

1 ELLIOTT MAC LENNAN, SBN 66674
2 Department of Real Estate
3 320 West 4th Street, Ste. 350
4 Los Angeles, California 90013-1105

5 Telephone: (213) 576-6911 (direct)
6 -or- (213) 576-6982 (office)

FILED
JUN 20 2006
DEPARTMENT OF REAL ESTATE

By K. M. Buda

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

DRE No. H-31826 LA

12 JEFFREY L. LUSTER, doing)
13 business as Major Properties,)
14 and GREGORY STEVEN BROWN,)

STIPULATION
AND
AGREEMENT

15 Respondents.)

16 It is hereby stipulated by and between JEFFREY L.
17 LUSTER dba as Major Properties (sometimes referred to as
18 "Respondent"), represented by Frank M. Buda, Esq., and the
19 Complainant, acting by and through Elliott Mac Lennan, Counsel
20 for the Department of Real Estate, as follows for the purpose of
21 settling and disposing of the Accusation filed on April 13, 2005,
22 in this matter:

24 1. All issues which were to be contested and all
25 evidence which was to be presented by Complainant and Respondent
26 at a formal hearing on the Accusation, which hearing was to be
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1 held in accordance with the provisions of the Administrative
2 Procedure Act ("APA"), shall instead and in place thereof be
3 submitted solely on the basis of the provisions of this
4 Stipulation and Agreement (Stipulation).

5 2. Respondent has received, read and understands the
6 Statement to Respondent, the Discovery Provisions of the APA and
7 the Accusation filed by the Department of Real Estate in this
8 proceeding.

9 3. Respondent filed a Notice of Defense pursuant to
10 Section 11506 of the Government Code for the purpose of
11 requesting a hearing on the allegations in the Accusation.
12 Respondent hereby freely and voluntarily withdraws said Notice of
13 Defense. Respondent acknowledges that he understands that by
14 withdrawing said Notice of Defense he thereby waives his right to
15 require the Commissioner to prove the allegations in the
16 Accusation at a contested hearing held in accordance with the
17 provisions of the APA and that he will waive other rights
18 afforded to him in connection with the hearing such as the right
19 to present evidence in his defense of the allegations in the
20 Accusation and the right to cross-examine witnesses.

21 4. This Stipulation is based on the allegations
22 contained in the Accusation above excluding Paragraphs 7(c), 7(h)
23 and 15(b) of the Accusation. In the interest of expedience and
24 economy, Respondent chooses not to contest these allegations, but
25 to remain silent and understands that, as a result thereof, these
26 allegations, without being admitted or denied, will serve as a
27 prima facie basis for the disciplinary action stipulated to

1 herein. The Real Estate Commissioner shall not be required to
2 provide further evidence to prove said allegations.

3 5. This Stipulation and Respondent's decision not to
4 contest the Accusation is made for the purpose of reaching an
5 agreed disposition of this proceeding and is expressly limited to
6 this proceeding and any other proceeding or case in which the
7 Department of Real Estate ("Department"), the state or federal
8 government, or any agency of this state, another state or federal
9 government is involved.

10 6. It is understood by the parties that the Real
11 Estate Commissioner may adopt this Stipulation as his Decision
12 in this matter thereby imposing the penalty and sanctions on
13 Respondents real estate licenses and license rights as set forth
14 in the "Order" herein below. In the event that the Commissioner,
15 in his discretion, does not adopt the Stipulation, it shall be
16 void and of no effect and Respondents shall retain the right to
17 a hearing and proceeding on the Accusation under the provisions
18 of the APA and shall not be bound by any stipulation or waiver
19 made herein.

20 7. The Order or any subsequent Order of the Real
21 Estate Commissioner made pursuant to this Stipulation shall not
22 constitute an estoppel, merger or bar to any further
23 administrative or civil proceedings by the Department of Real
24 Estate with respect to any matters which were not specifically
25 alleged to be causes for Accusation in this proceeding but do
26 constitute a bar, estoppel and merger as to any allegations
27 actually contained in the Accusation against Respondents herein.

1 otherwise, for money paid to the Department under the terms of
2 this Decision.

