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MAR 18 2009

DEPARTMENT OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-34896 LA
)	L-208060550
FREEDOM ENTERPRISES, INC.,)	
and LOUIS CRUZ, as designated)	
officer of Freedom Enterprises,)	
Inc., and DEBORAH ALIENE HUGHES,)	
)	
Respondents.)	

ORDER STAYING EFFECTIVE DATE

On March 3, 2009, a Decision was rendered in the above-entitled matter, as to FREEDOM ENTERPRISES, INC., and LOUIS CRUZ, to become effective March 25, 2009.

IT IS HEREBY ORDERED that the effective date of the Decision of March 3, 2009, is stayed for a period of 30 days to allow Respondents FREEDOM ENTERPRISES, INC., and LOUIS CRUZ to file a petition for reconsideration.

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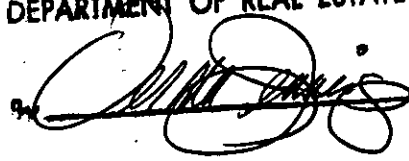
The Decision of March 3, 2009, shall become effective
at 12 o'clock noon on April 24, 2009.

DATED: March 18, 2009.

JEFF DAVI
Real Estate Commissioner

By: Dolores Weeks
DOLORES WEEKS
Regional Manager

FILED
MAR - 5 2009
DEPARTMENT OF REAL ESTATE



BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)	
)	No. H-34896 LA
FREEDOM ENTERPRISES, INC., and)	
LOUIS CRUZ, as designated officer of)	L-2008060550
Freedom Enterprises, Inc., and)	
DEBORAH ALIENE HUGHES,)	
)	
Respondents.)	

DECISION

The Proposed Decision dated January 27, 2009, of the Administrative Law Judge of the Office of Administrative Hearings, as to FREEDOM ENTERPRISES, INC., and LOUIS CRUZ only, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

Pursuant to Section 11517(c)(2) of the Government Code, the following corrections are made to the Proposed Decision:

On Page 1, paragraph 3, line 1, "Jay Blaskey" is amended to read "Richard Jay Blaskey."

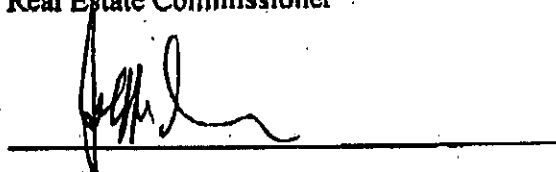
On Page 1, Factual Findings, paragraph 1, line 2, "May 19, 2008" is amended to read "May 16, 2008."

This Decision shall become effective at 12 o'clock noon on March 25, 2009

IT IS SO ORDERED

3/3/09

JEFF DAVI
Real Estate Commissioner



BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:

FREEDOM ENTERPRISES, INC., and
LOUIS CRUZ, as designated officer of
Freedom Enterprises, Inc., and
DEBORAH ALIENE HUGHES,

Respondents.

Case No. H-34896 LA

OAH No. 2008060550

PROPOSED DECISION

Daniel Juárez, Administrative Law Judge with the Office of Administrative Hearings, heard this matter on January 5, 2009, in Los Angeles, California.

James R. Peel, Staff Counsel, represented Deputy Real Estate Commissioner Joseph Aiu (Complainant).

Richard Jay Blaskey, Attorney at Law, represented Freedom Enterprises (Respondent F.E.) and Louis Cruz (Respondent Cruz). Respondent Cruz was present.

On November 17, 2008, the Real Estate Commissioner adopted a Stipulation and Agreement reached between the Department of Real Estate's designee and Deborah Aliene Hughes (Respondent Hughes). Pursuant to the Stipulation and Agreement, as described in more detail herein, Respondent Hughes's presence at this proceeding, as a respondent to the Accusation, was unnecessary; the findings and conclusions of this Proposed Decision bear no direct consequence for Respondent Hughes.

The matter was deemed submitted for decision on January 5, 2009.

FACTUAL FINDINGS

1. On April 30, 2008, Complainant, acting in his official capacity, filed the Accusation. On May 19, 2008, Respondents F.E. and Cruz filed the Notice of Defense.

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2. Complainant contends Respondents F.E. and Cruz misrepresented fees and premiums to the buyer and seller of real property and failed to maintain transactional

documents as required by law. For these actions and failures, Complainant argues that the real estate broker licenses of Respondents F.E. and Cruz should be disciplined.

3. Respondents F.E. and Cruz contend that the transgressions that did occur were the actions of one "rogue" salesperson (Respondent Hughes), despite Respondent Cruz's reasonable supervision.¹ Respondent Cruz argues that he is not a danger to the public as a licensed real estate broker, and therefore, the Department of Real Estate should not discipline his real estate broker license or the corporate broker license of Respondent F.E. in any manner.

