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FILED

MAY 15 2015

BUREAU OF REAL ESTATE

By *Angie Dennis*

7
8 **BEFORE THE BUREAU OF REAL ESTATE**

9 **STATE OF CALIFORNIA**

10 * * *

11 In the Matter of the Accusation of

) No. H-39815 LA

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

) **FIRST AMENDED**
) **ACCUSATION**

14 Respondents.
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17 The Accusation filed on April 22, 2015 is amended in its entirety as follows:

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

21 1.

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

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27 **CALBRE ACCUSATION – WANG and ESSEX FINANCIAL, INC.**

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.

LICENSE HISTORY

3.

A. LINDA WANG

1. Respondent LINDA WANG ("WANG") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker ("REB"), license ID 01426923. Respondent was originally licensed as a real estate salesperson ("RES") by the Bureau (then "Department") of Real Estate ("Bureau") on or about April 22, 2004, and licensed as a real estate broker since October 22, 2009.

2. Respondent WANG is currently the designated officer ("D.O.") of ESSEX FINANCIAL, INC., responsible for supervising the activities requiring a real estate license conducted on behalf of ESSEX by ESSEX' officers, agents and employees, as necessary to secure full compliance with the Real Estate Law as set forth in Code Section 10159.2. WANG's designated officer affiliation has an expiration date of June 4, 2016.

3. Respondent WANG holds no active DBAS registered with the Bureau.

B. ESSEX FINANCIAL, INC.

1. Respondent ESSEX FINANCIAL, INC. ("ESSEX") is presently licensed and/or has license rights under the Real Estate Law (Part 2 of Division 4 of the Code), as a real estate corporation ("REC"), license ID 01525783. Respondent ESSEX was originally licensed as a real estate corporation by the Bureau on or about June 5, 2012.

2. Respondent ESSEX has held "Century 21 Dynasty" as an active DBA registered with the Bureau since November 9, 2012.

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1 3. Respondent ESSEX has held “Essex Escrow” (a non-independent
2 broker escrow) as an active DBA registered with the Bureau since March 1, 2013.

3 4. ESSEX is an active California corporation with Articles of
4 Incorporation filed with the California Secretary of State on March 24, 2009 and a Statement of
5 Information filed on March 29, 2013. Elaine Li is ESSEX’ agent for service of process, CEO,
6 CFO, President and its sole director. WANG is ESSEX’ secretary and the address on file with
7 the Secretary of State is 3501 Hart Ave., Rosemead, California 91770.

8 C. Elaine Li

9 Elaine Li (“Li”) is presently licensed and/or has license rights under the Real
10 Estate Law (Part 1 of Division 4 of the Code) as a real estate salesperson, license ID 01299354.
11 Li was originally licensed as a real estate salesperson by the Bureau on or about November 21,
12 2000. Li is the Agent for Service of Process for ESSEX FINANCIAL, INC. Since on or about
13 September 26, 2012, Li’s employing broker of record has been ESSEX FINANCIAL, INC.

14 D. Sylvia M. Saucedo

15 Sylvia M. Saucedo (“Saucedo”) is not now, and has never been, licensed by the
16 Bureau in any capacity.

17 E. Hong “Helen” Cao

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

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1 BROKERAGE

2 4.

3 At all times mentioned in Los Angeles County, California, Respondents WANG
4 and ESSEX acted as real estate brokers, and ordered, caused, authorized or participated in the
5 conduct of Century 21 Dynasty and Essex Escrow, including licensed activities within the
6 meaning of:

7 A. Code Section 10131(a): Respondents operated residential resale brokerages
8 and engaged in activities relating to selling, buying, offering to buy, soliciting prospective sellers
9 or purchasers of, soliciting or obtaining listings of, or negotiating the purchase, sale or exchange
10 of real property or a business opportunity.

11 B. California Financial Code Section 17006(a)(4): In addition, Respondents
12 conducted broker-controlled escrows under the exemption set forth in California Financial Code
13 Section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate
14 transaction where the broker was a party and where the broker was performing acts for which a
15 real estate license is required.

16 AUDIT OF ESSEX FINANCIAL, INC

17 (LA 130168)

18 5.