3 5. If Respondent pays the monetary penalty and if no
4 further cause for disciplinary action against the real estate
5 license of Respondent occurs within two (2) years from the
6 effective date of the Decision, the stay hereby granted shall
7 become permanent

8 6. The remaining sixty (60) days of the ninety (90)
9 day suspension shall be stayed for two (2) years upon the
10 following terms and conditions:

11 (a) Respondent shall obey all laws, rules and
12 regulations governing the rights, duties and responsibilities of
13 a real estate licensee in the State of California; and

14 (b) That no final subsequent determination be made
15 after hearing or upon stipulation, that cause for disciplinary
16 action occurred within two (2) years of the effective date of
17 this Decision. Should such a determination be made, the
18 Commissioner may, in his discretion, vacate and set aside the
19 stay order and reimpose all or a portion of the stayed
20 suspension. Should no such determination be made, the stay
21 imposed herein shall become permanent.

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1 II. All licenses and licensing rights of Respondent

2 are indefinitely suspended unless or until Respondent provides
3 proof satisfactory to the Commissioner, of having taken and
4 successfully completed the continuing education course on trust
5 fund accounting and handling specified in paragraph (3) of
6 subdivision (a) of Section 10170.5 of the Business and
7 Professions Code. Proof of satisfaction of this requirement
8 includes evidence that respondent has successfully completed the
9 trust fund account and handling continuing education course
10 within 120 days prior to the effective date of the Decision in
11 this matter.

12 III. Pursuant to Section 10148 of the Business and

13 Professions Code, Respondent shall pay the Commissioner's
14 reasonable cost for (a) the audit which led to this disciplinary
15 action and (b) a subsequent audits to determine if Respondent
16 JEFFREY L. LUSTER is now in compliance with the Real Estate Law.
17 The cost of the audit which led to this disciplinary action is
18 \$8,415.49. In calculating the amount of the Commissioner's
19 reasonable cost, the Commissioner may use the estimated average
20 hourly salary for all persons performing audits of real estate
21 brokers, and shall include an allocation for travel time to and
22 from the auditor's place of work. Said amount for the prior and
23 subsequent audits shall not exceed \$16, 830.98.
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1 Respondent shall pay such cost within 60 days of
2 receiving an invoice from the Commissioner detailing the
3 activities performed during the audit and the amount of time
4 spent performing those activities.

5 The Commissioner may suspend the license of Respondent
6 pending a hearing held in accordance with Section 11500, et seq.,
7 of the Government Code, if payment is not timely made as provided
8 for herein, or as provided for in a subsequent agreement between
9 the Respondent and the Commissioner. The suspension shall remain
10 in effect until payment is made in full or until Respondent
11 enters into an agreement satisfactory to the Commissioner to
12 provide for payment, or until a decision providing otherwise is
13 adopted following a hearing held pursuant to this condition.

14 IV. Respondent shall, within nine (9) months from the
15 effective date of this Decision, present evidence satisfactory to
16 the Real Estate Commissioner that Respondent has, since the most
17 recent issuance of an original or renewal real estate license,
18 taken and successfully completed the continuing education
19 requirements of Article 2.5 of Chapter 3 of the Real Estate Law
20 for renewal of a real estate license. If Respondent fails to
21 satisfy this condition, the Commissioner may order the suspension
22 of his license until the Respondent presents such evidence. The
23 Commissioner shall afford Respondent the opportunity for a
24 hearing pursuant to the Administrative Procedure Act to present
25 such evidence.
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1 DATED: 4-12-06

EJL
ELLIOTT MAC LENNAN, Counsel

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3 * * *

4 I have read the Stipulation and Agreement and have
5 discussed it with my counsel, and its terms are understood by me
6 and are agreeable and acceptable to me. I understand that I am
7 waiving rights given to me by the California Administrative
8 Procedure Act (including but not limited to Sections 11506,
9 11508, 11509 and 11513 of the Government Code), and I willingly,
10 intelligently and voluntarily waive those rights, including the
11 right of requiring the Commissioner to prove the allegations in
12 the Accusation at a hearing at which I would have the right to
13 cross-examine witnesses against me and to present evidence in
14 defense and mitigation of the charges.

