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1	LISSETE GARCIA, Counsel (SBN 211552)				
2	Department of Real Estate 320 West 4th Street, Suite 350	AUG - 7 2020			
3	Los Angeles, California 90013-1105	a blou			
-	Direct: (213) 576-6914				
4	Fax: (213) 576-6917 Attorney for Complainant				
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9	BEFORE THE DEPARTMENT OF H	REAL ESTATE			
10	STATE OF CALIFORN	IA			
11	* * *				
12	In the Matter of the Accusation against	DRE No. H-05171 SD			
13	SOURCE CAPITAL FUNDING, INC. and SACHA DAMIAN FERRANDI as designated officer for Source Capital Funding, Inc.,	ACCUSATION			
14					
15	Respondents.				
16	The Complainant, Chika Sunquist, a Supervising Spo	ecial Investigator for the Department			
17	of Real Estate ¹ ("Department") of the State of California, for				
18	SOURCE CAPITAL FUNDING, INC. and SACHA DAMI				
19	officer for Source Capital Funding, Inc. (collectively "Respo				
20	1. The Complainant, Chika Sunquist, acting in h				
21	Special Investigator, makes this Accusation against Respond				
22	C				
23					
24	¹ Between July 1, 2013 and July 1, 2018, the Department of Real Estate of the Department of Consumer Affairs.	operated as the Bureau of Real Estate under			
	Page 1 DRE Accusation against Source Capital Funding, Inc., et al				
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1	2. All references to the "Code" are to the California Business and Professions Code,
2	all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references
3	to "Regulations" are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6,
4	California Code of Regulations.
5	3. Respondents are presently licensed and/or have license rights under the Real
6	Estate Law (Part 1 of Division 4 of the Code).
7	4. On February 16, 2007, the Department issued a real estate corporation license to
8	Respondent SOURCE CAPITAL FUNDING, INC. ("SCFI"), License ID 01796521.
9	Respondent SCFI's license is scheduled to expire on April 27, 2022. Respondent has renewal
10	rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code
11	section 10103.
12	5. Respondent SCFI has a Mortgage Loan Originator ("MLO") license
13	endorsement, National Mortgage Licensing System and Registry ("NMLS") No. 237332.
14	6. On or about April 28, 2010, the Department issued an officer license to
15	Respondent SACHA DAMIAN FERRANDI ("FERRANDI"), License ID 01792194.
16	Respondent FERRANDI was formerly licensed as a real estate salesperson from February 22,
17	2007 through April 27, 2010.
18	7. Respondent FERRANDI has a MLO license endorsement, NMLS No. 1792194.
19	8. At all times relevant herein,, Respondent FERRANDI has been licensed as the
20	designated officer for Respondent SCFI, pursuant to section 10211 of the Code. As said
21	designated officer, Respondent FERRANDI was at all times mentioned herein responsible
22	pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers,
23	agents, real estate licensees, and employees of Respondent SCFI for which a license is required.
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1	9. Whenever reference is made in an allegation in this Accusation to an act or					
2	omission of Respondent SCFI, such allegation shall be deemed to mean that the officers,					
3	directors, employees, agents and/or real estate licensees employed by or associated with					
4	Respondent SCFI committed such act or omission while engaged in the furtherance of the					
5	business or operations of such corporate respondent and while acting within the course and					
6	scope of their authority and employment.					
7	Broker Activities					
8	10. At all times mentioned herein, in the State of California, Respondent SCFI acted					
9	as a real estate broker and conducted licensed activities within the meaning of Code section					
10	10131(d), including negotiating, originating, servicing loans, and/or performing services for					
11	borrowers or lenders in connection with loans secured by liens on real property for					
12	compensation.					
13	Audit SD180021					
14	11. On or about March 28, 2019, the Department completed an audit examination of					
15	the books and records of Respondent SCFI's mortgage loan activities which require a real estate					
16	license pursuant to Code section 10131(d).					
17	12. The audit covered the period of time from January 1, 2018 through December 31,					
18	2018 ("audit period").					
19	13. The audit examination revealed violations of the Code and the Regulations as set					
20	forth in the following paragraphs, and more fully discussed in Audit Report SD180021 and the					
21	exhibits and work papers attached to said audit report.					