4. The evidence did not establish Respondents' complete license history. Complainant's evidence established that, since August 22, 2004, Respondents F.E. and Cruz were licensed as real estate brokers with Respondent Cruz as the designated officer of Respondent F.E. According to Respondent Cruz's testimony, he has been licensed as a real estate broker since 2000. Neither party disputed that Respondents F.E.'s and Cruz's real estate broker licenses were in effect at all times relevant to this action.

5. Respondents' alleged transgressions stem from the 2005 sale of a house located at 1042 65th Street in Inglewood, California. Respondents F.E. and Cruz acted as the real estate brokers in this transaction. The seller of the house was Socorro Gudino and the buyer of the house was Lalo Diaz. Respondents F.E. and Hughes were the listing agents for the buyer and the seller.

6. Respondent Hughes began working with Respondents F.E. and Cruz as an independent loan solicitor and sales agent in January 2005.

7. On or about May 27, 2005, Respondent Hughes drafted a residential purchase agreement identifying Lalo Diaz as the buyer of the house located at 1042 65th Street in Inglewood, California. Section 25 of that agreement stated that the buyer would pay a

¹ On November 17, 2008, the Real Estate Commissioner adopted a Stipulation and Agreement between the Department of Real Estate's designee and Respondent Hughes. The Stipulation and Agreement contains the following language: "[i]n the interest of expedience and economy, Respondent [Hughes] chooses not to contest these factual allegations [those in the underlying Accusation], but to remain silent and understands that, as a result thereof, these factual statements, will serve as a prima facie basis for the disciplinary action stipulated to herein [in the Stipulation and Agreement]." The Stipulation and Agreement also contains the following statement: "[t]he conduct of Respondent . . . Hughes . . . is grounds for the suspension or revocation of all of the real estate licenses and license rights of Respondent [Hughes] under the provisions of Section 10177(g) of the Business and Professions Code." Pursuant to the Stipulation and Agreement, Respondent Hughes's license and licensing rights (in approximately 1989, the Department of Real Estate had issued her a real estate salesperson license) were revoked and a restricted real estate salesperson license was issued. The restricted license shall remain in place for two years and was initially suspended for 30 days upon issuance.

transaction coordinator fee of \$2,500.² Respondents F.E. and Hughes are identified within the agreement as the listing and selling firms for both the buyer and seller. Neither the buyer nor the seller signed the copy of the purchase agreement.

8. The unsigned mortgage loan disclosure statement also identified Lalo Diaz as the borrower, and documented a \$2,500 transaction coordinator fee.

9. One month earlier, on or about April 27, 2005, Respondent Hughes had drafted a residential purchase agreement identifying Vanessa Diaz as buyer of the same house located at 1042 65th Street in Inglewood, California. Respondent Hughes explained in her testimony that she had drafted this earlier purchase agreement when Vanessa Diaz intended on buying the house in her own name, but then later the buyers decided it was best to put the agreement in Lalo Diaz's name. The evidence failed to conclusively establish the relationship between Lalo and Vanessa Diaz. Section 25 of this earlier purchase agreement did not identify a transaction coordinator fee. This earlier agreement also identified Respondents F.E. and Hughes as the listing and selling firms for both the buyer and seller. Neither the buyer nor the seller had signed the copy of this earlier purchase agreement.

10. The sale escrow instructions, dated May 10, 2005, identified the buyer as Vanessa Diaz and the sellers as Socorro and Juan M. Gudino. Socorro Gudino explained at hearing that Juan M. Gudino was her husband at the time, but after their divorce, his name was removed from the sale documents. The sale escrow instructions contained the following terms (with uppercase lettering in the original): "[s]eller is aware and agrees that a \$2,300 Transaction Coordinator Fee will be paid to JENNIFER BUNNELL separately and in addition to the commission paid from proceeds at close of escrow." The document also contained the following terms (with uppercase lettering in the original): "[b]uyer herein is aware and agrees that a \$2,500 Transaction Coordinator Fee will be paid to JENNIFER BUNNELL from proceeds at the close of escrow." Neither the buyer nor the seller had signed the copy of the sale escrow instructions.

11. Jennifer Bunnell is Respondent Hughes's daughter.

12(a). The parties presented two final settlement statements at hearing, both dated July 1, 2005. Both copies show Lalo Diaz as the borrower/buyer, and Socorro Gudino as the seller. One statement shows that the seller was to pay a \$6,800 transaction coordinator fee to a Lindsey Cheminai. Socorro Gudino paid the \$6,800 transaction coordinator fee, though, in accordance with her discussions with Respondent Hughes, Respondent Hughes' representations to Gudino, and the documents Respondent Hughes prepared, Gudino had only agreed to pay a \$2,300 transaction coordinator fee.

² The parties did not define a transaction coordinator fee, but it appears to be a fee for an individual who coordinates the transactional documents and transactions related to a real estate purchase.

