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JAN - 7 2020

BUREAU OF REAL ESTATE

By: *[Signature]*

JUDITH B. VASAN, Counsel (SBN 278115)
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013-1105
Telephone: (213) 576-6982
Direct: (213) 576-6904
Fax: (213) 576-6917
Attorney for Complainant

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of)	No. H-41571 LA
)	
PIONEER REAL ESTATE, INC.;)	
LANCE ERIC MARTIN,)	<u>ACCUSATION</u>
individually and as designated officer of)	
Pioneer Real Estate, Inc.,)	
)	
Respondents.)	
)	

The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, for cause of Accusation against PIONEER REAL ESTATE, INC. and LANCE ERIC MARTIN, individually and as designated officer of Pioneer Real Estate, Inc. ("Respondents") alleges as follows:

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The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

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ACCUSATION

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2 All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of
3 the California Business and Professions Code and all references to "Regulations" are to Title
4 10, Chapter 6, of the California Code of Regulations.

5 LICENSE HISTORY

6 (PIONEER REAL ESTATE, INC.)

7 3.

8 a. Respondent PIONEER REAL ESTATE, INC. ("PREI") is presently licensed
9 and/or has license rights under the Code, as a corporate real estate broker, Department of Real
10 Estate ("Department") license ID 01494506.

11 b. PREI's corporate real estate license was originally issued on April 26, 2005,
12 and is scheduled to expire on April 25, 2021, unless renewed.

13 c. According to the Department's records to date, PREI's main office address is
14 23631 Sunnymead Boulevard, Moreno Valley, California.

15 d. PREI's designated officer is Respondent LANCE ERIC MARTIN
16 ("MARTIN").

17 e. From June 28, 2010, through March 17, 2019, PREI maintained the fictitious
18 business name "Town and Country Property Management" under its corporate real estate
19 license. From December 3, 2012, through March 17, 2019, PREI maintained the fictitious
20 business name "Town & Country Escrow, A Non-Independent Broker Escrow."

21 (LANCE ERIC MARTIN)

22 4.

23 a. Respondent MARTIN is presently licensed and/or has license rights under the
24 Code, as a real estate broker, Department license ID 00950135.

25 b. MARTIN's individual broker license was originally issued on February 14,
26 1990, and is scheduled to expire on February 13, 2022, unless renewed.

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1 c. MARTIN is the designated officer for Respondent PREI. His designation is
2 scheduled to expire on April 25, 2021, unless renewed. As designated officer, MARTIN is
3 responsible for the supervision of the activities conducted on behalf of PREI by its officers,
4 agents, real estate licensees, and employees pursuant to Section 10159.2 of the Code.

5 REAL ESTATE ACTIVITY

6 5.

7 At all times relevant herein Respondent PREI was engaged in the business of,
8 acted in the capacity of, advertised or assumed to act as a real estate broker, within the meaning
9 of:

10 a. Code section 10131(a). by selling or offering to sell, buying or offering to buy,
11 soliciting prospective sellers or purchasers of, soliciting or obtaining listings of, or negotiating
12 the purchase, sale or exchange of real property or a business opportunity ("real estate sales").
13 Respondent PREI engaged in broker escrow services in the course of or incidental to real estate
14 transactions in which PREI was performing an act for which a real estate license is required;
15 and

16 b. Code section 10131(b). by leasing or renting or offering to lease or rent, or
17 placing for rent, or soliciting listings of places for rent, or soliciting for prospective tenants, or
18 negotiating the sale, purchase or exchanges of leases on real property, or on a business
19 opportunity, or collecting rents from real property, or improvements thereon, or from business
20 opportunities ("leasing activity").

21 CAUSE FOR ACCUSATION

22 (AUDIT NO. SD170049 – BROKER ESCROW)

23 6.

