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**FILED**  
**APR 20 2016**  
**BUREAU OF REAL ESTATE**  
By John Guilan

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8 **BEFORE THE BUREAU OF REAL ESTATE**  
9 **STATE OF CALIFORNIA**

10 \* \* \*

11 In the Matter of the Accusation against )  
12 RELIABLE LOAN SERVICING, INC. and )  
13 ANGELICA M. VEGA, individually and as )  
designated officer of Reliable Loan Servicing, Inc., )  
14 Respondents. )  
15

No. H-40215 LA  
ACCUSATION

16 The Complainant, Maria Suarez, a Supervising Special Investigator for the Bureau of  
17 Real Estate ("Bureau") of the State of California, for cause of Accusation against RELIABLE  
18 LOAN SERVICING, INC. and ANGELICA M. VEGA, individually and as designated officer of  
19 Reliable Loan Servicing, Inc. (collectively "Respondents"), alleges as follows:

20 1.

21 The Complainant, Maria Suarez, acting in her official capacity as a Supervising Special  
22 Investigator, makes this Accusation against Respondent.

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24 2.

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

3 3.

4 Respondents are presently licensed and/or have license rights under the Real Estate Law  
5 (Part 1 of Division 4 of the California Business and Professions Code).

6 4.

7 From December 17, 2005, through the present, Respondent RELIABLE LOAN  
8 SERVICING, INC. ("RLSI") has been licensed by the Bureau as a real estate corporation,  
9 License ID 01520992. RLSI is a California corporation owned solely by Lynn P. Wolcott  
10 ("Wolcott"), an unlicensed person, who is an officer and director of RLSI.

11 5.

12 From October 9, 2007, through the present, Respondent ANGELICA M. VEGA  
13 ("VEGA") has been licensed as a real estate broker, License ID 01335358. Respondent VEGA  
14 was licensed by the Bureau as a real estate salesperson from April 22, 2002 through October 8,  
15 2007.

16 6.

17 From on or about January 13, 2011 through the present, Respondent RLSI has been  
18 licensed as a real estate corporation, acting by and through Respondent VEGA as its designated  
19 officer. As the officer designated by Respondent RLSI pursuant to Section 10211 of the Code,  
20 VEGA is responsible for the supervision and control of the activities conducted on behalf of  
21 Respondent RLSI, by its officers and employees, as necessary to secure full compliance with  
22 Real Estate Law as set forth in Code Section 10159.2 and Regulation 2725.

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1 Prior Discipline

2 7.

3 On March 7, 2011, the Bureau<sup>1</sup> filed an Accusation against RLSI in Bureau Case No. H-  
4 37106 LA. On December 14, 2011, Respondent RLSI entered into a Stipulation and Agreement  
5 with the Bureau in Case No. H-37106 LA, where RLSI agreed to discipline of its real estate  
6 license for violation of Code Sections 10145, 10232.25(a), 10238(k)(3), 10232.2(c), 10233(a),  
7 10238(k), and Regulations 2753, 2831, 2831.1, 2831.2, 2832.1, 2835, and 2846.8. On May 30,  
8 2012, RLSI's license was suspended for sixty (60) days, stayed upon certain terms and  
9 conditions. The suspension was released on May 30, 2012.

10 CAUSE FOR ACCUSATION - AUDIT LA 140104

11 7.

12 On or about October 27, 2015, the Bureau completed an audit examination of the books  
13 and records of Respondent RLSI's activities which require a real estate license pursuant to Code  
14 section 10131, subdivisions (d) and (e) and Code Section 10131.1. The audit examination  
15 covered a period of time from January 1, 2013 through May 31, 2015. The audit examination  
16 revealed violations of the Code and the Regulations as set forth in the following paragraphs, and  
17 more fully discussed in Audit Report LA 140104 and the exhibits and work papers attached to  
18 said audit report.

19 8.

20 An entrance interview was held on May 4, 2015, between the Bureau's auditor and  
21 Respondent VEGA. According to Respondent VEGA, Respondent RLSI was primarily involved  
22 with servicing mortgage loans on behalf of private lenders for compensation. During the audit  
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24 <sup>1</sup> Effective July 1, 2013, the Department of Real Estate became the Bureau of Real Estate ("Bureau"). All references to the agency are to the successor Bureau.

1 period, RLSI managed approximately 75 loans with a principal balance of approximately  
2 \$7,221,812.00, for approximately 250 investors.

3 9.

4 According to Respondent VEGA, RLSI maintained the following two bank accounts  
5 during the audit period:

6 Bank Account #1 (BA1)

7 Bank: City National Bank

8 Account Name: Reliable Loan Servicing, Inc. A CA Corporation

9 Account #: xxxxx2244

10 Signer(s): Respondent VEGA

11 # of signatures required: One (1)

12 Bank Account #2 (BA2)

13 Bank: City National Bank

14 Account Name: Reliable Loan Servicing, Inc. A CA Corporation

15 Account #: xxxxx9842

16 Signer(s): Respondent VEGA

17 # of signatures required: One (1)

18 Violations

19 10.

