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**FILED**

**MAY 17 2017**

**BUREAU OF REAL ESTATE**

By John Aguirre

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7  
8 BEFORE THE BUREAU OF REAL ESTATE  
9 DEPARTMENT OF CONSUMER AFFAIRS  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation against )

CalBRE No. H-40636 LA

13 SEONG KON KONG and )  
14 COLBY SEONGWU JO, doing business as )  
Omni Property Management Co. and )  
Omni Realty & Investment Group Co., )

ACCUSATION

15 Respondents. )  
16 )

17 The Complainant, Maria Suarez, a Supervising Special Investigator for the Bureau of  
18 Real Estate ("Bureau") of the State of California, for cause of Accusation against SEONG KON  
19 KONG, aka Peter Kong, Kevin Kong, and Seong Peter Kong, and COLBY SEONGWU JO,  
20 doing business as Omni Property Management Co. and Omni Realty & Investment Group Co.,  
21 (collectively "Respondents"), alleges as follows:

22 1.

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

1 2.

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

4 Licenses

5 3.

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

8 4.

9 From May 19, 2009 through the present, Respondent SEONG KON KONG ("KONG")  
10 has been licensed by the Bureau as a real estate salesperson, License ID 01861311.

11 5.

12 From November 10, 2004 through the present, Respondent COLBY SEONGWU JO  
13 ("JO"), formerly known as Seongwu Jo, has been licensed by the Bureau as a real estate broker,  
14 License ID 01299519. As of April 24, 2006, Respondent JO has been licensed by the Bureau to  
15 do business as "Omni Property Management Co" and "Omni Realty & Investment Group Co."

16 6.

17 From August 21, 2014 through August 23, 2016, Respondent KONG ("KONG") was  
18 licensed under the employment of Respondent JO.

19 FIRST CAUSE OF ACCUSATION

20 (Fraud/Dishonest Dealing/Embezzlement)

21 7.

22 In or around September of 2014, Bethesda University ("BU") hired Respondent KONG  
23 to act as BU's property manager for approximately 11 properties that are owned by BU and  
24 located in Southern California. Respondent KONG solicited listings for and negotiated the

1 lease of several BU rental properties. On or about September 11, 2014, Respondent KONG  
2 executed a residential lease or month-to-month rental agreement for a BU property with tenant,  
3 a LLC.<sup>1</sup> The rental agreement misrepresented the true identity of the owner by listing KONG as  
4 the landlord and property owner for a BU property located at 5807 Monterey Road, in Los  
5 Angeles, California.

6 8.

7 From on or about December 26, 2014 through January 31, 2015, Respondent KONG  
8 negotiated several residential lease or month-to-month rental agreements for BU properties.  
9 The rental agreements listed KONG and Omni Realty and Investment Group Co. as both the  
10 real estate listing and leasing broker. Some of the rental agreements misrepresented the true  
11 identity of the listing and leasing broker by also listing Keystone Investment, Inc. (CalBRE  
12 License No. 01155139) as a broker on the agreements. Copies of some of the rental agreements  
13 provided to BU were not signed by Respondent KONG and did not list to whom the rent  
14 payments were to be made.

15 9.

16 Respondent KONG collected trust funds (including security deposits and rent payments)  
17 from tenants of BU's rental properties. Respondent KONG instructed the tenants to make the  
18 rent payments payable directly to KONG. Respondent KONG failed to deliver the trust funds  
19 to BU.

20 10.

21 On or about February 16, 2016, BU filed a complaint with the Bureau against  
22 Respondent KONG. BU's complaint alleged that KONG had embezzled over \$100,000 from  
23

24 <sup>1</sup> Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

1 BU by failing to deliver trust funds including rents and security deposits to BU.

2 11.

3 The conduct, acts, and/or omissions alleged above in Paragraphs 7 through 10 constitute  
4 cause for the suspension or revocation of all licenses and license rights of Respondent KONG  
5 pursuant to Code Section, 10130, Code Section 10145, subdivision (c), Code section 10176,  
6 subdivisions (a) and (i), and Code section 10177, subdivisions (d), (j), or (g), and Regulation  
7 2832.

