

FILED

JUN 26 2013

DEPARTMENT OF REAL ESTATE
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9 DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

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12 In the Matter of the Accusation

No. H-04505 SD

13 AMERICAN CITY EQUITIES INC.;) ACCUSATION
14 SANTIAGO ORVANANOS, indivi-)
15 dually, and as designated)
16 officer for American City)
17 Equities Inc.; and JEAN)
18 PAUL SCHWARZ,)
19)
20)
21 Respondents.)
22 _____)

23 The Complainant, Anthony Vo, a Deputy Real Estate
24 Commissioner of the State of California, for cause of Accusation
25 against Respondents AMERICAN CITY EQUITIES INC. ("AMERICAN
26 CITY"), SANTIAGO ORVANANOS ("ORVANANOS"), individually, and as
27 designated officer for AMERICAN CITY, and JEAN PAUL SCHWARZ
("SCHWARZ") alleges as follows:

1.

The Complainant, Anthony Vo, a Deputy Real Estate

1 Commissioner of the State of California, makes this Accusation in
2 his official capacity.

3 2.

4 AMERICAN CITY is presently licensed and/or has license
5 rights under the Real Estate Law (Part 1 of Division 4 of the
6 Business and Professions Code, hereinafter "Code"), as a real
7 estate corporation acting by and through ORVANANOS as its
8 designated broker-officer.

9 3.

10 ORVANANOS is presently licensed and/or has license
11 rights under the Real Estate Law as a real estate broker and
12 designated broker-officer of AMERICAN CITY.

13 4.

14 Since on or about June 28, 2012, SCHWARZ has been
15 licensed and/or has license rights under the Real Estate Law as
16 a real estate salesperson. Prior to June 28, 2012, SCHWARZ was
17 not licensed by the Department in any capacity.

18 5.

19 At all times relevant herein ORVANANOS, as the officer
20 designated by AMERICAN CITY, pursuant to Section 10211 of the
21 Code, was responsible for the supervision and control of the
22 activities conducted on behalf of AMERICAN CITY by its officers
23 and employees as necessary to secure full compliance with the
24 Real Estate Law as set forth in Section 10159.2 of the Code.

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6.

1 ORVANANOS ordered, caused, authorized or participated
2 in the conduct of AMERICAN CITY, as is alleged in this
3 Accusation.
4

5 7.

6 At all times material herein, Respondents were engaged
7 in the business of, acted in the capacity of, advertised or
8 assumed to act as real estate brokers and/or real estate
9 corporations in the State of California, within the meaning of
10 Code Section 10131(d) of the Code. Said activities included
11 soliciting borrowers and lenders and negotiating the terms of
12 loans secured by real property between borrowers and third party
13 lenders for or in expectation of compensation.
14

15 FIRST CAUSE OF ACCUSATION

16 (Violation of Code Section 10085.6 by Respondents AMERICAN CITY
17 and ORVANANOS)

18 8.

19 At all times mentioned herein Respondents engaged in
20 the business of advance fee brokerage within the definition of
21 Code Section 10131.2 by claiming, demanding, charging, receiving,
22 collecting or contracting for the collection of an advance fee,
23 within the meaning of Code Section 10026, in connection with
24 employment undertaken to obtain a loan or loans.

25 9.

26 On or about July 7, 2010, Angela S. paid AMERICAN CITY
27 an advance fee \$1,250 for a loan modification. The advance fee
was collected by SCHWARZ on behalf of AMERICAN CITY pursuant to

1 the provisions of an agreement pertaining to loan solicitation,
2 negotiation, and modification services to be provided by
3 Respondents with respect to a loan secured by the residential
4 real property located at 1694 Chestnut Avenue, Carlsbad, Ca
5 92008.

6 10.

7 On October 11, 2009, Code Section 10085.6 went into
8 effect. By its terms Section 10085.6 prohibits any real estate
9 licensee who negotiates, attempts to negotiate, arranges,
10 attempts to arrange, or otherwise offers to perform a loan
11 modification with respect to residential property to "claim,
12 demand, charge, collect, or receive any compensation until after
13 the licensee has fully performed each and every service the
14 licensee contracted to perform or represented that he, she, or it
15 would perform."