20 In the course of its mortgage loan servicing activities during the audit examination period  
21 described above in Paragraph 7, Respondent RLSI acted in violation of the Code and the  
22 Regulations as follows:

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1 (a). Issue 1a. Code Section 10145(a) and Regulation 2832.1. Trust fund handling for  
2 multiple beneficiaries

3 A combined bank reconciliation was prepared for BA1. As of March 31, 2015, BA1 had  
4 a minimum shortage of <\$5,324.29>. The minimum shortage was caused by minimum negative  
5 balances in investor's accounts of <\$5,190.29> and minimum bank charges of <\$134.29> as of  
6 March 31, 2015.

7 Respondents failed to provide any evidence that the owners of the trust funds had given  
8 their written consent to allow Respondent RLSI to reduce the balance of the funds in BA1 to an  
9 amount less than the existing aggregate trust fund liabilities, in violation of Code section 10145  
10 and Regulation 2832.1.

11 (b). Issue 1b. Code Section 10145 and Regulation 2832.1. Trust fund records to be  
12 maintained

13 A combined bank reconciliation was prepared for BA2. As of March 31, 2015, BA2 had  
14 a minimum shortage of <\$460.78>. The minimum shortage was caused by minimum bank  
15 charges of <\$66.00> and an unidentified shortage of <\$394.78> as of March 31, 2015.

16 Respondents failed to provide any evidence that the owners of the trust funds had given  
17 their written consent to allow Respondent RLSI to reduce the balance of the funds in BA2 to an  
18 amount less than the existing aggregate trust fund liabilities, in violation of Code section 10145  
19 and Regulation 2832.1.

20 (c). Issue Three (Issue Two intentionally skipped). Code Section 10145 and Regulation  
21 2831. Trust fund records to be maintained.

22 Respondent RLSI failed to maintain complete and accurate records of trust funds  
23 received and disbursed for its loan servicing activities. The ending balance of RLSI's control  
24 records for BA1 as of March 31, 2015, was not accurate. There were several checks issued from

1 BA1 that were posted with duplicate check numbers on the control records and check registers.  
2 Examples of said checks include, without limitation, check nos. 60689 and 60700. Moreover,  
3 some checks issued from BA1 were not recorded on the BA1 control records provided to the  
4 Bureau's auditor including, but not limited to, check nos. 60800, 60802, and 60610. Said acts  
5 are in violation of Code Section 10145 and Regulation 2831.

6 (d). Issue Four. Code Section 10145 and Regulation 2831.1. Separate records for each  
7 beneficiary or transaction

8 Respondent RLSI failed to maintain complete and accurate separate records for each  
9 beneficiary or transaction for BA1, in violation of Code section 10145 and Regulation 2831.1.  
10 Some of the checks or deposit amounts on the separate records did not agree with the amounts on  
11 bank statements for BA1 including, but not limited to, check nos. 58849, 58805, 58804, and  
12 58794. Moreover, Respondents failed to provide the separate records for BA1 for January 2015  
13 through May 2015.

14 (e). Issue Five. Code Section 10145 and Regulation 2831.2. Trust account  
15 reconciliation

16 During the audit period, Respondent RLSI failed to maintain a complete and accurate  
17 monthly reconciliation comparing the balance of all separate beneficiary or transaction records  
18 (separate records) to the balance of the records of all trust funds received and disbursed for BA1  
19 and BA2, in violation of Code section 10145 and Regulation 2831.2. RLSI's monthly  
20 reconciliation failed to have the account number or name of beneficiaries or transactions and  
21 trust fund liabilities of the broker to each principal, beneficiary, or transaction.

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1 (f). Issue Six. Code Section 10232.2(c) and Regulation 2849.01. Fiscal Year  
2 Reports/Accounting Criteria/Annual Report Format

3 RLSI met the threshold criteria and failed to timely submit an Annual Business Activity  
4 Report to the Bureau within 90 days from the end of the fiscal year ending on March 31, 2014, in  
5 violation of Code Section 10232.2(c) and Regulation 2849.01.

6 (g). Issue Seven. Code Section 10232.25 and Regulation 2846.8. Trust Fund Status  
7 Reports/Quarterly Trust Fund Status Reports

8 RLSI met the threshold criteria and failed to timely submit required Quarterly Trust Fund  
9 Status reports to the Bureau for the quarters ending on June 30, 2014, September 30, 2014, and  
10 December 31, 2014, in violation of Code Section 10232.25 and Regulation 2846.8.

11 (h). Issue Eight. Code Sections 10232.2, 10238(o), and Regulation 2846.5. Filing Fiscal  
12 Year Report-Accounting Criteria/Report of Annual Trust Fund Accounts Review

13 RLSI failed to timely file an Annual Trust Accounting Report with the Bureau for the  
14 fiscal year ending on March 31, 2014, in violation of Code Sections 10232.2, 10238(o), and  
15 Regulation 2846.5.