15 Respondent JEFFREY L. LUSTER can signify acceptance
16 and approval of the terms and conditions of this Stipulation and
17 Agreement by faxing a copy of its signature page, as actually
18 signed by Respondent, to the Department at the following
19 telephone/fax number: (213) 576-6917, Attention: Elliott Mac
20 Lennan. Respondent agrees, acknowledges and understands that by
21 electronically sending to the Department a fax copy of
22 Respondent's actual signature as it appears on the Stipulation
23 and Agreement, that receipt of the faxed copy by the Department
24 shall be as binding on Respondent as if the Department had
25 received the original signed Stipulation and Agreement.
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DATED: 5-8-06

Jeffrey L. Luster
JEFFREY L. LUSTER , Respondent

DATED: 5-3-06

Frank M. Buda
FRANK M. BUDA,
Attorney for Respondent
Approved as to form

* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision and shall become effective at
12 o'clock noon on JUL 20, 2006.

IT IS SO ORDERED 6-13, 2006.

JEFF DAVIS
Real Estate Commissioner
[Signature]

Handwritten signature/initials

FILED
JUN 20 2008
DEPARTMENT OF REAL ESTATE

1 ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
2 320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

3 Telephone: (213) 576-6911 (direct)
4 -or- (213) 576-6982 (office)

By *Handwritten signature*

5
6
7
8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)	DRE No. H-31826 LA
)	
12 JEFFREY L. LUSTER, doing)	
business as Major Properties,)	
13 and <u>GREGORY STEVEN BROWN</u> ,)	<u>STIPULATION</u>
)	<u>AND</u>
14)	<u>AGREEMENT</u>
15 Respondents.)	

16 It is hereby stipulated by and between GREGORY STEVEN
17 BROWN (sometimes referred to as "Respondent"), represented by
18 Mary E. Work, Esq., and the Complainant, acting by and through
19 Elliott Mac Lennan, Counsel for the Department of Real Estate, as
20 follows for the purpose of settling and disposing of the
21 Accusation filed on April 13, 2005, in this matter:

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23 1. All issues which were to be contested and all
24 evidence which was to be presented by Complainant and Respondent
25 at a formal hearing on the Accusation, which hearing was to be
26 held in accordance with the provisions of the Administrative
27 Procedure Act ("APA"), shall instead and in place thereof be

1 submitted solely on the basis of the provisions of this
2 Stipulation and Agreement (Stipulation).

3 2. Respondent has received, read and understands the
4 Statement to Respondent, the Discovery Provisions of the APA and
5 the Accusation filed by the Department of Real Estate in this
6 proceeding.

7 3. Respondent filed a Notice of Defense pursuant to
8 Section 11506 of the Government Code for the purpose of
9 requesting a hearing on the allegations in the Accusation.
10 Respondent hereby freely and voluntarily withdraws said Notice of
11 Defense. Respondent acknowledges that he understands that by
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13 require the Commissioner to prove the allegations in the
14 Accusation at a contested hearing held in accordance with the
15 provisions of the APA and that he will waive other rights
16 afforded to him in connection with the hearing such as the right
17 to present evidence in his defense of the allegations in the
18 Accusation and the right to cross-examine witnesses.
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20 4. This Stipulation is based on the allegations
21 contained in the Accusation. In the interest of expedience and
22 economy, Respondent chooses not to contest these allegations, but
23 to remain silent and understands that, as a result thereof, these
24 allegations, without being admitted or denied, will serve as a
25 prima facie basis for the disciplinary action stipulated to
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27

1 herein. The Real Estate Commissioner shall not be required to
2 provide further evidence to prove said allegations.

3 5. This Stipulation and Respondent's decision not to
4 contest the Accusation is made for the purpose of reaching an
5 agreed disposition of this proceeding and is expressly limited to
6 this proceeding and any other proceeding or case in which the
7 Department of Real Estate ("Department"), the state or federal
8 government, or any agency of this state, another state or federal
9 government is involved.