12(b). The other final settlement statement shows that the buyer/borrower was to pay a \$5,736 transaction coordinator fee to the same Lindsey Cheminais. The buyer, Lalo Diaz, paid that amount, though Respondent Hughes had represented to Diaz, and prepared transactional documents wherein Diaz solely agreed to pay a \$2,500 transaction coordinator fee. This second final settlement statement also documented a \$4,854 yield spread premium payable to Respondent F.E.³

13. Respondent Cruz asserted at hearing that he does not know a Lindsey Cheminais. Respondent Hughes explained at hearing that Lindsey Cheminais was a person whom she had used as a transaction coordinator in the past.

14. The escrow company's closing statement, dated July 1, 2005, confirmed the disbursement of the \$5,736 transaction coordinator fee to Lindsey Cheminais. The closing statement also documented the \$4,854 yield spread premium.

15. Approximately one year after the transactions were completed, Respondent Hughes paid Socorro Gudino \$1,200 as a partial refund of the transaction coordinator fee. Based on the \$6,800 fee, the originally agreed-to payment of \$2,300, and the \$1,200 partial refund, Gudino believes she is still owed approximately \$3,300. According to Respondent Hughes, Respondent Cruz refuses to pay any amount to Socorro Gudino, stating that from his vantage point, it is Respondent Hughes's responsibility to refund Gudino.

16. On a date undetermined by the evidence, Respondent Hughes paid Lalo Diaz \$3,236 as a refund of the transaction coordinator fee. Based on the \$5,736 fee, the originally agreed to payment of \$2,500, and Respondent Hughes's refund, Diaz was refunded to the initially agreed fee.

17. Although Respondent Hughes testified at hearing, she failed to explain the reason why the transaction coordinator fees were inflated from those amounts originally represented to the buyer and seller. Respondent Hughes largely accused Respondent Cruz of advising her on what to do and asserted that she followed his direction. Respondent Cruz contested her accusations, claiming he was unaware of Respondent Hughes's actions, particularly those of misrepresenting the transaction coordinator fees.

18. Respondent Cruz asserted that he never met Lalo Diaz or Socorro Gudino before the instant hearing. His assertion was corroborated by the testimony of Socorro Gudino. Gudino interacted exclusively with Respondent Hughes. On one occasion, while completing the house sale, Respondent Hughes brought Gudino into Respondents' offices, and cautioned Gudino to stay quiet, in an effort to keep Respondent Cruz from becoming aware of their presence and actions in the office.

³ The parties defined a yield spread premium as a rebate paid by the lender to the broker outside of escrow.

19. In a letter to the Department of Real Estate, dated October 9, 2007, Respondent Cruz wrote the following: "I supervised [Respondent] . . . Hughes on this transaction just as I do on every transaction." However, Respondent Cruz claimed at hearing that he never saw the inflated coordinator transaction fees, even though he asserted in his letter that he reviewed all transactional documents for accuracy. He explained that nothing in the estimated closing costs showed such inflated fees, and that the inflated fees only appeared on the final closing statements.

20. In an earlier letter to the Department of Real Estate from Respondents F.E. and Cruz, dated February 3, 2006, Respondent Cruz accused Respondent Hughes of removing transactional documents from the real estate/escrow file in a clandestine manner. Respondent Cruz reiterated that accusation in his testimony. According to Respondent Cruz, on or about January 12, 2006, Respondent Hughes went to the escrow company and, after accessing the escrow file regarding the Gudino/Diaz house sale, she left the escrow office abruptly with the file in hand. After Respondent Cruz confronted her about this, Respondent Hughes returned the file, but thereafter, the file was missing several transactional documents. However, in recounting these allegations, Respondent Cruz did not identify which documents he believed were missing from the file. Nonetheless, Respondent Cruz accuses Respondent Hughes of removing those unidentified documents. Furthermore, according to Respondent Cruz, Respondent Hughes admitted to him that she intended to inflate the transaction coordinator fees and receive a portion of the inflated payment that was made to her daughter. Respondent Hughes denied she made such an admission.

21. Regarding the yield spread premium documented in the final documents, Respondents F.E. and Cruz explained, in their letter dated October 9, 2007, that, contrary to the Department of Real Estate's allegation (that Respondents failed to disclose the yield spread premium to the buyer/borrower), the yield spread premium had been disclosed to the borrower three different times. First, in written disclosures sent three days after the borrower's initial application was taken. Second, the lender that funded the loan had disclosed the yield spread premium to the borrower within three days of receiving the loan package from Respondent F.E. Third, the escrow company's estimated closing statement disclosed the yield spread premium to the borrower as well. The evidence established that the escrow company's July 1, 2005 closing statement and the final settlement statement, also dated July 1, 2005, contained the yield spread premium. (See Factual Findings 12 and 14.)

22. Respondents F.E. and Cruz did not have, in their possession, any original or otherwise signed transactional documents regarding the Gudino/Diaz sale of real property, including a copy of the buyer's mortgage loan disclosure statement.