22	14. The Department's auditor held an entrance conference with Respondent					
23	FERRANDI, Maria Gleason ("Gleason"), and Ryan Robert Burns ("Burns"). Gleason and Burns					
24						
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1 are not licensed in any capacity by the Department. According to Respondent FERRANDI, 2 FFRRANDI is the sole officer of SCF1 and owns all shares for SCF1. 3 16. According to Respondent FERRANDI and the audit records examined. 4 Respondent SCF1 closed 68 loans consisting of 49 single investor loans and 19 multi-leader 5 loans during the audit period. SCF1 also serviced 103 loans including 22 multi-leader loans. 6 17. According to Respondents, SCF1 maintained one bank account for the deposit of 7 trust funds for loan servicing and payoffs of loans. 8 18. <u>Bank Account (BA1)</u> 9 Bank: Union Bank 10 Account Name: Source Capital Funding, Inc. DBA Red Leaf Management 11 Account #: xxxx2870 12 Signatories: Respondent FERRAND1 13 # of signatures required: One (1) 14 <u>Violations</u> 15 19. In the course of its mortgage loan origination and servicing activities during the audit examination period, Respondent 2832. Trust account designation. 16 20. During the audit period, Respondent SCF1 used BA1 for the handling of trust funds in connection with loan servicing activities but the account was not designated in the name of the corporate broker, Respondent SCF1, in violation of Code section 10145 and Regulation 2832. "Trust fund account" was added to the tilt		
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24 /// Page 4	23	
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1	Code section	ons 10240, 1	0241, and Regulation	<u> 2842.5. Borrow</u>	er Disclosure S	Statement.	
2	21.	Code sections 10240, 10241, and Regulation 2842.5. Borrower Disclosure Statement.21.Respondent SCFI failed to provide a Mortgage Loan Disclosure Statement					
3	("MLDS")						
4		("MLDS") to some borrowers within three (3) days of receiving a completed written loan application. Examples include, but are not limited to, the following transactions:					
5	Loan No.		Borrower	Date of App		ate of MLDS	
6	18-127		T.C. ¹	02/22/2018		/02/2018	
7	18-139		E.F.T.	03/16/2018	04	/11/2018	
8	18-176		J.J.J.	08/24/2018	. 09	/11/2018	
9	22.	Addition	ally, the servicing set	-up fees paid to S	CFI were note	d in the "Paid to	
10	Others" col		of the "Paid to Broke				
. 11	Code sectio	<u>n 10238. M</u>	ulti-lender transactio	ns.			
12	Cod	e section 10	<u>238, subdivision (d)</u>				
13	23.	SCFI ori	ginated the following	two (2) multi-len	der loan transa	actions secured by	
14	properties located outside of California:						
15	Loan No.	Borrower	Investors (Percentag	<u>(e)</u>	Loan Amoun	t <u>City, State</u>	
16	18-140	P.W.	Ansari (55%)/ Sciac	ca (45%)	\$200,000	Edina, MN	
17	18-154	K.K.	Ansari (59%)/ EDF	(41%)	\$135,000	Chandler, AZ	
18	24.	The note:	s did not indicate that	the promissory n	otes were not s	subject to	
19	subordination or were not promotional notes, in violation of Code section 10238(d). Examples					238(d). Examples	
20	include the f	following, w	ithout limitation:				
21	111						
22	///						
23	¹ Initials are us	ed in place of i	ndividuals' full names to	protoct their	D		
24	¹ 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 Respondents and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.						
				Page 5	gainst Source Caj	pital Funding, Inc., et al	

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v . 1						
1	Loan No.	Borrower	Investors (Percentage)	Loan Amount		
2	18-139	E.F.T.	Pop (50%)/ Stanton (25%)/ Sciacca (25%)	\$300,000		
3	18-127	J.J.J.	F&K Ferrandi (77%)/ EDF (23%)	\$650,000		
4	Code	e section 10	238, subdivision (f)			
5	25.	Purchase	rs did not indicate that their investment did no	ot exceed 10% of their net		
б	worth, in vio	olation of C	ode section 10238, subdivision (f).			
7	Code	e section 102	238, subdivision (k)			
8	26.	The serv	cing agreement did not completely disclose th	ne following requirements,		
9	in violation	of Code sec	tion 10238, subdivision (k):			
10		(1)(A) TI	nat payments received be deposited immediate	ly to a trust account and		
11	(B) that pays	(B) that payments deposited shall not be commingled with the assets of the servicing agent.				