8 SECOND CAUSE OF ACCUSATION

9 Audit LA 160031

10 12.

11 There is hereby incorporated in this Second, separate and distinct Cause of  
12 Accusation, all of the allegations contained in Paragraphs 1 through 11, with the same force and  
13 effect as if herein fully set forth.

14 13.

15 On December 28, 2016, the Bureau completed an examination of the books and records  
16 of Respondent JO's real estate activities which require a real estate license pursuant to Code  
17 section 10131. The audit examination covered a period of time from July 1, 2014 through  
18 August 31, 2016. The audit examination revealed violations of the Code and the Regulations as  
19 set forth in the following paragraphs, and more fully discussed in Audit Report LA 160031 and  
20 the exhibits and work papers attached to said audit report.

21 14.

22 An entrance interview was held on September 27, 2016 with Respondent JO. The  
23 Bureau's auditor requested the books and records to examine JO's real estate sales activities and  
24 KONG's property management activities. Respondent JO claimed that he did not maintain any

1 trust account for his real estate activities during the audit period. On September 27, 2016,  
2 Respondent JO submitted a written statement to the Bureau's auditor regarding his broker  
3 relationship with Respondent KONG. Respondent JO stated that KONG claimed to want to  
4 work as a commercial real estate agent and had sold a property for BU on December 16, 2014.  
5 Respondent JO believed BU was KONG's only client. JO denied having any knowledge of  
6 KONG's property management activities for BU and claimed that he [JO] had not had any  
7 contact with KONG since April of 2015.

8 15.

9 On November 28, 2016, in a written response to a subpoena for records from the Bureau  
10 to JO, Respondent JO claimed that he and his company stopped engaging in property  
11 management activities as of April 11, 2014, when their last client sold their property.

12 16.

13 Respondent JO maintained the following general bank account for his real estate  
14 activities during the audit period:

15 Bank Account #1 (BA1)

16 Bank: Pacific City Bank

17 Account Name: Colby Seongwu Jo

18 Account #: xxxxx7261

19 Signer(s): Respondent JO

20 Description: According to Respondent JO, BA1 was used as a business operating  
21 account for JO's real estate sales activities.

22 ///

23 ///

24 ///

1 Violations

2 17.

3 In the course of Respondents' real estate activities during the audit examination period  
4 described above in Paragraph 13, Respondents acted in violation of the Code and the Regulations  
5 as follows:

6 17(a). Issue Two2. Code sections 10130 and 10145(c). Real estate property  
7 management activities by Respondent KONG for BU rental properties

8 Based on the records provided to the Bureau, during the audit period, JO's licensed  
9 salesperson-Respondent KONG managed and collected rents for eleven (11) properties owned  
10 by BU from on or around 2014 through 2016. Rent checks were issued directly to KONG and  
11 the trust funds were never received by BU. During the period that KONG was licensed under JO  
12 (August 21, 2014 through August 23, 2016), there were seven (7) lease agreements signed by  
13 M.H.K. as C.F.O. of BU, two (2) lease agreements signed by KONG, and copies of trust fund  
14 checks payable to and endorsed by KONG for BU's eleven rental properties. KONG collected at  
15 least \$109,143.55 from BU's tenants while licensed under the employment of JO. KONG  
16 cashed the trust fund check payments of at least \$60,343.55 for cash through at least two (2)  
17 check cashing businesses: Angel Enterprises, Inc. and Ardmore Liquor. The check cashing  
18 businesses then deposited the trust fund checks into their own business bank accounts. The  
19 books and records related to the property management activities by KONG during the audit  
20 period were not made available to the Bureau's auditor. The foregoing acts and conduct are in  
21 violation of Code sections 10130 and 10145.

22 ///

23 ///

24 \_\_\_\_\_  
2 Issues One skipped intentionally.

