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**FILED**  
**AUG 28 2020**  
**DEPT. OF REAL ESTATE**  
By *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of	)	No. H-41723 LA
	)	
GREAT WALL REALTY, INC.,	)	<u>FIRST AMENDED</u>
and HONGHUA SHANG , individually	)	<u>ACCUSATION</u>
and as designated officer of Great Wall	)	
Realty, Inc.,	)	
	)	
Respondents.	)	
	)	

This First Amended Accusation amends the Accusation filed on July 7, 2020. The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, for cause of Accusation against GREAT WALL REALTY, INC. and HONGHUA SHANG (collectively "Respondents") alleges as follows:

1.

The Complainant, Maria Suarez, a Supervising Special Investigator 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 LICENSE HISTORY

2 (GREAT WALL REALTY, INC.)

3 3.

4 (a) Respondent GREAT WALL REALTY, INC. ("GWRI") is presently licensed  
5 and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California  
6 Business and Professions Code, as a real estate corporation, Department of Real Estate<sup>1</sup>  
7 ("Department") license ID 02024473.

8 (b) The Department originally issued GWRI's corporate license on February 17,  
9 2017. GWRI's license is scheduled to expire on February 16, 2021, unless renewed.

10 (c) According to the Department's records to date, GWRI's main office address  
11 is 18931 Colima Road, #A, Rowland Heights, CA 91748.

12 (d) According to the Department's records to date, GWRI employs 27  
13 salespersons under its real estate license.

14 (e) According to the Department's records to date, GWRI maintains authorized  
15 fictitious business names of "Echain Escrow, A Non-Independent Broker Escrow".

16 (HONGHUA SHANG)

17 4.

18 (a) Respondent HONGHUA SHANG ("SHANG") is presently licensed under  
19 the Code, as a real estate broker, Department license ID 01833183.

20 (b) The Department originally issued SHANG's broker license on March 29,  
21 2012. SHANG's license is scheduled to expire on April 4, 2024, unless renewed.

22 (c) SHANG is the designated officer for GWRI. His designation is scheduled to  
23 expire on February 16, 2021, unless renewed. As designated officer, SHANG is responsible for  
24 the supervision of the activities conducted on behalf of GWRI by its officers, agents, real estate  
25 licensees, and employees pursuant to Section 10159.2 of the Code.

26  
27 <sup>1</sup> Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 (d) On July 3, 2012, the Department issued Respondent a Mortgage Loan  
2 Originator (“MLO”) license endorsement, National Mortgage Licensing System and Registry  
3 (“NMLS”) No. 335194. Respondent’s MLO license endorsement is scheduled to expire on  
4 April 2, 2024.

5 5.

6 At all times relevant herein Respondents were engaged in the business of, acted  
7 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning  
8 of Section 10131(a) and (b) of the Code. Respondents’ activities included, but not limited to,  
9 broker-controlled escrows through GWRI under the exemption set forth in California Financial  
10 Code section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate  
11 transaction where the broker is a party and where the broker is performing acts for which a real  
12 estate license is required. Respondent’s activities also included the leasing or renting of real  
13 property and the collection of rents and security deposits for real property on behalf of others  
14 for compensation or in expectation of compensation.

15 (AUDIT LA180128)

16 6.

17 On or about January 31, 2020, the Department completed an audit examination  
18 of the books and records of GWRI pertaining to the real estate activities described in Paragraph  
19 5 above. The audit examination covered the period of time from June 1, 2018, through June 30,  
20 2019 (“audit period”). The primary purpose of the examination was to determine whether  
21 Respondents conducted real estate activities in accordance with the Real Estate Law. The audit  
22 examination revealed violations of the Code and the Regulations as set forth in the following  
23 paragraphs, and more fully discussed in Audit No. LA180128, and the exhibits and work papers  
24 attached to said audit report.

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1 7.