19 On September 16, 2014, the Bureau completed an audit examination of the books
20 and records of Respondent ESSEX pertaining to the real estate activities of Respondent ESSEX,
21 as described in Paragraph 4, above, which require a real estate license. The audit examination
22 covered a period of time beginning on June 5, 2012 and ending on March 31, 2014, and
23 examined records of ESSEX' main office at 3501 Hart Avenue in Rosemead, California, and at
24 the Bureau's Los Angeles office. ESSEX' CEO/owner LI, D.O. WANG, and broker associate
25 Mavera Mir participated in the audit entrance conferences and furnished records for examination.
26

1 The audit examination revealed violations of the Code and the Regulations as set forth in the
2 following paragraphs, and more fully discussed in Audit Report LA 130168.

3 Trust Accounts

4 6.

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

11 ESSEX Trust Account 1 (“ESSEX T/A 1”)

12 * Account Name: ESSEX FINANCIAL INC.

DBA Essex Escrow

13 Rosemead Trust Account

* Bank: East West Bank, 9378 Wilshire Blvd., Ste. 100, Beverly Hills, CA 90212

14 * Account # xx-xxxx9285

* Signatories (one signature required):

15 Elaine Gu Li (RES, CEO/President/Owner)

16 Sylvia M. Saucedo (non-licensee/former escrow officer effective 11/15/13)

17 Hong “Helen” Cao (RES surrender date: 9/16/13)

Lisa Taing (non-licensee/escrow officer effective 1/16/14)

18 ESSEX Trust Account 2 (“ESSEX T/A 2”)

19 * Account Name: ESSEX FINANCIAL INC.

DBA Essex Escrow

20 Rosemead Trust Account

* Bank: East West Bank, 9378 Wilshire Blvd., Ste. 100, Beverly Hills, CA 90212

21 * Account # xx-xxxx6018

* Signatories (one signature required):

22 Lupita Bland (non-licensee/former escrow officer until 1/28/13)

23 Anna Peralta (non-licensee/former escrow officer 1/29/13 to 11/5/13)

24 Sylvia M. Saucedo (non-licensee/former escrow officer effective 11/15/13)

25 Elaine Gu Li (RES, CEO/President/Owner)

1 Violations of the Real Estate Law

2 7.

3 In the course of activities as described in Paragraph 4, above, and during the
4 examination period described in Paragraph 5, Respondent ESSEX acted in violation of the Code
5 and the Regulations, as described below:

6 **A. Trust Fund Handling – Multiple Beneficiaries, Unauthorized**

7 **Disbursements.** ESSEX permitted, allowed or caused the disbursement of trust funds from
8 ESSEX T/A 2, where the disbursement of funds reduced the total of aggregate funds in the
9 escrow trust account, in such a manner that there was a trust fund shortage in ESSEX T/A 2 in
10 the total amount <\$356,370.93> as of March 31, 2014, without prior written consent of the
11 owners of said funds, in violation of **Code Section 10145 and Regulation 2832.1 and Code**
12 **Sections 10176(i), 10177(j) and Regulation 2950(g).**

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

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

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

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

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

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

7 **B. Newshire Escrow Transaction (Escrow #1612-AP)**. ESSEX handled the
8 escrow transaction for the purchase of property located at 656 South La Verne Avenue
9 (hereinafter "La Verne property") on or about September 20, 2013 and failed to disburse
10 \$97,656.67, which included funds from the lender, Agoura Hills Financial Inc., to the buyer,
11 Newshire Investments Inc. (hereinafter "Newshire"), for construction and improvements.

12 1. Escrow instructions dated September 16, 2013 listed Anna Peralta as the
13 escrow officer for the Newshire escrow transaction under unlicensed fictitious business name,
14 "Essex Escrow," of which Respondent WANG's email of June 5, 2014 indicated ESSEX was
15 "neither the Listing nor the Selling agent," and "it was a straight escrow transaction."

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

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

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1 c. **Fictitious Names.** ESSEX used unlicensed fictitious business
2 names, "CBD Cerritos," "Essex Escrow," and "Essex Escrow Rosemead Trust Account" in
3 connection with Newshire's escrow services on ESSEX T/A 2's bank signature cards dated
4 January 25, 2013 and November 16, 2013, without first obtaining a license from the Bureau
5 bearing such fictitious business names, in violation of **Code Section 10159.5 and Regulation**
6 **2731.**

7 2. According to the Final Settlement Statement (HUD-1) dated October
8 18, 2013, the contracted sales price of the La Verne property was \$190,000.00 and the principal
9 amount of the new loan was \$250,000.00, a portion of the loan amount to be used towards
10 construction and improvements on the subject property.