1           17(b). Issue Three. Code sections 10130 and 10145(c). License required/Handling of  
2 Trust Funds

3           According to Respondent JO, Respondent KONG conducted property management  
4 activities for BU without JO's knowledge. Respondent KONG conducted property management  
5 activities, entered into residential lease agreements with tenants, collected trust funds on behalf  
6 of BU, and failed to immediately deliver the funds to his employing broker (JO), and also failed  
7 to deposit the trust funds into his broker's trust fund account. Respondent KONG acted in the  
8 capacity of a real estate broker during the audit period, while he was licensed only as a  
9 salesperson under the employment of Respondent JO. The foregoing acts and conduct are in  
10 violation of Code sections 10130 and 10145(c).

11           17(c). Issue Four. Code Section 10145(a) and Regulation 2832. Handling of Trust  
12 Funds/Trust Fund Account

13           According to Respondent JO, Respondent KONG conducted property management  
14 activities for BU without JO's knowledge. During the audit period, Respondent KONG  
15 collected trust funds of at least \$109,143.55 from BU's tenants and failed to immediately deliver  
16 the funds to his employing broker (JO), and also failed to deposit the trust funds into his broker's  
17 trust fund account. In addition, JO failed to maintain a trust account for trust funds collected by  
18 his salesperson-KONG on behalf of BU. Said trust funds were not deposited into a trust account.  
19 Said acts are in violation of Code section 10145(a) and Regulation 2832.

20           17(d). Issue Five. Code Section 10145 and Regulation 2831. Trust Fund Records to be  
21 maintained

22           During the audit period, Respondents failed to maintain a columnar record of trust funds  
23 received and disbursed for trust funds collected from BU's tenants, in violation of Code section  
24 10145 and Regulation 2831.

1           17(e). Issue Six. Code section 10159.5 and Regulation 2731. Fictitious Name/Use of  
2 False or Fictitious Name

3           During the audit period, Respondent JO conducted his real estate sales activities while  
4 using the unlicensed fictitious business names, "Omni Realty & Investment," "Omni Realty &  
5 Investment Co," and "Omni Realty & Investment Group" without first obtaining a license from  
6 the Bureau. Respondent JO used the unlicensed fictitious business names on residential purchase  
7 agreements, listing agreements, and disclosures regarding real estate agency relationships. Said  
8 acts are in violation of Code section 10159.5 and Regulation 2731.

9           17(f). Issue Seven. Code section 10148. Retention of Records

10           A subpoena was served to Respondent JO for the production of books and records related  
11 to the property management activities conducted by Respondent KONG. JO failed to retain and  
12 make available for examination, copying, and inspection the books, accounts, and records related  
13 to KONG's property management activities for the audit period, in violation of Code section  
14 10148.

15           17(g). Issue Nine. Code section 10177(h) and Regulation 2725. Broker supervision

16           Respondent JO failed to exercise reasonable control and supervision over the activities  
17 conducted by Respondent KONG as necessary to secure compliance with the Real Estate Law  
18 and Regulations during the audit period. In addition, Respondent JO failed to establish policies,  
19 rules, procedures, and systems to review, oversee, inspect, and manage transactions requiring a  
20 real estate license and the handling of trust funds, in violation of Code section 10177(h) and  
21 Regulation 2725.

22 ///  
23 ///  
24 ///



18.

The conduct of Respondent GMM as described above in Paragraphs 17(a) through 17(g), violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
17(a)	Code Sections 10130 and 10145(c)
17(b)	Code Sections 10130 and 10145(c)
17(c)	Code Section 10145(a) and Regulation 2832
17(d)	Code Section 10145 and Regulation 2831
17(e)	Code Section 10159.5 and Regulation 2731
17(f)	Code Sections 10148
17(g)	Code Section 10177(h) and Regulation 2725

19.

The foregoing violations alleged above in Paragraphs 17(a) through 17(f) constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondents under the provisions of Code Sections 10177(d) and/or 10177(g).