10 6. It is understood by the parties that the Real
11 Estate Commissioner may adopt this Stipulation as his Decision
12 in this matter thereby imposing the penalty and sanctions on
13 Respondents real estate licenses and license rights as set forth
14 in the "Order" herein below. In the event that the Commissioner,
15 in his discretion, does not adopt the Stipulation, it shall be
16 void and of no effect and Respondents shall retain the right to
17 a hearing and proceeding on the Accusation under the provisions
18 of the APA and shall not be bound by any stipulation or waiver
19 made herein.

20 7. The Order or any subsequent Order of the Real
21 Estate Commissioner made pursuant to this Stipulation shall not
22 constitute an estoppel, merger or bar to any further
23 administrative or civil proceedings by the Department of Real
24 Estate with respect to any matters which were not specifically
25 alleged to be causes for Accusation in this proceeding but do
26 constitute a bar, estoppel and merger as to any allegations
27 actually contained in the Accusation against Respondents herein.

1 Respondent GREGORY STEVEN BROWN can signify acceptance
2 and approval of the terms and conditions of this Stipulation and
3 Agreement by faxing a copy of its signature page, as actually
4 signed by Respondent, to the Department at the following
5 telephone/fax number: (213) 576-6917, Attention: Elliott Mac
6 Lennan. Respondent agrees, acknowledges and understands that by
7 electronically sending to the Department a fax copy of
8 Respondent's actual signature as it appears on the Stipulation
9 and Agreement, that receipt of the faxed copy by the Department
10 shall be as binding on Respondent as if the Department had
11 received the original signed Stipulation and Agreement.
12
13

14 DATED: _____

GREGORY STEVEN BROWN , Respondent

16
17 DATED: _____

MARY E. WORK,
Attorney for Respondent
Approved as to form

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*Stuck
glo*

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2 Department of Real Estate
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4 Los Angeles, California 90013-1105

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FILED
APR 13 2005

DEPARTMENT OF REAL ESTATE

By *K. Heideholt*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

No. H-31826 LA

12 JEFFREY L. LUSTER, doing)
13 business as Major Properties, and)
14 GREGORY STEVEN BROWN,)

A C C U S A T I O N

15 Respondent.)

16 The Complainant, Maria Suarez, a Deputy Real Estate
17 Commissioner of the State of California, for cause of Accusation
18 against JEFFREY L. LUSTER dba Major Properties ("LUSTER") and
19 GREGORY STEVEN BROWN ("BROWN"), alleges as follows:
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21 1.

22 The Complainant, Maria Suarez, acting in her official
23 capacity as a Deputy Real Estate Commissioner of the State of
24 California makes this Accusation against LUSTER and BROWN.

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

LICENSE HISTORY

JEFFREY L. LUSTER

3.a.

At all times mentioned, LUSTER was licensed or had license rights issued by the Department of Real Estate ("Department") as a real estate broker. On July 15, 1982, LUSTER was originally licensed as a real estate broker.

LICENSE HISTORY

GREGORY STEVEN BROWN

3.b.

At all times mentioned, LUSTER was licensed or had license rights issued by the Department as a real estate salesperson. On March 14, 1986, LUSTER was originally licensed as a real estate salesperson.

FIRST CAUSE OF ACCUSATION

AUDIT REPORT LA 030269

MAJOR PROPERTIES

4.

At all times mentioned, in the City and County of Los Angeles, LUSTER acted as a real estate broker and conducted licensed activities within the meaning of:

1 property owners and tenants and thereafter made disposition of
2 such funds. LUSTER maintained the following trust account during
3 the audit period into which were deposited certain of these funds
4 at:

5 "Major Properties Trust Account
6 Account No. 01-105949"
7 American Business Bank
8 Los Angeles, California
9 ("property management trust account")

10 7.

11 In the course of activities described in Paragraphs 4
12 and 6, above, and during the examination period described in
13 Paragraph 5, Respondent LUSTER acted in violation of the Code and
14 the Regulations in that he:

15 (a) permitted, allowed or caused the disbursement of
16 trust funds from the escrow trust account where the disbursement
17 of funds reduced the total of aggregate funds in the property
18 management trust account, to an amount which, on December 31,
19 2003, was \$6,931.42, less than the existing aggregate trust fund
20 liability of LUSTER to every principal who was an owner of said
21 funds, without first obtaining the prior written consent of the
22 owners of said funds, as required by Code Section 10145 and
23 Regulation 2832.1.