LEGAL CONCLUSIONS

1. Business and Professions Code section 10159.2 states in pertinent part:

(a) The officer designated by a corporate broker licensee pursuant to Section 10211 shall be responsible for the supervision and control of the

activities conducted on behalf of the corporation by its officers and employees as necessary to secure full compliance with the provisions of this division, including the supervision of salespersons licensed to the corporation in the performance of acts for which a real estate license is required.

2. Business and Professions Code section 10176 states in pertinent part:

The commissioner may, upon his or her own motion, and shall, upon the verified complaint in writing of any person, investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee within this state, and he or she may temporarily suspend or permanently revoke a real estate license at any time where the licensee, while a real estate licensee, in performing or attempting to perform any of the acts within the scope of this chapter has been guilty of any of the following:

(a) Making any substantial misrepresentation.

[¶] . . . [¶]

(i) Any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

3. Business and Professions Code section 10177, states in pertinent part:

The commissioner may suspend or revoke the license of a real estate licensee . . . who has done any of the following, or may suspend or revoke the license of a corporation . . . if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

[¶] . . . [¶]

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

[¶] . . . [¶]

(g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of his or her salespersons, or, as the officer designated by a

corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

4. Business and Professions Code section 10240 states in pertinent part:

(a) Every real estate broker, upon acting within the meaning of subdivision (d) of Section 10131, who negotiates a loan to be secured directly or collaterally by a lien on real property shall, within three business days after receipt of a completed written loan application or before the borrower becomes obligated on the note, whichever is earlier, cause to be delivered to the borrower a statement in writing, containing all the information required by Section 10241. It shall be personally signed by the borrower and by the real estate broker negotiating the loan or by a real estate licensee acting for the broker in negotiating the loan. When so executed, an exact copy thereof shall be delivered to the borrower at the time of its execution. The real estate broker negotiating the loan shall retain on file for a period of three years a true and correct copy of the statement as signed by the borrower.

5. California Code of Regulations, title 10, section 2910 states in pertinent part:

(a) When considering whether a license should be denied, suspended or revoked on the basis of the conviction of a crime, or on the basis of an act described in Section 480(a)(2) or 480(a)(3) of the Code, the crime or act shall be deemed to be substantially related to the qualifications, functions or duties of a licensee of the Department within the meaning of Sections 480 and 490 of the Code if it involves:

(1) The fraudulent taking, obtaining, appropriating or retaining of funds or property belonging to another person.

(2) Counterfeiting, forging or altering on of an instrument or the uttering of a false statement.

[¶] ... [¶]

(4) The employment of bribery, fraud, deceit, falsehood or misrepresentation to achieve an end.

[¶] ... [¶]

(6) Willfully violating or failing to comply with a provision of Division 4 of the Business and Professions Code of the State of California.

[¶] ... [¶]

(8) Doing of any unlawful act with the intent of conferring a financial or economic benefit upon the perpetrator.

6. As Respondent F.E.'s designated officer, Respondent Cruz is "responsible for the supervision and control of the activities conducted on behalf of the corporation by its . . . employees . . . including the supervision of salespersons licensed to the corporation in the performance of acts for which a real estate license is required." (Bus. & Prof. Code, § 10159.2, subd. (a).) Thus, Respondent Cruz is responsible for the supervision and control of Respondent Hughes's activities regarding the Gudino/Diaz house sale. (*Ibid.*)

7. The evidence established that Respondent Hughes, as a salesperson working on behalf of Respondent F.E., misrepresented the transaction coordinator fees to the buyer and seller of the Inglewood property, inflating those fees well beyond what the buyer and seller had agreed to pay. Respondents Cruz and Hughes failed to provide a benign reason why the fees were increased, nor did they ever characterize the disparate fees as an error. The evidence therefore established that Respondent Hughes's unilateral increase in transaction coordinator fees was a deliberate attempt to extract more money from the buyer and seller in a dishonest manner.

8. The misrepresentation of the transaction coordinator fees is substantially related to the qualifications, functions, and duties of a real estate licensee. (Cal. Code Regs., tit. 10, § 2910, subds. (a)(1), (a)(2), (a)(4), (a)(6), and (a)(8).) Respondents' failure to maintain a copy of the buyer's mortgage loan disclosure statement is an act that is substantially related to the qualifications, functions, and duties of a real estate licensee. (Cal. Code Regs., tit. 10, § 2910, subd. (a)(6).)