20.

The foregoing violations alleged above in Paragraphs 17(g) constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondent JO under the provisions of Code Sections 10177(h), 10177(d), and/or 10177(g).

Audit Costs

21.

Code Section 10148(b) provides, in pertinent part, that the Commissioner shall charge a real estate broker for the cost of any audit, if the Commissioner has found in a final decision

1 following a disciplinary hearing that the broker has violated Code section 10145 or a regulation  
2 or rule of the Commissioner interpreting said section.

3 THIRD CAUSE OF ACCUSATION

4 Failure to Notify of Change in Mailing Address of Licensee

5 22.

6 There is hereby incorporated in this Third, separate and distinct Cause of Accusation, all  
7 of the allegations contained in Paragraphs 1 through 21, with the same force and effect as if  
8 herein fully set forth.

9 23.

10 On or about August 30, 2016, the Bureau discovered that Respondent KONG's mailing  
11 address on file with the Bureau was no longer valid or current. Respondent KONG failed to  
12 timely notify the Bureau of any change in his license information in violation of Regulations  
13 2710 and 2715, which constitutes cause for the suspension or revocation of the real estate  
14 licenses and license rights of Respondent KONG under the provisions of Code Sections  
15 10177(d) and/or 10177(g).

16 Investigation/Enforcement Costs

17 24.

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

22 ///

23 ///

24 ///



1 27.

2 Code section 10132 provides:

3 "A real estate salesman within the meaning of this part is a natural person  
4 who, for a compensation or in expectation of a compensation, is employed by a  
5 licensed real estate broker to do one or more of the acts set forth in Sections  
6 10131, 10131.1, 10131.2, 10131.3, 10131.4, and 10131.6."

7 28.

8 Code section 10176, in pertinent parts, provides as follows:

9 "The commissioner may, upon his or her own motion, and shall, upon the  
10 verified complaint in writing of any person, investigate the actions of any person  
11 engaged in the business or acting in the capacity of a real estate licensee within  
12 this state, and he or she may temporarily suspend or permanently revoke a real  
13 estate license at any time where the licensee, while a real estate licensee, in  
14 performing or attempting to perform any of the acts within the scope of this  
15 chapter has been guilty of any of the following:

16 (a) Making any substantial misrepresentation.

17 (i) Any other conduct, whether of the same or a different character than  
18 specified in this section, which constitutes fraud or dishonest dealing."

19 29.

20 Code section 10177, in pertinent parts, provides as follows:

21 "The commissioner may suspend or revoke the license of a real estate  
22 licensee, delay the renewal of a license of a real estate licensee, or deny the  
23 issuance of a license to an applicant, who has done any of the following, or may  
24 suspend or revoke the license of a corporation, delay the renewal of a license of a  
25 corporation, or deny the issuance of a license to a corporation, if an officer,  
26 director, or person owning or controlling 10 percent or more of the corporation's  
27 stock has done any of the following:

28 (d) Willfully disregarded or violated the Real Estate Law (Part 1  
29 (commencing with Section 10000)) or Chapter 1 (commencing with Section  
30 11000) of Part 2 or the rules and regulations of the commissioner for the  
31 administration and enforcement of the Real Estate Law and Chapter 1  
32 (commencing with Section 11000) of Part 2.

33 (g) Demonstrated negligence or incompetence in performing an act  
34 for which he or she is required to hold a license.

35 (h) As a broker licensee, failed to exercise reasonable supervision  
36 over the activities of his or her salespersons, or, as the officer designated by a

1 corporate broker licensee, failed to exercise reasonable supervision and control of  
2 the activities of the corporation for which a real estate license is required.

3 (j) Engaged in any other conduct, whether of the same or a  
4 different character than specified in this section, that constitutes fraud or dishonest  
5 dealing.”

6 30.

7 Regulation 2831 provides:

8 “(a) Every broker shall keep a record of all trust funds received, including  
9 uncashed checks held pursuant to instructions of his or her principal. This record,  
10 including records maintained under an automated data processing system, shall  
11 set forth in chronological sequence the following information in columnar form:

12 (1) Date trust funds received.