24 On or about July 27, 2018, the Department completed an audit examination
25 (Audit No. SD170049) of the books and records of Respondent PREI pertaining to its broker
26 escrow real estate activities described in Paragraph 5(a) above. The audit examination covered
27 the period of time from January 1, 2016, through February 28, 2018 ("audit period"), and was

ACCUSATION

1 performed between April 19, 2018 and June 15, 2018. The audit examination in Audit No.
2 SD170049 was limited to PREI's broker escrow activity only. The audit examination revealed
3 violations of the Code and the Regulations as set forth in the following paragraphs, and more
4 fully discussed in Audit Report No. SD170049 and the exhibits and work papers attached to
5 said audit report.

6 7.

7 A Department auditor conducted an entrance conference on May 7, 2018, at
8 Respondent PREI's main office location. The auditor met with MARTIN and PREI's consultant
9 Keith Loughran, who was the primary person who provided records for the examination.
10 According to MARTIN and the records provided by Loughran for the audit, during the audit
11 period, PREI conducted broker escrow activity related to its real estate sales activity at four (4)
12 different office locations and closed five hundred and sixty-nine (569) escrows:

Escrow Office	Number of Escrows Closed
Moreno Valley (main office)	329
Redlands (branch office)	113
Claremont (branch office)	84
Covina (branch office)	43
Total:	569

19 20 8.

21 At all times mentioned herein, and in connection with the broker escrow
22 activities described in Paragraph 5(a) above, PREI accepted or received funds, including funds
23 in trust ("trust funds") from or on behalf of actual or prospective parties to transactions handled
24 by PREI, and thereafter made deposits and/or disbursements of such funds. PREI maintained
25 four (4) active trust fund bank accounts to handle trust funds in connection with its broker
26 escrow activities during the audit period. Said trust funds were deposited and/or maintained in
27 the following bank accounts:

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Moreno Valley - Trust Account ("TA 1")

Bank: Union Bank
Account Name: Pioneer Real Estate, Inc. DBA Town & Country Escrow
Moreno Valley Escrow Trust Account
Account Number: xxxxx7254
Signatories: Lance Eric Martin, Julie Anne Martin, Norman Martin Cox, Christina Vasquez, Summer Parada, Bernice Coffey, Walter Alfonso Areas, and Debra Kelly
Signatures required: One
Purpose: TA 1 was maintained for handling receipts and disbursements of trust funds received in connection with PREI's broker escrow activity at the Moreno Valley office during the audit period. TA 1 was opened on July 1, 2013.

Redlands - Trust Account ("TA 2")

Bank: Union Bank
Account Name: Pioneer Real Estate, Inc. DBA Town & Country Escrow
Redlands Escrow Trust Account
Account Number: xxxxx7289
Signatories: Lance Eric Martin, Julie Anne Martin, Norman Martin Cox, Christina Vasquez, Summer Parada, Bernice Coffey, Walter Alfonso Areas, and Debra Kelly
Signatures Required: One
Purpose: TA 2 was maintained for handling receipts and disbursements of trust funds received in connection with PREI's broker escrow activity at the Redlands office during the audit period. TA 2 was opened on July 1, 2013.

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Claremont – Trust Account (“TA 3”)

Bank: Union Bank
Account Name: Pioneer Real Estate, Inc. DBA Town & Country Escrow
Claremont Office Escrow Trust Account
Account Number: xxxxx7270
Signatories: Lance Eric Martin, Julie Anne Martin, Norman Martin Cox, Christina Vasquez, Summer Parada, Bernice Coffey, Walter Alfonso Areas, and Debra Kelly
Signatures Required: One
Purpose: TA 3 was maintained for handling receipts and disbursements of trust funds received in connection with PREI’s broker escrow activity at the Claremont office during the audit period. TA 3 was opened on July 1, 2013

Covina - Trust Account (“TA 4”)

Bank: Union Bank
Account Name: Pioneer Real Estate, Inc. DBA Town & Country Escrow
Escrow Trust Account Covina
Account Number: xxxxx7262
Signatories: Lance Eric Martin, Julie Anne Martin, Norman Martin Cox, Christina Vasquez, Summer Parada, Bernice Coffey, Walter Alfonso Areas, and Debra Kelly
Signatures Required: One
Purpose: TA 4 was maintained for handling the receipts and disbursements of trust funds in connection with PREI’s broker escrow activity in the Covina office during the audit period.