16 (i). Issue Nine. Code Sections 10238(j)(4), 10238(j)(6), and 10238(k)(3). Trust Account  
17 Report/Quarterly Multi-Lender Trust Account Reports

18 RLSI failed to timely file a Quarterly Multi-Lender /Trust Account Report with the  
19 Bureau for the quarters ending on June 30, 2014, September 30, 2014, and December 31, 2014,  
20 in violation of Code Sections 10238(j)(4), 10238(j)(6), and 10238(k)(3).

21 (j). Issue Ten. Code Sections 10238(k) and 10233(a). Authorization required to service  
22 promissory notes.

23 During the audit period, RLSI failed to maintain complete, written, executed loan  
24 servicing agreements between RLSI and at least three (3) lenders/owners of the notes serviced

1 that were sampled for the audit examination, in violation of Code Sections 10238(k) and  
2 10233(a). Said notes include, without limitation, loan number RSL2182, RSL2193, and PV-  
3 10368.

4 (k.) Issue Eleven. Code Section 10148. Retention of records.

5 The Bureau served a subpoena duces tecum on Respondents for the production of  
6 records, papers, books, accounts and documents related to RLSI's real estate activities for the  
7 audit examination. Respondents produced only some of the control records and separate records,  
8 copies of checks, and other accounting records related to RLSI's loan servicing activities and  
9 BA1 and BA2. Respondents failed to retain documents related to RLSI's activities requiring a  
10 real estate license, in violation of Code Section 10148.

11 (l) Issue Twelve. Code Sections 10159.2, 10177(h), and Regulation 2725.

12 Responsibility of Corporate Officer in Charge/Broker Supervision.

13 According to Wolcott and Respondent VEGA, Respondent VEGA worked full-time as a  
14 loan processor for Altera Realty, License No. 01247553, during the audit period. VEGA  
15 received \$600.00 per month from RLSI while VEGA served as RLSI's designated broker-  
16 officer. Respondent VEGA failed to adequately supervise the real estate activities conducted on  
17 behalf of RLSI's by its employees and owner, Wolcott. Moreover, Respondent VEGA failed to  
18 provide proof of having established any policies, rules, procedures, or system to review, oversee,  
19 inspect, and manage RLSI's trust fund handling or transactions that require a real estate license.  
20 Said acts are in violation of Code Sections 10159.2, 10177(h), and Regulation 2725.

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11.

The conduct of Respondents, described above in Paragraphs 10(a) through 10(l), violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
10(a)	Code Section 10145 and Regulations 2832.1
10(b)	Code Section 10145 and Regulations 2832.1
10(c)	Code Section 10145 and Regulation 2831
10(d)	Code Section 10145 and Regulation 2831.1
10(e)	Code Section 10145 and Regulation 2831.2
10(f)	Code Section 10232.2(c) and Regulation 2849.01
10(g)	Code Sections 10232.25 and Regulation 2846.8
10(h)	Code Sections 10232.2, 10238(o), and Regulation 2846.5
10(i)	Code Sections 10238(j)(4), 10238(j)(6), and 10238(k)(3)
10(j)	Code Sections 10238(k) and 10233(a)
10(k)	Code Section 10148
10(l)	Code Sections 10159.2, 10177(h), and Regulation 2725

12.

The violations alleged in Paragraphs 10(a) through 10(k) constitute cause for the suspension or revocation of the real estate license and license rights of Respondent RSLI under the provisions of Code Sections 10177(d) and/or 10177(g).

13.

The violations alleged in Paragraph 10(l) constitute cause for the suspension or revocation of the real estate license and license rights of Respondent VEGA under the provisions of Code Sections 10177(h), 10177(d) and/or 10177(g).

1 COST RECOVERY

2 Audit Costs

3 14.

4 Code Section 10148(b) provides, in pertinent part, that the Commissioner shall charge a  
5 real estate broker for the cost of any audit, if the Commissioner has found in a final decision  
6 following a disciplinary hearing that the broker has violated Code section 10145 or a regulation  
7 or rule of the Commissioner interpreting said section. Where a broker fails to file reports  
8 required by Code Sections 10232, subdivisions (a) and (c) or 10232.25, subdivision (a), Code  
9 Sections 10232(e) and 10232.25(c) allow the Commissioner to cause an examination and report  
10 to be made and may charge a broker one and one-half times the cost of making the examination  
11 and report.

12 Investigation/Enforcement Costs

13 15.

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

18 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this  
19 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action  
20 against all licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of  
21 Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and  
22 enforcement as permitted by law, and for such other and further relief as may be proper under  
23 other provisions of law.

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1 Dated at Los Angeles, California this 7<sup>th</sup> day of April, 2016.

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3 *[Handwritten Signature]*

4 MARIA SUAREZ  
5 Supervising Special Investigator

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cc: Reliable Loan Servicing, Inc.  
Angelica M. Vega  
Maria Suarez  
Sacto  
Audits/Anna Hartoonian