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BUREAU OF REAL ESTATE

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BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of

MICHAEL J. SEKO and
LAI F. SAECHAO,

Respondents.

No. H-6216 SAC

ACCUSATION

The Complainant, TRICIA D. PARKHURST, in her official capacity as a Deputy Real Estate Commissioner of the State of California, brings this Accusation against MICHAEL J. SEKO and LAI F. SAECHAO (collectively "Respondents"), and is informed and alleges as follows:

1

Respondent MICHAEL J. SEKO, ("Respondent SEKO"), is presently licensed by the Bureau¹ of Real Estate ("the Bureau") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code ("the Code"), as a real estate broker.

¹ Effective July 1, 2013, the Department of Real Estate has become the Bureau of Real Estate pursuant to the Governor's Reorganization Plan of 2012. All actions taken by and references to the Bureau of Real Estate include its predecessor Department of Real Estate.

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At no time has Respondent SEKO registered the fictitious business name "LLC Professional Services" with the Bureau. At all times mentioned herein, the fictitious business name "LLC Professional Services" was a sole proprietorship owned and operated by Respondent LAI F. SAECHAO, and at no time was "LLC Professional Services" registered with the California Secretary of State as a corporation, limited liability company or any other business entity.

3

Respondent LAI F. SAECHAO ("Respondent SAECHAO") is presently licensed by the Bureau and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Code, as a real estate salesperson. At no time has Respondent SAECHAO been licensed by the Bureau as a real state broker.

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At all times mentioned herein, Respondent SAECHAO was registered with the Bureau as an employee of Respondent SEKO.

5

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

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At all times mentioned herein, Respondents engaged in activities on behalf of others within the State of California for or in expectation of compensation, for which a real estate license is required under:

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Section 10131(a) of the Code, including the operation and conduct of a real estate brokerage that included the sale or offer of sale, purchase or offer of purchase, solicitation of prospective sellers and purchasers of, solicitation or obtaining listings of, or negotiations of the purchase, sale or exchange of real property or a business opportunity; and

Section 10131.2 of the Code, including the claiming, demanding, charging, receiving, collecting or contracting for the collection of an advance fee in connection with any employment undertaken to promote the sale or lease of real property or of a business opportunity by advance fee listing, advertisement or other offering to sell, lease, exchange or rent property or a business opportunity, or to obtain a loan or loans thereon.

FIRST CAUSE FOR DISCIPLINE

As Against Respondent SAECHAO

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Each and every allegation in paragraphs 1 through 6, inclusive, above, is incorporated by this reference as if fully set forth herein.

8

In the course of the licensed activities described in paragraph 6, above, in or about December 2012, Respondents entered into a listing agreement with homeowner Bryan C. ("Seller"), whereby Seller granted Respondents employment and authorization to sell and offer to sell, solicit prospective purchasers of, and negotiate the purchase and sale of his residential property identified as 47 Naponee Court, Sacramento, California ("the Property").

9

At all times mentioned herein, the value of the Property was less than the total amount due under the promissory note(s) secured by the encumbrance and Seller was subject to default and loss of the property through foreclosure or through a trustee's sale. On or about August 31, 2012 a Notice of Default and Election to Sell ("Notice of Default") was recorded. On or about December 7, 2012, a Notice of Trustee's Sale was recorded setting the sale date for the Property

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1 on December 31, 2012. On or about December 28, 2012, the sale date was cancelled and
2 foreclosure proceeding were put on hold, however the Notice of Default was never rescinded
3 and remained in effect.

