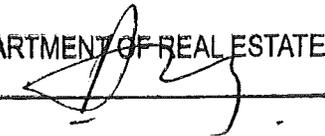


FILED

JUL 15 2013

DEPARTMENT OF REAL ESTATE
BY: 

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7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11	In the Matter of the Accusation of)	
)	
12)	No. H- 38951 LA
	CRAWFORD REAL ESTATE SERVICES INC.)	
13	CRAWFORD INVESTMENT COMPANY; and)	<u>A C C U S A T I O N</u>
	CHRISTOPHER ARTHUR CRAWFORD,)	
14	individually and as designated officer of)	
	Crawford Real Estate Services Inc. and)	
15	Crawford Investment Company,)	
)	
16)	
	Respondents.)	
17)	
)	
18)	

19
20 The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State
21 of California, Department of Real Estate ("Department") for cause of Accusation against
22 CRAWFORD REAL ESTATE SERVICES INC. ("CRESI"), CRAWFORD INVESTMENT
23 COMPANY ("CIC") and CHRISTOPHER ARTHUR CRAWFORD ("CRAWFORD"),
24 individually and as designated officer of Crawford Real Estate Services Inc. and Crawford
25 Investment Company, corporate and individual real estate brokers (collectively "Respondents"),
26 is informed and alleges as follows:

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1.

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in her official capacity.

Individuals and Entities

2.

From December 31, 2004, through the present, Respondent CRESI has been licensed as a real estate corporation. . At all times relevant herein, CRESI was acting by and through Respondent CRAWFORD as its designated broker-officer pursuant to Business and Professions Code (“Code”) Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

3.

From July 9, 1968, through the present, Respondent CIC has been licensed as a real estate corporation. Beginning June 2, 1988, and continuing through the present, CIC was acting by and through Respondent CRAWFORD as its designated broker-officer pursuant to Business and Professions Code (“Code”) Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

On March 30, 2005, in Case No. H-31797 LA, an Accusation was filed against Respondents CIC and CRAWFORD that resulted in discipline effective November 23, 2005, as more fully set forth below in Paragraph 24.

4.

From December 31, 2004 (CRESI) and from July 9, 1968 (CIC), through the present, Respondents CRESI and CIC have been licensed as real estate corporations. At all times relevant herein CRESI and CIC were acting by and through Respondent CRAWFORD as designated broker-officer pursuant to Business and Professions Code (“Code”) Section 10159.2 to

1 be responsible for ensuring their compliance with the Real Estate Law. The ownership and
2 management structure of CRESI and CIC is set forth in the table below:

3 , through the present, Respondents CRESI and CIC have been licensed as real estate corporations.

4 At all times relevant herein CRESI and CIC were acting by and through Respondent
5 CRAWFORD as designated broker-officer pursuant to Business and Professions Code ("Code")

6 Section 10159.2 to be responsible for ensuring their compliance with the Real Estate Law. The
7 ownership and management structure of CRESI and CIC is set forth in the table below:

8 From July 9, 1968, through the present, Respondents CRESI and CIC have been licensed as real

9 estate corporations. At all times relevant herein CRESI and CIC were acting by and through

10 Respondent CRAWFORD as designated broker-officer pursuant to Business and Professions

11 Code ("Code") Section 10159.2 to be responsible for ensuring their compliance with the Real

12 Estate Law. The ownership and management structure of CRESI and CIC is set forth in the table

13 below:
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Name	Ownership Percentage	Title	Real Estate License
Christopher Arthur Crawford	100%	President/D.O.	Yes
Leonel D. Tapia	0%	EVP	No
Tekla Housley	0%	Secretary	RES
Robert B. Austin	0%	VP	REB

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24 5.

25 From May 29, 1981, through May 28, 1989, and again on June 30, 2004,
26 Respondent CRAWFORD has been licensed as a real estate broker.

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6.

Whenever reference is made in an allegation in this Accusation to an act or omission of "Respondents", such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondents committed such act or omission while engaged in the furtherance of the business or operations of Respondents and while acting within the course and scope of their corporate authority and employment, including CRAWFORD, Leonel D. Tapia, Tekla H., and Robert B. Austin.

