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FILED
JAN 4 1999
DEPARTMENT OF REAL ESTATE

By: *[Signature]*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-27682 LA
WALNUT RE BROKERS, INC., a)	L-1998060190
corporation, dba Century 21)	
ACRES Realtors, Century 21)	
ACRES Realtors Escrow Division,)	
and Walnut RE Brokers, Inc.)	
Escrow Division; and TAK KWONG)	
LEE, individually and as)	
designated officer of Walnut)	
RE Brokers, Inc., and dba)	
Garden Home Loans,)	
Respondents.)	

ORDER STAYING EFFECTIVE DATE

On December 8, 1998, a Decision was rendered in the above-entitled matter to become effective January 5, 1999.

IT IS HEREBY ORDERED that the effective date of the Decision of December 8, 1998, is stayed for a period of 30 days.

The Decision of December 8, 1998, shall become effective at 12 o'clock noon on February 4, 1999.

DATED: January 4, 1999.

JOHN R. LIBERATOR
Chief Deputy Commissioner

By: *[Signature]*
RANDOLPH BRENDIA
Regional Manager

1 Department of Real Estate
2 107 South Broadway, Room 8107
3 Los Angeles, California 90012
4 Telephone: (213) 897-3937

FILED
DEC 16 1998
DEPARTMENT OF REAL ESTATE

By C. B. [Signature]

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 WALNUT RE BROKERS, INC.,) NO. H-27682 LA
13 a corporation, dba) L-1998060190
14 Century 21 A C R E S Realtors,)
15 Century 21 A C R E S Realtors)
16 Escrow Division, and)
17 Walnut RE Brokers, Inc. Escrow)
18 Division; and TAK KWONG LEE,)
19 individually and as designated)
20 officer of Walnut RE)
21 Brokers, Inc., and dba Garden)
22 Home Loans;)
23 Respondents.)
24 _____)

25 STIPULATION AND AGREEMENT

26 It is hereby stipulated by and between WALNUT RE
27 BROKERS, INC., a corporation, dba Century 21 A C R E S Realtors,
28 Century 21 A C R E S Realtors Escrow Division, and Walnut RE
29 Brokers, Inc. Escrow Division (hereinafter "WALNUT"); and TAK
30 KWONG LEE, individually and as designated officer of Walnut RE
31 Brokers, Inc., and dba Garden Home Loans (hereinafter "LEE"),
32 hereinafter sometimes referred to as "Respondents", and their
33 attorney of record, Jin N. Lew, Esq., and the Complainant,

1 acting by and through Chris Leong, Counsel for the Department of
2 Real Estate, as follows for the purpose of settling and
3 disposing of the Accusation filed on May 8, 1998, in this
4 matter:

5 1. All issues which were to be contested and all
6 evidence which was to be presented by Complainant and
7 Respondents at a formal hearing on the Accusation, which hearing
8 was to be held in accordance with the provisions of the
9 Administrative Procedure Act (APA), shall instead and in place
10 thereof be submitted solely on the basis of the provisions of
11 this Stipulation.

12 2. Respondents have received, read and understand the
13 Statement to Respondent, the Discovery Provisions of the APA and
14 the Accusation, filed by the Department of Real Estate in this
15 proceeding.

16 3. On June 4, 1998, Respondents filed Notices of
17 Defense pursuant to Section 11506 of the Government Code for the
18 purpose of requesting a hearing on the allegations in the
19 Accusation. Respondents hereby freely and voluntarily withdraw
20 said Notices of Defense. Respondents acknowledge that they
21 understand that by withdrawing said Notices of Defense they will
22 thereby waive their right to require the Commissioner to prove
23 the allegations in the Accusation at a contested hearing held in
24 accordance with the provisions of the APA and that Respondents
25 will waive other rights afforded to them in connection with the
26 hearing, such as the right to present evidence in defense of the
27 allegations in the Accusation and the right to cross-examine



1 witnesses.

