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**FILED**

**JUL 15 2019**

**DEPT. OF REAL ESTATE**

By *Kevin Sun*

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of ) No. H-41413 LA  
)  
PRIME MANAGEMENT GROUP INC and ) ACCUSATION  
DANIEL FLORES, individually and as )  
designated officer of Prime Management Group )  
Inc, )  
)  
Respondents. )

The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, for cause of Accusation against PRIME MANAGEMENT GROUP INC and DANIEL FLORES (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.

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ACCUSATION

1 LICENSE HISTORY

2 (PRIME MANAGEMENT GROUP INC)

3 3.

4 a. Respondent PRIME MANAGEMENT GROUP INC ("PMG") is presently  
5 licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the  
6 California Business and Professions Code, as a real estate broker, Department of Real Estate<sup>1</sup>  
7 ("Department") license ID 01790363.

8 b. The Department originally issued PMG's corporate license on January 29,  
9 2007. PMG's license is scheduled to expire on January 28, 2023, unless renewed.

10 c. According to the Department's records to date, PMG's main office address is  
11 13215 E. Penn Street, Ste 315, Whittier, CA 90602.

12 d. According to the Department's records to date, PMG employs one (1)  
13 salesperson under its real estate license.

14 e. According to the Department's records to date, PMG maintains no authorized  
15 fictitious business names and is not affiliated with any licensed corporations.

16 (DANIEL FLORES)

17 4.

18 (a) Respondent DANIEL FLORES ("FLORES") is presently licensed under the  
19 Code, as a real estate broker, Department license ID 01779773.

20 (b) The Department originally issued FLORES' broker license on December 7,  
21 2006. FLORES' license is scheduled to expire on March 15, 2023, unless renewed.

22 (c) FLORES is the designated officer for PMG. His designation is scheduled to  
23 expire on January 28, 2023, unless renewed. As designated officer, FLORES is responsible for  
24 the supervision of the activities conducted on behalf of PMG 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 (PRIOR DISCIPLINE)

2 5.

3 On October 7, 2015, in case no. H-39853 LA, a Stipulation and Agreement was  
4 entered into between the Department and Respondents, effective December 31, 2015, issuing  
5 suspensions of 90 days (stayed for 2 years) for violation of Code sections 10145, 10161.8,  
6 10177(d), 10177(g), 10177(h), and Regulations sections 2725, 2752, 2831, and 2832.1.

7 6.

8 At all times relevant herein Respondents were engaged in the business of, acted  
9 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning  
10 of Section 10131(b) of the Code. Respondents' activities included the leasing or renting of real  
11 property and the collection of rents and security deposits for real property on behalf of others  
12 for compensation or in expectation of compensation.

13 (AUDIT LA170213 - PROPERTY MANAGEMENT ACTIVITIES)

14 5.

15 On or about January 30, 2019, the Department completed an audit examination  
16 of the books and records of PMG pertaining to the real estate activities described in Paragraph 6  
17 above. The audit examination covered the period of time from December 31, 2015, through  
18 April 30, 2018 ("audit period"). The primary purpose of the examination was to determine  
19 Respondents' compliance with the Real Estate Law, especially with regard to the terms and  
20 conditions of the Stipulation and Agreement described in Paragraph 5 above. The audit  
21 examination revealed violations of the Code and the Regulations as set forth in the following  
22 paragraphs, and more fully discussed in Audit No. LA170213 and the exhibits and work papers  
23 attached to said audit report.

24 6.

25 An entrance conference for the audit was held on June 21, 2018 with FLORES  
26 and office manager Anabel Sandoval. The auditor reviewed the violations with FLORES and  
27 Sandoval.

1 7.

2 According to FLORES as well as the documents examined, PMG managed  
3 approximately 131 family residences for 85 property owners. Respondent collected rent receipts  
4 and security deposits in the amount of approximately \$6,200,000.00 during the audit period.  
5 Respondent charged 4% to 6% of the rents and \$100 flat fee for management fees for the  
6 properties.

7 8.