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2 PREI maintained one (1) general account during the audit period:

3 General Account ("GA 1")

4 Bank: Wells Fargo Bank
5 Account Name: Pioneer Real Estate, Inc.
6 Account Number: xxxxx2614
7 Signatories: Lance Eric Martin, Julie Anne Martin
8 Signatures Required: One
9 Purpose: GA 1 was maintained for PREI's general business expenses.

10 Violations of the Real Estate Law

11 10.

12 The audit examination revealed violations of the Code and the Regulations, as
13 set forth in the following paragraphs, and more fully discussed in Audit Report No. SD170049
14 and the exhibits and work papers attached to the audit report:

15 **(a) Trust Fund Balance and Accountability/When Broker Handles Escrow (Code section**
16 **10145, Regulations sections 2832.1, 2950(g), 2951).**

17 **(1) Combined TA 1 and TA 2 – As of February 28, 2018**

18 There were multiple transfers made by the escrow officer Summer Parada
19 between bank account TA 1 and TA 2. Based on the separate records and the trial balance
20 reports provided, the Department auditor prepared a combined bank reconciliation for TA 1 and
21 TA 2 with the cutoff date of February 28, 2018. TA 1 and TA 2 had a combined minimum trust
22 fund shortage of \$34,311.94 as of February 28, 2018. The combined minimum trust fund
23 shortage was caused by a negative escrow balance of \$1,825.00, combined minimum
24 unauthorized disbursements of \$17,094.26, combined minimum fraudulent checks of
25 \$2,077.44, and combined minimum unidentified shortage of \$13,315.24 due to inadequate
26 record keeping. The negative balances were caused by disbursements related to escrows when
27 there were insufficient funds to do so. According to PREI's escrow officer Summer Parada, TA

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1 1 and TA 2 had fraudulent checks cleared totaling \$1,363.25 in TA 1 and \$714.19 in TA 2. As
2 of February 28, 2018, there was a combined minimum unidentified shortage in TA 1 of
3 \$9,115.59 and \$4,199.65 in TA 2 totaling \$13,315.24 due to inadequate record keeping.

4 (2) Combined TA 3 and TA 4 – As of February 28, 2018

5 The escrow officer Christina Vasquez handled the escrow activity and bank
6 accounts TA 3 and TA 4. There were multiple transfers between TA 3 and TA 4 for unrelated
7 escrows. Based on the separate records and the trial balance reports provided for the audit, the
8 Department auditor prepared a combined bank reconciliation for TA 3 and TA 4 with the cutoff
9 date of February 28, 2018. TA 3 and TA 4 had a combined minimum trust fund shortage of
10 \$7,670.24 as of February 28, 2018. The combined minimum trust fund shortage was caused by
11 a negative escrow balance of \$280.00, combined minimum unauthorized disbursements of
12 \$7,215.00, bank fees of \$50.00, and combined unidentified shortage of \$125.24 due to
13 inadequate record keeping. The negative balances were caused by disbursements related to
14 properties when there was insufficient funds in TA 3 to do so.

15 There is no evidence in the files examined that the owners of the trust funds had
16 given their written consent to allow PREI to reduce the balance of funds in TA 1, TA 2, TA 3,
17 and TA 4 to an amount less than the aggregate trust fund liabilities of PREI to all owners of the
18 funds.

19 **(b) Trust Fund Handling / Unauthorized Disbursements / When Broker Handles Escrow**

20 **(Code section 10145(a), Regulations sections 2950(g) and 2951).** During the audit period,
21 PREI made unauthorized disbursements of trust funds by paying the same payee twice, of at
22 least \$6,827.59 from TA 1 and at least \$10,266.67 from TA 2, by voiding some checks on the
23 ledgers after they cleared TA 1 and TA 2, and reissuing new checks to the same payees to as
24 replacement checks.