2 4. In the interest of expedience and economy,
3 Respondents choose not to contest the factual allegations in
4 Paragraphs 1 through 13 of the Accusation, but to remain silent
5 and understand that, as a result thereof, these factual
6 statements, without being admitted or denied, will serve as a
7 prima facie basis for the disciplinary action stipulated to
8 herein. The Real Estate Commissioner shall not be required to
9 provide further evidence to prove such allegations.

10 5. 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 Respondents' real estate licenses and license
14 rights as set forth in the "Order" below. 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
17 Respondents shall retain the right to a hearing and proceeding
18 on the Accusation under all the provisions of the APA and shall
19 not be bound by any admission or waiver made herein.

20 DETERMINATION OF ISSUES

21 By reason of the foregoing stipulations, admissions
22 and waivers and solely for the purpose of settlement of the
23 pending Accusation without a hearing, it is stipulated and
24 agreed that the following Determination of Issues shall be made:

25 The acts and omissions of Respondents WALNUT and LEE,
26 described in Paragraphs 1 through 13 of the Accusation, are
27 violations of Section 10145 of the Code and Sections 2831.1 and

1 2835 of the Regulations, which are cause for the suspension or
2 revocation of all real estate licenses and license rights of
3 Respondents under the provisions of Section 10177(d) of the
4 Code.

5 ORDER

6 WHEREFORE, THE FOLLOWING ORDER is hereby made:

7 A. The licenses and license rights of Respondents
8 WALNUT and LEE, under the provisions of Part 1 of Division 4 of
9 the Business and Professions Code, are hereby revoked commencing
10 on the effective date of this Decision. However, Respondent
11 WALNUT shall be entitled to apply for and be issued a restricted
12 corporate real estate broker license and Respondent LEE shall be
13 entitled to apply for and be issued a restricted real estate
14 broker license pursuant to Section 10156.5 of the Code, if
15 Respondents:

16 1. Make application therefor and pay to the
17 Department the appropriate fee for said licenses within one year
18 from the effective date of this Decision.

19 2. The restricted licenses issued to Respondents
20 shall be subject to all of the provisions of Section 10156.7 of
21 the Business and Professions Code and to the following
22 limitations, conditions, and restrictions imposed under
23 authority of Section 10156.6 of the Code.

24 3. The restricted licenses may be suspended prior to
25 hearing by Order of the Real Estate Commissioner in the event of
26 Respondents' conviction or plea of nolo contendere to a crime
27 which bears a significant relationship to Respondents' fitness



1 or capacity as real estate licensees.

2 4. The restricted licenses may be suspended, prior to
3 and pending final determination after formal hearing by Order of
4 the Real Estate Commissioner based upon evidence satisfactory to
5 the Commissioner that Respondents have, subsequent to the date
6 hereof, violated provisions of the California Real Estate Law,
7 the Subdivided Lands Law, Regulations of the Real Estate
8 Commissioner or conditions attaching to the restricted licenses.

9 5. Respondents shall not be eligible to apply for the
10 issuance of unrestricted real estate licenses nor the removal of
11 any of the conditions, limitations or restrictions of the
12 restricted licenses until at least one year has elapsed from the
13 date of this Decision.

14 6. Respondents WALNUT and LEE shall pay, pursuant to
15 Section 10148 of the Business and Professions Code, the
16 Commissioner's reasonable costs for an audit to determine if
17 WALNUT has corrected the trust fund violations found in the
18 Determination of Issues. In calculating the amount of the
19 Commissioner's reasonable costs, the Commissioner may use the
20 estimated average hourly salary for all persons performing
21 audits of real estate brokers, and shall include an allocation
22 for travel costs, including mileage, time to and from the
23 auditor's place of work, and per diem. The Commissioner's
24 reasonable costs shall in no event exceed \$4,000.00.

