

**FILED**

**MAR 10 2023**

**DEPT. OF REAL ESTATE**

By *Emmy*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Accusation of:	)	
	)	DRE No. H-42360 LA
REAL ESTATE XPERTS INC,	)	
	)	
Respondent(s).	)	

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DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on February 15, 2023, and the Findings of Fact set forth herein, which are based on one or more of the following: (1) The express admissions of Respondent, REAL ESTATE XPERTS INC. (“Respondent”); (2) affidavits; and (3) other evidence.

This Decision revokes one or more real estate licenses on the grounds of the violation of the Real Estate Law, Part 1 commencing with Section 10000 of the Business and Professions Code (“Code”) and/or the Regulations of the Real Estate Commissioner, Title 10, Chapter 6 of the California Code of Regulations (“Regulations”).

Pursuant to Government Code Section 11521, the California Department of Real Estate (“the Department”) may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Department’s power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license, or to the reduction of a penalty, is controlled by Section 11522 of the Government Code. A copy of Government Code Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

## FINDINGS OF FACT

1.

On December 15, 2022, Maria Suarez made the Accusation in her official capacity as a Supervising Special Investigator of the Department. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, return receipt requested, to Respondent's last known mailing address on file with the Department on December 29, 2022.

2.

On February 15, 2023, no Notice of Defense having been received or filed herein within the time prescribed by Section 11506 of the Government Code, Respondent's default was entered herein.

3.

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

4.

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

5.

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

6.

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

7.

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

8.

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

9.

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

10.

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

11.

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

12.

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

13.

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

14.

To date, the Department has incurred investigation costs totaling \$477.80, audit costs totaling \$9,187.50, and enforcement costs totaling \$2,184.00.

15.

Attached as Exhibit "A" is a true and correct copy of the Accusation filed on December 29, 2022, which is incorporated herein as part of this Decision.

DETERMINATION OF ISSUES

1.

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

2.

The standard of proof applied was clear and convincing evidence to a reasonable certainty.

ORDER

All licenses and licensing rights of Respondent REAL ESTATE XPERTS INC. under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on 4/10/2023.

DATED: 2/28/23.

DOUGLAS R. McCAULEY  
REAL ESTATE COMMISSIONER



By: Marcus L. McCarther  
Chief Deputy Real Estate Commissioner

1 Department of Real Estate  
2 320 West Fourth St, Ste 350  
3 Los Angeles, CA, 90013

**FILED**

FEB 15 2023

DEPT. OF REAL ESTATE  
By A. P. Sted

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8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA


10 \* \* \*

11 In the Matter of the Accusation of: ) DRE NO. *H-42360 LA*  
12 REAL ESTATE XPERTS INC , ) DEFAULT ORDER  
13 Respondent. )  
14 \_\_\_\_\_ )

15 Respondent REAL ESTATE XPERTS INC , having failed to file a Notice of  
16 Defense within the time required by Section 11506 of the Government Code, is now in  
17 default. It is, therefore, ordered that a default be entered on the record in this matter.

18 IT IS SO ORDERED FEBRUARY 14, 2023.

19 DOUGLAS R. McCAULEY  
20 REAL ESTATE COMMISSIONER

21   
22 By: Chika Sunquist (Feb 14, 2023 15:17 PST)  
23 CHIKA SUNQUIST  
24 Assistant Commissioner, Enforcement  
25  
26  
27

1 LISSETE GARCIA, Counsel (SBN 211552)  
2 Department of Real Estate  
3 320 West 4th Street, Suite 350  
4 Los Angeles, California 90013-1105  
5 Telephone: (213) 576-6982  
6 Direct: (213) 576-6914  
7 Fax: (213) 576-6917  
8 *Staff Attorney for Department of Real Estate*

FILED  
DEC 29 2022  
DEPT. OF REAL ESTATE  
By *[Signature]*

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BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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<p>In the Matter of the Accusation against  REAL ESTATE XPERTS, INC.,  Respondent.</p>	<p>DRE No. H-42360 LA  <u>ACCUSATION</u></p>
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The Complainant, Maria Suarez, a Supervising Special Investigator for the Department of Real Estate<sup>1</sup> ("Department") of the State of California, for cause of Accusation against REAL ESTATE XPERTS, INC. (collectively "Respondent"), alleges as follows:

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

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

<sup>1</sup> Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 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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Trust Account 1 (TA 1)

Bank: Citizens Bank

Account #: xxxxx3523

Signor: MEHTA

Account Name: Real Estate Xperts, Inc. – DBA Real Estate Xperts, A Non  
Independent Broker Escrow

Escrow Division – Escrow Trust Account

Violations

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

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

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

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

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

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