25 **(c) Trust Fund Handling / Conversion of Funds / Unauthorized Disbursements / When**

26 **Broker Handles Escrow (Code sections 10145, 10176(i), 10177(j), Regulations sections**
27 **2950(g), 2951).** During the audit period, PREI made unauthorized disbursements of trust funds

1 in TA 3 and caused shortages in TA 3 by over-disbursing some escrow commissions of at least
2 \$7,215.00 from TA 3 and deposited into GA 1. Based on the documents provided for the audit,
3 TA 3's escrow commission checks were paid to PREI, and cleared TA 3 twice. PREI converted
4 a minimum trust fund amount of \$7,215.00 as of February 28, 2018. The balance in PREI's GA
5 1 was reduced to an amount that was less than the amount of the trust funds deposited in GA 1.

6 **(d) Handling of Trust Funds / Commingling Funds/ When Broker Handles Escrow (Code**
7 **sections 10145, 10176(e), Regulations sections 2950(g), 2951.** During the audit period,
8 PREI's disbursements of trust funds from TA 3 to GA 1, commingled trust funds with PREI's
9 funds in GA 1 of at least \$7,215.00.

10 **(e) Trust Account Withdrawals / When Broker Handles Escrow (Code section 10145,**
11 **Regulations sections 2834, 2951).**

12 (1) Based on the signature cards examined, during the audit period, PREI
13 allowed PREI's non-licensed employees, Summer Prada and Bernice Coffey, to sign on checks
14 and make withdrawals from TA 1, TA 2, TA 3, and TA 4 without fidelity bond coverage.

15 (2) During the audit period, PREI allowed Walter Alfonso Areas, a Department
16 licensee, who was no longer employed by PREI in December 2016, to sign on checks and make
17 withdrawals from TA 1, TA 2, TA 3, and TA 4.

18 (3) During the audit period, PREI allowed PREI's former non-licensed
19 employee, Debra Kelly, who was no longer employed by PREI in August 2014, to sign on
20 check and make withdrawals from TA 1, TA 2, TA 3, TA 4.

21 (4) PREI did not have written authorization on file from MARTIN to authorize
22 Julie Anna Martin, Norman Cox, and Christina Vasquez, Department licensees, to be a signer
23 of TA 1, TA 2, TA 3, and TA 4 during the audit period.

24 **(f) Trust Fund Records to be Maintained / When Broker Handles Escrow (Code section**
25 **10145, Regulations sections 2831, 2950(d), 2951).** PREI did not maintain complete and
26 accurate control records for TA 1 and TA 2 during the audit period. The amount of trust funds
27 received were not recorded correctly. For example:

Escrow No.	Date Received	Amount Received	Amount Recorded
01-10670-SP	12/15/2016	\$7,452.39	\$7,223.13
01-10863-SP	12/14/2017	\$186,786.78	\$186,786.14
01-10806-SP	8/2/2017	\$106,996.00	\$106,966.00

In addition, the check amounts disbursed in TA 1 were not recorded correctly when compared to the bank statements. For example:

Escrow No.	Check No.	Date Issued	Recorded Amount	Date Cleared	Cleared Amount
01-10681-SP	256124	12/30/2016	\$100.00	1/4/2017	\$250.00
01-10682-SP	256053	12/27/2016	\$325.00	12/29/2016	\$350.00
01-10814-SP	257404	9/5/2017	\$125.00	9/6/2017	\$150.00

PREI did not record some of the funds transferred from TA 1 to TA 2 in the control record of TA 1 during the audit period. Furthermore, during the audit period, some of the trust funds received were wired into and out of bank account TA 1. PREI, however, did not record the wire transfers in TA 1's control record. PREI recorded the wire transfers in TA 2's control record.

