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FILED

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BUREAU OF REAL ESTATE
By John Aguirre

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

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11 In the Matter of the Accusation against)
12 CONNECT REALTY ESCROW, INC.,)
THOMAS LEE PIVETTI, individually and as)
13 designated officer of Connect Realty Escrow, Inc.,)
and RAYMOND PAUL JUNE,)
14 Respondents.)
15

No. H-40293 LA
ACCUSATION

16 The Complainant, Maria Suarez, a Supervising Special Investigator for the
17 Bureau of Real Estate ("Bureau") of the State of California, for cause of Accusation against
18 CONNECT REALTY ESCROW, INC., THOMAS LEE PIVETTI, individually and as
19 designated officer of Connect Realty Escrow, Inc., and RAYMOND PAUL JUNE (collectively
20 "Respondents"), alleges as follows:

21 1.

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

3.

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

4.

From July 3, 2014, through the present, Respondent CONNECT REALTY ESCROW, INC. ("CREI") has been licensed by the Bureau as a real estate corporation, License ID 01959839. At all times mentioned herein, CREI was licensed to do business as "Connect Escrow a nonindependent broker escrow."

5.

From September 4, 2007 through the present, Connectrealty.com, Inc. has been licensed by the Bureau as a real estate corporation, License ID 01823864.

6.

From March 18, 1980, through the present, Respondent THOMAS LEE PIVETTI ("PIVETTI") has been licensed by the Bureau as a real estate broker, License ID 00429006. PIVETTI's real estate broker license is set to expire on August 8, 2016, unless renewed. PIVETTI has renewal rights under Code section 10201. The Bureau retains jurisdiction under Code section 10103. PIVETTI has been licensed as the designated officer for CREI since July 3, 2014. PIVETTI has been licensed as the designated officer for Connectrealty.com, Inc. since December 18, 2013.

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1 7.

2 At all times herein mentioned, Respondent CREI and Connectrealty.com, Inc. were
3 licensed as real estate corporations, acting by and through Respondent PIVETTI as their
4 designated officer. As the officer designated by Respondents CREI and Connectrealty.com, Inc.
5 pursuant to Section 10211 of the Code, PIVETTI was responsible for the supervision and control
6 of the activities conducted on behalf of Respondents CREI and Connectrealty.com, Inc., by its
7 officers and employees, as necessary to secure full compliance with Real Estate Law as set forth
8 in Code Section 10159.2 and Regulation 2725.

9 8.

10 From June 18, 2007, through the present, Respondent RAYMOND PAUL JUNE
11 (“JUNE”) has been licensed by the Bureau as a real estate broker, License ID 01419551. JUNE
12 is an officer, director, or person owning or controlling ten percent or more of CREI’s stock.
13 JUNE was appointed as branch/division manager for Connectrealty.com, Inc.’s branch offices
14 located at: 464 Arneill Road, Camarillo, California 93010¹ and 1203 E. Harvard Blvd., Santa
15 Paula, California 93060.

16 9.

17 From January 22, 1998, through the present, Jose Bautista Garcia (“Garcia”) has been
18 licensed by the Bureau as a real estate broker, License ID 01094268. On June 13, 2014, the
19 Bureau received a copy of a Fictitious Business Name Statement filed with the Ventura County
20 Clerk and Recorder which noted that Garcia was Secretary of CREI.

21 10.

22 From October 25, 1990, through August 26, 2015, Lucy Ann Garcia (“Garcia”) was been
23 licensed by the Bureau as a real estate salesperson, License ID 01093727. Lucy Ann Garcia’s
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¹ 464 Arneill Road, Camarillo, California 93010 is the main office and mailing address for Respondent CREI.

1 real estate salesperson license expired on August 26, 2015. The Bureau retains jurisdiction under
2 Code section 10103.

3 Audit LA 150063

4 11.

5 On or about March 28, 2016, the Bureau completed an audit examination of the books
6 and records of Respondent CREI's activities which require a real estate license pursuant to Code
7 section 10131, subdivisions (a) and (d). CREI conducted broker-controlled escrows through its
8 escrow division, under the exemption set forth in California Financial Code Section 17006(a)(4)
9 for real estate brokers performing escrows incidental to a real estate transaction where the broker
10 was a party and where the broker was performing acts for which a real estate license is required.
11 The audit examination covered a period of time from June 1, 2014 through November 30, 2015.
12 The audit examination revealed violations of the Code and the Regulations as set forth in the
13 following paragraphs, and more fully discussed in Audit Report LA 150063 and the exhibits and
14 work papers attached to said audit report.