FIRST CAUSE OF ACCUSATION
(Broker Escrow Audit)
(Crawford Real Estate Services Inc.)
(September 1, 2011)

7.

At all times mentioned, in the City and County of San Bernardino, State of California, Respondents CRESI and CRAWFORD acted as real estate brokers and conducted licensed activities within the meaning of:

A. Code Section 10131(a). Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others.

B. Code Section 10131(d). Respondents engaged in a mortgage and loan brokerage including conducting activities with the public wherein institutional lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, and wherein such loans were arranged, negotiated, processed, consummated, packaged and serviced on behalf of others for compensation or in expectation of compensation and for fees often collected in advance. In addition, CRESI solicited borrowers and lenders, negotiated, escrowed and serviced mortgage loans for compensation. CRESI negotiated and escrowed mortgage loans for private lenders.

1 C. California Financial Code Section 17006(a)(4). In addition, Respondent
2 CRESI conducted broker-controlled escrows through its escrow division, under the exemption set
3 forth in California Financial Code for real estate brokers performing escrows incidental to a real
4 estate transaction where the broker is a party and where the broker is performing acts for which a
5 real estate license is required.

6 Audit Examination

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8 8.

9 On September 1, 2011, the Department completed an audit examination of the
10 books and records of Respondent CRESI pertaining to the broker escrow activity described in
11 Paragraph 7C, which require a real estate license. The audit examination covered a period of
12 time beginning on January 1, 2009 to April 29, 2011. The audit examination revealed violations
13 of the Code and the Title 10, Chapter 6, California Code of Regulations ("Regulations") set forth
14 in the following paragraphs, and more fully set forth in Audit Report LA 100315, and the
15 exhibits and work papers attached thereto.

16 Trust Account

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18 9.

19 At all times mentioned, in connection with the activities described in Paragraph 7,
20 above, CRESI accepted or received funds including funds in trust ("trust funds") from or on
21 behalf of actual or prospective parties to transactions including buyers and sellers, borrowers and
22 lenders handled by CRESI through its in-house escrow division and thereafter made deposits and
23 or disbursements of such funds. CRESI maintained a trust account for its broker escrow activity
24 during the audit period. From time to time herein mentioned, during the audit period, said trust
25 funds were deposited and/or maintained by CRESI in the trust account set forth below:

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11.

The conduct of Respondents CRESI and CRAWFORD, described in Paragraph 10, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
10(a)	Code Section 10145 and Regulation 2834, 2950(d) and 2951
10(b)	Code Section 10145 and Regulation 2950(h)
10(c)	Code Section 10159.5 and Regulation 2731

The foregoing violations constitute cause for discipline of the real estate licenses and license rights of Respondents CRESI and CRAWFORD under the provisions of Code Sections 10177(d) and/or 10177(g).

SECOND CAUSE OF ACCUSATION
(Mortgage Loan Broker Audit)
(Crawford Real Estate Services Inc.)
(August 5, 2011)

Audit Examination

12.

On August 5, 2011, the Department completed an audit examination of the books and records of Respondent CRESI pertaining to the mortgage loan activity described in Paragraph 7, which require a real estate license. The audit examination covered a period of time beginning on January 1, 2009 to April 29, 2011. The audit examination revealed violations of the Code Regulations set forth in the following paragraphs, and more fully set forth in Audit Report LA 100012, and the exhibits and work papers attached thereto.

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1 14(c) Regulation 2726

2 The foregoing violations constitute cause for discipline of the real estate licenses and license
3 rights of Respondents CRESI and CRAWFORD under the provisions of Code Sections 10177(d)
4 and/or 10177(g).

5
6 THIRD CAUSE OF ACCUSATION
7 (Mortgage Loan Broker Audit)
8 (Crawford Investment Company)
(September 16, 2011)

9 Audit Examination

10 16.

11 On September 16, 2011, the Department completed an audit examination of the
12 books and records of Respondent CIC pertaining to the mortgage loan activity described in
13 Paragraph 7B, which require a real estate license. The audit examination covered a period of
14 time beginning on May 1, 2009 to March 31, 2011. The audit examination revealed violations of
15 the Code Regulations set forth in the following paragraphs, and more fully set forth in Audit
16 Report LA 100011, and the exhibits and work papers attached thereto.

17 Trust Accounts

18 17.