For example:

Date	Amount	Wire In	Wire Out	Escrow No.
2/6/2017	\$31,145.69	x		04-40251-SP
4/10/2017	\$848.33	x		04-40260-SP
5/25/2017	\$8,548.42	x		04-40266-SP

During the audit period, PREI recorded some wire disbursements in TA 2's control record when funds were actually disbursed from TA 1. PREI did not accurately record funds disbursed from TA 1's control record when wire transfers were made from TA 1. For example:

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Date	Amount	Wire In	Wire Out	Escrow No.
6/26/2017	\$119,490.55		x	04-40282-SP
7/18/2017	\$40,277.55		x	04-40287-SP

Furthermore, PREI did not maintain a complete and accurate control record for TA 3 during the audit period. Examination of the control record for TA 3 demonstrated that the amount of trust funds disbursed or wired out were incorrectly recorded. In addition, some deposits in TA 3 were not recorded on a timely basis. For example, there were deposits made on May 31, 2016 in TA 3 that were not recorded in the control record of TA 3 during the audit period. Instead, the deposits were recorded on May 3, 2018 after the audit cut-off date of February 28, 2018.

Escrow No.	Amount	Date Deposited	Recorded Date
02-20177-CV	\$311.99	5/31/2016	5/3/2018
02-20177-CV	\$311.99	5/31/2016	5/3/2018
02-20177-CV	\$1,361.66	5/31/2016	5/3/2018
02-20177-CV	\$1,793.72	5/31/2016	5/3/2018
02-20177-CV	\$1,887.06	5/31/2016	5/3/2018

PREI did not maintain a complete and accurate control record for TA 4 during the audit period. In addition, PREI failed to maintain an accurate record of trust funds received and deposited in TA 4. For example, PREI recorded a receipt and deposit (receipt no. 3690) of \$10,000.00 on November 16, 2017 for Escrow No. 03-30232-CV in TA 4. Bank records for TA 3, however, reflected the \$10,000.00 was deposited into TA 3, not TA 4.

(g) Separate Record for Each Beneficiary or Transaction / When Broker Handles Escrow

(Code section 10145, Regulations sections 2831.1, 2950(d), 2951. PREI did not maintain complete and accurate separate records for TA 1, TA 2, TA 3, and TA 4 during the audit period. (see paragraph 10(f) above.)

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1 **(h) Trust Account Reconciliation / When Broker Handles Escrow (Code section 10145,**
2 **Regulations sections 2831.2, 2950(d), 2951).** PREI maintained a monthly reconciliation,
3 performed by SMS software company, comparing the balance of all the separate records to the
4 control record of all trust funds received and disbursed from TA 1, TA 2, TA 3, and TA 4.
5 PREI, however, did not review or make corrections on the "accounting exception" items listed
6 on the SMS reconciliations.

7 **(i) Secret Profit or Undisclosed Compensation / Broker Placement of Trust Funds with**
8 **Financial Institutions / When Broker Handles Escrow (Code section 10176(g),**
9 **Regulations sections 2830 and 2951).** During the audit period, PREI engaged in an earnings
10 credit relationship with Union Bank whereby PREI received earnings credit from trust funds
11 available in TA 1, TA 2, TA 3, and TA 4. PREI earned an earnings credit at a monthly earnings
12 credit rate of 0.45%. From December 2017 through February 2018, PRE earned \$198.34 of
13 earnings credit in TA 1, \$298.58 of earnings credit in TA 2, \$209.86 of earnings credit in TA 3,
14 and \$220.64 of earnings credit in TA 4. The earnings credit was used to offset bank service
15 charges incurred on TA 1, TA 2, TA 3, and TA 4, and the credit was not disclosed in writing to
16 the owners of the trust funds.

17 **(j) Failure to Disclose Interest in the Agency Holding the Escrow / When Broker Handles**
18 **Escrow (Regulations section 2950(h)).** During the audit period, PREI failed to advise all
19 parties of the escrow transactions in writing that PREI and MARTIN had financial ownership
20 interest in the agency holding the escrow.

21 **(k) Broker-Salesman Relationship Agreements (Regulations section 2726).** Some of PREI's
22 broker-salesperson relationship agreements examined were signed by different licensees or non-
23 licensees who were not corporate officers, branch or division managers, or any other person
24 who can obligate the corporation.