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

18 b. On October 21, 2013, check no. 4695 was issued to "DLA
19 Investments Inc." in the amount of \$188,398.89 as seller's proceeds, and check no. 4727 was
20 issued to Sergio Flores in the amount of \$150.00 for notary services. ESSEX made no other
21 disbursements for Escrow #1612-AP.

22 c. As of the escrow closing date of October 18, 2013, Escrow
23 #1612-AP had a balance of \$98,890.12, which Respondent ESSEX failed to disburse to
24 Newshire for construction and improvements on the subject property.

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

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

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

19 **E. Trust Fund Handling - Monthly Written Reconciliation for Separate**
20 **Record.** ESSEX failed to maintain a monthly written reconciliation of all separate record
21 balances of all trust funds received and disbursed for ESSEX T/A 2, in violation of **Code Section**
22 **10145 and Regulation 2831.2.**

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

24 According to the bank signature card provided for ESSEX T/A 1, dated November
25 20, 2013 and January 16, 2014 utilized for all trust funds received and disbursed, ESSEX:

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

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

6 3. did not designate D.O. WANG as a signatory of ESSEX T/A 1,
7 all in violation of **Code Section 10145 and Regulations 2834 and 2951.**

8 According to the bank signature card provided for ESSEX T/A 2 dated January
9 29, 2013 and November 15, 2013 utilized for all trust funds received and disbursed, ESSEX:

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

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

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

16 **G. Responsibility of Corporate Officer/Broker Supervision – Failure to**
17 **Supervise (WANG).** The acts and/or omissions of Respondent WANG, as described in
18 Paragraphs 7A. through 7H., above, demonstrate a failure to adequately supervise the broker
19 escrow activities of ESSEX. Respondent WANG failed to establish policies, rules, procedures
20 and systems to review, oversee, inspect and manage ESSEX; salespersons and employees and
21 their handling of trust funds. Respondent WANG failed to maintain accurate, complete control
22 and separate records, and permitted unlicensed individuals to be signatories on the accounts into
23 which trust funds were deposited and could be withdrawn, without obtaining fidelity bond
24 coverage and without authorizing herself to be a signatory. These acts and/or failures to act
25 constitute grounds for the suspension or revocation of the licenses and license rights of
26

1 Respondent WANG under the provisions of **Code Sections 10159.2 and 10177(h) and**
2 **Regulation 2725, and in conjunction with Code Section 10177(d).**

3 Additional Violations of the Real Estate Law

4 8.

5 The overall conduct of Respondents are violative of the Real Estate Law and
6 constitute cause for the suspension or revocation of the real estate licenses and license rights of
7 ESSEX FINANCIAL, INC. and LINDA WANG under the provisions of **Code Sections**
8 **10177(g)** for negligence; **10176(i)** and **10177(j)** for breach of fiduciary duty and/or
9 fraud/dishonest dealing; and **10177(d)** for violation of the Real Estate Law.

10 COSTS

11 9.

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

17 10.

18 Code Section 10148(b) provides, in pertinent part, the Commissioner shall charge
19 a real estate broker for the cost of any audit, if the Commissioner has found in a final decision
20 following a disciplinary hearing that the broker has violated Code section 10145 or a regulation
21 or rule of the Commissioner interpreting said section.

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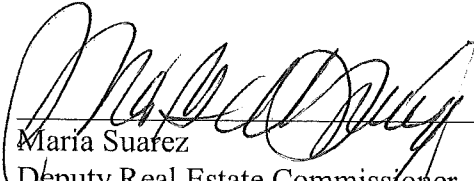
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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against the license and license rights of Respondents LINDA WANG and ESSEX
4 FINANCIAL, INC. under the Real Estate Law (Part 1 of vision 4 of the Business and Professions
5 Code), for the cost of investigation and enforcement as permitted by law, and for such other and
6 further relief as may be proper under other provisions of law, and for costs of audit.
7

8 Dated at Los Angeles, California

9 this 8th day of May, 2015.
10

11 
12 Maria Suarez
13 Deputy Real Estate Commissioner
14

15
16 cc: Linda Wang
17 Essex Financial, Inc.
18 Maria Suarez
19 Sacto.
20 Audits – Anna Hartoonian
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