disciplinary action against all licenses and license rights of Respondents under the Real Estate
4 Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further
5 relief as may be proper under other provisions of law.

6 
7 BREND A SMITH
8 Supervising Special Investigator

9 Dated at Fresno, California,
10 this 10 day of July, 2017

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