25 **(l) Use of False or Fictitious Name (Code section 10159.5, Regulations section 2731).**
26 During the audit period, PREI used an unlicensed fictitious business name "Town & Country
27

1 Escrow” to conduct PREI’s broker escrow activities when PREI was not the holder of a license
2 bearing such fictitious name.

3 **(m) Notification of Escrow Activities (Code section 10141.6).** PREI engaged in five (5) or
4 more escrow transactions and the dollar volume of the escrowed transactions exceeded \$1
5 million in 2016 and in 2017. PREI, however, failed to timely submit the Escrow Activity
6 Report (RE 890) to the Department.

7 **(n) Responsibility of Corporate Officer in Charge (Code sections 10159.2, 10177(h),**
8 **Regulations section 2725).** Based on the above findings, MARTIN did not exercise reasonable
9 supervision and control over the activities conducted on behalf of PREI by its licensees and/or
10 employees as necessary to secure full compliance with the real estate laws.

11 (AUDIT NO. SD170050 – PROPERTY MANAGEMENT)

12 11.

13 On or about August 30, 2018, the Department completed an audit examination
14 (Audit No. SD170050) of the books and records of Respondent PREI pertaining to its property
15 management activities described in Paragraph 5(b) above. The audit examination covered the
16 period of time from January 1, 2016, through February 28, 2018 (“audit period”), and was
17 performed between May 7, 2018 and June 15, 2018. The audit examination in Audit No.
18 SD170050 was limited to PREI’s property management activity only. The audit examination
19 revealed violations of the Code and the Regulations as set forth in the following paragraphs,
20 and more fully discussed in Audit Report No. SD170050 and the exhibits and work papers
21 attached to said audit report.

22 12.

23 A Department auditor conducted an entrance conference on May 7, 2018, at
24 Respondent PREI’s main office location. The auditor met with MARTIN, PREI’s consultant
25 Keith Loughran, and Aubri Davis, PREI’s property manager. According to MARTIN and the
26 records provided by Loughran, PREI managed three hundred and sixty-nine (369) one-to-four
27 unit family residences with, two (2) apartment complexes, and four (4) commercial buildings

1 for 230 owners. PREI also managed three Home Owner's Associations. PREI collects rent,
2 pays expenses, and screens tenants for compensation.

3 13.

4 PREI maintained one (1) bank account for its property management activity,
5 which was used for the receipts and disbursements of trust funds in connection with the
6 property management activities. Said trust funds were deposited and/or maintained in the
7 following bank account:

8 Bank Account ("BA 1")

9 Bank: Wells Fargo Bank
10 Account Name: Pioneer Real Estate, Inc.
11 Account Number: xxxxx5818
12 Signatories: Lance Eric Martin, Julie Anne Martin
13 Signatures required: One
14 Purpose: BA was maintained for handling receipts and disbursements of trust
15 funds for multiple beneficiaries in connection with PREI's property
16 management activity. According to BA 1's bank signature card provided
17 for the examination, BA 1 was opened on August 28, 2013.

18 Violations of the Real Estate Law

19 14.

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. SD170050
22 and the exhibits and work papers attached to the audit report:

23 **(a) Trust Fund Balances and Accountability (Code section 10145, Regulations section**

24 **2832.1)**. As of February 28, 2018, there was a trust fund shortage of \$623,765.10 in BA 1
25 which was used for handling receipts and disbursements of trust funds in connection with
26 PREI's property management activities. The shortage was due to overdrawn property accounts
27 totaling \$6,203.01, unauthorized disbursements or conversion of funds totaling \$617,176.02,

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1 and an unidentified shortage of \$386.07. PREI did not provide any evidence that the owners of
2 the trust funds had given their consent to allow PREI to reduce the balance of trust funds in BA
3 1 to an amount less than the existing aggregate trust fund liabilities of PREI to all owners of the
4 funds. During the audit examination, PREI transferred money from GA 1 to BAI and deposited
5 money into BA 1 to cure the shortage.

