

FILED

AUG 19 2022

DEPT. OF REAL ESTATE
By *[Signature]*

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BEFORE THE DEPARTMENT OF REAL ESTATE

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STATE OF CALIFORNIA

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In the Matter of the Accusation against

DRE No. H-42344 LA

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PINNACLE INTERNATIONAL PROPERTY SERVICES;

FIRST AMENDED ACCUSATION

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DEAN WU, individually, and as Division Manager for Pinnacle International Property Services; and

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JAMES WILLIAM MUCCIOLA, individually, and as former Designated Officer for Pinnacle International Property Services;

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Respondents.

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This First Amended Accusation amends the Accusation filed on July 29, 2022. The

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Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the Department of

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Real Estate¹ (“Department”) of the State of California, for cause of Accusation against

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PINNACLE INTERNATIONAL PROPERTY SERVICES; DEAN WU, individually, and as

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Division Manager for Pinnacle International Property Services; and JAMES WILLIAM

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¹ 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 MUCCIOLA, individually, and as former Designated Officer for Pinnacle International
2 Property Services, (collectively “Respondents”), alleges as follows:

3 1. The Complainant, Veronica Kilpatrick, acting in her official capacity as a
4 Supervising Special Investigator, makes this Accusation against Respondents.

5 2. All references to the “Code” are to the California Business and Professions Code,
6 all references to the “Real Estate Law” are to Part 1 of Division 4 of the Code, and all references
7 to “Regulations” are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6,
8 California Code of Regulations.

9 STATEMENT OF FACTS

10 Licensees

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

13 4. On or about June 26, 2018, the Department issued a real estate corporation license
14 to Respondent PINNACLE INTERNATIONAL PROPERTY SERVICES (“PIPS”), License ID
15 02067896. Unless renewed, Respondent PIPS’ license is scheduled to expire on June 25, 2026.
16 Respondent has renewal rights pursuant to Code section 10201. The Department retains
17 jurisdiction pursuant to Code section 10103.

18 5. On July 24, 2018, the Department issued a real estate salesperson license to
19 Respondent DEAN WU (“WU”), License ID 02065678. Unless renewed, Respondent WU’s
20 license is scheduled to expire on July 23, 2022. Respondent has renewal rights pursuant to Code
21 section 10201. The Department retains jurisdiction pursuant to Code section 10103.

22 6. On August 21, 2012, the Department issued a real estate broker license to
23 Respondent JAMES WILLIAM MUCCIOLA (“MUCCIOLA”), License ID 01811692. Unless
24 renewed, Respondent MUCCIOLA’s license is scheduled to expire on August 20, 2024.

1 Respondent has renewal rights pursuant to Code section 10201. The Department retains
2 jurisdiction pursuant to Code section 10103.

3 7. Respondent MUCCIOLA was formerly licensed as a real estate salesperson from
4 approximately June 13, 2007 through August 20, 2012.

5 8. From June 26, 2018 through on or about March 25, 2022, Respondent
6 MUCCIOLA was the designated officer for Respondent PIPS, pursuant to Code section 10211.
7 As the designated officer for PIPS, Respondent MUCCIOLA was responsible for the
8 supervision and control of the activities conducted on behalf of PIPS by its officers, agents, real
9 estate licensees, and employees, as necessary to secure full compliance with the provisions of
10 the Real Estate Law, pursuant to Code section 10159.2.

11 9. On or about September 15, 2020, the Department received a notification that
12 Respondent WU had been appointed Division Manager for PIPS, pursuant to Code section
13 10164. The date of change was noted as July 24, 2020 on the Division Manager Appointment
14 notice.

15 10. At all times relevant herein, in the State of California, Respondents engaged in
16 activities that require a real estate broker license within the meaning of Code section 10131,
17 subdivision (b). Respondents' activities included soliciting or offering to negotiate the sale,
18 purchase or exchange of leases for real property and the collection of rents or security deposits
19 on real property or on a business opportunity for others, for compensation or in expectation of
20 compensation.

21 11. Whenever reference is made in an allegation in this Accusation to an act or
22 omission of Respondent PIPS, such allegation shall be deemed to mean that the officers,
23 directors, employees, agents and/or real estate licensees employed by or associated with
24 Respondent PIPS, committed such act or omission while engaged in the furtherance of the

1 business or operations of such corporate respondent and while acting within the course and
2 scope of their authority and employment.

3 Prior Discipline/Formation of PIPS

4 12. Respondent WU is believed to be married to Kuo-Hsuan Mao (“Mao”).

5 13. On July 27, 2009, the Department issued a real estate broker license to Mao,
6 License ID 01214688.

7 14. On August 3, 2012, the Department issued a real estate corporation license to MJ
8 Property Service, Inc. (“MJPSI”), License ID 01917727. Mao was the designated broker officer
9 for MJPSI.

10 15. During the period from December 2017 through January 2018, the Department
11 attempted to conduct an audit of MJPSI’s property management activities. On or about July 27,
12 2018, the Department completed an audit of MJPSI’s property management activities in audit
13 number LA170315. Several trust fund handling violations were cited in Audit LA170315.

14 16. On or about April 13, 2018, an Articles of Incorporation for the formation of PIPS
15 was filed with the Secretary of State for the State of California. The type of business that PIPS
16 conducts is property management. WU is the owner, officer, and director for PIPS.

17 17. On January 19, 2019, Mao and MJPSI surrendered their respective real estate
18 licenses in Department Case No. H-41331 LA. On April 8, 2019, the Orders Accepting the
19 Voluntary Surrender of Mao’s and MJPSI’s licenses became effective.

20 Cause of Accusation

21 18. On or about February 24, 2021, the Department received a complaint against
22 Respondent WU from J.H..², a former officer or director of PIPS. The complaint alleged that
23

24 ² 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 WU and Mao were committing fraud or dishonest dealing with respect to PIPS' property
2 management activities. The Department initiated an investigation and audit of PIPS' property
3 management activities in response to the complaint.

4 Audit LA210017

5 19. On May 31, 2022, the Department completed an audit examination of the books
6 and records of Respondent PIPS' real estate activities which require a real estate license pursuant
7 to Code section 10131, subdivision (b).

8 20. The audit examination covered the period from January 1, 2019 through
9 August 31, 2021 ("audit period"). The audit examination was limited to PIPS' property
10 management activities.

11 21. On October 28, 2021, an entrance conference was held with the Department's
12 auditor, Respondent MUCCIOLA, MUCCIOLA's attorney, PIPS' attorney, and PIPS'
13 consultant.

14 22. According to Respondents, Respondent WU is the President, Chief Executive
15 Officer, Secretary, Treasurer, and 100% shareholder for PIPS. MUCCIOLA was formerly the
16 Vice-President of Operations and held no shares of the corporation's stock.

17 23. According to Respondents, PIPS managed 561 one-to-four family residential
18 properties with 593 units, 12 apartment complexes with 107 units, for 425 property owners
19 during the audit period. PIPS collected rents, paid expenses, and screened tenants for
20 compensation. PIPS charged a management fee of either 4-8% of the rents collected, or a flat fee
21 amount ranging from \$90-\$120 a month, and a lease execution fee ranging from \$595 to \$695.

22 24. According to Respondents, PIPS maintained at least two (2) trust accounts and six
23 (6) bank accounts used for handling the receipt and disbursements of trust funds for multiple
24 beneficiaries in connection with PIPS' property management activities during the audit period.

1 25. The following accounts were disclosed to the Department for the audit:

2 **Trust Account 1 (T/A1)**

3 Bank: Citizens Business Bank

4 Account Name: Pinnacle International Property Services Property Management Trust Acct

5 Account #: xxxxx1270

6 Signatories: WU and Mao

7 Signatures required: One (1)

8 Purpose: T/A 1 was maintained for the receipts and disbursements of trust funds for multiple
9 beneficiaries in connection with PIPS' property management activities.

10 **Trust Account 2 (T/A 2)**

11 Bank: Citizens Business Bank

12 Account Name: Pinnacle International Property Services Property Management Trust Acct

13 Account #: xxxxx1912

14 Signatories: WU and Mao

15 Signatures required: One (1)

16 Purpose: T/A 2 was maintained for the receipts and disbursements of trust funds for multiple
17 beneficiaries in connection with PIPS' property management activities. T/A 2 was mainly used
18 for security deposits.

19 **Bank Account 1 (B/A 1)**

20 Bank: JP Morgan Chase Bank

21 Account Name: Pinnacle International Property Services

22 Account #: xxxxx5581

23 Signatories: WU and Mao

24 Signatures required: One (1)

1 Purpose: According to MUCCIOLA's attorney, B/A 1 was designated as a company account.
2 However, trust funds were deposited into B/A 1 during the audit period. B/A 1 was maintained
3 for the receipts and disbursements of trust funds for multiple beneficiaries in connection with
4 PIPS' property management activities.