12	(2) That payments received shall be transmitted to the purchasers or lenders pro					
13	rata within 25 days after receipt; servicing agent shall inform lenders if source for payment is not					
14	the maker of the note; broker shall inform the lenders.					
15	(3) If the payments due during any three consecutive months exceed \$125,000 or			onths exceed \$125,000 or		
16	the number of persons entitled to the payments exceeds 120, the trust account(s) shall be			account(s) shall be		
17	inspected by an independent certified public accountant at no less than 3-month intervals during			3-month intervals during		
18	the time the	volume is m	aintained.			
19		(4) The se	ervicing agent shall file a written request for n	otice of default upon any		
20	prior encumb	vrances and	promptly notify the purchasers or lenders of a	ny default on the prior		
21	encumbrance	es or on the	note(s) subject to the servicing agreement.			
22		(5) The se	ervicing agent shall promptly forward copies to	o each purchaser or lender		
23			stee sales filed on behalf of the purchasers or l			
24	for re-convey	ance of the	deed of trust received on behalf of the purcha	sers or lenders.		
			Page 6 DRE Accusation against Sc	ource Capital Funding, Inc., et al		

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1	Code sections 10163, 10176(a), Regulations 2848(a)(13), and 2715. Advertising criteria
2	27. SCFI' main office address is listed with the Department as 11770 Bernardo Plaza
3	Ct., Suite 205, San Diego, California 92128. SCFI misrepresented, or implied contrary to fact,
4	the number or location of branch offices maintained for SCFI's mortgage loan brokerage
5	business, in violation of Code sections 10163, 10176(a), and/or Regulation 2848(a)(13).
6	According to SCFI's website during the audit period, SCFI maintained the following additional
7	offices:
8	445 South Figueroa Street, Ste. 3199, Los Angeles, California 90071;
9	895 Dove Street, Ste. 300, Newport Beach, California 92660;
10	Cause for discipline- SCFI
11	28. The foregoing violations constitute cause for the suspension or revocation of the
12	real estate licenses, MLO license endorsements, and license rights of Respondent SCFI under the
13	provisions of Code section 10177, subdivisions (d) and/or (g), and Code section 10166.051.
14	Officer Supervision - Respondent FERRANDI
15	29. Based on the audit violations noted above in Paragraphs 20 through 28,
16	Respondent FERRANDI failed to adequately supervise the activities of SCFI's salespersons,
17	employees, or agents and failed to establish policies, rules, procedures, and systems to review,
18	oversee, inspect, and manage transactions requiring a real estate license and the handling of trust
19	funds to ensure compliance with the Real Estate Law and Regulations, in violation of Regulation
20	2725, which constitutes cause to suspend or revoke the real estate licenses and license rights of
21	Respondent FERRANDI pursuant to Code section 10159.2, Code section 10166.051, Code
22	section 10177, subdivisions (d) and/or (g), and Regulation 2725.
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	Page 7 DRE Accusation against Source Capital Funding, Inc., et al

1	Audit Costs							
2	30. Code section 10148, subdivision (b) provides, in pertinent part, that the							
3	Commissioner shall charge a real estate broker for the cost of any audit, if the Commissioner has							
4	found in a final decision following a disciplinary hearing that the broker has violated Code							
5	section 10145 or a regulation or rule of the Commissioner interpreting said section.							
6	Investigation/Enforcement Costs							
7	31. Code section 10106 provides, in pertinent part, that in any order issued in							
8	resolution of a disciplinary proceeding before the Department of Real Estate, the Commissioner							
9	may request the administrative law judge to direct a licensee found to have committed a violation							
10	of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement							
11	of the case.							
12	WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this							
13	Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action							
14	against all licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of							
15	Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and							
16	enforcement as permitted by law, and for such other and further relief as may be proper under							
17	other provisions of law.							
18	Dated at Sacramento, California this $2n^{1}$ day of July, 2020.							
19								
20	Ce.a.							
21	CHIKA SUNQUIST Supervising Special Investigator							
22	cc: Source Capital Funding, Inc. Sacha Damian Ferrandi							
23	Chika Sunquist Sacto							
24	Audits/Jennifer Borromeo							
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	DRE Accusation against Source Capital Funding, Inc., et al							

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