15 12.

16 An entrance interview was held on December 16, 2015 with Respondent JUNE. Lucy
17 Ann Garcia and JUNE provided CREI's records to the Bureau's auditor for examination. The
18 audit was limited to CREI's broker escrow activities conducted under the fictitious business
19 name, "Connect Escrow, a nonindependent broker escrow." According to JUNE, CREI
20 performed real estate sales activities, representing both buyers and sellers, during the audit
21 period. CREI also provided escrow services to its clients. CREI closed approximately 23
22 escrows during the audit period and collected escrow trust funds amounting to \$1,845,415.00 for
23 a twelve month period ending on November 30, 2015. According to JUNE, he was the sole
24 officer and shareholder for CREI.

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13.

According to JUNE, CREI maintained the following bank account for its broker escrow activities during the audit period:

Bank Account #1 (BA1)
Bank: Bank of America
Account Name: Connect Realty Escrow, Inc.
Account #: xxxxx5792
Signer(s): June and Lucy Ann Garcia, an unlicensed person as of August 26, 2015
of signatures required: One (1)

Violations

14.

In the course of its broker escrow activities during the audit examination period described above in Paragraph 11, Respondents CREI and JUNE acted in violation of the Code and the Regulations as follows:

14(a). Issue One. Code Section 10145(a) and Regulations 2832.1 and 2951. Trust fund handling for multiple beneficiaries/Broker handled escrows

As of November 30, 2015, BA1 had a minimum shortage of <\$2,851.19>. The minimum shortage was caused by minimum unauthorized disbursements of <\$2,350.25>, minimum bank charges of <\$437.00>, and minimum unidentified causes of <\$63.94> as of November 30, 2015. Respondents failed to provide any evidence that the owners of the trust funds had given their written consent to allow Respondents to reduce the balance of the funds in BA1 to an amount less than the existing aggregate trust fund liabilities, in violation of Code section 10145 and Regulations 2832.1 and 2951.

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1 14(b). Issue Three². Code Section 10145 and Regulations 2832 and 2951. Trust fund
2 handling/Trust Account Designation/Broker handled escrow

3 BA1 was used to hold trust funds for CREI's broker escrow activities and was not
4 designated as a trust account in CREI's name as trustee, in violation of Code Section 10145 and
5 Regulations 2832 and 2951. An examination of BA1's bank signature card dated June 6, 2014
6 did not show that BA1 was a trust account.

7 14(c). Issue Four. Code Sections 10145, 10177(j) and Regulation 2950(g). Trust fund
8 handling/Unauthorized Disbursements/Broker handled escrow

9 An examination of BA1's bank statements, separate records, records of receipts and
10 disbursements, and record of reconciliation, showed unauthorized disbursements that included
11 wire transfers, credit card payments and checks issued as of November 30, 2015 which totaled
12 <2,350.25>. The unauthorized disbursements were identified under escrow no. 999999 for
13 payment of general expenses during the audit period.

14 The unauthorized disbursements are listed below:

<u>Date</u>	<u>Amount</u>	<u>Description</u>	<u>Escrow #</u>
5/14/2015	\$106.30	Discovery Card	999999
11/12/2015	\$128.50	Ocean Loan Services	999999
11/30/2015	\$1,015.45	Citbank/CC Payment	999999
11/30/2015	\$1,100.00	Connect Escrow	999999

20 Respondents failed to provide any evidence that the owners of the trust funds had given
21 their written consent to allow CREI to reduce the balance of the funds in BA1 to an amount less
22 than the existing aggregate trust fund liabilities, in violation of Code section 10145 and
23 Regulations 2832.1 and 2951.

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² Issue Two was intentionally skipped.

1 and bank charges from February 2, 2015 through November 18, 2015 were not posted on the
2 separate record: The unauthorized disbursements from BA1 in the month of November 2015
3 totaled \$2,243.95. Samples of bank charges on CREI's bank statements that were not recorded
4 on CREI's separate record include the following:

5 Bank Charges

<u>Date</u>	<u>Amount</u>	<u>Description</u>
11/02/2015	\$25.00	Wire transfer fee
11/05/2015	\$30.00	Stop payment fee
11/12/2015	\$30.00	Wire transfer fee
11/18/2015	\$35.00	Overdraft fee

9 14(f). Issue Seven. Code Section 10145 and Regulations 2831.2 and 2951. Bank
10 account reconciliation/Broker handled escrow

11 During the audit period, Respondents failed to maintain a complete and accurate monthly
12 reconciliation of all the separate records compared to the records of all trust funds received and
13 disbursed (control records) in connection to CREI's broker escrow activities in BA1, in violation
14 of Code section 10145 and Regulations 2831.2 and 2951.