5 **Bank Account 2 (B/A 2)**

6 Bank: JP Morgan Chase Bank

7 Account Name: Pinnacle International Property Services

8 Account #: xxxxx5631

9 Signatories: WU and Mao

10 Signatures required: One (1)

11 Purpose: B/A 2 was maintained for the receipts and disbursements of trust funds for multiple
12 beneficiaries in connection with PIPS' property management activities. According to
13 MUCCIOLA's attorney, B/A 2 was a client trust account associated with YardiBreeze.

14 **Bank Account 3 (B/A 3)**

15 Bank: JP Morgan Chase Bank

16 Account Name: Pinnacle International Property Services

17 Account #: xxxxx2805

18 Signatories: WU and Mao

19 Signatures required: One (1)

20 Purpose: According to MUCCIOLA's attorney, B/A 3 was designated as a company account.
21 However, trust funds were deposited into B/A 3 during the audit period. B/A 3 was maintained
22 for the receipts and disbursements of trust funds for multiple beneficiaries in connection with
23 PIPS' property management activities.

24

1 **Bank Account 4 (B/A 4)**

2 Bank: Wells Fargo Bank

3 Account Name: Pinnacle International Property Services

4 Account #: xxxxx8517

5 Signatories: WU

6 Signatures required: One (1)

7 Purpose: B/A 4 was maintained for the receipts and disbursements of trust funds for multiple
8 beneficiaries in connection with PIPS' property management activities. According to
9 MUCCIOLA's attorney, B/A 4 was used for "Rentec rents" and that as of September 30, 2021,
10 there were no trust funds maintained in B/A 4.

11 **Bank Account 5 (B/A 5)**

12 Bank: Wells Fargo Bank

13 Account Name: Pinnacle International Property Services

14 Account #: xxxxx8711

15 Signatories: WU

16 Signatures required: One (1)

17 Purpose: B/A 5 was maintained for the receipts and disbursements of trust funds for multiple
18 beneficiaries in connection with PIPS' property management activities. According to
19 MUCCIOLA's attorney, B/A 5 was associated with YardiBreeze rents and contains trust funds.

20 **Bank Account 6 (B/A 6)**

21 Bank: Wells Fargo Bank

22 Account Name: Pinnacle International Property Services

23 Account #: xxxxx9912

24 Signatories: WU

1 Signatures required: One (1)

2 Purpose: B/A 6 was maintained for the receipts and disbursements of trust funds for multiple
3 beneficiaries in connection with PIPS' property management activities. According to
4 MUCCIOLA's attorney, B/A 6 was a deposit account and that as of September 30, 2021, there
5 were no funds in B/A 6.

6 26. The audit examination revealed violations of the Code and the Regulations as set
7 forth in the following paragraphs, and more fully discussed in Audit Report LA210017 and the
8 exhibits and work papers attached to said audit report.

9 **Audit Violations**

10 27. In the course of its property management activities during the audit period,
11 Respondent PIPS acted in violation of the Code and the Regulations as follows:

12 **Issue 1. Code section 10145 and Regulation 2832.1. Trust fund handling for multiple**
13 **beneficiaries.**

14 28. For Issues 1(a) – 1(c) noted below, Respondents failed to provide any evidence
15 that the owners of the trust funds in T/A 1, T/A 2, B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6
16 had given their written consent to allow PIPS to reduce the balance of the funds in T/A 1, T/A 2,
17 B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6 to an amount less than the existing aggregate trust
18 fund liabilities, in violation of Code section 10145 and Regulation 2832.1.

19 29. Bank reconciliations for T/A 1 and T/A 2 were prepared for the audit cutoff date
20 of August 31, 2021. The accountability for T/A 1 and T/A 2 were determined based on the
21 separate records, trust account balance reports for T/A 1 and T/A 2, and documents provided by
22 Respondents and their attorneys. The adjusted bank balance was compared to the accountability.

23 ///

24

1 Issue 1(a).

2 30. As of August 31, 2021, T/A 1 had a minimum shortage of <\$235.20>. The
3 shortage was caused by negative property balance for 6249 Callaway Place of <\$0.20>,
4 conversion of funds of <\$160.00>, and an unidentified shortage of <\$75.00>.

5 Issue 1(b).

6 31. As of August 31, 2021, T/A 2 had a minimum shortage of <\$3,120.00> due to
7 conversion of funds of <\$3,120.00>.

8 32. PIPS provided a ledger labelled as “Trust Property” which was used to record
9 broker funds and disbursements. Based on the record, there was a disbursement of <\$3,120.00>
10 in T/A 2 to a “Trust Property” described as “Corr Mix Match Bank Accounts for Corp Prop –
11 Move to Trust Prop.”

12 Issue 1(c).

13 33. The auditor prepared the minimum bank reconciliation for B/A 1, B/A 2, B/A 3,
14 B/A 4, B/A 5, and B/A 6 in connection with Respondents’ property management activities with
15 the cutoff date of August 21, 2021. During the course of the audit, Respondents provided limited
16 separate records for May 1, 2021 to August 31, 2021 for B/A 5. Respondents provided no
17 records for B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6. The minimum accountability for B/A 5 was
18 determined based on the subpoenaed bank records, limited separate records, and limited
19 documents provided by PIPS.

20 34. During the audit period, there were trust funds issued from B/A 5 and deposited
21 into B/A 1, B/A 2, and B/A 3, then transferred by ACH/Wire (online transfer) from B/A 1, B/A
22 2, and B/A 3 to B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6. During the audit period, control and
23 separate records for B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6 were not provided for examination.
24

1 A combined bank reconciliation was performed and compared with the minimum accountability
2 of B/A 5. The adjusted bank balance was compared to the minimum accountability.

3 35. As of August 31, 2021, there was a combined minimum shortage of
4 <\$409,774.05.00> in B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6. The minimum combined
5 shortage was due to negative property balance for 50 Cooper of <\$240.00>, minimum combined
6 bank fees in B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6 totaling <\$5,059.75>, minimum
7 conversion of funds in B/A 1 of <\$49,237.49>, minimum conversion of funds in B/A 2 of
8 <\$22,188.98>, minimum conversion of funds in B/A 3 of <\$43,756.28.00>, minimum
9 conversion of funds in B/A 6 of <\$14,153.05>, and a minimum unidentified shortage of
10 <\$275,138.50>.

<u>Causes of Combined Trust Fund Shortage for B/A 1 to B/A 6</u>	<u>Amount</u>
11 Minimum Negative Property Balances	<\$240.00>
12 Minimum Bank Fees for B/A 1 to B/A 6	<\$5,059.75>
13 Minimum Conversion of Funds in B/A 1	<\$49,237.49>
14 Minimum Conversion of Funds in B/A 2	<\$22,188.98>
15 Minimum Conversion of Funds in B/A 3	<\$43,756.28>
16 Minimum Conversion of Funds in B/A 6	<\$14,153.05>
17 <u>Minimum Unidentified Shortage</u>	<u><275,138.05></u>
18 Minimum Combined Trust Fund Shortage for B/A 1 to B/A 6	<\$409,774.05>

19 36. During the period from August 1, 2020 through August 31, 2020, PIPS made
20 unauthorized disbursements and converted trust funds at a minimum of <\$49,237.49> from
21 B/A 1. Based on the bank statements, the following are examples, without limitation, of multiple
22 electrical withdrawals made to Capital One Credit Card for Mao totaling \$14,122.33, Bank of
23 America transfers to WU totaling \$5,061, and Home Depot totaling \$30,054.16.
24

1 37. During the audit period from January 2019 to August 2021, PIPS made
 2 unauthorized disbursements and converted trust funds at a minimum of <\$22,188.98> from
 3 B/A 2. Based on the bank statements, the disbursements were made by recurring credit card
 4 purchase payments paid to Kaiser HPS card 9915. Examples of the credit card payments include
 5 the following, without limitation:

6	<u>Date</u>	<u>Description</u>	<u>Amount</u>
7	01/02/2019	Kaiser Hps Card 9115	\$810.42
8	09/04/2019	Kaiser Hps Card 9115	\$810.44
9	12/04/2019	Kaiser Hps Card 9115	\$810.44
10	03/03/2020	Kaiser Hps Card 9115	\$682.15
11	08/03/2020	Kaiser Hps Card 9115	\$682.15
12	01/05/2021	Kaiser Hps Card 9115	\$746.75
13	04/01/2021	Kaiser Hps Card 9115	\$746.75
14	07/02/2021	Kaiser Hps Card 9115	\$430.36