4 10

5 On or about December 30, 2012, Respondent SAECHAO received an offer from real
6 estate broker Gary Stoll on behalf of his client Kun H. ("Buyer"), to purchase the Property. On
7 or about January 4, 2013, Respondent SAECHAO submitted a counter-offer to Mr. Stoll on
8 behalf of her client, Seller, which contained two addendums. The second addendum, labeled as
9 "No. ssdic/2", ("2nd Addendum"), contained terms and conditions, including, but not limited to
10 the following:

11 *"...10. Buyer(s) acknowledges that there is Professional*
12 *Third Party Short Sale Servicer and in place of Seller(s) incapacity*
13 *to pay for the fee if Buyer wishes to purchase the home Buyer*
14 *hereby agree to pay in the amount of \$2,350.00 to LLC*
15 *Professional Services. This fee may be in addition to the offer*
16 *price therefore shall be considered carefully. Disclosure to Buyer:*
17 *LLC Professional Services and Listing Agent/Broker are Affiliated.*

18 *11. If Buyer wishes to proceed with the sale after*
19 *reviewing all the terms and disclosures within the counter offers*
20 *and ssdiscs and addendums if any seller credits are approved the*
21 *credits will first be applied to the third party short sale servicer,*
22 *any remaining seller credit approved will then be applied to other*
23 *buyers closing costs.*

24 *12. Buyer to deposit Earnest Money deposit upon*
25 *acceptance by both Buyer(s) and Homeowner(s), if at anytime*
26 *prior to 60 days from the date the RPA d is accepted between*
27 *buyer and homeowner the Buyer withdraws their offer the Buyer*
forfeits EMD. Liquidated damages will be used to pay for Broker
Commissions and Negotiating Fees."

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On or about January 11, 2013, Buyer accepted Seller's counter-offer, including, but not
limited to, the 2nd Addendum in its entirety.

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On or about February 14, 2013, Seller obtained written authorization from the U.S. Department of Housing and Urban Development ("HUD") to participate in the HUD pre-foreclosure sale program ("HUD short-sale authorization"), which stayed foreclosure proceedings on the Property until April 14, 2013. This HUD short-sale authorization was not an approval or acceptance of the purchase agreement entered into between Seller and Buyer, identified above, but was simply an authorization for Seller to participate in HUD's short-sale program which set forth various terms and conditions of a short-sale, including, but not limited to, specified minimum sales price and deadlines for contract submissions.

On or about April 3, 2013, Buyer paid funds in the amount of \$2,350.00 to "LLC Professional Services", in compliance with paragraph no. 10 of the 2nd Addendum, on Seller's behalf. Said trust funds were deposited by Respondent SAECHAO on or about April 4, 2014, into the bank account identified below.

At all times herein mentioned, Respondent SAECHAO accepted or received funds in trust ("trust funds") in connection with the licensed activities identified in paragraph 6, above, and deposited, caused to be deposited, or directed that the trust funds be deposited into the following bank account maintained by Respondent SAECHAO, and thereafter, from time-to-time, Respondent SAECHAO made, caused, or directed disbursements of said trust funds, identified as follows:

Bank Name:	US Bank
Account No.:	Last 4 Digits: 9783
Account Name:	"Lai F. Saechao DBA LLC Professional Services"
Signatories:	Respondent SAECHAO

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At no time was the purchase agreement entered into between Seller and Buyer, identified above, or any other subsequent purchase agreement between Seller and Buyer, approved and accepted by Seller's lender, HUD, or any other entity.

On or about August 1, 2013, the Property was sold at a trustee's sale, and the lender transferred ownership of the Property to HUD.

Respondent SAECHAO failed to successfully negotiate the short-sale purchase of the Property for the Buyer and Seller, and thus failed to earn the "Professional Third Party Short Sale Servicer" fees (also referred to in the 2nd Addendum as "Negotiator Fees") paid by Buyer on Seller's behalf to Respondent SAECHAO's company "LLC Professional Services" in the amount of \$2,350.00 pursuant to the terms of the 2nd Addendum.

The "Professional Third Party Short Sale Servicer" fee, also referred to as a "Negotiator Fee" in the 2nd Addendum, that Buyer paid to "LLC Professional Services" was an "advance fee" within the meaning of Sections 10026 and 10146 of the Code, because it was paid before Respondent SAECHAO or her sole proprietorship "LLC Professional Services" completed and successfully negotiated the short-sale purchase of the Property.

Respondent SAECHAO failed to deliver the trust funds identified in paragraph 14, above, to her broker, Respondent SEKO, or at her broker's direction into the hands of the broker's principal, into a neutral escrow depository, or into her broker's trust fund account in violation of Section 10145, subdivision (c) of the Code, and Section 2832 of Title 10 of the California Code of Regulations ("the Regulations"), which constitutes grounds for the suspension or revocation of the license and license rights of Respondent SAECHAO pursuant to Section 10177(d) and/or 10177(g) of the Code.