9. Respondent Cruz argued that he was unaware of Respondent Hughes's actions, despite his supervision of her. Respondent Cruz provided insufficient evidence to establish that he was unaware of Respondent Hughes's actions. Respondent Cruz's supervisory obligations and employer status over Respondent Hughes, establish that Respondent Cruz was aware of Respondent Hughes's actions. It is noted that Respondent Cruz never met the seller (Socorro Gudino) until the day of hearing, and thus believable that Respondent Hughes was the main actor in orchestrating the transactions in the Gudino/Diaz sale. However, Respondent Cruz, in exercising reasonable supervision over his salesperson, Respondent Hughes, would have become aware of the improperly increased fees. Respondent Cruz failed to provide evidence that he reasonably supervised Respondent Hughes, an assertion that contradicts his argument that he was unaware of the increased fees. Saliently, Respondent Cruz failed to provide evidence of his asserted supervision. He did not disclose how he supervised Respondent Hughes, for example, whether or how often he reviewed transactional documents, whether he met with Respondent Hughes on a regular basis, or whether he was at least generally aware of the Gudino/Diaz sale. The only evidence that supported Respondent Cruz's assertion that he was unaware of Respondent Hughes's actions was his own testimony. Given his supervisory duties, Respondent Cruz's testimony alone was insufficient to establish that assertion. Respondent Hughes's actions while acting

on behalf of Respondent F.E. further establishes that Respondent Cruz acted negligently and/or incompetently in his supervision of Respondent Hughes.

10. Cause exists to revoke or suspend Respondents' real estate broker license, pursuant to Business and Professions Code section 10176, subdivision (a), for misrepresenting the coordinator transaction fees in a real estate sales transaction, as set forth in Factual Findings 1, 4-17, and Legal Conclusions 1, 2, and 5-8.

11. Cause exists to revoke or suspend Respondents' real estate broker license, pursuant to Business and Professions Code section 10176, subdivision (i), for dishonest dealings, as set forth in Factual Findings 1, 4-17, and Legal Conclusions 1, 2, and 5-8.

12. Cause exists to revoke or suspend Respondents' real estate broker license, pursuant to Business and Professions Code section 10177, subdivision (d), for violating real estate laws including their failure to maintain transactional documents as required by Business and Professions Code section 10240, subdivision (a), as set forth in Factual Findings 1, 4-22, and Legal Conclusions 1 and 3-8.

13. Cause exists to revoke or suspend Respondents' real estate broker license, pursuant to Business and Professions Code section 10177, subdivision (g), for demonstrated negligence, as set forth in Factual Findings 1, 4-22, and Legal Conclusions 1, 3, and 6-9.

14. Cause exists to revoke or suspend Respondent Cruz's real estate broker license, pursuant to Business and Professions Code section 10177, subdivision (h), for failing to exercise reasonable supervision, as set forth in Factual Findings 1, 4-22, and Legal Conclusions 1, 3, and 6-9.

15. Respondents provided no evidence of rehabilitative efforts.

16. In the Accusation, Complainant alleged that Respondents failed to disclose a yield spread premium, however, the evidence proved disclosure on July 1, 2005, as set forth in Factual Findings 12 and 14. Complainant failed to present evidence or legal argument that those disclosures were insufficient or somehow contrary to law. Therefore, Complainant's allegation regarding the lack of disclosure of the payment of this premium was not substantiated.

17. Taking into consideration the violations established by the evidence, namely dishonest dealings, misrepresentations, failure to retain transactional documents, as required by law, and negligent and incompetent supervision, it is appropriate to restrict Respondents' broker licenses in order to assure the public's protection. A period of restriction shall allow the Department of Real Estate to appropriately monitor Respondents' broker activities and ensure that Respondents deal with consumers and supervise employees in accordance with the law.

ORDER

1(a). All licenses and licensing rights of Respondent Louis Cruz under the Real Estate Law are revoked; provided, however, a restricted real estate broker license shall be issued to Respondent Cruz pursuant to Section 10156.5 of the Business and Professions Code if Respondent Cruz makes application therefor and pays to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to Respondent Cruz shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of that Code:

1(b). The restricted license issued to Respondent Cruz may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent Cruz's conviction or plea of nolo contendere to a crime which is substantially related to Respondent Cruz's fitness or capacity as a real estate licensee.

1(c). The restricted license issued to Respondent Cruz may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent Cruz has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

1(d). Respondent Cruz shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until two years have elapsed from the effective date of this Decision.

1(e). Respondent Cruz shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent Cruz has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent Cruz fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until Respondent Cruz presents such evidence. The Commissioner shall afford Respondent Cruz the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

2(a). All licenses and licensing rights of Respondent Freedom Enterprises, Inc. under the Real Estate Law are revoked; provided, however, a restricted corporate real estate broker license shall be issued to Respondent Freedom Enterprises, Inc., pursuant to Section 10156.5 of the Business and Professions Code, if Respondent Freedom Enterprises, Inc. makes application therefor and pays to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to Respondent Freedom Enterprises, Inc. shall be subject to all of the

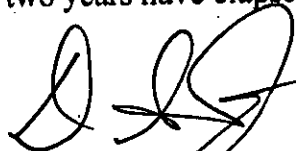
provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of that Code:

2(b). The restricted license issued to Respondent Freedom Enterprises, Inc. may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent Freedom Enterprises, Inc.'s conviction or plea of nolo contendere to a crime which is substantially related to Respondent Freedom Enterprises, Inc.'s fitness or capacity as a real estate licensee.