15 38. During the audit period from January 2020 to August 2021, PIPS made
 16 unauthorized disbursements and converted trust funds at a minimum of <\$8,583.29> from
 17 B/A 3. Based on the bank statements, the disbursements were made by credit card purchase
 18 payments paid to YardiBreez, Supra, Google, Microsoft, among others. Examples of the credit
 19 card payments include the following, without limitation:

20	<u>Date</u>	<u>Description</u>	<u>Amount</u>
21	07/02/2020	Google	\$132.00
22	08/02/2020	Google	\$132.00
23	01/12/2021	Yardi Breeze	\$193.00

24

<u>Date</u>	<u>Description</u>	<u>Amount</u>
03/22/2021	Supra	\$15.58
04/06/2021	Yardi Breeze	\$185.00
06/25/2021	Microsoft	\$99.99
07/08/2021	Appliancepartspros	\$240.13
08/03/2021	Google	\$144.00

39. In addition, during the audit period from August 2020 to August 2021, PIPS made unauthorized disbursements and converted trust funds at a minimum of <\$35,172.99> from B/A 3. Based on the bank statements, the disbursements were made by payments to the IRS, payroll tax, and Appfolio. Examples of the payments include the following, without limitation:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
08/03/2020	Appfolio	\$466.50
08/05/2020	Payroll Tax	\$647.26
08/06/2020	IRS	\$4,123.97
08/20/2020	IRS	\$3,494.66
09/03/2020	Payroll Tax	\$675.56
10/01/2020	Appfolio	\$487.75
10/06/2020	IRS	\$3,770.00
11/05/2020	IRS	\$5,406.22

40. During the audit period from August 2020 to August 2021, PIPS made unauthorized disbursements and converted trust funds at a minimum of <\$14,153.05> from B/A 6. Based on the bank statements, the disbursements were made by payments paid to T-Mobile and credit card payments for Mao, among others. Examples of the payments include the following, without limitation:

1	<u>Date</u>	<u>Description</u>	<u>Amount</u>
2	11/24/2020	Citi Autopay Kuo Hsuan Mao	\$500.00
3	12/01/2020	T-Mobile	\$465.84
4	12/22/2020	Citi Autopay Kuo Hsuan Mao	\$500.00
5	01/04/2021	T-Mobile	\$531.61
6	01/19/2021	Citi Card Online Payment Kuo Hsuan Mao	\$300.00
7	01/22/2021	Citi Autopay Kuo Hsuan Mao	\$500.00

8 41. As of August 31, 2021, there was a minimum, combined, unidentified shortage in
9 B/A 1 – B/A 6 of <\$275,138.50>. The shortage was due to inaccurate and incomplete records for
10 B/A 5 and no records provided for B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6.

11 **Issue 3.³ Code section 10145 and Regulation 2831. Trust fund records to be maintained.**

12 42. During the audit period, Respondents used B/A 1, B/A 2, B/A 3, B/A 4, B/A 5,
13 and B/A 6 to handle trust funds in connection to PIPS’ property management activities.
14 Respondents failed to provide control records for B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6 to the
15 Department’s auditor for examination to determine the amounts transferred between each bank
16 account in connection with PIPS’ property management activities.

17 43. The control record maintained for B/A 5 was incomplete and inaccurate, in
18 violation of Code section 10145 and Regulation 2381. The control record for B/A 5 was not
19 provided to the Department’s auditor for examination until December 22, 2021. The control
20 record for B/A 5 was not in chronological order and did not include the dates that trust funds
21 were received.

22 44. During the audit period, there were trust funds issued from B/A 5 by checks and
23 deposited into B/A 1, B/A 2, and B/A 3. Funds disbursed by checks from B/A 5 were not

24 ³ Issue 2 was intentionally skipped.

1 recorded and the deposits into B/A 1, B/A 2, and B/A 3 were also not recorded. These funds
2 were then transferred back and forth by ACH/Wire (online transfer) among B/A 1, B/A 2, and
3 B/A 3, B/A 4, and B/A 6, which were also not recorded. During the audit period, control records
4 for B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6 were not provided for examination to determine the
5 amount of funds related to the property management activities transferred between each bank
6 account in connection with PIPS' property management activities.

7 **B/A 1**

8 46. Based on the bank statements for B/A 1, PIPS deposited a minimum of
9 \$121,089.62 of trust funds in the form of tenants' rent checks into B/A 1. The following are
10 examples of the deposits include the following:

<u>Date of check</u>	<u>Description</u>	<u>Amount</u>
12/26/2019	J.C. Barrett	\$8,385.00
02/15/2020	J. Hunter	\$12,574.00
02/20/2020	J.A. Lin	\$7,179.00
06/16/2020	E. Lee	\$8,629.42
10/22/2020	H. Zhuang	\$7,150.00
01/20/2021	S. Chen	\$3,500.00
05/26/2021	F.K. Cha	\$8,180.00
07/10/2021	X. Zhou	\$11,080.00
07/22/2021	L. Aboushady	\$2,950.00
08/14/2021	S. Xu	\$1,200.00

22 47. During the audit period from January 1, 2020 to August 31, 2021, PIPS issued
23 checks from B/A 5 and deposited a minimum of \$70,665.39 of funds in the form of checks from
24 B/A 5 into B/A 1. The following are examples of the checks, without limitation:

	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1				
2	02/19/2020	\$2,615.00	09/21/2020	\$2,900.00
3	02/27/2020	\$3,051.00	10/08/2020	\$1,925.00
4	03/30/2020	\$1,965.00	10/20/2020	\$1,300.00
5	04/22/2020	\$3,100.00	11/03/2020	\$2,185.00
6	05/10/2020	\$2,347.00	11/09/2020	\$2,386.00
7	07/20/2020	\$3,600.00	11/09/2020	\$1,040.00
8	07/20/2020	\$3,695.00	12/22/2020	\$1,381.00
9	08/03/2020	\$2,020.00	01/21/2021	\$1,426.00
10	08/10/2020	\$1,150.00	05/21/2021	\$1,950.00

11 48. In addition, PIPS transferred funds from B/A 1 to B/A 2 and B/A 3, and did not
12 maintain the control record for all trust funds transferred online back and forth from B/A 1 to
13 B/A 2 and B/A 3, including the following transfers, without limitation:

14 B/A 1 Online Transfers to/from B/A 2 and B/A 3

	<u>Date</u>	<u>Online Transfer</u>	<u>B/A 1 Amount received</u>	<u>B/A 1 Amount Disbursed</u>
15				
16	09/03/2020	From B/A 3 to B/A 1	\$5,000.00	
17	09/04/2020	From B/A 2 to B/A 1	\$3,500.00	
18	09/08/2020	From B/A 2 to B/A 1	\$5,000.00	
19	09/14/2020	From B/A 2 to B/A 1	\$7,000.00	
20	09/16/2020	From B/A 1 to B/A 3		\$7,000.00
21	10/01/2020	From B/A 1 to B/A 3		\$10,000.00
22	10/08/2020	From B/A 1 to B/A 3		\$7,000.00
23	10/16/2020	From B/A 1 to B/A 3		\$7,500.00

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<u>Date</u>	<u>Online Transfer</u>	<u>B/A 1 Amount received</u>	<u>B/A 1 Amount Disbursed</u>
11/04/2020	From B/A 2 to B/A 1	\$7,000.00	
11/19/2020	From B/A 1 to B/A 2		\$8,000.00
11/19/2020	From B/A 1 to B/A 3		\$6,500.00
01/04/2021	From B/A 2 to B/A 1	\$7,000.00	
01/06/2021	From B/A 2 to B/A 1	\$7,000.00	
01/08/2021	From B/A 2 to B/A 1	\$5,000.00	
01/09/2021	From B/A 2 to B/A 1	\$5,000.00	
02/10/2021	From B/A 2 to B/A 1	\$6,000.00	
03/23/2021	From B/A 2 to B/A 1	\$7,500.00	
03/29/2021	From B/A 1 to B/A 2		\$9,500.00
04/22/2021	From B/A 1 to B/A 2		\$5,000.00
05/19/2021	From B/A 1 to B/A 2		\$5,000.00
06/17/2021	From B/A 2 to B/A 1	\$5,000.00	
08/06/2021	From B/A 3 to B/A 1	\$10,000.00	
08/23/2021	From B/A 2 to B/A 1	\$7,500.00	

B/A 2

49. During the audit period, PIPS deposited a minimum of \$20,655.00 of trust funds in the form of rent checks into B/A 2. Examples include the following, without limitation:

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
12/26/2019	S. Atwal	\$2,800.00
01/21/2020	M. Mueller	\$3,700.00
02/22/2020	P.E. Tons	\$4,600.00

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
03/09/2020	County of Los Angeles	\$2,955.00
02/24/2021	C-G. Chu	\$5,000.00
06/16/2021	3174 Division St., LLC	\$1,600.00

50. During the audit period from January 1, 2020 to August 31, 2021, PIPS issued checks from B/A 5 and deposited a minimum of \$250,173.00 of funds in the form of checks from B/A 5 into B/A 2. Examples include the following, without limitation:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
03/16/2020	\$12,890.00	05/27/2020	\$12,400.00
07/05/2020	\$7,000.00	08/19/2020	\$7,000.00
09/01/2020	\$5,990.00	09/07/2020	\$5,700.00
10/09/2020	\$5,500.00	12/29/2020	\$6,800.00
12/30/2020	\$5,590.00	12/30/2020	\$9,000.00
01/22/2021	\$6,390.00	02/23/2021	\$5,700.00

51. In addition, PIPS did not maintain the control record for all trust funds transferred online from B/A 2 to B/A 1 and B/A 3, including the following transfers, without limitation:

B/A 2 Online Transfers to/from B/A 1 and B/A 3

<u>Date</u>	<u>Online Transfer</u>	<u>B/A 2 Amount received</u>	<u>B/A 2 Amount Disbursed</u>
09/04/2020	From B/A 2 to B/A 1		\$3,500.00
09/08/2020	From B/A 2 to B/A 1		\$5,000.00
09/14/2020	From B/A 2 to B/A 1		\$7,000.00
10/01/2020	From B/A 2 to B/A 3		\$6,000.00
11/04/202	From B/A 2 to B/A 1		\$7,000.00

	<u>Date</u>	<u>Online Transfer</u>	<u>B/A 2 Amount received</u>	<u>B/A 2 Amount Disbursed</u>
1				
2	11/19/2020	From B/A 1 to B/A 2	\$8,000.00	
3	01/04/2021	From B/A 2 to B/A 1		\$7,000.00
4	01/06/2021	From B/A 2 to B/A 1		\$7,000.00
5	02/10/2021	From B/A 2 to B/A 1		\$6,000.00
6	03/23/2021	From B/A 2 to B/A 3		\$5,000.00
7	03/23/2021	From B/A 2 to B/A 1		\$7,500.00
8	03/29/2021	From B/A 1 to B/A 2	\$9,500.00	
9	04/22/2021	From B/A 1 to B/A 2	\$5,000.00	
10	05/19/2021	From B/A 1 to B/A 2	\$5,000.00	
11	06/17/2021	From B/A 2 to B/A 1		\$5,000.00
12	07/14/2021	From B/A 1 to B/A 2	\$9,000.00	
13	07/23/2021	From B/A 1 to B/A 2	\$8,000.00	
14	08/23/2021	From B/A 1 to B/A 2	\$7,500.00	

15 **B/A 3**

16 52. During the period of January 1, 2020 to August 31, 2021, PIPS deposited a
17 minimum of \$24,719.00 of trust funds in the form of rent checks into B/A 3, including, but not
18 limited to, the following examples:

	<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
19			
20	07/30/2021	E.C. Portillo	\$600.00
21	08/02/2021	K.M. Jarada	\$2,250.00
22	08/06/2021	J. Romo	\$1,050.00
23	08/16/2021	Unknown	\$4,646.00

24

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
08/19/2021	G. Acabal	\$2,800.00
08/19/2021	S. Vakkalanka	\$2,500.00
08/24/2021	J. Fomo	\$5,000.00
08/24/2021	J. Fomo	\$2,829.00

53. During the period of January 1, 2020 to August 31, 2021, PIPS issued checks from B/A 5 and deposited a minimum of \$16,275.33 in the form of checks from B/A 5 into B/A 3, including the following transfers, without limitation:

B/A 5 transfers to B/A 3

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
09/10/2020	\$225.00	09/10/2020	\$450.00
09/10/2020	\$240.00	09/10/2020	\$3,770.25
09/16/2020	\$110.00	09/16/2020	\$950.00
09/16/2020	\$1,500.00	09/16/2020	\$8,350.00
09/16/2020	\$260.00	09/16/2020	\$325.00
09/16//2020	\$95.00		

54. PIPS failed to maintain the control record for all trust funds transferred online made from B/A 3 to B/A 1 and B/A 2, including, but not limited to, the following transfers:

B/A 3 Online Transfers to/from B/A 1 and B/A 2

<u>Date</u>	<u>Online Transfer</u>	<u>B/A 3 Amount received</u>	<u>B/A 3 Amount Disbursed</u>
06/16/2020	From "0162" ⁴ to B/A 3	\$151,000.00	
06/17/2020	From B/A 3 to B/A 1		\$5,000.00

⁴ According to Respondents' attorneys, Citizens Business Bank account ending in "0162" was used for the corporate bank account.

	<u>Date</u>	<u>Online Transfer</u>	<u>B/A 3 Amount received</u>	<u>B/A 3 Amount Disbursed</u>
1				
2	09/03/2020	From B/A 3 to B/A 1		\$5,000.00
3	09/16/2020	From B/A 1 to B/A 3	\$7,000.00	
4	10/01/2020	From B/A 1 to B/A 3	\$10,000.00	
5	10/01/2020	From B/A 2 to B/A 3	\$6,000.00	
6	10/08/2020	From B/A 1 to B/A 3	\$7,000.00	
7	10/16/2020	From B/A 1 to B/A 3	\$7,500.00	
8	11/04/2020	From B/A 2 to B/A 3	\$2,000.00	
9	11/19/2020	From B/A 1 to B/A 3	\$6,500.00	
10	01/08/2021	From B/A 3 to B/A 1		\$1,600.00
11	02/10/2021	From B/A 2 to B/A 3	\$3,000.00	
12	03/23/2021	From B/A 2 to B/A 3	\$5,000.00	
13	04/30/2021	From B/A 3 to B/A 1	\$2,000.00	
14	05/03/2021	From B/A 2 to B/A 3	\$1,000.00	

B/A 4

55. During the period of January 1, 2020 to August 31, 2021, PIPS deposited a minimum of \$150,923.54 of trust funds in the form of rent checks into B/A 4, including, but not limited to, the following examples:

	<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
19			
20	03/11/2020	V.E. Childress	\$2,950.00
21	04/01/2020	D. Barrios	\$3,150.00
22	05/22/2020	A. Nursing	\$3,195.00
23	06/18/2020	R. Henriquez	\$4,650.00
24			

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
07/06/2020	M. Child Care	\$4,650.00
08/01/2020	G. Peralta	\$5,000.00
09/01/2020	M. Child Care	\$4,650.00
10/02/2020	M. Child Care	\$4,650.00
12/30/2020	S. Atwal	\$2,800.00

56. During the audit period, PIPS issued checks from B/A 4 and deposited a minimum of \$91,856.30 of funds in the form of checks from B/A 4 into B/A 5, including, but not limited to, the following transfers:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
03/12/2020	\$756.15	04/01/2020	\$2,800.00
04/23/2020	\$2,525.00	05/01/2020	\$2,800.00
06/02/2020	\$2,800.00	07/01/2020	\$2,800.00
08/04/2020	\$2,800.00	11/03/2020	\$1,175.00
12/28/2020	\$23,862.59	01/25/2021	\$2,125.00
02/05/2021	\$2,140.64	05/18/2021	\$3,000.00
08/02/2021	\$3,500.00	08/17/2021	\$2,125.00

57. PIPS failed to maintain a control record for B/A 4 for all trust funds disbursed and transferred online from B/A 4 to B/A 6, including the following transfers:

B/A 4 online transfers to B/A 6:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
01/15/2021	From B/A 4 to B/A 6	\$37,318.70
02/10/2021	From B/A 4 to B/A 6	\$5,040.00

<u>Date</u>	<u>Description</u>	<u>Amount</u>
03/01/2021	From B/A 4 to B/A 6	\$7,000.00
04/07/2021	From B/A 4 to B/A 6	\$4,000.00
04/28/2021	From B/A 4 to B/A 6	\$2,000.00

B/A 6

58. During the audit period, PIPS deposited a minimum of \$94,426.00 of trust funds in the form of rent checks into B/A 6, including, but not limited to, the following examples:

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
03/12/2019	R. Hernandez	\$5,300.00
04/29/2019	T. Olmstead	\$4,500.00
05/03/2019	M. Salls	\$5,700.00
07/26/2019	Unknown	\$4,390.00
08/23/2019	J. Vitale	\$5,700.00
08/23/2019	Unknown	\$3,000.00
09/04/2019	Unknown	\$10,200.00
11/21/2019	M. Simpson	\$4,800.00
04/30/2020	L. Watson	\$4,500.00
11/15/2020	Phonesparts/Com, Inc.	\$6,000.00