2 At all times mentioned herein, and in connection with the broker escrow  
3 activities described in Paragraph 5, above, GWRI accepted or received funds, including funds  
4 in trust ("trust funds") from or on behalf of actual or prospective parties to transactions handled  
5 by Respondents and thereafter made deposits and/or disbursements of such funds. According to  
6 the documents provided, GWRI maintained 1 bank account for handling of the receipts and  
7 disbursements of funds during the audit period in connection with the broker escrow activities.  
8 The bank account is as follows:

9 Trust Account 1 ("TA 1")

10 Bank: East West Bank  
11 Account Name: Great Wall Realty Inc dba Echain Escrow a Non-Independent Broker  
12 Escrow - Trust Account  
13 Account Number: xxxxxxxx3667  
14 Signatories: Honghua Shang, Puchun Cai  
15 Signatures Required: One  
16 Purpose: TA 1 was maintained to handle trust funds in the escrow broker activity  
17 for multiple beneficiaries.

18 Violations of the Real Estate Law

19 8.

20 The audit examination revealed violations of the Code and the Regulations, as  
21 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA180128,  
22 and the exhibits and work papers attached to the audit report:

23 (a) **Handling of Trust Funds/Trust Fund Handling For Multiple**  
24 **Beneficiaries/When Broker Handles Escrow (Code section 10145 and Regulations sections**  
25 **2832.1, 2950(g), and 2951.**

26 Based on an examination of TA 1's records, there was a combined minimum  
27 trust fund shortage of \$949.92 as of June 30, 2019 in violation of Code section 10145 and

1 Regulations sections 2832.1, 2950(g), and 2951. There is no evidence that Respondents were  
2 given written consent from the owners of the trust funds to allow Respondents to reduce the  
3 balance of the funds in TA 1 to an amount less than the aggregate trust fund liabilities of GWRI  
4 to all owners of the trust funds.

5 (b) **Notification of Escrow Activities (Code section 10141.6)**. From June 2018  
6 through December 2018, GWRI closed approximately 11 escrows with an aggregate total of  
7 approximately \$8,538,000.00. GWRI met the escrow threshold for reporting requirement, but  
8 failed to submit an escrow activity report (DRE form RE 890) within 60 days after the end of  
9 the calendar year of 2018 in violation of Code Section 10141.6.

10 (c) **Handling of Trust Funds/Trust Fund Records to be Maintained/When**  
11 **Broker Handles Escrow (Code section 10145 and Regulations sections 2831, 2950(d),**  
12 **2951)**. GWRI failed to maintain complete and accurate columnar record for all trust funds  
13 received and disbursed (control record) for TA 1, which was used for GWRI's broker escrow  
14 activities during the audit period in violation of Code section 10145 and Regulations sections  
15 2831, 2950(d), and 2951. The control record maintained by Respondents had inaccurate daily  
16 balances of trust fund, missing entries, and was not in chronological order.

17 (d) **Handling of Trust Funds/Separate Records for Each Beneficiary/When**  
18 **Broker Handles Escrow (Code section 10145 and Regulations sections 2831.1, 2950(d),**  
19 **2951)**. GWRI failed to maintain complete and accurate separate records for each beneficiary or  
20 transaction of all trust fund receipts and disbursements for TA 1 in connection with GWRI's  
21 broker escrow activities during the audit period in violation of Code section 10145 and  
22 Regulations section 2831.1, 2950(d), and 2951. The separate records maintained by  
23 Respondents had inaccurate daily balances of trust fund, missing entries, and was not in  
24 chronological order.

25 (e) **Handling of Trust Funds/Trust Account Withdrawal/ When Broker**  
26 **Handles Escrow (Code section 10145 and Regulations section 2834, 2950(d), 2951)**.

27 Respondent GWRI's bank signature card still contained the signatory Puchun Cai (also known

1 as "Ellen", GWRI's Secretary/escrow officer, non-licensee), who was allowed to sign and make  
2 withdrawals from TA 1. GWRI did not maintain insurance equal to at least the maximum  
3 amount of the trust funds to which the unlicensed employee has access.