6 **(b) Trust Account Reconciliation (Code section 10145, Regulations section 2831.2).** During
7 the audit period, PREI did not maintain monthly reconciliations comparing the balance of all
8 the separate records to the control record for BA 1.

9 **(c) Trust Fund Handling (Code section 10145, Regulations section 2832).** Based on the
10 written statement from Wells Fargo Bank and the bank signature card, BA 1 was not set up as a
11 trust account during the audit period.

12 **(d) Trust Account Withdrawals (Code section 10145, Regulations section 2834).** Based on
13 the bank signature card and written statement from Wells Fargo Bank for BA 1, Julie Anna
14 Martin, a Department licensee and wife of MARTIN, was authorized to sign on BA 1 during
15 the audit period. PREI did not provide any written authorization from MARTIN during the
16 audit period to authorize Julie Anna Martin to sign on BA 1.

17 **(e) Trust Fund Handling / Commingling of Funds (Code sections 10145, 10176(e),**
18 **Regulations section 2832).** During the audit period, PREI transferred minimum trust funds of
19 \$305,000 from BA 1 to its general operating account GA 1. In addition, \$2,500 received from
20 property owner's contribution was also deposited into GA 1 on August 19, 2016. PREI
21 commingled minimum trust funds of \$307,500 in connection to PREI's property management
22 activities with PREI's funds in GA 1 during the audit period.

23 **(f) Handling of Trust Funds / Unauthorized Disbursements / Conversion of Funds (Code**
24 **sections 10145, 10176(i), 10177(i)).** As of the audit period ending on February 28, 2018, PREI
25 transferred a minimum of \$560,000 from BA 1 into GA 1 and deposited \$2,500 of owner
26 contribution into GA 1 for a total of \$562,500 deposited into GA 1. PREI made unauthorized
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1 disbursements from BA 1 into GA 1 and converted trust funds in GA 1 for its business and
2 other expenses.

3 **(g) Broker-Salesperson Relationship Agreements (Regulations section 2726)**. Some of
4 PREI's broker-salesperson relationship agreements examined were signed by different licensees
5 or non-licensees who were not corporate officers, branch or division managers, or any other
6 person who can obligate the corporation.

7 **(h) Responsibility of Corporate Officer in Charge (Code sections 10159.2, 10177(h),**
8 **Regulations section 2725)**. Based on the above findings, MARTIN did not exercise reasonable
9 supervision and control over the activities conducted on behalf of PREI by its licensees and/or
10 employees as necessary to secure full compliance with the real estate laws.

11 15.

12 Each of the foregoing violations in Paragraphs 10(a)-(n) and 14(a)-(h) above
13 constitute cause for the suspension or revocation of the real estate license and/or license rights
14 of Respondents PREI and MARTIN under the provisions of Sections 10176(e), 10176(g),
15 10176(i), 10177(d), 10177(g), 10177(h), and/or 10177(j).

16 COSTS

17 (AUDIT COSTS)

18 16.

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

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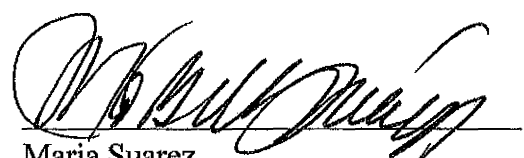
1 (INVESTIGATION AND ENFORCEMENT COSTS)

2 17.

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

7 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
8 this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
9 against all the licenses and/or license rights of Respondents PIONEER REAL ESTATE, INC.
10 and LANCE ERIC MARTIN, individually and as designated officer of Pioneer Real Estate,
11 Inc., under the Real Estate Law, for the costs of investigation, audit, and enforcement as
12 permitted by law, and for such other and further relief as may be proper under other applicable
13 provisions of law.

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15 Dated at Los Angeles, California this 23rd day of December, 2019.

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18 Maria Suarez
19 Supervising Special Investigator
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25 cc: PIONEER REAL ESTATE, INC.
26 LANCE ERIC MARTIN
27 Maria Suarez
Sacto.
Audits – Mina Wan and Shirley Xie