24 (b) failed to disburse from the property management
25 trust account broker's escrow fees totaling \$31,603.98, within
26 twenty-five (25) days of deposit, as required by Code Sections
27 10145, 10176(e) and Regulation 2835(b).

1 (c) failed to place trust funds, accepted on behalf of
2 another into the hands of the owner of the funds, a neutral
3 escrow depository or into a trust fund account in the name of the
4 trustee at a bank or other financial institution not later than
5 three business days following receipt of the funds by the broker
6 or by the broker's salesperson, as required by Code Section 10145
7 and Regulation 2832.

8 Additionally, LUSTER used trust funds from the property
9 management trust account to pay his operating expenses in the
10 amount of \$15,206.51, in violation of Code Section 10176(i).

11 (d) failed to maintain a control record in the form of
12 a columnar record in chronological order of all trust funds
13 received, deposited into and disbursed by the property management
14 trust account, as required by Code Section 10145 and Regulation
15 2831.

16 (e) failed to maintain a separate record for each
17 beneficiary or transaction, thereby failing to account for all
18 trust funds received, deposited into and disbursed by the
19 property management trust account, as required by Code Section
20 10145 and Regulation 2831.1.

21 (f) failed to perform a monthly reconciliation of the
22 balance of all separate beneficiary or transaction records
23 maintained pursuant to Regulation 2831.1 with the control record
24 of all trust funds received and disbursed by the property
25 management trust account as required by Regulation 2831, in
26
27

1 violation of Code Section 10145 and Regulations 2831.2.

2 (g) used the fictitious name of "Major Properties" to
3 conduct licensed activities without holding a license bearing
4 this fictitious business name, in violation of Code Section
5 Regulation 2731; and

6 (h) failed to supervise including not having a system
7 in place for regularly monitoring compliance with the Real Estate
8 Law or for the supervision of LUSTER's seven salespersons
9 including BROWN, in violation of Regulation 2725.

10 Additionally, LUSTER's inaccurate and incomplete trust
11 fund handling procedures for the control record, separate record
12 and reconciliation was a factor in his inability to detect
13 approximately \$700,000 in trust funds embezzled from his office
14 assistant, Roderick Buhay.

15 8.

16
17 The conduct of Respondent LUSTER, described in
18 Paragraph 8, above, violated the Code and the Regulations as set
19 forth below:

20 PARAGRAPH

PROVISIONS VIOLATED

21 7(a)

Code Section 10145 and Regulation
22 2832.1

23 7(b)

Code Sections 10145 and 10176(e)
24 and Regulation 2835(b)

25 7(c)

Code Sections 10145 and 10176(i)
26 and Regulation 2832

27

- 1 7(d) Code Section 10145 and Regulation
2 2831
- 3 7(e) Code Section 10145 and Regulation
4 2831.1
- 5 7(f) Code Section 10145 and Regulation
6 2831.2
- 7 7(g) Regulation 2731
- 8
- 9 7(h) Regulation 2725

10 The foregoing violations constitute cause for the suspension or
11 revocation of the real estate license and license rights of
12 LUSTER under the provisions of Code Sections 10177(d), 10176(e),
13 10176(i), 10177(g) and/or 10177(h).
14

15 SECOND CAUSE OF ACCUSATION

16 AUDIT REPORT LA 030285

17 MAJOR PROPERTIES

18 9.

19 On February 11, 2004, the Department completed an audit
20 examination of the books and records of LUSTER dba Major
21 Properties pertaining to the property management and mortgage
22 loan activities described in Paragraph 4 that require a real
23 estate license and specifically pertaining to the Arthur Hudson
24 real property transaction regarding salesperson BROWN. The audit
25 examination covered a period of time beginning on January 1, 2001
26 to December 31, 2003. The audit examination revealed violations
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1 of the Code and the Regulations as set forth in the following
2 paragraphs, and more fully discussed in Audit Report LA 030285
3 and the exhibits and workpapers attached to said audit report.

4 10.

