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**FILED**

**JUN 21 2018**

**BUREAU OF REAL ESTATE**

By *John C. Garcia*

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-41075 LA

13 ALIBABA E.R.E., Inc. and  
14 PAUL TAKESHI MORINISHI, individually and as  
designated officer for ALIBABA E.R.E., Inc.,

**ACCUSATION**

15 Respondents.

17 The Complainant, Chika Sunquist, a Supervising Special Investigator for the Bureau of  
18 Real Estate ("Bureau") of the State of California, for cause of Accusation against ALIBABA  
19 E.R.E., Inc. and PAUL TAKESHI MORINISHI, individually and as designated officer for  
20 ALIBABA E.R.E., Inc. (collectively "Respondents"), is informed and alleges as follows:

21 1.

22 The Complainant, Chika Sunquist, a Supervising Special Investigator for the Bureau of  
23 the State of California, makes this Accusation in her official capacity.  
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2.

All references to the "Code" are to the California Business and Professions Code, all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references to "Regulations" are to the Regulations of the Real Estate Commissioner, 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.

Respondent ALIBABA E.R.E., Inc. ("ALIBABA") has been licensed by the Bureau as a real estate corporation, License ID 01978301 from May 19, 2015 through the present.

5.

Respondent PAUL TAKESHI MORINISHI ("MORINISHI") has been licensed by the Bureau as a real estate broker, License ID 00956203 from August 3, 1987 through the present. Respondent MORINISHI was licensed as a real estate salesperson from March 21, 1987 through August 3, 1987.

6.

From May 19, 2015 through the present, Respondent MORINISHI has been the designated officer for Respondent ALIBABA, pursuant to section 10211 of the Code, and is responsible for the supervision and control of the activities conducted on behalf of Respondent ALIBABA by its officers, agents, and employees as necessary to secure full compliance with Real Estate Law as set forth in section 10159.2 of the Code.

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7.

Respondent MORINISHI is licensed to do business as Inspired Capital Partners CA, RBF Lending, and RBF Unlimited.

8.

Respondent MORINISHI has a Mortgage Loan Originator ("MLO") license endorsement, National Mortgage Licensing System and Registry ("NMLS") No. 253867. Respondent has a Company MLO License Endorsement, NMLS No. 159461.

Prior Discipline

9.

On September 14, 1993, the Bureau<sup>1</sup> filed an Accusation in Bureau Case No. H-1655 SA against Respondent MORINISHI, individually and as designated officer for Par Funding Corporation ("PFC") and Americorp Mortgage Services. Respondent MORINISHI entered into a Stipulation and Agreement with the Bureau to settle the matter and Respondent admitted to the facts alleged in Paragraphs 1 through 33 of the Accusation as cause for discipline of Respondent's license pursuant to Code section 10177(h). PFC's corporation license was revoked as part of the Stipulation and Agreement and Order thereon. On November 22, 1995, Respondent's real estate broker license was revoked and Respondent was issued a restricted broker license. On March 26, 1997, the restrictions from Respondent MORINISHI's broker license were removed and Respondent was issued a plenary broker license.

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<sup>1</sup> Effective July 1, 2013, the Department of Real Estate became the Bureau of Real Estate ("Bureau"). All references to the agency are to the successor Bureau.

1 Statutory Provisions

2 10.

3 Code section 10159.2 states:

4 “(a) The officer designated by a corporate broker licensee pursuant to section  
5 10211 shall be responsible for the supervision and control of the activities conducted on  
6 behalf of the corporation by its officers and employees as necessary to secure full  
7 compliance with the provisions of this division, including the supervision of salespersons  
8 licensed to the corporation in the performance of acts for which a real estate license is  
9 required.”

10 11.

11 Code section 10211 provides, in relevant part:

12 “If the licensee is a corporation, the license issued to it entitles one officer thereof,  
13 on behalf of the corporation, to engage in the business of real estate broker without the  
14 payment of any further fee, such officer to be designated in the application of the  
15 corporation for a license.”

16 12.