15 14(g). Issue Eight. Code Section 10145 and Regulations 2834 and 2951. Bank account
16 withdrawals/Broker handled escrow

17 Respondent PIVETTI was not an authorized signer on CREI's BA1 account and Lucy
18 Ann Garcia, an unlicensed person as of August 26, 2015 without fidelity bond coverage, was
19 allowed to make withdrawals and sign checks for BA1, in violation of Code Section 10145 and
20 Regulations 2831.2 and 2951.

21 14(h). Issue Nine. Regulation 2950(h). Broker handled escrow

22 An examination of five sample CREI transactions showed that CREI did not disclose in
23 writing to all principals of the escrow transactions that CREI and Respondent JUNE had any
24

1 interest as a stockholder, officer, partner, or owner of the agency handling the escrow, in
2 violation of Regulation 2950(h). Said sample transactions are described below:

3	<u>Date Closed</u>	<u>Escrow No.</u>	<u>Escrow Instruction Date</u>	<u>Borrower</u>
4	10/12/2014	201027	8/29/2014	D.N. ³
	10/28/2014	14-2002-LA	9/19/2014	M.C.
5	3/25/2015	15-2013-LA	2/23/2015	M.W.
	4/16/2015	15-2010-LA	1/8/2015	M.M.
6	10/30/2015	15-2025ADM	9/9/2015	KYM

7 (i). Issue Ten. Code Section 10086 and Financial Code Section 17006(a)(4). Exemption
8 from Escrow Law – Third party escrow

9 During the audit period, CREI performed escrow services for at least three (3) escrow
10 transactions when CREI was not an agent or a party to the transaction in violation of Financial
11 Code Section 17006(a)(4) and Code Section 10086. The three escrow transactions are described
12 below:

13	<u>Date closed</u>	<u>Escrow No.</u>	<u>Borrower</u>
14	10/12/2014	201027	D.N.
	10/28/2014	14-2002-LA	M.C.
15	4/16/2015	15-2010-LA	M.M.

16 Commission checks for the above-referenced escrow transactions were made payable to
17 Garcia.

18 14(j). Issue Eleven. Code Sections 10159.2 and 10177(h) and Regulation 2725.

19 Responsibility of corporate officer/Broker supervision

20 Respondent PIVETTI failed to exercise reasonable supervision and control of CREI's
21 escrow activities to ensure compliance with the Real Estate Law as required under Code Section
22 10159.2 and Regulation 2725, in violation of Code Section 10177(h).

23 ³ Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full
24 names will be provided during the discovery phase of this case to Respondents and/or their attorneys, after service of
a timely and proper request for discovery on Complainant's counsel.

15.

The conduct of Respondents CREI and JUNE, described above in Paragraphs 14(a) through 14(i), violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
14(a)	Code Section 10145 and Regulations 2832.1 and 2951
14(b)	Code Section 10145 and Regulations 2832 and 2951
14(c)	Code Sections 10145, 10177(j), and Regulation 2950(g)
14(d)	Code Section 10145 and Regulations 2831 and 2951
14(e)	Code Section 10145 and Regulations 2831.1 and 2951
14(f)	Code Sections 10145 and Regulations 2831.2 and 2951
14(g)	Code Sections 10145 and Regulations 2834 and 2951
14(h)	Regulation 2950(h)
14(i)	Code Section 10086 and Financial Code Section 17006(a)(4)

The foregoing violations constitute cause for the suspension or revocation of the real estate licenses and license rights of CREI and JUNE under the provisions of Code Sections 10177(d), 10177(j), and /or 10177(g).

16.

The conduct of Respondent PIVETTI, described above in Paragraph 14(j), violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
14(j)	Code Sections 10159.2, 10177(h), and Regulations 2725

The foregoing violation constitutes cause for the suspension or revocation of the real estate license and license rights of Respondent PIVETTI under the provisions of Code Sections 10177(h), 10177(d), and /or 10177(g).