8 An exit interview was held on December 5, 2018, with FLORES at PMG's  
9 office. The auditor reviewed the findings of the audit with FLORES.

10 9.

11 At all times mentioned herein, and in connection with the property management  
12 activities described in Paragraph 6, above, PMG accepted or received funds, including funds in  
13 trust ("trust funds") from or on behalf of the owners of the properties managed by PMG and  
14 thereafter made deposits and/or disbursements of such funds. According to FLORES, PMG  
15 maintained eleven (11) bank accounts for handling of the receipts and disbursements of rents  
16 during the audit period in connection with the property management activities. Only four (4)  
17 accounts were selected for examination. The bank accounts are as follows:

18 Trust Account 1 ("TA 1")

19 Bank: Union Bank

20 Account Name: Prime Management Group Inc

21 Account Number: xxxxxxxx2520

22 Signatories: Daniel Flores

23 Signatures Required: One

24 Purpose: TA 1 was maintained to handle trust funds in the property management  
25 activity for multiple beneficiaries. According to TA 1's signature card provided for the audit,  
26 TA 1 was opened approximately July 22, 2014. As of April 30, 2018, TA 1 had a bank balance  
27 of \$536,471.36.

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Bank Account 1 ("BA 2")

Bank: Bank of the West  
Account Name: Malachi Investments LLC  
Account Number: xxxxxxxx1908  
Signatories: Daniel Flores, Dai Yau, An Ly  
Signatures Required: One  
Purpose: BA 2 was maintained to handle trust funds in the property management activity for one property owner with 11 properties. According to BA 2's signature card provided for the audit, BA 2 was opened by January 19, 2018. As of April 30, 2018, BA 2 had a bank balance of \$66,172.64.

Bank Account 3 ("BA 3")

Bank: Wells Fargo Bank  
Account Name: Prime Management Group Inc  
Account Number: xxxxxxxx4014  
Signatories: Daniel Flores  
Signatures Required: One  
Purpose: BA 3 was maintained to handle trust funds in the property management activity, namely rent for property at 3160 Vineland Avenue, for a property owner for a single owner, who owns five (5) properties. According to BA 3's signature card provided for the audit, BA 3 was opened by April 1, 2006. As of April 30, 2018, BA 3 had a bank balance of \$0.00.

Bank Account 4 ("BA 4")

Bank: Wells Fargo Bank  
Account Name: Prime Management Group Inc  
Account Number: xxxxxxxx7211  
Signatories: Daniel Flores  
Signatures Required: One

1 Purpose: BA 4 was maintained to handle trust funds in the property management  
2 activity, namely security deposit for property at 3160 Vineland Avenue, for a property owner  
3 for a single owner, who owns five (5) properties. According to B4 3's signature card provided  
4 for the audit, BA 4 was opened approximately April 1, 2006. As of April 30, 2018, BA 4 had a  
5 bank balance of \$16,618.56.

6 Violations of the Real Estate Law

7 10.

8 The audit examination revealed violations of the Code and the Regulations, as  
9 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA170213  
10 and the exhibits and work papers attached to the audit report:

11 (a) **Trust Fund Handling For Multiple Beneficiaries (Code section 10145**  
12 **and Regulations section 2832.1.**

13 (i) Based on an examination of TA 1's records, there was a combined  
14 minimum trust fund shortage of \$346.04 as of April 30, 2018 in violation of Code section  
15 10145 and Regulations section 2832.1. There is no evidence that Respondents were given  
16 written consent from the owners of the trust funds to allow Respondents to reduce the balance  
17 of the funds in TA 1 to an amount less than the aggregate trust fund liabilities of PMG to all  
18 owners of the trust funds.

19 (ii) Based on an examination of BA 2's records, there was a combined  
20 minimum trust fund shortage of \$5,260.06.04 as of April 30, 2018 in violation of Code section  
21 10145 and Regulations section 2832.1. There is no evidence that Respondents were given  
22 written consent from the owners of the trust funds to allow Respondents to reduce the balance  
23 of the funds in BA 2 to an amount less than the aggregate trust fund liabilities of PMG to all  
24 owners of the trust funds.