17 Regulation 2725 states:

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

21 (a) Transactions requiring a real estate license.

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

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

13.

Code section 10166.051 states:

“In addition to any penalties authorized by regulations adopted pursuant to Section 10166.15, the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

(a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan originator license endorsement for a violation of this article, or any rules or regulations adopted hereunder.

(b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license endorsement, if an applicant or endorsement holder fails at any time to meet the requirements of Section 10166.05 or 10166.09, or withholds information or makes a material misstatement in an application for a license endorsement or license endorsement renewal.

(c) Issue orders or directives to licensees who hold mortgage loan originator license endorsements, as follows:

(1) Order or direct persons subject to this article to desist and refrain from conducting business, including immediate temporary orders to desist and refrain.

(2) Order or direct persons subject to this article to cease any harmful activities or violations of this article, including immediate temporary orders to desist and refrain.

(3) Enter immediate temporary orders to cease business under a license endorsement if the commissioner determines that the license endorsement was erroneously granted or the endorsement holder is currently in violation of this article.

(4) Order or direct any other affirmative action the commissioner deems necessary.”

14.

Code section 10177, subdivision (a) provides:

“The commissioner may suspend or revoke the license of a real estate licensee, delay the renewal of a license of a real estate licensee, or deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, delay the renewal of a license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation’s stock has done any of the following:

1 (a) Procured, or attempted to procure, a real estate license or license renewal,  
2 for himself or herself or a salesperson, by fraud, misrepresentation, or deceit, or by  
3 making a material misstatement of fact in an application for a real estate license, license  
4 renewal, or reinstatement.”

5 15.

6 Code section 10162 provides:

7 “(a). Every licensed real estate broker shall have and maintain a definite place of  
8 business in the State of California that serves as his or her office for the transaction of  
9 business. This office shall be the place where his or her license is displayed and  
10 where personal consultations with clients are held.

11 (b) A real estate license does not authorize the licensee to do business except from  
12 the location stipulated in the real estate license as issued or as altered pursuant to  
13 section 10161.8.

14 (c) (1) Every real estate broker and salesperson licensee shall provide to the  
15 commissioner his or her current office or mailing address, a current telephone  
16 number, and a current electronic mail address that he or she maintains or uses to  
17 perform any activity that requires a real estate license, at which the bureau may  
18 contact the licensee.

19 (2) Every real estate broker and salesperson licensee shall inform the  
20 commissioner of any change to his or her office or mailing address, telephone  
21 number, or electronic mail address no later than 30 days after making the change.

22 (d) Notwithstanding section 10185, a violation of this section is not a  
23 misdemeanor.

24 16.

Regulation 2715 provides:

“Every broker, except a broker acting in the capacity of a salesperson to another  
broker under written agreement, shall maintain on file with the commissioner the  
address of his principal place of business for brokerage activities, the address of each  
branch business office and his current mailing address, if different from the business  
address.

Every broker who is acting in the capacity of a salesperson to another broker  
under written agreement shall maintain on file with the commissioner the address of  
the business location where he expects to conduct most of the activities for which a  
license is required and his current mailing address.

1 A real estate salesperson shall maintain on file with the commissioner his current  
2 mailing address, and when applicable, the address of the principal business office of  
the broker to whom the salesperson is at the time licensed.

3 Whenever there is a change in the location or address of the principal place of  
4 business or of a branch office of a broker, he shall notify the commissioner thereof  
not later than the next business day following the change.

5 This section shall apply to the holder of a real estate license who fails to renew it  
6 prior to the period for which it was issued and who is otherwise qualified for such  
license as set forth in section 10201 of the Code.”

7  
8 17.

9 Code section 10165 provides:

10 “For a violation of any of the provisions of Section 10160, 10161.8, 10162,  
11 10163, or subdivision (b) of Section 10164, the commissioner may temporarily  
suspend or permanently revoke the license of the real estate licensee in accordance  
with the provisions of this part relating to hearings.”

12  
13 18.