5 At all times mentioned, in connection with the
6 activities described in Paragraph 4, above, LUSTER accepted or
7 received funds in trust (trust funds) from or on behalf of
8 purchasers and sellers and borrowers and lenders and thereafter
9 made disposition of such funds. LUSTER maintained the same
10 property management trust account, as set forth in Paragraph 6,
11 during the audit period into which were deposited certain of
12 these funds including depositing earnest money deposits into this
13 property management trust accounts.

14 11.

15 In the course of activities described in Paragraphs 4
16 and 10, above, and during the examination period described in
17 Paragraph 9, Respondents LUSTER and/or BROWN acted in violation
18 of the Code and the Regulations in that they:
19

20 (a) LUSTER failed to maintain a separate record for
21 each beneficiary or transaction, thereby failing to account for
22 all trust funds received, deposited into and disbursed by the
23 property management trust account, including earnest money
24 deposits for purchasers Peta (\$8,000), Vignali (\$100,000), Stax
25 (\$52,000) and for Escrow #32272 (\$25,000), in violation of Code
26 Section 10145 and Regulation 2831.1.
27

1 (b) BROWN misrepresentation to seller Arthur Hudson
2 that LUSTER held a \$5,000 earnest money deposit for the Arthur
3 Hudson transaction for the real property located at 1147 E. 106th
4 St., Los Angeles, California, constitutes a violation of Section
5 10176(a) and/or 10177(g).

6 (c) LUSTER failed to maintain a control record in the
7 form of a columnar record in chronological order of all earnest
8 money deposits forwarded to escrow, in violation of Code Section
9 10145 and Regulation 2831.

10 (d) LUSTER failed to notify the Department of the
11 employment of three salespersons, Mair Silverman, Bradley Luster
12 and Gregory Brown, as required by Code Section 10161.8 and
13 Regulation 2752.

14 (e) LUSTER used the fictitious name of "Major
15 Properties" to conduct licensed activities without holding a
16 license bearing this fictitious business name, in violation of
17 Code Section Regulation 2731; and

18 (f) LUSTER failed to supervise including not having a
19 system in place for regularly monitoring compliance with the Real
20 Estate Law or for the supervision of LUSTER's seven salespersons
21 including BROWN, in violation of Regulation 2725.

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23 12.

24 The conduct of Respondents LUSTER and BROWN, described
25 in Paragraph 11, above, violated the Code and the Regulations as
26 set forth below:
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PARAGRAPH

PROVISIONS VIOLATED

11(a)

Code Section 10145 and Regulation 2831.1

11(b)

Code Section 10176(a) and/or 10177(g)

11(c)

Code Sections 10145 and Regulation 2831

11(d)

Code Section 10161.8 and Regulation 2752

11(e)

Regulation 2731

11(f)

Regulation 2725

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of LUSTER and/or BROWN under the provisions of Code Sections 10176(a), 10177(d), 10177(g) and/or 10177(h).

THIRD CAUSE OF ACTION

AUDIT REPORT LA 030286

MAJOR MORTGAGE COMPANY

13.

On March 2, 2004, the Department completed an audit examination of the books and records of LUSTER dba Major Mortgage Company, pertaining to the loan servicing activities described in Paragraph 4 that require a real estate license. The audit examination covered a period of time beginning on January 1, 2003

1 to December 31, 2003. The audit examination revealed violations
2 of the Code and the Regulations as set forth in the following
3 paragraphs, and more fully discussed in Audit Report LA 030286
4 and the exhibits and workpapers attached to said audit report.

5 14.

6 At all times mentioned, in connection with the
7 activities described in Paragraph 4, above, LUSTER accepted or
8 received funds in trust (trust funds) from or on behalf of
9 purchasers and sellers and borrowers and lenders and thereafter
10 made disposition of such funds. LUSTER maintained the following
11 trust account during the audit period into which were deposited
12 certain of these funds at:

13 "Major Properties Inc. dba Major Mortgage Company
14 Account No. 01-124846"
15 American Business Bank
16 Los Angeles, California
17 ("loan servicing trust account")

18 15.