25 (iii) Based on an examination of BA 3's records, there was a combined  
26 minimum trust fund shortage of \$160.00 as of April 30, 2018 in violation of Code section  
27 10145 and Regulations section 2832.1. There is no evidence that Respondents were given

1 written consent from the owners of the trust funds to allow Respondents to reduce the balance  
2 of the funds in BA 3 to an amount less than the aggregate trust fund liabilities of PMG to all  
3 owners of the trust funds.

4 (b) **Handling of Trust Funds/Separate Records for Each Beneficiary (Code**  
5 **section 10145 and Regulations section 2831.1)**. PMG failed to maintain complete and  
6 accurate separate records for each beneficiary or transaction of all trust fund receipts and  
7 disbursements for TA 1 in connection with PMG's property activities during the audit period in  
8 violation of Code section 10145 and Regulations section 2831.1. There was an  
9 unidentified/unaccounted funds of \$230.22, which did not have a separate record.

10 (c) **Trust Account Reconciliation (Code section 10145 and Regulations**  
11 **section 2831.2)**. PMG did not maintain a complete and accurate monthly reconciliation of the  
12 balance of all separate beneficiary or transaction records to the balance of the records of all trust  
13 funds received and disbursed for TA 1, in violation of Code section 10145 and Regulations  
14 section 2831.2.

15 (d) **Handling of Trust Funds/Account Designation (Code section 10145 and**  
16 **Regulations section 2832)**. PMG failed to designate BA 2 and BA 3 as trust accounts, even  
17 though the accounts were being used to handle trust fund for PMG's property management  
18 activities during the audit period.

19 (e) **Handling of Trust Funds (Code section 10145 and Regulations section**  
20 **2832)**. PMG failed to deposit, within 3 business days, trust funds received into TA 1, BA 2, and  
21 BA 3.

22 (f) **Trust Account Withdrawals (Code section 10145 and Regulations section**  
23 **2834)**. Respondents allowed non-licensee and/or property owner Dai Yau to be a signer for BA  
24 2, without a fidelity bond coverage.

25 (g) **Responsibility of Corporate Office in Charge/Broker Supervision (Code**  
26 **sections 10159.2 and 10177(h) and Regulations section 2725)**. Based on the violations in  
27 Paragraphs 10 (a)-(f) above, FLORES failed to exercise adequate supervision and control over

1 PMG's property management activities conducted by PMG's licensees and/or its employees in  
2 violation of Code sections 10159.2 and 10177(h). FLORES failed to establish policies, rules,  
3 procedures, and systems to review, oversee, inspect, and manage transactions requiring a real  
4 estate license and the handling of trust funds in violation of Regulations section 2725.

5 11.

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

9 COSTS

10 (AUDIT COSTS)

11 12.

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

17 (INVESTIGATION AND ENFORCEMENT COSTS)

18 13.

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

23 (PRAYER)

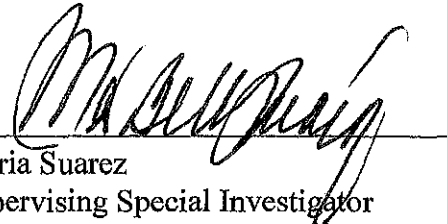
24 WHEREFORE, Complainant prays that a hearing be conducted on the  
25 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing  
26 disciplinary action against all the licenses and/or license rights of Respondents PRIME  
27 MANAGEMENT GROUP INC and DANIEL FLORES under the Real Estate Law, for the

ACCUSATION



1 costs of investigation and enforcement as permitted by law, for the cost of the audit, and for  
2 such other and further relief as may be proper under other applicable provisions of law.

3  
4 Dated at Los Angeles, California this 10<sup>th</sup> day of July, 2019.

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7   
8 Maria Suarez  
9 Supervising Special Investigator

10  
11 cc: PRIME MANAGEMENT GROUP INC  
12 DANIEL FLORES  
13 Maria Suarez  
14 Sacto.  
15 Audits – Isabel Beltran  
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