25 (1) Respondents shall pay such costs within 45 days
26 of receipt of an invoice from the Commissioner detailing the
27



1 activities performed during the audit and the amount of time
2 spent performing those activities;

3 (2) Notwithstanding the provisions of any other
4 paragraph herein, if Respondents fail to pay, within 45 days
5 from receipt of the invoice specified above, the Commissioner's
6 reasonable costs for an audit to determine if Respondents have
7 corrected the violations found in the Determination of Issues,
8 the Commissioner may order the indefinite suspension of
9 Respondents' real estate licenses and license rights. The
10 suspension shall remain in effect until payment is made in full,
11 or until Respondents enter into an agreement satisfactory to the
12 Commissioner to provide for such payment. The Commissioner may
13 impose further reasonable disciplinary terms and conditions upon
14 Respondents' real estate licenses and license rights as part of
15 any such agreement.

16 7. Respondent LEE shall, within six (6) months from
17 the effective date of this Decision, take and pass the
18 Professional Responsibility Examination administered by the
19 Department, including the payment of the appropriate examination
20 fee. If Respondent fails to satisfy this condition, the
21 Commissioner may order suspension of the license until
22 Respondent passes the examination.

23 8. Respondent LEE shall, within nine (9) months from
24 the effective date of this Decision, present evidence
25 satisfactory to the Real Estate Commissioner that he has, since
26 the most recent issuance of an original or renewal real estate
27 license, taken and successfully completed the continuing



1 education requirements of Article 2.5 of Chapter 3 of the Real
2 Estate Law for renewal of a real estate license. If Respondent
3 fails to satisfy this condition, the Real Estate Commissioner
4 shall afford Respondent the opportunity for a hearing pursuant
5 to the Administrative Procedure Act to present such evidence.

6 9. Respondent WALNUT shall not conduct escrows, under
7 Section 17006 of the Financial Code, while it has a restricted
8 corporate real estate brokers license.

9 10. Respondent LEE shall not be the designated
10 officer for any corporate real estate broker that conducts
11 escrows under Section 17006 of the Financial Code, while he has
12 a restricted real estate brokers license.

13
14 DATED: 11/23/98 CHRIS LEONG
15 CHRIS LEONG, ESQ.
16 Counsel for Complainant

17 * * *

18 We have read the Stipulation and Agreement, have
19 discussed it with our counsel, and its terms are understood by
20 us and are agreeable and acceptable to us. We understand that
21 we are waiving rights given to us by the California
22 Administrative Procedure Act (including but not limited to
23 Sections 11506, 11508, 11509 and 11513 of the Government Code),
24 and we willingly, intelligently and voluntarily waive those
25 rights, including the right of requiring the Commissioner to
26 prove the allegations in the Accusation at a hearing at which we
27 would have the right to cross-examine witnesses against us and
to present evidence in defense and mitigation of the charges.

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DATED: 11/12/98

Tak Kwong Lee
WALNUT RE BROKERS, INC., a
corporation, dba Century 21
A C R E S Realtors, Century 21
A C R E S Realtors Escrow
Division, and Walnut RE Brokers,
Inc. Escrow Division
Respondent

DATED: 11/12/98

Tak Kwong Lee
TAK KWONG LEE, individually and
as designated officer of Walnut
RE Brokers, Inc., and dba Garden
Home Loans, Respondent

DATED: 11/13/98

Jin N. Lew
JIN N. LEW, ESQ.
Counsel for Respondents
* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision in this matter and shall become effective
at 12 o'clock noon on January 5, 1999

IT IS SO ORDERED 12/8/98

JIM ANTT, JR.
Real Estate Commissioner

Jin Antt Jr

1 CHRIS LEONG, Counsel
2 State Bar Number 141079
3 Department of Real Estate
4 107 South Broadway, Room 8107
5 Los Angeles, CA 90012
6 (213) 897-3937

FILED
MAY 8 1998
DEPARTMENT OF REAL ESTATE

By CS

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 WALNUT RE BROKERS, INC.,) NO. H-27682 LA
13 a corporation, dba) ACCUSATION
14 Century 21 A C R E S Realtors,)
15 Century 21 A C R E S Realtors)
16 Escrow Division, and)
17 Walnut RE Brokers, Inc. Escrow)
18 Division; and TAK KWONG LEE,)
19 individually and as)
20 designated officer of Walnut RE)
21 Brokers, Inc., and dba Garden)
22 Home Loans;)
23 Respondents.)