14 Code section 10148 provides:

15 “(a) A licensed real estate broker shall retain for three years copies of all listings,  
16 deposit receipts, canceled checks, trust records, and other documents executed by him or  
17 her or obtained by him or her in connection with any transactions for which a real estate  
18 broker license is required. The retention period shall run from the date of the closing of  
19 the transaction or from the date of the listing if the transaction is not consummated. After  
20 notice, the books, accounts, and records shall be made available for examination,  
inspection, and copying by 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.

21 (b) The commissioner shall charge a real estate broker for the cost of any audit, if  
22 the commissioner has found, in a final desist and refrain order issued under Section  
23 10086 or in a final decision following a disciplinary hearing held in accordance with  
24 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the  
Government Code that the broker has violated Section 10145 or a regulation or rule of  
the commissioner interpreting Section 10145.

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

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

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

11 19.

12 Regulation 2742(c) states:

13 “A corporation licensed under Section 10211 of the Code shall not engage in the  
14 business of a real estate broker while not in good legal standing with the Office of the  
Secretary of State.”

15  
16 First Cause of Accusation

17 (Failure to Disclose)

18 20.

19 On or about January 11, 2016, Respondent MORINISHI submitted an Individual Filing  
20 (MU4) application for a real estate broker MLO License Endorsement. Respondent answered  
21 “No” in response to the following questions:

22 Regulatory Action:

23 (K) Has any State or federal regulatory agency or foreign financial regulatory authority or  
24 self-regulatory organization (SRO) ever:



1 (2) found you to have been involved in a violation of a financial services-related  
2 business regulation(s) or statute(s)?

3 (4) entered an order against you in connection with a financial services-related  
4 activity?

5 (5) revoked your registration or license?

6 (6) denied or suspended your registration or license or application for licensure,  
7 disciplined you, or otherwise by order, prevented you from associating with a financial services-  
8 related business or restricted your activities?

9 (9) entered an order concerning you in connection with any license or  
10 registration?

11 (M) Based upon activities that occurred while you exercised control over an organization,  
12 has any State or federal regulatory agency or foreign financial regulatory authority or self-  
13 regulatory organization (SRO) ever taken any of the actions listed in (K) through (L) above  
14 against any organization?

15 21.

16 Respondent MORINISHI attested and affirmed that the information and statements  
17 contained in the application were true, accurate, and complete under the penalty of perjury.  
18 Respondent failed to disclose the prior discipline of Respondent's real estate broker license and  
19 the revocation of PFC's corporation license on the January 11, 2016 (MU4) application, in  
20 violation of Code sections 10166.051(b) and 10177(a).

21 22.

22 On or about February 3, 2017, Respondent MORINISHI submitted an Individual Filing  
23 (MU2) application associated to Respondent's Company Filing for an MLO License  
24

1 Endorsement. Respondent answered "No" in response to the following questions:

2 Regulatory Action:

3 (K) Has any State or federal regulatory agency or foreign financial regulatory authority or  
4 self-regulatory organization (SRO) ever:

5 (2) found you to have been involved in a violation of a financial services-related  
6 business regulation(s) or statute(s)?

7 (4) entered an order against you in connection with a financial services-related  
8 activity?

9 (5) revoked your registration or license?

10 (6) denied or suspended your registration or license or application for licensure,  
11 disciplined you, or otherwise by order, prevented you from associating with a financial services-  
12 related business or restricted your activities?

13 (9) entered an order concerning you in connection with any license or  
14 registration?

15 (M) Based upon activities that occurred while you exercised control over an organization,  
16 has any State or federal regulatory agency or foreign financial regulatory authority or self-  
17 regulatory organization (SRO) ever taken any of the actions listed in (K) through (L) above  
18 against any organization?

19 23.

20 Respondent MORINISHI attested and affirmed that the information and statements  
21 contained in the application were true, accurate, and complete under the penalty of perjury.  
22 Respondent failed to disclose the prior discipline of Respondent's real estate broker license and  
23 the revocation of PFC's corporation license on the February 3, 2017 (MU2) application, in  
24

1 violation of Code sections 10166.051(b) and 10177(a).

