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DEPARTMENT OF REAL ESTATE

By H. Contreras

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

11 \* \* \*

12 In the Matter of the Accusation of )  
13 REGINALD SYLVESTER, ) NO. H-5689 SAC  
14 Respondent. ) ACCUSATION  
15 )

16 The Complainant, TRICIA SOMMERS, a Deputy Real Estate Commissioner of  
17 the State of California, for Accusation against REGINALD SYLVESTER (herein "Respondent")  
18 dba Lokman Financial Group (herein "Lokman") and Lokman Financial Group, Inc. (herein  
19 "Lokman Inc."), is informed and alleges as follows:

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21 The Complainant makes this Accusation in her official capacity.

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23 At all times herein mentioned, Respondent was and now is licensed by the State  
24 of California Department of Real Estate (herein the "Department") as a broker.

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26 At no time herein mentioned was Lokman, or Lokman Inc., licensed by the  
27 Department in any capacity.

At all times herein mentioned Respondent engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker, on behalf of others, for compensation or in expectation of compensation within the State of California within the meaning of California Business and Professions Code (the "Code") Sections:

- (a) 10131(a), including the operation and conduct of a real estate brokerage wherein Respondent sold or offered to sell, bought or offered to buy, solicited prospective sellers or purchasers of, solicited or obtained listings of, or negotiated the purchase, sale or exchange of real property or a business opportunity; and,
- (b) 10131(d), including the operation and conduct of a mortgage loan brokerage wherein Respondent solicited borrowers or lenders for or negotiated loans, including loan modifications, or collected payments or performed services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

In so acting, as described in Paragraph 4, above, Respondent accepted or received funds in trust (herein "trust funds") from or on behalf of borrowers, lenders, investors, buyers, sellers, and others in connection with mortgage loan and the property resale activities, as alleged herein, and thereafter from time to time made, or caused to be made, disbursements of said funds.

The aforesaid trust funds accepted or received by Respondent were deposited or caused to be deposited by Respondent into one or more bank accounts (herein "trust fund accounts") maintained by Respondent for the handling of trust funds at the Stockton, California, branch of Bank of America, including but not necessarily limited to:

- (a) "Lokman Financial Group, Inc. Expenses Account", account number xxxxx-x7292 (herein "Bank #1");

1 (b) "Lokman Financial Group, Inc. Expenses Account", account number xxxxx-  
2 x1402 (herein "Bank #2"); and,

3 (c) "Reginald Sylvester dba Lokman Realty Group Sole Prop.", account number  
4 xxxxx-x2641 (herein "Trust #1").

5 FIRST CAUSE OF ACCUSATION

6 The allegations of Paragraphs 1 through 6 are incorporated herein by reference.

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8 Between about January 23, 2009 and about June 30, 2010, Respondent initiated  
9 and processed about 464 loan modifications for various properties in California for borrowers  
10 and collected advance fees of about \$394,498.00.

11 In connection with the collection and disbursement of said trust funds described in  
12 Paragraphs 5 through 6, above, Respondent:

13 (a) failed to keep a columnar record in chronological sequence of all trust funds  
14 received and disbursed from Banks #1 and #2 and Trust #1 containing all the information  
15 required by Section 2831 of Title 10, Chapter 6 of the California Code of Regulations (herein  
16 "the Regulations");

17 (b) failed to keep a separate record for each beneficiary or transaction for Banks  
18 #1 and #2 and Trust #1 containing all the information required by Section 10145 of the Code and  
19 Section 2831.1 of the Regulations;

20 (c) failed to reconcile at least once a month, the balance of all separate  
21 beneficiary or transaction records with Banks #1 and #2 and Trust #1, as required by Section  
22 2831.2 of the Regulations;

23 (d) failed to place trust funds entrusted to Respondent into the hands of a  
24 principal on whose behalf the funds were received, into a neutral escrow depository, or into a  
25 trust fund account in the name of Respondent as trustee at a bank or other financial institution for  
26 Banks #1 and #2, in conformance with the requirements of Sections 10145 and 10146 of the  
27 Code and Section 2832 of the Regulations;

1 (e) Allowed Olivia King, an unlicensed individual, to perform real estate  
2 activities requiring a license under Respondent's dba's, Lokman and Lokman, Inc., in violation  
3 of Section 10130 of the Code;

4 (f) caused, suffered or permitted money of others which was received and held  
5 by Respondents in Bank #1 to be commingled with Respondent's own money and used for such  
6 purchases at KFC, Wal-Mart, Chevron gas, Dave Wongs Restaurant, Safeway Store, etc, in  
7 violation of Sections 10176(e) and (i) of the Code;

8 (g) failed to provide quarterly accountings to borrowers, as required by Section  
9 10146 of the Code and Section 2972 of the Regulations; and,

10 (h) failed to obtain a written agreement with salesperson LaTanya D. Moore in  
11 conformance with all the requirements of Section 2726 of the Regulations.