20 The Complainant, Thomas McCrady, a Deputy Real Estate
21 Commissioner of the State of California, for cause of Accusation
22 against WALNUT RE BROKERS, INC., a corporation, dba Century 21
23 A C R E S Realtors, Century 21 A C R E S Realtors Escrow
24 Division, and Walnut RE Brokers, Inc. Escrow (hereinafter
25 "WALNUT"); and TAK KWONG LEE, individually and as designated
26 officer of Walnut RE Brokers, Inc., and dba Garden Home Loans
27 (hereinafter "LEE") (hereinafter sometimes collectively referred
to as "Respondents"), is informed and alleges as follows:

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1.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation against Respondents in his official capacity.

2.

All Sections of Title 10, Chapter 6, California Code of Regulations, are hereinafter referred to as "Regulations".

3.

At all times herein mentioned, Respondent WALNUT was and still is licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker.

4.

At all times herein mentioned, Respondent LEE, individually and as designated officer of WALNUT, was and still is licensed by the Department as a real estate broker.

5.

From September 20, 1991 to September 19, 1995, Carolyn Brookins Banks (hereinafter "Banks") was licensed by the Department as a real estate salesperson. On or about September 19, 1995, Banks' real estate license expired. From February 17, 1995 to September 19, 1995, Banks was employed by WALNUT.

6.

At all times herein mentioned, in Los Angeles County, California, Respondents acted as real estate brokers in the State of California, within the meaning of Sections 10131(a) and



1 (b) of the Business and Professions Code (hereinafter "Code"),
2 wherein they arranged, negotiated, processed and consummated on
3 behalf of others, sales, rentals leases and purchases of real
4 property to the public for compensation or in expectation of
5 compensation.

6 AUDITS

7 7.

8 On or about October 23, 1997, the Department completed
9 two audits of the activities of Respondents. The first audit
10 was regarding their real estate sales activity and broker
11 escrow, audit number LA 970063. The second audit was regarding
12 their property management activity, audit number LA 970147. The
13 records were reviewed for the period from June 1, 1996 through
14 August 31, 1997. The results of the audits are set forth in
15 Paragraphs 8 and 9.

16 8.

17 During 1996 and 1997, in connection with their real
18 estate business activities, Respondents accepted or received
19 funds in trust (hereinafter "trust funds") from or on behalf of
20 buyers and sellers and thereafter made disbursements of such
21 funds. These funds were maintained by Respondents in two trust
22 accounts at Commercial Bank California, 10900 Wilshire Blvd, Los
23 Angeles, CA 90024-4524. The first trust account was account
24 number 681526196, known as Walnut RE Brokers, Inc., Escrow
25 Division Trust Account (hereinafter "TA#1"). The second trust
26 account was account number 681585184, known as Walnut RE
27 Brokers, Inc., dba Century 21 A C R E S Realty Division Trust

1 Account (hereinafter "TA#2").

2 9.

