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DEPT. OF REAL ESTATE
By 

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against
13 REAL ESTATE XPERTS, INC.,
14 Respondent.

DRE No. H-42360 LA
ACCUSATION

15 The Complainant, Maria Suarez, a Supervising Special Investigator for the Department of
16 Real Estate¹ (“Department”) of the State of California, for cause of Accusation against REAL
17 ESTATE XPERTS, INC. (collectively “Respondent”), alleges as follows:

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

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

3 3. Respondent is presently licensed and/or has license rights under the Real Estate
4 Law (Part 1 of Division 4 of the Code).

5 4. On March 1, 2010, the Department issued a real estate corporation license to
6 Respondent REAL ESTATE XPERTS, INC. (“REXI”), License ID 01877959. Respondent
7 REXI’s license is scheduled to expire on February 28, 2026. Respondent REXI’s license status is
8 currently in non-working status or “NBA” for “No Business Address.” The licensee may not
9 perform acts for which a real estate license is required in California.

10 5. On August 24, 2005, the Department issued a real estate broker license to Sunil
11 Kirit Mehta (“Mehta”), License ID 01485497. Mehta’s broker license expired on October 19,
12 2021. Mehta had renewal rights pursuant to Code section 10201. The Department retains
13 jurisdiction pursuant to Code section 10103.

14 6. On November 17, 2021, the Department filed an Accusation against Mehta and
15 Laurus Group, Inc. in Case No. H-42137 LA. The Accusation alleged cause to discipline
16 Mehta’s real estate license pursuant to Code section 10177, subdivisions (h) and (d) for violation
17 of Code section 10159.2 and Regulation 2725.

18 7. An administrative hearing for Case No. H-42317 LA was held on August 11,
19 2022. The Department subsequently revoked Mehta’s real estate broker license effective
20 November 2, 2022.

21 8. From on or about October 20, 2010 through November 2, 2022, MEHTA was
22 licensed as the Officer for REXI.

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1 9. From on or about October 20, 2010 through November 2, 2022, Respondent
2 REXI was licensed as a corporate real estate broker by and through MEHTA as designated
3 officer of Respondent REXI to qualify said corporation and to act for said corporation as a real
4 estate broker.

5 10. From on or about October 20, 2010 through November 2, 2022, MEHTA was the
6 designated officer for Respondent REXI, pursuant to Code section 10211. As the designated
7 officer for REXI, MEHTA, was responsible for the supervision and control of the activities
8 conducted on behalf of REXI by its officers, agents, real estate licensees, and employees, as
9 necessary to secure full compliance with the provisions of the Real Estate Law, pursuant to
10 Code section 10159.2.

11 11. Whenever reference is made in an allegation in this Accusation to an act or
12 omission of Respondent REXI, such allegation shall be deemed to mean that the officers,
13 directors, employees, agents and/or real estate licensees employed by or associated with
14 Respondent REXI, committed such act or omission while engaged in the furtherance of the
15 business or operations of such corporate respondent and while acting within the course and
16 scope of their authority and employment.

17 12. At all times relevant herein, in the State of California, Respondent REXI engaged
18 in activities that require a real estate broker license within the meaning of Code section 10131,
19 subdivision (a). Respondent REXI's activities included soliciting sellers and buyers for the
20 listing, sale and purchase of real property, negotiating the purchase and sale of real property on
21 behalf of buyers and sellers, including negotiating short sales of real property on behalf of buyers
22 and sellers, for compensation or in expectation of compensation.

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1 13. At all times relevant herein, in the State of California, Respondent REXI also
2 conducted broker-controlled escrows activities. The broker escrows were conducted under the
3 exemption set forth in California Financial Code Section 17006(a)(4) for real estate brokers
4 performing escrows incidental to a real estate transaction where the broker is an agent or a party
5 to the transaction and in which the broker is performing acts for which a real estate license is
6 required.

7 Cause of Accusation

8 Audit LA200124

9 14. On or about August 31, 2021, the Department completed a routine audit
10 examination of the books and records of Respondent REXI's real estate activities to determine
11 whether REXI handled and accounted for trust funds and performed real estate activities in
12 compliance with the Code and Regulations.

13 15. The audit examination covered the period from March 1, 2020 through February
14 26, 2021 ("audit period"). The audit was limited to REXI's broker escrow activities.

15 16. The audit examination revealed violations of the Code and the Regulations as set
16 forth in the following paragraphs, and more fully discussed in Audit Report LA200124 and the
17 exhibits and work papers attached to said audit report.

18 17. According to Respondents, MEHTA is the sole owner and shareholder of REXI.
19 During the audit period, Respondent REXI closed approximately 91 escrow transactions and
20 collected trust funds amounting to approximately \$11,761,323.00.