19 In the course of activities described in Paragraphs 4
20 and 14, above, and during the examination period described in
21 Paragraph 13, Respondent LUSTER acted in violation of the Code
22 and the Regulations in that he:

23 (a) failed to disburse from the loan servicing trust
24 account broker's escrow fees totaling \$1,950, within twenty-five
25 (25) days of deposit, as required by Code Sections 10145,
26 10176(e) and Regulation 2835(b).

1 (b) failed to place trust funds, accepted on behalf of
2 another into the hands of the owner of the funds, a neutral
3 escrow depository or into a trust fund account in the name of the
4 trustee at a bank or other financial institution not later than
5 three business days following receipt of the funds by the broker
6 or by the broker's salesperson, as required by Code Section 10145
7 and Regulation 2832.

8 Additionally, LUSTER used trust funds from the loan
9 servicing trust account to pay his operating expenses in the
10 amount of \$1,986, in violation of Code Section 10176(i).

11 (c) LUSTER, was not a signatory on the loan servicing
12 trust account into which the trust funds were deposited, in
13 violation of Code Section 10145 and Regulation 2834.

14 (d) failed to maintain a control record in the form of
15 a columnar record in chronological order of all trust funds
16 received and disbursed, as required by Code Section 10145 and
17 Regulation 2831.

18 (e) failed to maintain a separate record for each
19 beneficiary or transaction, thereby failing to account for all
20 trust funds received and disbursed by the loan servicing trust
21 account, as required by Code Section 10145 and Regulation 2831.1.

22 (f) failed to perform a monthly reconciliation of the
23 balance of all separate beneficiary or transaction records
24 maintained pursuant to Regulation 2831.1 with the control record
25 of all trust funds received and disbursed by the loan servicing
26
27

1 trust account as required by Regulation 2831, in violation of
2 Code Section 10145 and Regulations 2831.2.

3 (g) used the fictitious names of "Major Mortgage
4 Company", "Major Properties" and Major Properties, Inc." to
5 conduct licensed activities without holding a licenses bearing
6 these fictitious business name, in violation of Code Section
7 Regulation 2731.

8 (h) met the criteria as a threshold broker, as
9 described in Code Section 10232(e) for the \$250,000 note
10 collection threshold of 10232(a)(2), yet failed to provide the
11 Department with timely or accurate Quarterly and Annual Trust
12 Fund Status Reports. LUSTER collected in excess of \$515,000 from
13 borrowers during the first three (3) months of the audit period
14 without notifying the Department, in violation of Code Section
15 10232(e) and Regulation 2846.5.

16 (i) failed to provide the Department with Quarterly
17 Trust Fund Status Reports, in violation of Code Section 10232.25
18 and Regulation 2846.8; and

19 (j) failed to supervise including not having a system
20 in place for regularly monitoring compliance with the Real Estate
21 Law or for the supervision of LUSTER's seven salespersons
22 including BROWN, in violation of Regulation 2725.

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2 The conduct of Respondent LUSTER, described in
3 Paragraph 15, above, violated the Code and the Regulations as set
4 forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
15(a)	Code Section 10145 and 10176(e) and Regulation 2835
15(b)	Code Sections 10145 and 10176(i) Regulation 2832
15(c)	Code Sections 10145 and Regulation 2834
15(d)	Code Section 10145 and Regulation 2831
15(e)	Code Section 10145 and Regulation 2831.1
15(f)	Code Section 10145 and Regulation 2831.2
15(g)	Regulation 2731
15(h)	Code Section 10232(e) and Regulation 2846.5
15(e)	Code Section 10232.25 and Regulation 2846.8
15(j)	Regulation 2725

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 the license and license rights of Respondent
5 JEFFREY L.LUSTER dba Major Properties, and GREGORY STEVEN BROWN,
6 under the Real Estate Law (Part 1 of Division 4 of the Business
7 and Professions Code) and for such other and further relief as
8 may be proper under other applicable provisions of law.

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10 Dated at Los Angeles, California

11 this

28th day of March 2005

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15 Deputy Real Estate Commissioner

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22 cc: Jeffrey L. Luster
23 Gregory Steven Brown
24 Maria Suarez
25 Sacto
26 LA
27 Eric Goff - Audits