2(c). The restricted license issued to Respondent Freedom Enterprises, Inc. may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent Freedom Enterprises, Inc. has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

2(d). Respondent Freedom Enterprises, Inc. shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until two years have elapsed from the effective date of this Decision.

Dated: January 27, 2009



DANIEL JUAREZ
Administrative Law Judge
Office of Administrative Hearings

1 Department of Real Estate
2 320 West 4th Street, Suite 350
3 Los Angeles, California 90013
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FILED
OCT 28 2008
DEPARTMENT OF REAL ESTATE
[Signature]

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) No. H-34896 LA
FREEDOM ENTERPRISES, INC.,) L-2008 060 550
and LOUIS CRUZ,)
as designated officer of)
Freedom Enterprises, Inc.,)
and DEBORAH ALIENE HUGHES,)
Respondents,) STIPULATION AND AGREEMENT

17 It is hereby stipulated by and between DEBORAH ALIENE
18 HUGHES (sometimes referred to as Respondent), and her attorney,
19 Frank M. Buda, and the Complainant, acting by and through James
20 R. Peel, Counsel for the Department of Real Estate, as follows
21 for the purpose of settling and disposing of the Accusation filed
22 on April 30, 2008, in this matter.

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.

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. On May 7, 2008, Respondent filed a Notice of
8 Defense pursuant to Section 11506 of the Government Code for the
9 purpose of requesting a hearing on the allegations in the
10 Accusation. Respondent hereby freely and voluntarily withdraws
11 said Notice of Defense. Respondent acknowledges that she
12 understands that by withdrawing said Notice of Defense she will
13 thereby waive her right to require the Commissioner to prove the
14 allegations in the Accusation at a contested hearing held in
15 accordance with the provisions of the APA and that she will
16 waive other rights afforded to her in connection with the
17 hearing such as the right to present evidence in defense of the
18 allegations in the Accusation and the right to cross-examine
19 witnesses.

20 4. This Stipulation is based on the factual
21 allegations contained in the Accusation filed in this
22 proceeding. In the interest of expedience and economy,
23 Respondent chooses not to contest these factual allegations, but
24 to remain silent and understands that, as a result thereof,
25 these factual statements, will serve as a prima facie basis for
26 the disciplinary action stipulated to herein. The Real Estate
27 Commissioner shall not be required to provide further evidence

1 to prove such allegations.

2 5. The Stipulation herein and Respondent's decision
3 not to contest the Accusation, are made solely for the purpose
4 of reaching an agreed disposition of this proceeding and are
5 expressly limited to this proceeding and any other proceeding or
6 case in which the Department of Real Estate ("Department") or
7 another licensing agency of this state, another state or if the
8 federal government is involved, and otherwise shall not be
9 admissable in any other criminal or civil proceedings.

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

20 7. The Order or any subsequent Order of the Real
21 Estate Commissioner made pursuant to this Stipulation and
22 Agreement shall not constitute an estoppel, merger or bar to any
23 further administrative or civil proceedings by the Department of
24 Real Estate with respect to any matters which were not
25 specifically alleged to be causes for accusation in this
26 proceeding.

27 ///

DETERMINATION OF ISSUES

1 By reason of the foregoing stipulations and waivers
2 and solely for the purpose of settlement of the pending
3 Accusation without a hearing, it is stipulated and agreed that
4 the following determination of issues shall be made:
5

6 The conduct of Respondent, DEBORAH ALIENE HUGHES as
7 described in Paragraph 4, above, is grounds for the suspension
8 or revocation of all of the real estate licenses and license
9 rights of Respondent under the provisions of Section 10177(g) of
10 the Business and Professions Code.

ORDER

11 The license and licensing rights of Respondent DEBORAH
12 ALIENE HUGHES under the Real Estate Law are revoked, provided,
13 however, a restricted real estate salesperson license shall be
14 issued to Respondent pursuant to Section 10156.5 of the Business
15 and Professions Code if Respondent makes application therefor
16 and pays to the Department of Real Estate the appropriate fee
17 for the restricted license within 90 days from the effective
18 date of this Decision. The restricted license issued to
19 Respondent shall be subject to all of the provisions of Section
20 10156.7 of the Business and Professions Code and to the
21 following limitations, conditions, and restrictions imposed
22 under authority of Section 10156.6 of that Code:

- 23
- 24 1. The restricted license shall be suspended for
25 thirty (30) days upon issuance to Respondent.
 - 26 2. The restricted license issued to Respondent may be
27 suspended prior to hearing by Order of the Real Estate

1 Commissioner in the event of Respondent's conviction or plea of
2 nolo contendere to a crime which is substantially related to
3 Respondent's fitness or capacity as a real estate licensee.