13 (2) From whom trust funds received.

14 (3) Amount received.

15 (4) With respect to funds deposited in an account, date of said deposit.

16 (5) With respect to trust funds previously deposited to an account,  
17 check number and date of related disbursement.

18 (6) With respect to trust funds not deposited in an account, identity of  
19 other depository and date funds were forwarded.

20 (7) Daily balance of said account.

21 (b) For each bank account which contains trust funds, a record of all trust  
22 funds received and disbursed shall be maintained in accordance with subdivision  
23 (a) or (c).

24 (c) Maintenance of journals of account cash receipts and disbursements,  
or similar records, or automated data processing systems, including computer  
systems and electronic storage and manipulation of information and documents,  
in accordance with generally accepted accounting principles, shall constitute  
compliance with subdivision (a) provided that such journals, records, or systems  
contain the elements required by subdivision (a) and that such elements are  
maintained in a format that will readily enable tracing and reconciliation in  
accordance with Section 2831.2.

(d) Nothing in this section shall be construed to permit a violation of  
Section 10145 of the Code.

(e) A broker is not required to keep records pursuant to this section of  
checks which are written by a principal, given to the broker and made payable to  
third parties for the provision of services, including but not limited to escrow,  
credit and appraisal services, when the total amount of such checks for any  
transaction from that principal does not exceed \$1,000. Upon request of the  
Bureau or the maker of such checks, a broker shall account for the receipt and  
distribution of such checks. A broker shall retain for three years copies of receipts  
issued or obtained in connection with the receipt and distribution of such checks.”

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Regulation 2832 provides:

“(a) Compliance with Section 10145 of the Code requires that the broker place funds accepted on behalf of another into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker’s salesperson.

(b) Except as expressly provided by subdivision (d) of Section 10145 of the Code or by a regulation in this article, the account into which the trust funds are deposited shall not be an interest-bearing account for which prior written notice can by law or regulation be required by the financial institution as a condition to the withdrawal of funds.

(c) A check received from the offeror may be held uncashed by the broker until acceptance of the offer if

(1) the check by its terms is not negotiable by the broker or if the offeror has given written instructions that the check shall not be deposited nor cashed until acceptance of the offer and

(2) the offeree is informed that the check is being so held before or at the time the offer is presented for acceptance.

(d) In these circumstances if the offeror’s check was held by the broker in accordance with subdivision (c) until acceptance of the offer, the check shall be placed into a neutral escrow depository or the trust fund account, or into the hands of the offeree if offeror and offeree expressly so provide in writing, not later than three business days following acceptance of the offer unless the broker receives written authorization from the offeree to continue to hold the check.

(e) Notwithstanding the provisions of subdivisions (a) and (d), a real estate broker who is not licensed under the Escrow Law (Section 17000, et seq., of the Financial Code) when acting in the capacity of an escrow holder in a real estate purchase and sale, exchange or loan transaction in which the broker is performing acts for which a real estate license is required shall place all funds accepted on behalf of another into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other financial institution not later than the next business day following receipt of the funds by the broker or by the broker’s salesperson.”

Code section 10159.5 provides:

“(a) (1) Every person applying for a license under this chapter who desires to have the license issued under a fictitious business name shall file with his or her application a certified copy of his or her fictitious business name statement

1 filed with the county clerk pursuant to Chapter 5 (commencing with Section  
2 17900) of Part 3 of Division 7.

3 (2) A responsible broker may, by contract, permit a salesperson to do all  
4 of the following:

5 (A) File an application on behalf of a responsible broker with a county  
6 clerk to obtain a fictitious business name.

7 (B) Deliver to the bureau an application, signed by the responsible broker,  
8 requesting the bureau's approval to use a county approved fictitious business  
9 name that shall be identified with the responsible broker's license number.