19 At all times mentioned, in connection with the activities described in Paragraph
20 7B, above, CIC accepted or received funds including funds in trust ("trust funds") from or on
21 behalf of actual or prospective parties to transactions including buyers and sellers, lenders and
22 borrowers handled by CIC and thereafter made deposits and or disbursements of such funds.
23 CIC maintained trust accounts for its mortgage loan activity during the audit period. From time
24 to time herein mentioned, during the audit period, said trust funds were deposited and/or
25 maintained by CIC in the trust accounts set forth below:

26 ///

1 violation of Code Section 10137; and

2 (c) Failed to provide or deliver a statement in writing, to wit, a Lender/Purchaser
3 Disclosure Statement, containing all the information required by Code Section 10232.5 to lender
4 Fathi Mohammed M. of Crescent Engineering Services for the Charles G. T, Trustee loan before
5 said lender became obligated to make the loan before the receipt by or on behalf of CIC of any
6 funds from said lender for said loan, in violation of Code Section 10232.4 and 10232.5.

7 Respondent CIC had custody of the purchase Charles G. T. note but did not provide purchaser
8 Fathi Mohammed M. with a completed Lender/Purchaser Disclosure Statement before purchaser
9 Fathi Mohammed M. became obligated to the loan.

10 19.

11 The conduct of Respondents CIC and CRAWFORD, described in Paragraph 18,
12 above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
14 18(a)	Code Section 10145 and 2834
15 18(b)	Code Section 10137
16 18 (c)	Code Sections 10232.4 and 10232.5

17
18 The foregoing violations constitute cause for discipline of the real estate licenses and license
19 rights of Respondents CIC and CRAWFORD under the provisions of Code Sections 10177(d)
20 and/or 10177(g).

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22 FOURTH CAUSE OF ACCUSATION
23 (Negligence)

24 20.

25 The overall conduct of Respondents CRESI, CIC and CRAWFORD constitutes
26 negligence or incompetence and is cause for discipline of the real estate license and license rights
of said Respondents pursuant to the provisions of Code Section 10177(g).

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2 FIFTH CAUSE OF ACCUSATION
3 (Fiduciary Duty)

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5 The conduct, acts and omissions of Respondents CRESI, CIC and CRAWFORD
6 constitutes a breach of fiduciary duty, owed to CRESI and CIC's real estate and brokerage
7 clientele and escrow trust fund beneficiaries of good faith, trust, confidence and candor, within
8 the scope of their brokerage and business relationship, in violation of Code Section 10177(g) and
9 constitutes cause for discipline of the real estate license and license rights of said Respondents
10 pursuant to the provisions of Code Section 10177(g).

11 FIFTH CAUSE OF ACCUSATION
12 (Supervision and Compliance)

13 22.

14 The overall conduct of Respondents CRAWFORD constitutes a failure on his part
15 as the officer designated by a corporate broker licensee, to exercise the reasonable supervision
16 and control over the licensed activities of CIC and CRESI, as required by Code Section 10159.2
17 and Regulation 2725, and to keep CIC and CRESI and its officers in compliance with the Real
18 Estate Law.

19 23.

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

25
26 PRIOR DEPARTMENT ACTION

On March 30, 2005, in Case No. H-31797 LA, an Accusation was filed against Respondents CIC and CRAWFORD, that resulted in discipline effective November 23, 2005, including a stayed suspension for one year on terms and conditions for violations of Code Sections 10145, 10234, 10177(d), 10177(g) and 10177(h) and Regulations 2831, 2831.1, 2831.2 and 2832.1.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and/or license rights of Respondents CRAWFORD REAL ESTATE SERVICES INC., CRAWFORD INVESTMENT COMPANY and CHRISTOPHER ARTHUR CRAWFORD, individually and as former designated officer of Crawford Real Estate Services Inc. and Crawford Investment Company, under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law, including but not limited to, costs of audit, investigation and enforcement.

Dated at Los Angeles, California.

this 14th day of June, 2013.


MARIA SUAREZ
Deputy Real Estate Commissioner

cc: Crawford Real Estate Services Inc.
Crawford Investment Company
Christopher Arthur Crawford D.O.
Maria Suarez
Audits – Chona T. Soriano
Sacto