4 **(f) Handling of Trust Funds/Trust Account Reconciliation/When Broker**  
5 **Handles Escrow (Code section 10145 and Regulations sections 2831.2, 2950(d), and 2951).**

6 During the audit period, GWRI did not perform and maintain a complete and accurate monthly  
7 reconciliation of the balance of all separate beneficiary and/or transaction records to the balance  
8 of the records of all trust funds received and disbursed for TA 1 in violation of Code section  
9 10145 and Regulations sections 2831.2, 2950(d), and 2951.

10 **(f) Trust Fund Handling/When Broker Handles Escrow (Code section**  
11 **10145(a) and Regulations sections 2832 and 2951.** Respondents failed to disburse escrow

12 trust funds in accordance with written instructions from persons entitled to the trust funds.  
13 Based on an examination of the escrow transaction file for the sale of the property located at  
14 13511 Ramona Parkway in Baldwin Park as well as the trust fund records, Respondents failed  
15 to disburse the listing firm's (RE/MAX Top Producer) commission according to written escrow  
16 instructions upon the closing of the escrow transaction. Respondents failed to pay the  
17 commission despite receiving a document entitled "Instruction to Pay Commission" dated  
18 September 19, 2018, which was signed by the seller and listing firm. Respondents only paid the  
19 commission after the listing firm obtained an arbitration award, dated August 27, 2019.

20 **(g) Responsibility of Corporate Office in Charge/Broker Supervision (Code**  
21 **sections 10159.2 and 10177(h) and Regulations section 2725).** Based on the violations in

22 Paragraphs 8 (a)-(f) above, Respondent SHANG failed to exercise adequate supervision and  
23 control over Respondent GWRI's broker escrow activities in violation of Code section 10159.2.  
24 Respondent SHANG failed to provide established policies, rules, procedures, and systems to  
25 review, oversee, inspect, and manage transactions requiring a real estate license and the  
26 handling of trust funds in violation of Regulations section 2725.

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1 Additional Violations of the Real Estate Law

2 9.

3 The overall conduct of Respondents violates the Real Estate Law and constitutes  
4 cause for the suspension or revocation of their real estate license and license rights under the  
5 provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful  
6 disregard of the Real Estate Law.

7 10.

8 Each of the foregoing violations in Paragraphs 8 (a)-(f) above constitute cause  
9 for the suspension or revocation of the real estate license and/or license rights of Respondents  
10 under the provisions of Code sections 10177(d), 10177(g), and 10177(h) (as to SHANG).

11 COSTS

12 (AUDIT COSTS)

13 11.

14 Section 10148(b) of the Code, provides, in pertinent part, that the Real Estate  
15 Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner  
16 has found in a final decision, following a disciplinary hearing, that the broker has violated  
17 Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code  
18 section.

19 (INVESTIGATION AND ENFORCEMENT COSTS)

20 12.

21 Section 10106 of the Code, provides, in pertinent part, that in any order issued in  
22 resolution of a disciplinary proceeding before the Department, the Commissioner may request  
23 the administrative law judge to direct a licensee found to have committed a violation of this part  
24 to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

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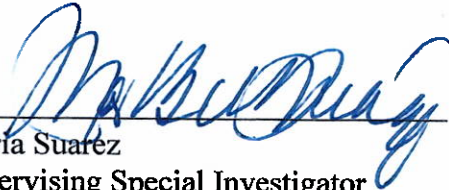
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PRAYER

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all the licenses and/or license rights of Respondents GREAT WALL REALTY, INC. and HONGHUA SHANG under the Real Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California this 27<sup>th</sup> day of August, 2020.

  
\_\_\_\_\_  
Maria Suarez  
Supervising Special Investigator

cc: GREAT WALL REALTY, INC.  
HONGHUA SHANG  
Maria Suarez  
Sacto.  
Audits – Mandeep Sidhu