59. During the audit period, PIPS issued checks from B/A 2 and deposited a minimum of \$54,000.00 of funds in the form of checks from B/A 2 into B/A 6, including, but not limited to, the following transfers:

<u>Date</u>	<u>Amount</u>
07/23/2019	\$40,000.00

	<u>Date</u>	<u>Amount</u>
1		
2	08/30/2019	\$13,000.00
3	09/20/2019	\$1,000.00

4 60. PIPS failed to maintain a control record for B/A 6 for all trust funds received and
5 deposited via online transfers made from B/A 4 to B/A 6, including the following transfers:

6 B/A 4 online transfers to B/A 6:

	<u>Date</u>	<u>Description</u>	<u>Amount</u>
7			
8	01/15/2021	From B/A 4 to B/A 6	\$37,318.70
9	02/10/2021	From B/A 4 to B/A 6	\$5,040.00
10	03/01/2021	From B/A 4 to B/A 6	\$7,000.00
11	04/07/2021	From B/A 4 to B/A 6	\$4,000.00
12	04/28/2021	From B/A 4 to B/A 6	\$2,000.00

13 **Issue 4. Code section 10145 and Regulation 2831.1. Separate records for each beneficiary**
14 **or transaction.**

15 61. During the audit period, Respondent PIPS failed to maintain accurate and
16 complete separate records of the receipts and disbursements of all trust funds deposited into
17 B/A 5 for each beneficiary or property related to its property management activities, in violation
18 of Code section 10145(g) and Regulation 2831.1.

19 62. In addition, PIPS failed to maintain separate records for each beneficiary or
20 transaction, accounting for all trust funds which have been deposited into PIPS' bank accounts,
21 B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6, which were used for handling trust funds in connection
22 with PIPS' property management activities.

23 63. During the course of the audit examination, PIPS provided to the auditor, limited
24 separate records for the audit examination in connection to PIPS' property management activities

1 for B/A 5. The records provided for the audit period that were provided to the auditor were: the
 2 records mentioned in T/A 1, T/A 2; limited records for B/A 5; owner statements from 5/1/2021
 3 to 8/31/2021; and two sets of incomplete and inaccurate separate records for B/A 5.

4 64. During the audit period, trust funds in the form of rent checks were deposited into
 5 B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6, but were not recorded on the separate records
 6 provided for the audit examination. Examples of the unrecorded deposits include, but are not
 7 limited to, the following:

8	<u>Into Account</u>	<u>Date</u>	<u>Description/Property</u>	<u>Amount</u>
9	B/A 1	07/10/2021	X.C. Zhao/Undetermined	\$11,080.00
10	B/A 1	07/21/2021	Z.S. Reyna/1632 Camden Ave. #301	\$2,650.00
11	B/A 1	07/23/2021	H.R. Teleford/742 E. Mountain	\$2,245.00
12	B/A 1	08/25/2021	S.Xu/13570 Amanda St.	\$1,200.00
13	B/A 2	01/21/2020	M. Mueller/Undetermined	\$3,700.00
14	B/A 2	01/22/2020	S. Atwal/1057 E. Imperial Hwy Box 120	\$2,800.00
15	B/A 2	03/02/2020	P.E. Tons/142 Marketplace	\$4,600.00
16	B/A 2	06/23/2021	3714 D. St., LLC/1180 Durfee Ave.	\$1,600.00
17	B/A 3	07/30/2021	E.C. Portillo/5630 Temple City Blvd.#1	\$600.00
18	B/A 3	08/02/2021	K.M. Jarada/400 S. Broadway Apt. #805	\$2,250.00
19	B/A 3	08/19/2021	S. Vakkalanka/7260 Cosenza Pl.	\$2,850.00
20	B/A 3	08/24/2021	J. Fumo/400 S. Broadway Apt. #1004	\$5,000.00
21	B/A 4	11/05/2019	C.E. Llamas/717 Knollwood	\$2,125.00
22	B/A 4	11/11/2019	R. Care Group, LLC/255 N. Walnut	\$2,675.00
23	B/A 4	11/26/2019	D.M. Smith/6030 Temple City	\$1,100.00

1	<u>Into Account</u>	<u>Date</u>	<u>Description/Property</u>	<u>Amount</u>
2	B/A 4	10/07/2020	A. Tordai/307 Basetdale	\$2,200.00
3	B/A 4	10/09/2020	M. Child Care/3275 Orlando Rd.	\$4,650.00
4	B/A 4	12/04/2020	S. Atwal/1057 Imperial	\$2,800.00
5	B/A 5	12/01/2020	L. Serrando/14942 Avenedida Anita	\$3,500.00
6	B/A 5	12/01/2020	M.U. Barrios/5636 Buckhorn Ct.	\$3,150.00
7	B/A 5	12/01/2020	M. Jackson/70 Clover	\$3,350.00
8	B/A 6	01/04/2019	G.R. Murphy/6941 Angora St.	\$3,000.00
9	B/A 6	11/01/2019	S.R. Oliver/221 W. Parkwood Ave.	\$1,375.00
10	B/A 6	11/25/2019	M.L. Simpson/122 Royal Way	\$2,175.00

11 65. PIPS provided limited, separate records for examination in connection to PIPS’
12 property management activities for B/A 5, and two sets of incomplete and inaccurate separate
13 records for the audit period.

14 66. Based on the bank statements examined, during the audit period trust funds were
15 transferred amongst the bank accounts B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6, but the online
16 transfers were not recorded (examples noted in Issue 3, above).

17 67. PIPS’ attorney stated that, “[A]ll net activity was transferred to AppFolio/CBB
18 Accounts and all of this activity has been reconciled and all of the reconciliations have been
19 provided.” However, based on records provided to the auditor for the audit examination, the
20 auditor only received bank reconciliations for T/A 1 and T/A 2. There was no evidence B/A 1,
21 B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6 were reconciled.

22 **Issue 5. Code section 10145 and Regulation 2831.2. Trust account reconciliation.**

23 68. During the audit period, PIPS failed to maintain complete and accurate monthly
24 reconciliations comparing the balance of all separate beneficiary or transaction records (separate

1 records) to the balance of all trust funds received and disbursed (control record) for T/A 1 and
2 T/A 2, in violation of Code section 10145 and Regulation 2831.2.

3 69. In addition, monthly trust account reconciliations comparing the balance of the
4 separate records to the control records of all trust funds received and disbursed for B/A 1, B/A 2,
5 B/A 3, B/A 4, B/A 5, and B/A 6 were not maintained, in violation of Code section 10145 and
6 Regulation 2831.2.

7 **Issue 6. Code sections 10145 and Regulation 2832. Trust fund handling.**

8 70. Based on the examination of the bank signature cards for B/A 1, B/A 2, B/A 3,
9 B/A 4, B/A 5, and B/A 6, said accounts were used for handling trust funds, were titled as
10 “Pinnacle International Property Services,” and were not designated as trust accounts, in
11 violation of Code section 10145 and Regulation 2832.

12 71. During the audit period, trust funds connected to PIPS’ property management
13 activities were deposited into B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6. Trust funds
14 disbursed from B/A 5 were deposited in the form of checks into B/A 1, B/A 2, B/A 3, and B/A 6.
15 Trust funds were transferred to and from B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6.

16 **Issue 7. Code sections 10145 and Regulation 2834. Trust account withdrawals.**

17 72. Based on an examination of the bank signature cards, WU was a signor on T/A 1,
18 T/A 2, B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6, accounts used for handling trust funds,
19 without written authorization from designed officer MUCCIOLA, in violation of Code section
20 10145 and Regulation 2834.

21 73. During the audit period, Respondents allowed Mao to be a signor on T/A 1,
22 T/A 2, B/A 1, B/A 2, and B/A 3, accounts used for handling trust funds, without fidelity bond
23 coverage or insurance coverage, and there was no written authorization from designed officer
24 MUCCIOLA, in violation of Code section 10145 and Regulation 2834.

1 74. In addition, during the audit period, MUCCIOLA was not an authorized signor for
2 T/A 1, T/A 2, B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6, in violation of Code section 10145
3 and Regulation 2834.