12 SECOND CAUSE OF ACCUSATION

13 The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

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15 On about February 9, 2009, Respondent, through Lokman and Lokman, Inc.,  
16 entered into a Contract for Services Loan Modification with Carlos Munoz (herein "Munoz") in  
17 order to obtain a loan modification for real estate located at 191 E. Heritage Dr., Mountain  
18 House, CA, and collected an advance fee in the amount of about \$1,790.00 prior to submission to  
19 the Department of any or all materials used in advanced fee agreements, including but not limited  
20 to the contract form, any letters or cards used to solicit prospective sellers, and radio and  
21 television advertising, at least 10 calendar days before it was used in obtaining advance fees, in  
22 violation of Sections 10130, 10085, and 10085.5 of the Code and Section 2970 of the  
23 Regulations.

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25 On about February 17, 2009, Respondent deposited the advance fee described in  
26 Paragraph 8, above, in the amount of about \$1,790.00 into Bank #1, in violation of Sections  
27 10146 and 10176 (e) and (i) of the Code.

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THIRD CAUSE OF ACCUSATION

The allegations of Paragraphs 1 through 9 are incorporated herein by reference.

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On about April 23, 2009, Respondent, through Lokman and Lokman, Inc., entered into a Contract for Services Loan Modification with Jose W. and Blanca P. Salguero (herein "the Salguero's") in order to obtain a loan modification for real estate located at 1805 Pine Oak Ct, Manteca, CA 95336, and collected an advance fee in the amount of about \$795.00 prior to submission to the Department of any or all materials used in advanced fee agreements including but not limited to the contract form, any letters or cards used to solicit prospective sellers, and radio and television advertising, at least 10 calendar days before it was used in obtaining advance fee, in violation of Sections 10130, 10085, and 10085.5 of the Code and Section 2970 of the Regulations.

FOURTH CAUSE OF ACCUSATION

The allegations of Paragraphs 1 through 10 are incorporated herein by reference.

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After about October 11, 2009, Respondent, through Lokman and Lokman, Inc., entered into Contracts for Services Loan Modification different than that which were approved by the Department and collected advance fees, in violation of Sections 10130, 10085, and 10085.5 of the Code and Section 2970 of the Regulations from the following borrowers.

<u>Borrower</u>	<u>Address</u>	<u>Date</u>	<u>Amount</u>
Carlos A. Orellana	1839 Tampa Way San Jose, CA 95122	3/8/10	\$495
Joel Calizto & Maria Lazaro	740 Vermont Ave. Turlock, CA 95380	2/3/10 2/22/10	\$495 \$495

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The facts alleged above are grounds for the suspension or revocation of the licenses and license rights of Respondent under the following provisions of the Code and/or the Regulations:

- 1 (a) as to Paragraph 7(a) under Section 2831 of the Regulations, in  
2 conjunction with Section 10177(d) of the Code;
- 3 (b) as to Paragraph 7(b) under Section 10145 of the Code and Section  
4 2831.1 of the Regulations, in conjunction with Section 10177(d) of  
5 the Code;
- 6 (c) as to Paragraph 7(c) under Section 2831.2 of the Regulations, in  
7 conjunction with Section 10177(d) of the Code;
- 8 (d) as to Paragraph 7(d) under Sections 10145 and 10146 of the Code  
9 and Section 2832 of the Regulations, in conjunction with Section  
10 10177(d) of the Code;
- 11 (e) as to Paragraph 7(e) under Section 10130 of the Code, in  
12 conjunction with Section 10177(d) of the Code;
- 13 (f) as to Paragraph 7(f) under Sections 10176(e) and (i) of the Code;
- 14 (g) as to Paragraph 7(g) under Section 10146 of the Code and Section  
15 2972 of the Regulations, in conjunction with Section 10177(d) of  
16 the Code;
- 17 (h) as to Paragraph 7(h) under Section 2726 of the Regulations, in  
18 conjunction with Section 10177(d) of the Code;
- 19 (i) as to Paragraph 8 under Sections 10130, 10085, and 10085.5 of the  
20 Code and Section 2970 of the Regulations in conjunction with  
21 Section 10177(d) of the Code;
- 22 (j) as to Paragraph 9 under Sections 10146 and 10176(e) and (i) of the  
23 Code, in conjunction with Section 10177(d) of the Code; and
- 24 (k) as to Paragraphs 10 and 11 under Sections 10130, 10085, and  
25 10085.5 of the Code and Section 2970 of the Regulations in  
26 conjunction with Section 10177(d) of the Code.

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1                   WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
2 of this Accusation and that upon proof thereof a decision be rendered imposing disciplinary  
3 action against all licenses and license rights of Respondent under the Real Estate Law (Part 1 of  
4 Division 4 of the Business and Professions Code) and for such other and further relief as may be  
5 proper under other applicable provisions of law.

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11                   TRICIA SOMMERS  
12                   Deputy Real Estate Commissioner

13 Dated at Sacramento, California,  
14 this 25<sup>th</sup> day of July, 2011.