2 24.

3 The conduct, acts, and omissions of Respondent MORINISHI, as alleged in Paragraphs  
4 20 through 23 above, constitutes cause for the suspension or revocation of Respondent  
5 MORINISHI's licenses, MLO license endorsements, and license rights pursuant to the  
6 provisions of Code sections 10166.051(b) and 10177(a).

7 Second Cause of Accusation

8 (Main Office and Mailing Addresses)

9 25.

10 There is hereby incorporated in this Second, separate and distinct Cause of Accusation,  
11 all of the allegations contained in Paragraphs 1 through 24, with the same force and effect as if  
12 herein fully set forth.

13 26.

14 From January 10, 2015 through January 29, 2018, Respondent MORINISHI listed his  
15 main office address with the Bureau as: 16027 Brookhurst I 437, Fountain Valley, California  
16 92708 ("Brookhurst location").

17 27.

18 From May 19, 2015 through the present, Respondent ALIBABA has listed its main office  
19 address and mailing address with the Bureau as: 13113 Adler St., Santa Fe Springs, California  
20 90670 ("Adler location").

21 28.

22 On January 24, 2018, a Bureau Special Investigator visited the Brookhurst location. The  
23 Special Investigator discovered that the location was occupied by a private mailbox rental  
24

1 business, AIM Mail Center. Mail slot 437 is used by Respondent MORINISHI and is located  
2 within the AIM Mail Center. There were no real estate or mortgage companies operating from  
3 the Brookhurst location. Respondents did not display their real estate licenses at the location.

4 29.

5 On January 25, 2018, a Bureau Special Investigator attempted to visit the Adler location.  
6 The Special Investigator discovered that the address was invalid; there is no Adler Street in the  
7 City of Santa Fe Springs. The Special Investigation found that there is a 13113 Adler Drive in  
8 Santa Fe Springs and the Special Investigator visited that location to verify if ALIBABA's main  
9 office was at that address. The Special Investigator found a nut and bolt manufacturing business  
10 by the name of "Brighton Best" occupying the location at: 13113 Adler Dr., Santa Fe Springs,  
11 California. The Special Investigator was informed by two Brighton Best employees that the  
12 company had leased the location for approximately four years. The Brighton Best employees  
13 informed the Special Investigator that approximately two years ago, Brighton Best had subleased  
14 a small portion of its cubicles on the other end of the building to an undisclosed real estate or  
15 mortgage company. The real estate/mortgage company stopped paying rent to Brighton Best for  
16 approximately six months. The real estate/mortgage company was raided by the Federal Bureau  
17 of Investigation before Brighton Best was able to evict the company. Brighton Best  
18 subsequently subleased the same space to Samsung Electronics.

19 30.

20 On or about January 29, 2018, the Bureau's Special Investigator had a discussion with  
21 Respondent MORINISHI concerning his main office address listed with the Bureau and the real  
22 estate activities of ALIBABA. Respondent MORINISHI subsequently changed the main office  
23 address listed with the Bureau for Respondent's individual broker license  
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31.

The acts and omissions of Respondents, as set forth above, in that they failed to maintain valid, physical main office and mailing addresses with the Bureau, are in violation of Code section 10162 and Regulation 2715 and are grounds for the suspension or revocation of the licenses and license rights of Respondents MORINISHI and ALIBABA pursuant to Code sections 10165, 10177(d), and/or 10177(g).

32.

The conduct, acts and/or omissions of Respondent MORINISHI, in allowing ALIBABA to violate the Real Estate Law, as set forth above, constitutes a failure by Respondent MORINISHI to exercise the supervision and control over the activities of Respondents ALIBABA as required by Code section 10159.2, and is cause to suspend or revoke the real estate license and license rights of Respondent MORINISHI under Code sections 10177(h), 10177(d), and/or 10177(g).

Third Cause of Accusation

(Failure to Retain or Produce Records)

33.

There is hereby incorporated in this Third, separate and distinct Cause of Accusation, all of the allegations contained in Paragraphs 1 through 32, with the same force and effect as if herein fully set forth.