4 **Issue 8. Code sections 10145 and 10176(e) and Regulation 2832(e). Handling of trust**
5 **funds/commingling.**

6 75. During the audit period, PIPS deposited funds that were not related to their
7 property management activities into B/A 1, B/A 2, and B/A 3, and commingled with trust funds
8 in connection to PIPS' property management activities in B/A 1, B/A 2, and B/A 3. Some of the
9 funds deposited into B/A 1, B/A 2, and B/A 3 were from Rental Solution, DW Handyman, MJ
10 Property, Hsiao Chu Mao, Kuo Mao, and Lifeline Locksmith. Examples include, but are not
11 limited to, the following:

<u>Deposited to Account</u>	<u>Date</u>	<u>Check From</u>	<u>Amount</u>
B/A 1	02/23/2021	The Landlord Group	\$8,000.00
B/A 1	03/01/2021	MJ Property	\$4,500.00
B/A 1	03/20/2021	Hsaio Chu Mao and Kuo Mao	\$15,000.00
B/A 1	04/06/2021	Rental Solution	\$5,500.00
B/A 1	05/17/2021	Rental Solution	\$8,000.00
B/A 1	07/14/2021	Rental Solution	\$5,500.00
B/A 1	07/14/2021	DW Handyman	\$6,000.00
B/A 1	07/21/2021	Rental Solution	\$5,000.00
B/A 2	01/22/2020	Kuo H. Mao	\$4,000.00
B/A 2	04/27/2021	Hsaio Chu Mao and Kuo Mao	\$10,000.00
B/A 2	04/27/2021	Kuo H. Mao	\$4,000.00

	<u>Deposited to Account</u>	<u>Date</u>	<u>Check From</u>	<u>Amount</u>
1				
2	B/A 2	04/28/2021	Lifeline LockSmith	\$750.00
3	B/A 2	05/28/2021	Hsaio Chu Mao and Kuo Mao	\$8,000.00
4	B/A 2	06/23/2021	Hsaio Chu Mao and Kuo Mao	\$8,000.00
5	B/A 3	02/28/2021	Hsaio Chu Mao and Kuo Mao	\$35,000.00

6 76. During the audit period, PIPS made unauthorized transfers of trust funds from
7 B/A 1 to B/A 2 and B/A 3. PIPS also made unauthorized transfers of trust funds from B/A 2 to
8 B/A 1 and B/A 3 and commingled trust funds in connection to PIPS' property management
9 activities.

10 77. From January 1, 2020 to August 31, 2021, PIPS also issued checks from B/A 5
11 and deposited a minimum of \$70,665.39 of trust funds from B/A 5 into B/A 1. Trust funds from
12 B/A 5 were commingled with funds in B/A 1, as follows:

	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
13				
14	02/19/2020	\$2,615.00	02/19/2020	\$1,043.78
15	02/19/2020	\$1,495.00	02/27/2020	\$3,051.35
16	03/20/2020	\$1,965.00	04/22/2020	\$1,130.00
17	04/22/2020	\$3,100.00	05/10/2020	\$2,347.00
18	07/20/2020	\$3,600.00	07/20/2020	\$3,695.00
19	08/03/2020	\$1,390.00	08/03/2020	\$2,020.00
20	08/10//2020	\$1,150.00	08/13/2020	\$900.00
21	08/19/2020	\$1,245.00	09/21/2020	\$2,900.00
22	09/21/2020	\$1,450.00	09/22/2020	\$1,050.00
23	09/23/2020	\$930.00	10/08/2020	\$1,925.00
24				

	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1				
2	10/20/2020	\$1,300.00	11/03/2020	\$2,185.00
3	11/09/2020	\$2,386.05	11/09/2020	\$1,040.00
4	11/18/2020	\$980.00	12/22/2020	\$1,381.00
5	01/21/2021	\$1,426.00	05/21/2021	\$1,950.00

6 78. During the period from January 1, 2020 to August 31, 2021, PIPS issued checks
7 from B/A 5 and deposited trust funds totaling a minimum of \$250,173.00 from B/A 5 into B/A 2.
8 Trust funds from B/A 5 were commingled with funds in B/A 2, including, but not limited to, the
9 following examples:

	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
10				
11	02/07/2020	\$5,500.00	03/16/2020	\$12,890.00
12	04/17/2020	\$4,600.00	05/05/2020	\$4,500.00
13	05/19/2020	\$5,250.00	05/27/2020	\$12,400.00
14	06/05/2020	\$5,600.00	07/05/2020	\$7,000.00
15	07/30/2020	\$5,000.00	08/03/2020	\$5,000.00
16	08/19/2020	\$7,000.00	08/19/2020	\$7,000.00
17	08/22/2020	\$5,900.00	08/30/2020	\$5,700.00
18	09/01/2020	\$5,990.00	09/01/2020	\$5,300.00
19	09/07/2020	\$5,700.00	09/23/2020	\$4,000.00
20	09/24/2020	\$4,100.00	10/06/2020	\$5,000.00
21	10/09/2020	\$5,500.00	12/10/2020	\$5,600.00
22	12/29/2020	\$6,800.00	12/30/2020	\$4,990.00
23	12/30/2020	\$4,500.00	12/30/2020	\$5,590.00
24				

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
12/30/2020	\$4,499.00	12/30/2020	\$9,000.00
12/30/2020	\$9,000.00	01/22/2021	\$4,300.00
01/22/2021	\$6,390.00	02/23/2021	\$5,700.00

79. During the audit period from January 1, 2020 to August 31, 2021, PIPS issued checks from B/A 5 and deposited trust funds totaling a minimum of \$16,275.33 from B/A 5 into B/A 3. Trust funds from B/A 5 were commingled with funds in B/A 3, including, but not limited to, the following examples:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
09/10/2020	\$225.00	09/10/2020	\$450.00
09/10/2020	\$240.08	09/10/2020	\$3,770.25
09/16/2020	\$110.00	09/16/2020	\$950.00
09/16/2020	\$1,500.00	09/16/2020	\$8,350.00
09/16/2020	\$260.00	09/16/2020	\$325.00

Issue 9. Code sections 10145 and 10176(i). Handling of trust funds/unauthorized disbursements/conversion of funds.

80. Based on the examination of documents provided and subpoenaed bank records, during the audit period, PIPS made unauthorized disbursements and converted trust funds from B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6, in violation of Code sections 10145 and 10176, subdivision (i).

81. During the audit period, PIPS made unauthorized disbursements and converted trust funds in the form of bank fees in B/A 1, B/A 2, B/A 3, B/A 4, B/A 5, and B/A 6, including, but not limited to, the following examples:

	<u>Bank Account</u>	<u>Amount</u>
1		
2	B/A 1	<\$1,659.15>
3	B/A 2	<\$169.00>
4	B/A 3	<\$265.00>
5	B/A 4	<\$2,481.50>
6	B/A 5	<\$272.10>
7	B/A 6	< <u>\$213.00</u> >
8	TOTAL	<\$5,059.75>

9 **B/A 1**

10 82. Based on examination of subpoenaed bank records, during the period from
 11 December 26, 2019 to August 31, 2021, PIPS received trust funds and deposited a minimum of
 12 \$121,089.62 into B/A 1, including but not limited to, the following deposits:

	<u>Date</u>	<u>Description</u>	<u>Amount</u>
13			
14	12/26/2019	J.C. Barrett	\$8,385.00
15	02/15/2020	J. Hunter	\$12,574.00
16	02/20/2020	J.A. Lin	\$7,179.00
17	06/16/2020	E. Lee	\$8,629.42
18	10/22/2020	H. Zhuang	\$7,150.00
19	01/20/2021	S. Chen	\$3,500.00
20	05/26/2021	F.K. Cha	\$8,180.00
21	07/10/2021	X. Zhou	\$11,080.00
22	07/22/2021	L. Aboushady	\$2,950.00
23	08/14/2021	S. Xu	\$1,200.00
24			

83. Based on examination of subpoenaed bank records, during the audit period, PIPS made withdrawals without written authorization from B/A 1 to PIPS' business or other expenses, including, but not limited to, the following examples:

<u>Date</u>	<u>Check No.</u>	<u>Description</u>	<u>Amount</u>
08/27/2020	7059	DMV Renewal	\$284.00
09/01/2020	3707	J. Mucciola	\$2,000.00
09/03/2020	3744	Kuo Mao	\$3,000.00
10/05/2020	3746	*Blank	\$500.00
10/16/2020	3748	MJ Property	\$3,000.00
04/01/2021	9153	J. Mucciola	\$3,000.00
04/07/2021	9158	MJ Property	\$2,500.00
07/23/2021	9269	DMV Renewal	\$338.00