21 18. According to Mehta, Respondent REXI maintained the following trust account to
22 hold and collect trust funds for multiple beneficiaries to hold and/or collect escrow trust funds
23 for its broker escrow activities during the audit period:

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1 Trust Account 1 (TA 1)

2 Bank: Citizens Bank

3 Account #: xxxxx3523

4 Signor: MEHTA

5 Account Name: Real Estate Xperts, Inc. – DBA Real Estate Xperts, A Non

6 Independent Broker Escrow

7 Escrow Division – Escrow Trust Account

8 Violations

9 19. In the course of its broker escrow activities during the audit period, Respondent
10 REXI acted in violation of the Code and the Regulations as follows:

11 Issue 1. Regulations 2832.1, 2950(g), 2951, and Code section 10145. Trust fund handling for
12 multiple beneficiaries/When broker handles escrow.

13 20. A bank reconciliation for TA 1 was prepared for the audit cutoff date of
14 February 26, 2021. The adjusted bank balance was compared to the total balance of the separate
15 beneficiary records (accountability).

16 21. As of February 26, 2021, TA 1 had a minimum trust fund shortage of
17 <\$34,824.38>. The shortage was due to minimum unauthorized disbursements/ commingling/
18 conversion of funds in the amount of <\$28,375.00.> and an unidentified shortage in the amount
19 of <\$6,449.38>.

20 22. Based on examination of bank statements for TA 1, on January 12, 2021, REXI
21 transferred trust funds, via a wire transfer of \$28,375.00, from TA 1 into REXI's general account
22 (GA 1, Wells Fargo Bank Account 8802) for payments and expenses not related to escrows
23 closed by REXI. Funds transferred were not traceable to fees earned for escrows closed by REXI
24 during the audit period.

1 23. Respondent REXI failed to provide any evidence that the owners of the trust
2 funds in TA 1 had given their written consent to allow REXI to reduce the balance of the funds
3 in TA 1 to an amount less than the existing aggregate trust fund liabilities, in violation of
4 Regulations 2832.1, 2950(g), 2951 and Code section 10145.

5 24. On or about July 20, 2021, Respondent REXI transferred funds from GA1 to
6 TA 1 to cure the trust fund shortage of <\$34,824.38> in TA 1 as of February 26, 2021.
7 Issue 2. Code sections 10145(a), 10176(e), 10176(i), and Regulation 2950(g). Commingling,
8 unauthorized disbursements, and conversion/When broker handles escrow.

9 25. In January of 2021, Respondent REXI transferred trust funds totaling \$28,375.00
10 from TA 1 into GA 1 via a wire transfer and commingled trust funds with REXI's general funds
11 in GA 1. REXI made unauthorized disbursements and commingled/converted trust funds totaling
12 \$28,375.00, and REXI paid for expenses not related to escrow transactions without written
13 instructions from parties paying money into escrow, in violation of Code sections 10145(a),
14 10176(e), 10176(i), and Regulation 2950(g). Examples of disbursements/converted trust funds
15 include, but are not limited to, the following:

<u>Disbursement</u>	<u>Paid to/Description</u>	<u>Amount</u>
17 01/22/2021	Check #3560	\$14,242.50
18 01/25/2021	American Express ACH Payment S. Mehta 210125M7510	\$1,191.00
19 02/02/2021	American Express ACH Payment S. Mehta 210202A0156	\$1,191.00
20 02/02/2021	Check #3570	\$12,815.82
21 02/03/2021	Venmo Payment 5207576598 MEHTA	\$200.00
22 02/03/2021	Check #3566	\$1,562.24
23 02/05/2021	Check #3556	\$10,000.00

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1	<u>Disbursement</u>	<u>Paid to/Description</u>	<u>Amount</u>
2	02/08/2021	Cres Insurance Payment 210205#122149437	\$194.00
3	02/10/2021	Venmo Payment 5248294207 MEHTA	\$300.00
4	02/12/2021	Check #3557	\$4,000.00
5	02/18/2021	American Express ACH Payment S. Mehta 210218W4490	\$1,600.00
6	02/25/2021	210225 Real Estate	\$727.26
7		TOTAL	\$48,023.82

8 26. Further, the trust funds deposited into GA 1 were disbursed and used for REXI's
9 general expenses. Trust funds transferred from TA 1 to GA 1 were not traceable to fees earned
10 for any escrows closed by REXI during the audit period. The balance in GA 1 was reduced to an
11 amount that was less than the amount of trust funds deposited into GA 1. As of February 26,
12 2021, GA 1 had a bank balance of \$727.26.

13 Issue 3. Regulations 2831, 2950(d), 2951, and Code section 10145. Trust fund records to be
14 maintained/When broker handles escrow.

15 27. During the audit period, Respondent REXI failed to maintain accurate and/or
16 complete record of all trust funds received and disbursed (control record) from TA 1 for broker
17 escrow activities, in violation of Regulation 2381, 2950(d), 2951, and Code section 10145.

