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FILED

APR 22 2015

BUREAU OF REAL ESTATE
By *[Signature]*

BEFORE THE BUREAU OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

No. H-39815 LA

LINDA WANG, individually and as designated officer of
Essex Financial, Inc. and ESSEX FINANCIAL, INC.;

ACCUSATION

Respondents.

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against LINDA WANG, individually and as designated officer of Essex Financial, Inc. and ESSEX FINANCIAL, INC., alleges as follows:

1.

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

2.

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

1 Information filed on March 29, 2013. Elaine Li is ESSEX' agent for service of process, CEO,
2 CFO, President and its sole director. WANG is ESSEX' secretary and the address on file with
3 the Secretary of State is 3501 Hart Ave., Rosemead, California 91770.

4 C. Elaine Li

5 Elaine Li ("Li") is presently licensed and/or has license rights under the Real
6 Estate Law (Part 1 of Division 4 of the Code) as a real estate salesperson, license ID 01299354.
7 Li was originally licensed as a real estate salesperson by the Bureau on or about November 21,
8 2000. Li is the Agent for Service of Process for ESSEX FINANCIAL, INC. Since on or about
9 September 26, 2012, Li's employing broker of record has been ESSEX FINANCIAL, INC.

10 D. Sylvia M. Saucedo

11 Sylvia M. Saucedo ("Saucedo") is not now, and has never been, licensed by the
12 Bureau in any capacity.

13 E. Hong "Helen" Cao

14 Hong Cao (a.k.a. Hong "Helen" Cao) ("Cao") was licensed and/or had license
15 rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate salesperson,
16 license ID 01189180. Cao was originally licensed as a real estate salesperson by the Bureau on
17 or about October 20, 1994. Between April 19, 2012 and July 26, 2013, Cao's employing broker
18 of record was The PFC Group, Inc. Cao surrendered her real estate salesperson license on or
19 about September 16, 2013 in Bureau Case No. H-38940 LA.

20 F. Lisa Taing

21 Lisa Taing ("Taing") is not now, and has never been, licensed by the Bureau in
22 any capacity.

23 G. Lupita Bland

24 Lupita Bland ("Bland") is not now, and has never been, licensed by the Bureau in
25 any capacity.

1 Section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate
2 transaction where the broker was a party and where the broker was performing acts for which a
3 real estate license is required.

4 AUDIT OF ESSEX FINANCIAL, INC

5 (LA 130168)

6 5.

7 On September 16, 2014, the Bureau completed an audit examination of the books
8 and records of Respondent ESSEX pertaining to the real estate activities of Respondent ESSEX,
9 as described in Paragraph 4, above, which require a real estate license. The audit examination
10 covered a period of time beginning on June 5, 2012 and ending on March 31, 2014, and
11 examined records of ESSEX' main office at 3501 Hart Avenue in Rosemead, California, and at
12 the Bureau's Los Angeles office. ESSEX' CEO/owner LI, D.O. WANG, and broker associate
13 Mavera Mir participated in the audit entrance conferences and furnished records for examination.
14 The audit examination revealed violations of the Code and the Regulations as set forth in the
15 following paragraphs, and more fully discussed in Audit Report LA 130168.

16 Trust Accounts

17 6.

18 During the audit examination period described in Paragraph 5 above, Respondent
19 ESSEX accepted or received funds including funds in trust ("trust funds") from or on behalf of
20 actual or prospective parties to transactions including buyers, sellers, lenders and borrowers
21 handled by ESSEX, and thereafter made deposits or disbursements of such funds. From time to
22 time herein mentioned during the audit period, ESSEX deposited and/or maintained said trust
23 funds in the following trust accounts for its broker escrow activities:

24 ///

25 ///

1 owners of said funds, in violation of **Code Section 10145 and Regulation 2832.1 and Code**
2 **Sections 10176(i), 10177(j) and Regulation 2950(g).**

3 Based on the audit examination, the <\$356,370.93> shortage was due to:

4 1. unauthorized wire transfer disbursements/embezzlement of funds
5 totaling <\$294,771.58> by former escrow officer Anna Peralta during her period of employment
6 between January 31, 2013 to October 23, 2013 to false accounts bearing names that did not have
7 related escrow transactions (Temple City Sheriff's Department report no. 913-10575-0536-089
8 and Whittier Police Department incident report no. 913-10575-0536-089), including, but not
9 limited to disbursements to false names such as Brandon King in the amount <\$2,756.38>;
10 Brittany King in the amount <\$11,426.06>; Daniel Martinez in the amount <\$13,924.26>; John
11 Holmes in the amount <\$242,232.88>; and Qing Zhang in the amount <\$24,432.00>;

12 2. minimum negative escrow balances of <\$17,902.30> attributable to
13 over-disbursement of escrow funds; and