84. As discussed in Issue 3 above, during the audit period, trust funds were deposited into B/A 1, B/A 2, B/A 3, B/A 4, and B/A 6. Based on an examination of subpoenaed bank records, PIPS made withdrawals without authorization from B/A 1. The records showed that B/A 1 was active with deposits and withdrawals made throughout the audit period. The bank statements for B/A 1 show the balance was reduced to an amount less than the amount of trust funds deposited into B/A 1. As of August 31, 2021, B/A 1 had a bank balance of \$13,479.72. Examples of the bank balances for B/A 1 during the audit period, include, without limitation, the following:

<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
09/01/2020	\$8,427.68	09/02/2020	\$1,887.76
09/11/2020	\$5,303.38	09/30/2020	\$29,562.14

	<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
2	10/05/2020	\$15,254.73	10/26/2020	\$9,210.23
3	10/30/2020	\$11,540.44	11/05/2020	\$5,680.93
4	11/30/2020	\$26,331.02	12/15/2020	\$7,907.97
5	12/30/2020	\$3,175.84	01/05/2021	\$4,085.47
6	01/15/2021	\$3,280.92	01/29/2021	\$10,719.44
7	02/03/2021	\$10,111.06	02/09/2021	\$1,679.19
8	02/26/2021	\$7,811.29	03/08/2021	\$17,439.51
9	03/22/2021	\$3,080.33	03/31/2021	\$15,421.28
10	04/06/2021	\$28,354.52	04/15/2021	\$6,035.21
11	04/27/2021	\$135.91	05/18/2021	\$10,882.39
12	05/26/2021	\$3,053.41	06/03/2021	\$2,895.54
13	06/23/2021	\$14,393.21	06/30/2021	\$3,935.46
14	07/07/2021	\$6,066.94	07/09/2021	\$2,763.94
15	07/30/2021	\$47,693.01	08/06/2021	\$3,062.05
16	08/23/2021	\$5,927.95	08/30/2021	\$13,479.72

B/A 2

85. Based on examination of subpoenaed bank records, during the period from December 26, 2019 to August 31, 2021, PIPS received trust funds and deposited a minimum of \$20,655.00 into B/A 2, including but not limited to, the following deposits:

	<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
22	12/26/2019	S. Atwal	\$2,800.00
23	01/21/2020	M. Mueller	\$3,700.00

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
02/22/2020	P.E. Tons	\$4,600.00
03/09/2020	County of Los Angeles	\$2,955.00
02/24/2021	C-G. Chu	\$5,000.00
06/16/2021	3174 Division St. LLC	\$1,600.00

86. Based on examination of subpoenaed bank records, during the audit period, PIPS made withdrawals without written authorization from B/A 2 to "Kaiser Hps Card 9115" including, but not limited to, the following examples:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
01/02/2020	Kaiser Hps Card 9115	\$682.15
02/03/2020	Kaiser Hps Card 9115	\$682.15
03/03/2020	Kaiser Hps Card 9115	\$682.15
03/02/2021	Kaiser Hps Card 9115	\$746.75
07/02/2021	Kaiser Hps Card 9115	\$430.36

87. The bank statements for B/A 2 show the balance was reduced to an amount less than the amount of trust funds deposited into B/A 2. As of August 31, 2021, B/A 2 had a bank balance of \$7,620.04. Examples of the bank balances for B/A 2 during the audit period, include, without limitation, the following:

<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
09/01/2020	\$22,387.36	09/28/2020	\$42,472.36
10/09/2020	\$35,820.21	10/27/2020	\$25,000.21
11/04/2020	\$15,318.06	11/18/2020	\$9,767.17
11/30/2020	\$17,868.06	12/29/2020	\$13,445.91

	<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
1				
2	01/08/2021	\$46,167.16	01/19/2021	\$15,667.16
3	01/25/2021	\$29,267.16	02/16/2021	\$11,365.41
4	02/25/2021	\$8,065.41	03/23/2021	\$2,768.66
5	03/29/2020	\$22,387.36	04/01/2021	\$12,268.66
6	04/21/2021	\$1,116.91	04/30/2021	\$15,854.91
7	05/05/2021	\$6,633.16	05/28/2021	\$14,634.16
8	06/21/2021	\$5,545.19	06/30/2021	\$7,165.19
9	07/02/2021	\$2,734.83	07/23/2021	\$15,120.04
10	08/23/2021	\$7,620.04		

11 **B/A 3**

12 88. Based on examination of subpoenaed bank records, during the period from
13 December 26, 2019 to August 31, 2021, PIPS received trust funds and deposited a minimum of
14 \$20,719.00 into B/A 3, including but not limited to, the following deposits:

	<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
15			
16	07/30/2021	E.C. Portillo	\$600.00
17	08/02/2021	E. Viernes	\$950.00
18	08/02/2021	K.M. Jarada	\$2,250.00
19	08/06/2021	J. Romo	\$1,050.00
20	08/16/2021	Unknown	\$4,646.00
21	08/19/2021	G. Acabal	\$2,800.00
22	08/19/2021	S. Vakkalanka	\$2,850.00
23	08/24/2021	J. Fumo	\$5,000.00

24

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
08/24/2021	J. Fomo	\$2,829.00
08/27/2021	R.H. Arakawa	\$1,144.00
08/30/2021	E.C. Portillo	\$600.00

89. Based on examination of subpoenaed bank records, during the audit period, PIPS made check disbursements/withdrawals without written authorization from B/A 3 to Google, Efile/Formstax, Yardi Breeze, and others including, but not limited to, the following examples:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
08/03/2021	Google	\$144.00
08/05/2021	Recurring card purchase to Efile/Formstax	\$3.25
08/09/2021	Yardi Breeze	\$136.00
08/23/2021	Supra	\$15.58

90. Based on examination of subpoenaed bank records, during the audit period, PIPS made electronic withdrawals/transfers without written authorization from B/A 3 including, but not limited to, the following examples:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
08/06/2021	Online transfer from B/A 3 to B/A 1	\$10,000.00
08/09/2021	Online transfer from B/A 3 to B/A 1	\$4,000.00
08/27/2021	Rentec Direct to Dean Wu	\$230.00

91. The bank statements for B/A 3 show the balance was reduced to an amount less than the amount of trust funds deposited into B/A 3. As of August 31, 2021, B/A 3 had a bank balance of \$7,352.15. Examples of the bank balances for B/A 3 during the audit period, include, without limitation, the following:

24

	<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
1				
2	07/01/2020	\$144,640.82	07/28/2020	\$92,250.08
3	08/31/2020	\$38,766.87	09/08/2020	\$9,521.08
4	09/18/2020	\$5,183.84	09/29/2020	\$9,729.15
5	10/07/2020	\$951.84	10/30/2020	\$6,528.04
6	11/17/2020	\$1,633.16	12/29/2020	\$3,948.10
7	01/21/2021	\$1,796.52	01/29/2021	\$1,000.22
8	02/03/2021	\$581.51	02/26/2021	\$2,061.46
9	03/15/2021	\$567.66	03/22/2021	<\$1,026.92>
10	03/31/2021	\$2,814.94	04/30/2021	\$94.04
11	05/03/2021	\$950.04	05/28/2021	\$323.51
12	06/10/2021	\$11.26	06/30/2021	\$196.27
13	07/02/2021	<\$56.73>	07/21/2021	\$547.56
14	08/09/2021	\$5,283.73	08/31/2021	\$7,352.15

B/A 6

92. Based on examination of subpoenaed bank records, during the period from March 12, 2019 to November 5, 2020, PIPS received trust funds and deposited a minimum of \$94,426.00 into B/A 6, including but not limited to, the following deposits:

<u>Date of Check</u>	<u>Description</u>	<u>Amount</u>
11/5/2020	PhonesParts.com	\$6,000.00

93. Based on examination of subpoenaed bank records, during the audit period, PIPS made withdrawals without written authorization from B/A 6 including, but not limited to, the following examples:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/24/2020	Citi Autopay Kuo Hsuan Mao	\$500.00
12/01/2020	T-Mobile	\$465.84
12/22/2020	Citi Autopay Kuo Hsuan Mao	\$500.00
01/04/2021	T-Mobile	\$531.61
01/19/2021	Citi Card Online Payment Kuo Hsuan Mao	\$300.00
01/22/2021	Citi Autopay Kuo Hsuan Mao	\$500.00

94. The bank statements for B/A 6 show the balance was reduced to an amount less than the amount of trust funds deposited into B/A 6. As of August 31, 2021, B/A 6 had a bank balance of \$1,987.23. Examples of the bank balances for B/A 6 during the audit period, include, without limitation, the following:

<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
01/17/2019	\$69,952.00	06/21/2019	\$30,799.00
10/28/2019	\$5,471.00	01/21/2020	\$490.84
04/27/2020	\$1,759.58	08/24/2020	\$2,869.42
11/24/2020	\$4,661.71	12/04/2020	\$1,435.51
02/09/2021	<\$642.83>	04/28/2021	\$2,305.45
08/31/2021	\$1,987.23		

Issue 10. Code section 10176(g). Undisclosed compensation.