4 3. The restricted license issued to Respondent may be
5 suspended prior to hearing by Order of the Real Estate
6 Commissioner on evidence satisfactory to the Commissioner that
7 Respondent has violated provisions of the California Real Estate
8 Law, the Subdivided Lands Law, Regulations of the Real Estate
9 Commissioner or conditions attaching to the restricted license.

10 4. Respondent shall not be eligible to apply for the
11 issuance of an unrestricted real estate license nor for the
12 removal of any of the conditions, limitations or restrictions of
13 a restricted license until two years have elapsed from the
14 effective date of this Decision.

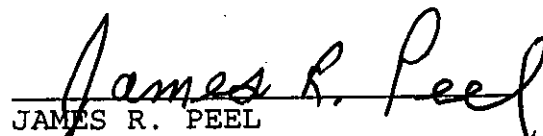
15 5. Respondent shall submit with any application for
16 license under an employing broker, or any application for
17 transfer to a new employing real estate broker on a form RE 552
18 approved by the Department of Real Estate which shall certify:

19 (a) That the employing broker has read the
20 Stipulation and Agreement which is the basis for the issuance of
21 the restricted license; and

22 (b) That the employing broker will carefully
23 review all transaction documents prepared by the restricted
24 licensee and otherwise exercise close supervision over the
25 licensee's performance of acts for which a license is required.
26
27

1 6. Respondent shall, within nine months from the
2 effective date of this Decision, present evidence satisfactory
3 to the Real Estate Commissioner that Respondent has, since the
4 most recent issuance of an original or renewal real estate
5 license, taken and successfully completed the continuing
6 education requirements of Article 2.5 of Chapter 3 of the Real
7 Estate Law for renewal of a real estate license. If Respondent
8 fails to satisfy this condition, the Commissioner may order the
9 suspension of the restricted license until the Respondent
10 presents such evidence. The Commissioner shall afford
11 Respondent the opportunity for a hearing pursuant to the
12 Administrative Procedure Act to present such evidence.

13
14 DATED: Oct 3, 2008

15
16 
17 JAMES R. PEEL
18 Counsel for Complainant
19 * * *

20 I have read the Stipulation and Agreement, have
21 discussed it with my attorney, and its terms are understood by
22 me and are agreeable and acceptable to me. I understand that I
23 am waiving rights given to me by the California Administrative
24 Procedure Act (including but not limited to Sections 11506,
25 11508, 11509 and 11513 of the Government Code), and I willingly,
26 intelligently and voluntarily waive those rights, including the
27 right of requiring the Commissioner to prove the allegations in

1 the Accusation at a hearing at which I would have the right to
2 cross-examine witnesses against me and to present evidence in
3 defense and mitigation of the charges.

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

14 Further, if the Respondent is represented in these
15 proceedings, the Respondent's attorney can signify his agreement
16 to the terms and conditions of the Stipulation and Agreement by
17 submitting that signature via fax.

18
19 DATED: _____

DEBORAH ALIENE HUGHES
Respondent

20
21
22 DATED: _____

FRANK M. BUDA
Respondent's Attorney

Case No. 09-1000

FAX NO.

SEP-22-08 FRI 04:27 PM

1 the Accusation at a hearing at which I would have the right to
2 cross-examine witnesses against me and to present evidence in
3 defense and mitigation of the charges.

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

14 Further, if the Respondent is represented in these
15 proceedings, the Respondent's attorney can signify his agreement
16 to the terms and conditions of the Stipulation and Agreement by
17 submitting that signature via fax.

18 DATED: 9/23/08

Sharon
SHARON ALIENE HUGHES
Respondent:

19 DATED: 9-26-08

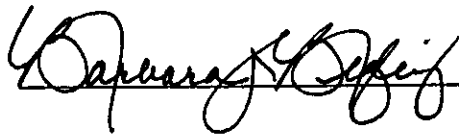
Frank M. Buda
FRANK M. BUDA
Respondent's Attorney

* * *

1
2 The foregoing Stipulation and Agreement is hereby
3 adopted as my Decision in this matter and shall become effective
4 at 12 o'clock noon on November 17, 2008.

5 IT IS SO ORDERED 10/17, 2008.

6 JEFF DAVI
7 Real Estate Commissioner

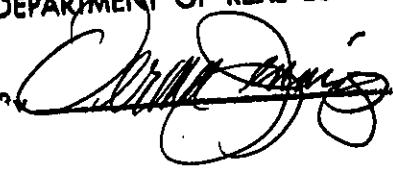
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11 BY: Barbara J. Bigby
12 Chief Deputy Commissioner

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SARCO
file

FILED
APR 30 2008
DEPARTMENT OF REAL ESTATE



1 JAMES R. PEEL, Counsel (SBN 47055)
2 Department of Real Estate
3 320 West Fourth Street, Suite 350
4 Los Angeles, CA 90013-1105
5
6
7
8 Telephone: (213) 576-6982
9 -or- (213) 576-6913 (Direct)
10