14 3. a minimum shortage of <\$43,697.05>, the cause(s) of which were
15 unidentifiable by the audit, due to Respondent ESSEX'

16 a. failure to maintain an accurate control record (general ledger)
17 and separate records of the receipt and disposition of all trust funds deposited into ESSEX T/A 2,
18 in violation of **Code Section 10145 and Regulations 2831, 2831.1 and 2951**, and

19 b. failure to reconcile at least once a month the balance of all
20 separate records or transaction records with the records of all trust funds received and disbursed
21 for ESSEX T/A 2, in violation of **Regulations 2831.2 and 2951** during the audit period

22 **B. Newshire Escrow Transaction (Escrow #1612-AP).** ESSEX handled the
23 escrow transaction for the purchase of property located at 656 South La Verne Avenue
24 (hereinafter "La Verne property") on or about September 20, 2013 and failed to disburse
25
26

1 \$97,656.67, which included funds from the lender, Agoura Hills Financial Inc., to the buyer,
2 Newshire Investments Inc. (hereinafter “Newshire”), for construction and improvements.

3 1. Escrow instructions dated September 16, 2013 listed Anna Peralta as the
4 escrow officer for the Newshire escrow transaction under unlicensed fictitious business name,
5 “Essex Escrow,” of which Respondent WANG’s email of June 5, 2014 indicated ESSEX was
6 “neither the Listing nor the Selling agent,” and “it was a straight escrow transaction.”

7 a. **Exemptions from Escrow Law/Third Party Escrow.** ESSEX
8 performed escrow services for Newshire when it was not an agent or a party to the transaction, a
9 violation of the exemption qualification requirement of **Financial Code Section 17006(a)(4),**
10 *under which it may perform escrows incidental to a real estate transaction where it is a party*
11 *and performing acts for which a real estate license is required.*

12 b. **Interested Party.** ESSEX did not advise all parties in writing
13 that it had knowledge that it, through its President/CEO/Owner Elaine Li and Century 21
14 Dynasty (where Elaine Li was an RES) had an interest as an owner of the agency holding the
15 escrow, in violation of **Regulation 2950(h).**

16 c. **Fictitious Names.** ESSEX used unlicensed fictitious business
17 names, “CBD Cerritos,” “Essex Escrow,” and “Essex Escrow Rosemead Trust Account” in
18 connection with Newshire’s escrow services on ESSEX T/A 2’s bank signature cards dated
19 January 25, 2013 and November 16, 2013, without first obtaining a license from the Bureau
20 bearing such fictitious business names, in violation of **Code Section 10159.5 and Regulation**
21 **2731.**

22 2. According to the Final Settlement Statement (HUD-1) dated October
23 18, 2013, the contracted sales price of the La Verne property was \$190,000.00 and the principal
24 amount of the new loan was \$250,000.00, a portion of the loan amount to be used towards
25 construction and improvements on the subject property.

1 a. Newshire paid \$5,000.00 of the initial deposit to ESSEX, which
2 was deposited into ESSEX T/A 2 on September 18, 2013; a receipt (No. 2209) was issued to
3 “Essex Escrow” on October 3, 2013. Newshire paid an additional \$33,673.17 of initial deposit
4 on October 17, 2013, which ESSEX deposited into ESSEX T/A 2 on October 17, 2013; a receipt
5 (No. 2215) was issued on October 18, 2013. On October 18, 2013, “Title 365 Company” wired in
6 loan proceeds of \$248,615.84 into ESSEX T/A 2 account. The total amount of funds received
7 and deposited by Essex by October 18, 2013 was \$287,289.01.

8 b. On October 21, 2013, check no. 4695 was issued to “DLA
9 Investments Inc.” in the amount of \$188,398.89 as seller’s proceeds, and check no. 4727 was
10 issued to Sergio Flores in the amount of \$150.00 for notary services. ESSEX made no other
11 disbursements for Escrow #1612-AP.

12 c. As of the escrow closing date of October 18, 2013, Escrow
13 #1612-AP had a balance of \$98,890.12, which Respondent ESSEX failed to disburse to
14 Newshire for construction and improvements on the subject property.

15 d. Based on the audit examination of the bank statement cutoff date
16 of March 31, 2014, the balance of ESSEX T/A 2 was \$3,697.91, an amount reduced to an
17 amount less than the amount of trust funds deposited.