34.

On or about February 23, 2018, a Special Investigator for the Bureau served a subpoena duces tecum to Respondent MORINISHI at the Brookhurst location, the mailing address listed by Respondent with the Bureau. Pursuant to Code section 10148, the subpoena requested copies

1 of documents related to Respondent's mortgage loan transactions and trust deed note listing and  
2 sales activities requiring a real estate broker and/or MLO license endorsement for the previous  
3 three years. The subpoena was delivered by certified mail on February 28, 2018.

4 36.

5 On or about February 23, 2018, a Special Investigator for the Bureau served a subpoena  
6 duces tecum to Respondent ALIBABA at: 13113 Adler St., Santa Fe Springs, California 90670,  
7 the mailing address listed by Respondent with the Bureau. Pursuant to Code section 10148, the  
8 subpoena requested copies of all transactions that required a real estate broker and/or MLO  
9 license endorsement within the previous three years. The subpoena was mailed by certified mail.  
10 The certified mailing was returned by the post office marked, "return to sender unable to  
11 forward."

12 36.

13 Respondents MORINISHI and ALIBABA failed to retain or produce the records  
14 requested by the Bureau in violation of Code section 10148.

15 37.

16 The acts and omissions of Respondents, as set forth above, are in violation of Code  
17 sections 10148, 10162, and Regulation 2715, and are grounds for the suspension or revocation of  
18 the licenses and license rights of Respondents MORINISHI and ALIBABA pursuant to Code  
19 sections 10165, 10177(d), and/or 10177(g).

20 38.

21 The conduct, acts and/or omissions of Respondent MORINISHI, in allowing ALIBABA  
22 to violate the Real Estate Law, as set forth above, constitutes a failure by Respondent  
23 MORINISHI to exercise the supervision and control over the activities of Respondents  
24

1 ALIBABA as required by Code section 10159.2, and is cause to suspend or revoke the real estate  
2 license and license rights of Respondent MORINISHI under Code sections 10177(h), 10177(d),  
3 and/or 10177(g).

4 Fourth Cause of Accusation

5 (Suspended Corporate Status)

6 39.

7 There is hereby incorporated in this Fourth, separate and distinct Cause of Accusation, all  
8 of the allegations contained in Paragraphs 1 through 38, with the same force and effect as if  
9 herein fully set forth.

10 40.

11 Respondent ALIBABA's corporate status with the California Secretary of State is  
12 currently suspended. The suspension of Respondent ALIBABA's corporate status is in violation  
13 of the Regulation 2742(c) and constitutes grounds to suspend or revoke Respondent ALIBABA's  
14 corporate real estate broker license pursuant to Code sections 10177(d) and/or 10177(f).

15 41.

16 The conduct, acts and/or omissions of Respondent MORINISHI, in allowing ALIBABA  
17 to violate the Real Estate Law, as set forth above, constitutes a failure by Respondent  
18 MORINISHI to exercise the supervision and control over the activities of Respondents  
19 ALIBABA as required by Code section 10159.2, and is cause to suspend or revoke the real estate  
20 license and license rights of Respondent MORINISHI under Code sections 10177(h), 10177(d),  
21 and/or 10177(g).

22 ///

23 ///


1 Investigation and Enforcement Costs

2 42.

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

7 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this  
8 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action  
9 against all licenses, MLO license endorsements and/or license rights of Respondents ALIBABA  
10 E.R.E., Inc. and PAUL TAKESHI MORINISHI, individually and as designated officer for  
11 ALIBABA E.R.E., Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and  
12 Professions Code), for the cost of investigation and enforcement as permitted by law, and for  
13 such other and further relief as may be proper under other provisions of law.

14 Dated at Sacramento, California this 7<sup>th</sup> day of June, 2018.

15  
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17   
18 CHIKA SUNQUIST  
Supervising Special Investigator

19 cc: Paul Takeshi Morinishi  
20 Alibaba E.R.E., Inc.  
21 Chika Sunquist  
22 Sacto.  
23  
24