Respondent SAECHAO claimed, demanded, charged, received, collected and/or contracted for the advance fees paid by Buyer on Seller's behalf, identified in paragraphs 10 and 13, above, and failed to submit the advance fee agreements and all materials used in obtaining the advance fee agreements to the Bureau prior to use, including, but not limited to, the 2nd Addendum to the Purchase Agreement, without first obtaining a "No Objection Letter" from the Bureau as required by Sections 10085 of the Code, and Section 2970 of the Regulations. Said acts and/or omissions of Respondent SAECHAO constitute grounds for the suspension or revocation of the license and license rights of Respondent SAECHAO pursuant to Section 10177(d) and/or 10177(g) of the Code.

Respondent SAECHAO collected and retained the fees paid by the Buyer to Respondent SAECHAO's unlicensed company "LLC Professional Services" as identified in paragraph 13, above, in violation of Section 10137 of the Code, and failed to disclose the collection of said fees to her employing broker, Respondent SEKO. Said acts and/or omissions of Respondent SAECHAO constitutes grounds for the suspension or revocation of the license and license rights of Respondent SAECHAO pursuant to Sections 10176(g), 10176(i), 10177(j), and 10177(d) and/or 10177(g) of the Code.

SECOND CAUSE FOR DISCIPLINE

As Against Respondent SEKO

Each and every allegation in paragraphs 1 through 21, inclusive, above, is incorporated by this reference as if fully set forth herein.

At all times mentioned herein, Respondent SEKO, as the employing broker of Respondent SAECHAO, was required to exercise reasonable supervision and control over the

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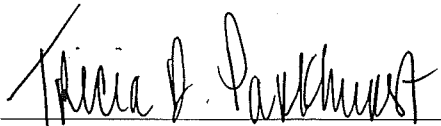
1 activities of Respondent SAECHAO pursuant to Section 2725 of the Regulations. Respondent
2 SEKO failed to exercise reasonable supervision over the acts and/or omissions of Respondent
3 SAECHAO in such a manner as to allow the acts and/or omissions as described in the First
4 Cause for Discipline, above, to occur. Specifically, Respondent SEKO failed to review
5 Respondent SAECHAO's transactions, including, but not limited to the transaction involving the
6 Property identified above, and he failed to have any written policies or procedures for
7 Respondent SAECHAO to follow in the conduct of her licensed activities. Respondent SEKO
8 failed to provide training to Respondent SAECHAO, failed to hold regular meetings with her,
9 and he had no access to her transaction files, including the transaction file involving the
10 Property, identified above. Said acts and/or omissions of Respondent SEKO were in violation of
11 Section 2725 of the Regulations, and constitute grounds for the suspension or revocation of all
12 licenses and license rights of Respondent SEKO under Sections 10177(h), and 10177(d) and/or
13 10177(g) of the Code.

14 COST RECOVERY

15 Section 10106 of the Code provides, in pertinent part, that in any order issued in
16 resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the
17 Administrative Law Judge to direct a licensee found to have committed a violation of this part to
18 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

19 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this
20 Accusation and that upon proof thereof, a decision be rendered revoking all licenses and license
21 rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the Business and
22 Professions Code), for the cost of investigation and enforcement as permitted by law, and for
23 such other and further relief as may be proper under other provisions of law.

24 Dated at Sacramento, California,
25 this 24th day of January, 2015.

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27 TRICIA D. PARKHURST
Deputy Real Estate Commissioner

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DISCOVERY DEMAND

Pursuant to Sections 11507.6, et seq. of the Administrative Procedure Act, the Bureau of Real Estate hereby makes demand for discovery pursuant to the guidelines set forth in the Administrative Procedure Act. Failure to provide Discovery to the Bureau of Real Estate may result in the exclusion of witnesses and documents at the hearing or other sanctions that the Office of Administrative Hearings deems appropriate.