10 (C) Pay for any fees associated with filing an application with a county or  
11 the bureau to obtain or use a fictitious business name.

12 (D) Maintain ownership of a fictitious business name, as defined in  
13 paragraph (2) of subdivision (a) of Section 10159.7, that may be used subject to  
14 the control of the responsible broker.

15 (b) (1) A salesperson using a fictitious business name authorized by  
16 subdivision (a), shall use that name only as permitted by his or her responsible  
17 broker.

18 (2) This section does not change a real estate broker's duties under this  
19 division to supervise a salesperson.

20 (c) A person applying to a county for a fictitious business name pursuant  
21 to subdivision (a) may file his or her application in the county or counties where  
22 the fictitious business name will be used.

23 (d) Advertising and solicitation materials, including business cards, print  
24 or electronic media and "for sale" signage, using a fictitious business name  
obtained in accordance with paragraph (2) of subdivision (a) shall include the  
responsible broker's identity, as defined in paragraph (1) of subdivision (a) of  
Section 10159.7, in a manner equally as prominent as the fictitious business  
name.

(e) Notwithstanding subdivision (b) of Section 10140.6, advertising and  
solicitation materials, including print or electronic media and "for sale" signage,  
containing a fictitious business name obtained in accordance with paragraph (2)  
of subdivision (a) shall include the name and license number of the salesperson  
who is using the fictitious business name.

(f) Notwithstanding Section 10185, a violation of this section is not a  
misdemeanor."

33.

Regulation 2731 provides:

"(a) A licensee shall not use a fictitious name in the conduct of any  
activity for which a license is required under the Real Estate Law unless the  
licensee is the holder of a license bearing the fictitious name.

(b) The Bureau shall issue a license required under the Real Estate Law  
only in the legal name of the licensee or in the fictitious business name of a broker

1 who presents evidence of having complied with the provisions of Sections 17910  
2 and 17917 of the Code.

- 3 (c) The commissioner may refuse to issue a license bearing a fictitious  
4 name to a broker if the fictitious name:  
5 (1) Is misleading or would constitute false advertising.  
6 (2) Implies a partnership or corporation when a partnership or corporation  
7 does not exist in fact.  
8 (3) Includes the name of a real estate salesperson.  
9 (4) Constitutes a violation of the provisions of Sections 17910, 17910.5,  
10 17913 or 17917 of the Code.  
11 (5) Is the name formerly used by a licensee whose license has since been  
12 revoked.

13 (d) A license may not be issued or renewed with a fictitious business name  
14 containing the term "escrow", or any name which implies that escrow services are  
15 provided, unless the fictitious business name includes the term, "a non-  
16 independent broker escrow" following the name. Licensees who have been or are  
17 issued a license with a fictitious business name with the term "escrow", or any  
18 term which implies that escrow services are provided, must include the term "a  
19 non-independent broker escrow" in any advertising, signs, or electronic  
20 promotional material.

21 (e) Where a licensee is a natural person, the use of a nickname in place of  
22 his or her legal given name (first name) shall not constitute a fictitious name for  
23 purposes of this section, provided that where the nickname is used, the licensee  
24 also uses as a surname (last name) his or her surname as it appears on his or her  
real estate license, and includes his or her Bureau-issued license identification  
number as required by Section 10140.6 of the Code."

34.

16 Code section 10148 provides:

17 "(a) A licensed real estate broker shall retain for three years copies of all  
18 listings, deposit receipts, canceled checks, trust records, and other documents  
19 executed by him or her or obtained by him or her in connection with any  
20 transactions for which a real estate broker license is required. The retention period  
21 shall run from the date of the closing of the transaction or from the date of the  
22 listing if the transaction is not consummated. After notice, the books, accounts,  
23 and records shall be made available for examination, inspection, and copying by  
24 the commissioner or his or her designated representative during regular business  
hours; and shall, upon the appearance of sufficient cause, be subject to audit  
without further notice, except that the audit shall not be harassing in nature. This  
subdivision shall not be construed to require a licensed real estate broker to retain  
electronic messages of an ephemeral nature, as described in subdivision (d) of  
Section 1624 of the Civil Code.