3 In connection with their escrow activities and trust
4 funds described in Paragraphs 8 and 9:

5 (a) as of August 31, 1997, TA#2 had an overage of
6 \$5,157.69 which were lease commissions owed to WALNUT, held in
7 the trust account more than 25 days, in violation of Code
8 Section 10145 and Regulation 2835;

9 (b) WALNUT and LEE employed and compensated Banks,
10 while her license was expired, as their agent to solicit for and
11 negotiate sales and purchases of real property for others
12 including, but not limited to, Dyonne La'Neir Nelson. The
13 activities of Banks, are acts requiring a real estate license as
14 described in Section 10131(a) of the Code. In employing and
15 compensating Banks, for said acts when she was not licensed by
16 the Department, LEE and WALNUT, violated Code Section 10137;

17 (c) LEE failed to adequately supervise the activities
18 of the escrow division of WALNUT and Banks, in violation of Code
19 Sections 10159.2 and 10177(h);

20 (d) WALNUT received compensation for performing loan
21 escrow services for the loan transactions handled by LEE, dba
22 Garden Home Loans, without a proper Department of Corporation
23 license, in violation of Section 17006(d) of the California
24 Financial Code;

25 (e) Respondents failed to advise all parties, in
26 writing, that WALNUT had a financial interest in the escrow
27 service, in violation of Section 2950(h) of the Regulations; and

1 (f) Respondents failed to maintain adequate separate
2 records for each beneficiaries' credit report fees, in violation
3 of Section 2831.1 of the Regulations.

4 FIRST CAUSE OF ACCUSATION

5 (Violation by Respondents of Sections 10086, 10145, 10137 and
6 10177(d) of the Code and Sections 2831.1, 2835 and 2950(h) of
7 the Regulations)

8 10.

9 As a First Cause of Accusation, Complainant
10 incorporates herein by this reference the Preamble and each of
11 the allegations in Paragraphs 1 through 9, herein above.

12 11.

13 The conduct of Respondents, in handling trust funds,
14 as alleged in Paragraphs 1 through 9, constitutes violation
15 under Code Sections 10086, 10145 and 10137, Section 17006(d) of
16 the California Financial Code, and Sections 2831.1, 2835 and
17 2950(h) of the Regulations. Said conduct is cause pursuant to
18 Sections 10177(d), 10137 and 10177(g) of the Code for the
19 suspension or revocation of all licenses and license rights of
20 Respondents WALNUT and LEE under Real Estate Law.

21 SECOND CAUSE OF ACCUSATION

22 (Violation by Respondent LEE of Sections 10159.2 and 10177(h) of
23 the Code)

24 12.

25 As a Second Cause of Accusation, Complainant
26 incorporates herein by this reference the Preamble and each of the
27 allegations in Paragraphs 1 through 9, herein above.

1
2 The conduct of Respondent LEE, in allowing WALNUT to
3 violate Code Sections 10086, 10145, 10137 and 10177(d) of the
4 Code and Sections 2831.1, 2835 and 2950(h) of the Regulations
5 constitutes a failure to supervise. Said conduct and violations
6 are cause for the suspension or revocation of all licenses and
7 license rights of Respondent LEE, under the Real Estate Law,
8 pursuant to Code Sections 10159.2, 10177(d) and 10177(h).

9 WHEREFORE, Complainant prays that a hearing be
10 conducted on the allegations of this Accusation and that upon
11 proof thereof, a decision be rendered imposing disciplinary
12 action against all licenses and license rights of
13 Respondents, WALNUT RE BROKERS, INC., a corporation, dba
14 Century 21 A C R E S Realtors; Century 21 A C R E S Realtors
15 Escrow Division, and Walnut RE Brokers, Inc. Escrow; and TAK
16 KWONG LEE, individually and as designated officer of Walnut
17 RE Brokers, Inc., and dba Garden Home Loans, under the Real
18 Estate Law (Part 1 of Division 4 of the Business and
19 Professions Code), and for such other and further relief as
20 may be proper under other applicable provisions of law.

21 Dated at Los Angeles, California

22 this 8th day of May, 1998.

23
24 THOMAS McCRADY

Deputy Real Estate Commissioner

25 cc: Walnut Re Brokers, Inc.
26 Tak Kwong Lee
27 Sacto.
LA Audit Section
SE