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

11 In the Matter of the Accusation of) No. H-34896 LA
12)
13) A C C U S A T I O N
14 FREEDOM ENTERPRISES, INC.,)
15 and LOUIS CRUZ,)
16 as designated officer of)
17 Freedom Enterprises, Inc.,)
18 and DEBORAH ALIENE HUGHES,)
19 Respondents)
20)
21)
22)
23)
24)
25)
26)
27)

The Complainant, Joseph Aiu, a Deputy Real Estate Commissioner of the State of California, for cause of accusation against FREEDOM ENTERPRISES, INC., LOUIS CRUZ, individually and as designated officer of Freedom Enterprises, Inc., and DEORAH ALIENE HUGHES, alleges as follows:

I

The Complainant, Joseph Aiu, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against FREEDOM ENTERPRISES, INC., LOUIS CRUZ, individually and as designated officer of Freedom Enterprises, Inc., and DEBORAH ALIENE HUGHES.

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II

FREEDOM ENTERPRISES, INC., LOUIS CRUZ, individually and as designated officer of said corporation, and DEBORAH ALIENE HUGHES (hereinafter referred to as "Respondents"), are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter Code).

III

At all times herein mentioned, Respondent FREEDOM ENTERPRISES, INC., were licensed as a real estate broker with Respondent LOUIS CRUZ as its designated officer.

Respondent DEBORAH ALIENE HUGHES was licensed as a real estate salesperson employed by Respondent FREEDOM ENTERPRISES, INC.

IV

At all times material herein, Respondents FREEDOM ENTERPRISES, INC., and LOUIS CRUZ, engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California, within the meaning of Section 10131(a) and (d) of the Code including negotiating loans on real property.

V

On or about July 1, 2005, Respondent HUGHES for or in expectation of compensation, negotiated the sale of real property located at 1042 E. 65th Street, Inglewood, California ("Property") from Socorro Gudino ("Seller") to Lalo Diaz ("Buyer").

1 VI

2 The terms of the sale required, among other things,
3 that the Buyer obtain a first and second mortgage.

4 VII

5 Respondents FREEDOM ENTERPRISES, INC. and LOUIS CRUZ
6 violated Code Sections 10240 and 10241 by failing to maintain a
7 copy of the Buyer's Mortgage Loan Disclosure Statement signed by
8 the Buyer and the broker or the broker's representative and
9 disclosing to the Buyer that he would have to pay a transaction
10 coordinator fee in the amount of \$5,736, and that the broker
11 would be receiving from the lender compensation in the form of a
12 yield spread premium in the amount of \$4,854..

13 VIII

14 Escrow closed on or about July 1, 2005.

15 IX

16 During the course of the transaction, Respondents
17 FREEDOM ENTERPRISES, INC., LOUIS CRUZ, and DEBORAH ALIENE CRUZ,
18 failed to disclose to the Seller that she would have to pay a
19 transaction coordinator fee in the amount of \$6,800.

20 X

21 During the course of the transaction, Respondents
22 FREEDOM ENTERPRISES, INC., LOUIS CRUZ, and DEBORAH ALIENE HUGHES,
23 failed to disclose to the Buyer that he would have to pay a
24 transaction coordinator fee in the amount of \$5,736, and that the
25 broker would be receiving from the lender compensation in the
26 form of a yield spread premium in the amount of \$4,854.

27

XI


1
2 The conduct of Respondents FREEDOM ENTERPRISES, INC.,
3 LOUIS CRUZ, and DEBORAH ALIENE HUGHES, as alleged above, subjects
4 their real estate licenses and license rights to suspension or
5 revocation pursuant to Sections 10177(d), 10177(g), 10176(a), and
6 10176(i) of the Code.

7 The conduct of Respondent LOUIS CRUZ, as alleged above,
8 subjects his real estate licenses and license rights to
9 suspension or revocation pursuant to Sections 10159.2, 10177(h),
10 10177(d), and/or 10177(g) of the Code.

11 WHEREFORE, Complainant prays that a hearing be
12 conducted on the allegations of this Accusation and that upon
13 proof thereof, a decision be rendered imposing disciplinary
14 action against all licenses and license rights of Respondents
15 FREEDOM ENTERPRISES, INC., LOUIS CRUZ, and DEBORAH ALIENE HUGHES
16 under the Real Estate Law (Part 1 of Division 4 of the Business
17 and Professions Code) and for such other and further relief as
18 may be proper under other applicable provisions of law.

19 Dated at Los Angeles, California

20 this 15 day of April, 2008.

21
22 
23 JOSEPH AIU
24 Deputy Real Estate Commissioner

25 cc: Freedom Enterprises, Inc.
26 Louis Cruz
27 Deborah Aliene Hughes
Scott F. Chambless
Joseph Aiu
Sacto.