16 11.

17 By virtue of the application of Code Section 10085.6
18 to the advance fee transaction described in Paragraph 10, above,
19 Respondents violated the statute's provisions when Respondents
20 collected an advance fee after such fees were prohibited by Code
21 Section 10085.6.

22 12.

23 The conduct, acts and/or omissions of Respondents, as
24 set forth above, is cause for the suspension or revocation of the
25 licenses and license rights of Respondents pursuant to Code
26 Sections 10177(d) and/or 10177(g).
27

SECOND CAUSE OF ACCUSATION

1 (Violation of Code Section 10137 by Respondents AMERICAN CITY and
2 ORVANANOS in Employing and/or Compensating an Unlicensed
3 Individual)

4 13.

5 Complainant hereby incorporates by reference the
6 allegations set forth in Paragraphs 1 through 12, above.

7 14.

8 The activities described in Paragraph 9, above, require
9 a real estate license under Sections 10131(d) and 10131.2 of the
10 Code. Respondents violated Section 10137 of the Code by
11 employing and/or compensating SCHWARZ who was not licensed as a
12 real estate salesperson or as a broker to perform activities
13 requiring a real estate license, including but not limited to
14 soliciting and receiving an advance fee payment for the
15 performance of loan modification services with respect to a lien
16 on residential real property.

17 15.

18 The conduct, acts and/or omissions of Respondents, as
19 set forth in Paragraph 14, above, is cause for the suspension or
20 revocation of the licenses and license rights of Respondents
21 AMERICAN CITY and ORVANANOS pursuant to Code Sections 10177(d)
22 and/or 10177(g) for violation of Code Section 10137.

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THIRD CAUSE OF ACCUSATION

(Unlicensed Activity by Respondent SCHWARZ)

16.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 15, above.

17.

On the occasion set forth in Paragraph 9, above, Respondent SCHWARZ engaged in the business of soliciting, negotiating, or offering to negotiate, loan modifications in connection with loans secured directly or collaterally by liens on real property for compensation or in expectation of compensation.

18.

Based on the information contained in Paragraph 9, above, SCHWARZ performed and/or participated in loan solicitation, negotiation, and modification activities which require a real estate broker license under the provisions of Code Sections 10131(d) during a period of time when Respondent was not licensed by the Department as a real estate broker nor employed as a real estate salesperson by a broker on whose behalf the activities were performed.

19.

The conduct, acts and/or omissions of SCHWARZ violate Code Section 10130, and is cause for the suspension or revocation of the licenses and license rights of Respondent SCHWARZ pursuant to Code Sections 10177(d) and/or 10177(g) and/or 10177(j).

FOURTH CAUSE OF ACCUSATION

(Negligent supervision by Respondent ORVANANOS)

20.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 15, above.

21.

The conduct, acts and/or omissions of ORVANANOS in allowing Respondent AMERICAN CITY to violate the Real Estate Law, as set forth above, constitutes a failure by ORVANANOS, as the officer designated by the corporate broker licensee, to exercise the supervision and control over the activities of AMERICAN CITY as required by Code Section 10159.2, and is cause to suspend or revoke the real estate licenses and license rights of ORVANANOS under Code Sections 10177(d), 10177(g) and/or 10177(h).

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

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all the licenses and license rights of Respondents
5 AMERICAN CITY EQUITIES INC., SANTIAGO ORVANANOS and JEAN PAUL
6 SCHWARZ under the Real Estate Law, for the cost of investigation
7 and enforcement as permitted by Code Section 10106, and for such
8 other and further relief as may be proper under other applicable
9 provisions of law.

10 Dated at Los Angeles, California

11 this 26th day of JUNE, 2013.

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14 
15 Anthony Vo
16 Deputy Real Estate Commissioner
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19

20 cc: AMERICAN CITY EQUITIES INC.
21 SANTIAGO ORVANANOS
22 JEAN PAUL SCHWARZ
23 Anthony Vo
24 Sacramento
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26
27