18 28. The following is an example of the inaccurate recording of trust funds:

19	<u>TA 1, date disbursed</u>	<u>TA 1, amount disbursed</u>	<u>Control record, Amount</u>	<u>Deposited to</u>
20	01/12/2021	\$28,735.00	Not recorded	GA 1
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22	///			
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1 Issue 4. Regulations 2831.1, 2950(d), 2951, and Code section 10145. Separate records for each
2 beneficiary or transaction/When broker handles escrow.

3 29. During the audit period, Respondent REXI failed to maintain accurate and
4 complete separate records for each beneficiary or transaction for TA 1, in violation of
5 Regulations 2831.1, 2950(d), 2951, and Code section 10145.

6 30. On January 12, 2021, REXI made a wire transfer for the amount of \$28,735.00
7 (the wire beneficiary name was REXI) from TA 1 was disbursed to GA 1. Said disbursement
8 was not recorded on TA 1's separate record.

9 Issue 5. Regulations 2831.2, 2950(d), 2951, and Code section 10145. Trust account
10 reconciliation/When broker handles escrow.

11 31. During the audit period, REXI failed to maintain complete and accurate monthly
12 reconciliations comparing the balance of all separate beneficiary or transaction records (separate
13 records) to the balance of all trust funds received and disbursed (control record) for TA 1, in
14 violation of Regulations 2831.2, 2950(d), 2951, and Code section 10145.

15 32. On August 13, 2021, Respondents provided monthly reconciliation reports for
16 TA 1 to the Department's auditor, after the audit examination had been concluded and an exit
17 conference had been held on August 12, 2021.

18 Issue 6. Code section 10141.6. Notification of escrow activities.

19 33. Based on an examination of REXI's escrow transaction files and escrow log,
20 during the audit period from March 2020 through December 2020, Respondent REXI closed
21 approximately 75 escrows with an aggregate total of approximately \$47,993,303.00. Therefore,
22 REXI met the escrow threshold and failed to submit an escrow activity report to the Department
23 within 60 days after the end of the 2020 calendar year, in violation of Code section 10141.6.

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1 34. The 2020 escrows included, but are not limited to, the following escrows:

2	<u>Dated closed</u>	<u>Escrow No.</u>	<u>Amount</u>
3	05/19/2020	1284-CJ	\$795,000.00
4	08/14/2020	1303-CJ	\$680,000.00
5	10/15/2020	1325-CJ	\$2,949,375.00
6	11/12/2020	1342-CJ	\$1,350,000.00
7	11/16/2020	1344-CJ	<u>\$840,000.00</u>
8		TOTAL =	\$6,614,375.00

9 Issue 7. Code sections 10145, 10176(g), and Regulation 2830. Undisclosed compensation/secret
10 profit/broker placement of trust funds with financial institutions.

11 35. Respondent REXI failed to disclose in writing to the owners who had trust funds
12 in TA 1, that REXI was engaged in an earnings credit relationship with Citizens Business Bank,
13 in violation of Code section 10145, Code section 10176, subdivision (g), and Regulation 2830.
14 REXI received earnings credit from trust funds available in TA1 in connection with REXI's
15 broker escrow activity. During December 2020 through February 2021, REXI received earnings
16 credit totaling \$193.00 from trust funds available in TA1. The monthly earnings credit was used
17 to offset the bank service charges incurred for TA1.

18 36. According to MEHTA and an examination of a "Master Analysis Statement"
19 provided for the audit, REXI received earnings credit allowance from funds available in TA1 and
20 GA2 and bank service charges incurred in both accounts.

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1 37. The conduct of Respondent REXI as described above in Issues 1 through 7,
2 Paragraphs 20 through 36, violated the Code and the Regulations as set forth below:

3	<u>Issue</u>	<u>Paragraph(s)</u>	<u>Violations</u>
4	1	20-24	Regulations 2832.1, 2950(g), 2951, and Code section 10145
5	2	25-26	Code sections 10145(a), 10176(e), 10176(i), and Regulation 2950(g)
6	3	27-28	Regulations 2831, 2950(d), 2951, and Code section 10145
7	4	29-30	Regulations 2831.1, 2950(d), 2951, and Code section 10145
8	5	31-32	Regulations 2831.2, 2950(d), 2951, and Code section 10145
9	6	33-34	Code section 10141.6
10	7	35-36	Code sections 10145, 10176(g), and Regulation 2731

11 38. The foregoing violations, as described above in Issues 1 through 7, Paragraphs 20
12 through 36, constitute cause for the suspension or revocation of the real estate licenses and
13 license rights of Respondent REXI pursuant to the provisions of Code section 10176,
14 subdivisions (e),(g), and (i); and Code section 10177, subdivisions (d) and/or (g).

15 Audit Costs

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

20 Investigation/Enforcement Costs

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

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

9 Dated Dec 15, 2022 at Los Angeles, California.

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Maria Suarez

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MARIA SUAREZ
Supervising Special Investigator

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14 cc: Real Estate Xperts, Inc.
15 Sunil Kirit Mehta
16 Maria Suarez
Sacto
Audits/Mandeep Sidhu

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