18 **C. Trust Fund Handling - Control Records.** ESSEX failed to maintain an
19 accurate and complete control record in the form of a chronological record with an accurate
20 running daily balance of all trust funds received, deposited and disbursed by ESSEX T/A 2. The
21 records provided for the Bureau’s audit examination included only the period March 1, 2013 to
22 December 27, 2013. An incomplete set of control records was made available for the audit, in
23 violation of **Code Section 10145 and Regulations 2831 and 2951.**

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1 **D. Trust Fund Handling - Separate Records for Each Trust Fund**

2 **Beneficiary.** ESSEX failed to maintain accurate and complete separate records for all trust
3 funds received and disbursed by ESSEX T/A 2. Some of ESSEX T/A 2's unauthorized outgoing
4 wire transfers and three (3) of its inbound wire transfers were not posted to separate records; the
5 total of unauthorized disbursements totaled <\$294,771.58>. The audit examination reviewed
6 samples of ESSEX T/A 2's transactions and found: at least six (6) of the escrow transactions
7 sampled did not reflect accurate trust fund deposit dates and thirteen (13) separate records for
8 beneficiaries did not reflect accurate running balances, in violation of **Code Section 10145 and**
9 **Regulations 2831.1 and 2951.**

10 **E. Trust Fund Handling - Monthly Written Reconciliation for Separate**

11 **Record.** ESSEX failed to maintain a monthly written reconciliation of all separate record
12 balances of all trust funds received and disbursed for ESSEX T/A 2, in violation of **Code Section**
13 **10145 and Regulation 2831.2.**

14 **F. Trust Fund Handling - Account Withdrawals.**

15 According to the bank signature card provided for ESSEX T/A 1, dated November
16 20, 2013 and January 16, 2014 utilized for all trust funds received and disbursed, ESSEX:

17 1. permitted non-licensees Hong "Helen" Cao (RES surrendered 9/16/13),
18 Sylvia M. Saucedo (never licensed by the Bureau), and Lisa Taing (never licensed by the Bureau)
19 as signatories allowed to make withdrawals from ESSEX T/A 1 without written authorization
20 from D.O. WANG;

21 2. failed to maintain fidelity bond coverage for the non-licensees; and

22 3. did not designate D.O. WANG as a signatory of ESSEX T/A 1,

23 all in violation of **Code Section 10145 and Regulations 2834 and 2951.**

24 According to the bank signature card provided for ESSEX T/A 2 dated January
25 29, 2013 and November 15, 2013 utilized for all trust funds received and disbursed, ESSEX:

1 1. permitted non-licensees Anna Peralta, Lupita Bland, and Sylvia M.
2 Saucedo as signatories allowed to make withdrawals from to ESSEX T/A 2 without written
3 authorization from D.O. WANG;

4 2. failed to maintain fidelity bond coverage for the non-licensees; and

5 3. did not designate D.O. WANG as a signatory of ESSEX T/A 2,
6 all in violation of **Code Section 10145 and Regulations 2834 and 2951.**

7 **G. Responsibility of Corporate Officer/Broker Supervision – Failure to**
8 **Supervise (WANG).** The acts and/or omissions of Respondent WANG, as described in
9 Paragraphs 7A. through 7H., above, demonstrate a failure to adequately supervise the broker
10 escrow activities of ESSEX. Respondent WANG failed to establish policies, rules, procedures
11 and systems to review, oversee, inspect and manage ESSEX; salespersons and employees and
12 their handling of trust funds. Respondent WANG failed to maintain accurate, complete control
13 and separate records, and permitted unlicensed individuals to be signatories on the accounts into
14 which trust funds were deposited and could be withdrawn, without obtaining fidelity bond
15 coverage and without authorizing herself to be a signatory. These acts and/or failures to act
16 constitute grounds for the suspension or revocation of the licenses and license rights of
17 Respondent WANG under the provisions of **Code Sections 10159.2 and 10177(h) and**
18 **Regulation 2725, and in conjunction with Code Section 10177(d).**

19 **Additional Violations of the Real Estate Law**

20 8.

21 The overall conduct of Respondents are violative of the Real Estate Law and
22 constitute cause for the suspension or revocation of the real estate licenses and license rights of
23 ESSEX FINANCIAL, INC. and LINDA WANG under the provisions of **Code Sections**
24 **10177(g)** for negligence; **10176(i)** and **10177(j)** for breach of fiduciary duty and/or
25 fraud/dishonest dealing; and **10177(d)** for violation of the Real Estate Law.

1 COSTS


2 9.

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

8 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
9 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
10 action against the license and license rights of Respondents LINDA WANG and ESSEX
11 FINANCIAL, INC. under the Real Estate Law (Part 1 of vision 4 of the Business and Professions
12 Code), for the cost of investigation and enforcement as permitted by law, and for such other and
13 further relief as may be proper under other provisions of law, and for costs of audit.

14 Dated at Los Angeles, California

15 this 15 day of April, 2015.

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17 
18 Maria Suarez
19 Deputy Real Estate Commissioner

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21
22 cc: Linda Wang
23 Essex Financial, Inc.
24 Maria Suarez
25 Sacto.
26 Audits – Anna Hartoonian