1 (b) The commissioner shall charge a real estate broker for the cost of any  
2 audit, if the commissioner has found, in a final desist and refrain order issued  
3 under Section 10086 or in a final decision following a disciplinary hearing held in  
4 accordance with Chapter 5 (commencing with Section 11500) of Part 1 of  
5 Division 3 of Title 2 of the Government Code that the broker has violated Section  
6 10145 or a regulation or rule of the commissioner interpreting Section 10145.

7 (c) If a broker fails to pay for the cost of an audit as described in  
8 subdivision (b) within 60 days of mailing a notice of billing, the commissioner  
9 may suspend or revoke the broker's license or deny renewal of the broker's  
10 license. The suspension or denial shall remain in effect until the cost is paid or  
11 until the broker's right to renew a license has expired.

12 (d) The commissioner may maintain an action for the recovery of the cost  
13 of an audit in any court of competent jurisdiction. In determining the cost incurred  
14 by the commissioner for an audit, the commissioner may use the estimated  
15 average hourly cost for all persons performing audits of real estate brokers.

16 (e) The bureau may suspend or revoke the license of any real estate  
17 broker, real estate salesperson, or corporation licensed as a real estate broker, if  
18 the real estate broker, real estate salesperson, or any director, officer, employee,  
19 or agent of the corporation licensed as a real estate broker knowingly destroys,  
20 alters, conceals, mutilates, or falsifies any of the books, papers, writings,  
21 documents, or tangible objects that are required to be maintained by this section  
22 or that have been sought in connection with an investigation, audit, or  
23 examination of a real estate licensee by the commissioner.”

24 35.

Regulation 2725 provides:

“A broker shall exercise reasonable supervision over the activities of his  
or her salespersons. Reasonable supervision includes, as appropriate, the  
establishment of policies, rules, procedures and systems to review, oversee,  
inspect and manage:

(a) Transactions requiring a real estate license.

(b) Documents which may have a material effect upon the rights or  
obligations of a party to the transaction.

(c) Filing, storage and maintenance of such documents.

(d) The handling of trust funds.

(e) Advertising of any service for which a license is required.

(f) Familiarizing salespersons with the requirements of federal and state  
laws relating to the prohibition of discrimination.

(g) Regular and consistent reports of licensed activities of salespersons.

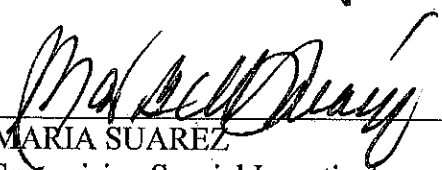
The form and extent of such policies, rules, procedures and systems shall  
take into consideration the number of salespersons employed and the number and  
location of branch offices.

A broker shall establish a system for monitoring compliance with such  
policies, rules, procedures and systems. A broker may use the services of brokers

1 and salespersons to assist in administering the provisions of this section so long as  
2 the broker does not relinquish overall responsibility for supervision of the acts of  
salespersons licensed to the broker.”

3 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this  
4 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action  
5 against all licenses and/or license rights of Respondents SEONG KON KONG, aka Peter Kong,  
6 Kevin Kong, and Seong Peter Kong, and COLBY SEONGWU JO, doing business as Omni  
7 Property Management Co. and Omni Realty & Investment Group Co., under the Real Estate Law  
8 (Part 1 of Division 4 of the Business and Professions Code), for the costs of the audit,  
9 investigation, and enforcement as permitted by law, and for such other and further relief as may  
10 be proper under other provisions of law.

11 Dated at Los Angeles, California this 10<sup>th</sup> day of May, 2017.

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14 MARIA SUAREZ  
Supervising Special Investigator

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19 cc: Seong Kon Kong  
20 Colby Seongwu Jo  
Sacto  
21 Audits/Anitha Wijaya  
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