

1 RICHARD K. UNO, Counsel III (SBN 98275)
2 Bureau of Real Estate
3 P. O. Box 137007
4 Sacramento, CA 95813-7007
5 Telephone: (916) 263-8670
6 (916) 263-3767 (Fax)
7 (916) 263-8679 (Direct)

FILED

SEP 14 2016
BUREAU OF REAL ESTATE
By B. Nicholas

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 LAGUAN EUGENE LEA and)
14 LEA PANNELL REALTY, INC.)
Respondents.)

No. H- 6437 SAC
ACCUSATION

15 The Complainant, TRICIA PARKHURST, a Supervising Special Investigator of
16 the State of California, for Accusation against Respondents LAGUAN EUGENE LEA (LEA),
17 and LEA PANNELL REALTY, INC. (LPR), sometimes collectively referred to as Respondents,
18 is informed and alleges as follows:

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20 The Complainant makes this Accusation against Respondents in her official
21 capacity.

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23 LEA is presently licensed and/or has license rights under the Real Estate Law,
24 Part 1 of Division 4 of the California Business and Professions Code (Code), by the Bureau of
25 Real Estate (Bureau) as a real estate broker.

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LPR is presently licensed and/or has license rights by the Bureau as a corporate real estate broker.

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At all times mentioned herein, LEA was the designated broker-officer of LPR. As the designated broker-officer, LEA was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of officers, agents, real estate licensees and employees of LPR for which a real estate license is required to ensure the compliance of the corporation with the Real Estate law and the Regulations.

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At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131(b) of the Code, including the operation and conduct of a property management business with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondents leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

FIRST CAUSE OF ACTION

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Complainant refers to Paragraphs 1 through 5, above, and incorporates the same, herein, by reference.

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Beginning on August 10, 2015, and continuing intermittently through January 29, 2016, an audit was conducted at LPR's branch office located at 1768 Tuolumne Street, Vallejo, California, and at the Bureau's district office located at 1515 Clay Street, Oakland, California,

1 where the auditor examined records for the period of January 1, 2014, through August 1, 2015
2 (the audit period).

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4 While acting as a real estate broker as described in Paragraph 4, above, and
5 within the audit period, LPR accepted or received funds in trust (trust funds) from or on behalf
6 of property owners, lessees and others in connection with property management activities, and
7 deposited or caused to be deposited those funds into bank accounts maintained by LPR, at
8 Umpqua Bank, 876 A Admiral Callaghan Lane, Vallejo, CA 94591 as described below:

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BANK ACCOUNT #1	
Account No.:	XXX3703
Entitled:	Lea Pannell Realty Inc. Trust Account

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BANK ACCOUNT #2	
Account No.:	XXX3791
Entitled:	Lea Pannell Realty Inc General Account

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BANK ACCOUNT #3	
Account No.:	XXX3712
Entitled:	Languan Lea Sheryl Pannell Lea Laurence E Lea

12 and thereafter from time-to-time made disbursement of said trust funds.

In the course of the activities described in Paragraph 4, in connection with the collection and disbursement of trust funds, it was determined that:

- (a) LPR failed to designate Bank Account #2 and Bank Account #3 as trust accounts as required by Section 2832 of Chapter 6, Title 10, California Code of Regulations (Regulations);
- (b) An accountability was performed on Bank Account #1, and as of July 31, 2015, a shortage of \$153,677.48 was revealed in violation of Section 10145 of the Code;
- (c) LPR failed to obtain written permission from owners of trust funds in Bank Account #1 to allow the balance to drop below accountability, in violation of Section 2832.1 of the Regulations;
- (d) LPR allowed an unlicensed and un-bonded individual to be a signatory on Bank Account #1, Bank Account #2 and Bank Account #3, in violation of Section 2834 of the Regulations and
- (e) LPR conducted real estate activities under the name "Lea Pannell Realty, Inc.", which was not licensed by the Bureau as a corporate real estate broker, in violation of Section 10130 of the Code.

The acts and/or omissions described above constitute violations of Sections 2832 (trust fund designation), 2832.1 (written permission balance below accountability) and 2834 (trust fund signatories) of the Regulations and of Sections 10130 (licensed activity) and 10145 (trust fund handling) of the Code and are grounds for discipline under Section 10177(d) (willful disregard of real estate laws) and 10177(g) (negligence/incompetence licensee) of the Code.

1 SECOND CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 10, above, and incorporates the
4 same, herein, by reference.

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6 At all times herein above mentioned, LEA was responsible as the supervising
7 designated broker/officer for LPR, for the supervision and control of the activities conducted on
8 behalf of LPR's business by its employees to ensure its compliance with the Real Estate Law and
9 Regulations. LEA failed to exercise reasonable supervision and control over the property
10 management activities of LPR. In particular, LEA permitted, ratified and/or caused the conduct
11 described above to occur, and failed to take reasonable steps, including but not limited to, the
12 handling of trust funds, supervision of employees, and the implementation of policies, rules, and
13 systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

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15 The above acts and/or omissions of LEA violate Section 2725 of the Regulations
16 and Section 10159.2 (responsibility/designated officer) of the Code and constitute grounds for
17 disciplinary action under the provisions of Sections 10177(d), 10177(g) and 10177(h) (broker
18 supervision) of the Code.

19 Audit Costs

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21 The acts and/or omissions of Respondents, as alleged above, entitle the Bureau to
22 reimbursement of the costs of its audits pursuant to Section 10148(b) (audit costs for trust fund
23 handling violations) of the Code.

24 Costs of Investigation and Enforcement

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26 Section 10106 of the Code provides, in pertinent part, that in any order issued
27 in resolution of a disciplinary proceeding before the Bureau, the commissioner may request the

1 administrative law judge to direct a licensee found to have committed a violation of this part to
2 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

3 WHEREFORE, Complainant prays that a hearing be conducted on the
4 allegations of this Accusation and that upon proof thereof a decision be rendered imposing
5 disciplinary action against all licenses and license rights of Respondents under the Real Estate
6 Law, and for such other and further relief as may be proper under other provisions of law.

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8 TRICIA D. PARKHURST
9 Supervising Special Investigator

10 Dated at Sacramento, California,
11 this 12th day of September, 2016.

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