95. According to Respondents, Respondent WU is the President, CEO, Secretary, Treasurer, and sole shareholder of PIPS. During the audit period, DW Handyman, Rental Solution, and Lifeline Locksmith provided services to PIPS' property owners. Based on the property management agreements provided, PIPS failed to disclose on the property management

1 agreements that DW Handyman, Rental Solution, and Lifeline Locksmith were owned by
2 Respondent WU's wife Mao, in violation of Code section 10176, subdivision (g).

3 96. During the audit entrance conference on October 28, 2021, the Department's
4 auditor was informed that there was no affiliation disclosure maintained or provided to property
5 owners regarding the ownership affiliation of DW Handyman, Rental Solution, and Lifeline
6 Locksmith. The Department's auditor requested a written statement regarding Mao's title and
7 ownership/shareholder percentage of the aforementioned companies, but the statement was not
8 provided to the auditor.

9 97. On November 15, 2021, a sample "Property Management Addendum" was
10 provided to the auditor to show the changes made to disclose business/ownership affiliation to
11 DW Handyman and Rental Solutions, which stated the following: "H. To provide the best
12 service and most economic property repair, DW. Handyman, Rental Solution, as our vendor for
13 repair, does has [sic] a business relationship with PIPM."

14 98. On May 2, 2022, following the audit exit conference, Respondents provided to the
15 Department's auditor the following documents: "CorrectionDeposit1912.pdf," "2011
16 11_30_2021 Checking Statement-document.pdf," and "Pinnacle_Owner_Manual.pdf."
17 However, based on the "Pinnacle_Owner_Manual.pdf," the auditor was not able to verify the
18 date when it was created or which property owners were provided with said document.

19 **Issue 11. Code section 10159.5 and Regulation 2731. Use of unlicensed false or fictitious**
20 **name.**

21 99. During the audit period, PIPS conducted property management activities that
22 require a real estate broker license while using the following unlicensed, fictitious business
23 names: "Pinnacle International," "Pinnacle Internation Property Services," and "Pinnacle Intl
24 Property Services," in violation of Code section 10159.5 and Regulation 2731. PIPS used the

1 unlicensed fictitious names on documents including, but not limited to, rental lease agreements,
2 property management agreements, and checks.

3 **Issue 12. Code section 10159.2 and Regulation 2725. Responsibility of Corporate Officer in**

4 **Charge/Broker supervision.**

5 100. During the audit period from September 15, 2020 through August 31, 2021,
6 Respondent WU was the appointed Division Manager for PIPS. Pursuant to Code section 10164,
7 the responsibility to oversee day-to-day operations and the supervision of the licensed activities
8 of licensees and clerical staff employed with PIPS could be delegated to the Division Manager.
9 However, pursuant to Code section 10164, subdivision (b), nothing in that Code section shall be
10 construed to limit the responsibilities of MUCCIOLA, PIPS' designated broker officer, pursuant
11 to subdivision (h) of Code section 10177. A licensee accepting appointment as a manager shall
12 be subject to disciplinary action pursuant to Section 10165 for failure to properly supervise
13 licensed activity pursuant to subdivision (a) of Code section 10164.

14 101. At all times relevant herein, PIPS maintained no licensed branch offices with the
15 Department. PIPS' main office location was listed at: 3833 Schaefer Avenue Suite B, Chino,
16 California 91710. MUCCIOLA's main office location was listed at: 1285 East Washington
17 Avenue #100, El Cajon, California 92019.

18 102. Respondent MUCCIOLA was the designated officer for approximately thirteen
19 (13) separate corporations during the audit period.

20 103. Respondent MUCCIOLA canceled his designation as designated officer for PIPS
21 on or about March 25, 2022.

22 104. Respondents WU and MUCCIOLA failed to adequately supervise the activities of
23 PIPS' salespersons, employees, or agents and failed to establish policies, rules, procedures, and
24 systems to review, oversee, inspect, and manage transactions requiring a real estate license and

1 the handling of trust funds to ensure compliance with the Real Estate Law, in violation of Code
2 sections 10164, 10165, 10159.2, 10177, subdivision (h), and Regulation 2725.

3 **Issue 13. Code section 10148. Retention of records.**

4 105. On or about October 29, 2021, a Department Special Investigator served
5 Respondent MUCCIOLA with a Subpoena Duces Tecum for production of PIPS' books and
6 records for the audit examination related to its property management activities including, but not
7 limited to the following: control records, separate records, bank reconciliations for B/A 1, B/A 2,
8 B/A 3, B/A 4, B/A 5, and B/A 6. PIPS failed to retain or produce some of the requested books
9 and records which were required to be maintained pursuant to, and in violation, of Code section
10 10148.

11 106. The conduct of Respondent PIPS as described in Paragraphs 23 through 99 and
12 105, above, violated the Code and the Regulations as set forth below:

<u>Issue</u>	<u>Paragraph(s)</u>	<u>Violations</u>
1	28-41	Code section 10145 and Regulation 2832.1
3	42-60	Code section 10145 and Regulation 2831
4	61-67	Code section 10145 and Regulation 2831.1
5	68-69	Code section 10145 and Regulation 2831.2
6	70-71	Code section 10145 and Regulation 2832
7	72-74	Code section 10145 and Regulation 2834
8	75-79	Code sections 10145, 10176(e), and Regulation 2832(e)
9	80-94	Code sections 10145 and 10176(i)
10	95-98	Code section 10176(g)
11	99	Code section 10159.5 and Regulation 2731

1 Issue Paragraph(s) Violations

2 13 105 Code section 10148

3 107. The foregoing violations, as described in Paragraphs 23 through 99 and 105,
4 above, constitute cause for the suspension or revocation of the real estate licenses and license
5 rights of Respondent PIPS pursuant to the provisions of Code section 10177, subdivisions (d)
6 and/or (g) for violation of Code sections 10145, 10159.5, 10176, subdivisions (e), (g), (i), and
7 Regulations 2731, 2831, 2831.1, 2831.2, 2832, 2832.1, and 2834.

8 Respondent MUCCIOLA– Officer - Broker Supervision

9 Code sections 10159.2, 10177(h), and Regulation 2725. Broker supervision.

10 108. The conduct, acts, and/or omissions of Respondent MUCCIOLA constitutes a
11 failure to exercise the supervision and control over the activities of PIPS to ensure compliance
12 with the Real Estate Law and Regulations, as required by Code section 10159.2 and Regulation
13 2725. Said conduct, acts, or omissions constitute cause to suspend or revoke the real estate
14 licenses and license rights of Respondent MUCCIOLA pursuant to Code section 10177,
15 subdivisions (h), (d), and/or (g).

16 Respondent WU– Designated Division Manager - supervision

17 Code sections 10164, 10165, 10177(d), 10177(h), and Regulation 2725.

18 109. The conduct, acts, and/or omissions of Respondent WU constitutes a failure to
19 exercise the supervision and control over the activities of PIPS to ensure compliance with the
20 Real Estate Law and Regulations, as required by Code sections 10164, 10159.2 and Regulation
21 2725. Said conduct, acts, or omissions constitute cause to suspend or revoke the real estate
22 licenses and license rights of Respondent WU pursuant to Code sections 10164, 10165, 10177,
23 subdivisions (d), (h), and/or (g).

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1 Audit Costs

2 110. Code section 10148(b) provides, in pertinent part, that the Commissioner shall
3 charge a real estate broker for the cost of any audit, if the Commissioner has found in a final
4 decision following a disciplinary hearing that the broker has violated Code section 10145 or a
5 regulation or rule of the Commissioner interpreting said section.

6 Investigation/Enforcement Costs

7 111. Code section 10106 provides, in pertinent part, that in any order issued in
8 resolution of a disciplinary proceeding before the Department of Real Estate, the Commissioner
9 may request the administrative law judge to direct a licensee found to have committed a violation
10 of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement
11 of the case.

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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this
2 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
3 against all licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of
4 Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and
5 enforcement as permitted by law, and for such other and further relief as may be proper under
6 other provisions of law.

7 Dated on Aug 18, 2022 at San Diego, California.

8

9

Veronica Kilpatrick

10

VERONICA KILPATRICK
Supervising Special Investigator

11

12 cc: Pinnacle International Property Services
13 Dean Wu
14 Joshua A. Rosenthal, Esq.
15 James William Mucciola
16 Scott J. Harris, Esq.
17 Veronica Kilpatrick
18 Sacto
19 Audits/Shirley Tan
20
21
22
23
24