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FILED
JUN 02 2025
DEPARTMENT OF REAL ESTATE
By J. Targant

7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

12 LEA PANNELL REALTY, INC.,)

No. H-7449 SAC

13 and)

ACCUSATION

14 LAGUAN EUGENE LEA, individually)
15 and as designated officer of Lea Pannell)
16 Realty, Inc.,)

17 Respondents.)

18 The Complainant, HEATHER NISHIMURA, a Supervising Special
19 Investigator of the State of California, for cause of Accusation against LEA PANNELL
20 REALTY, INC. and LAGUAN EUGENE LEA (collectively referred to as
21 "Respondents"), is informed and alleges as follows:

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23 The Complainant, HEATHER NISHIMURA, a Supervising Special Investigator
24 of the State of California, makes this Accusation in her official capacity.

25 2

26 Respondents are presently licensed and/or have license rights under the Real
27 Estate Law, Part 1 of Division 4 of the Business and Professions Code ("Code").

At all times mentioned, Respondent LEA PANNELL REALTY, INC. ("LPRI") was and is licensed by the Department as a real estate broker corporation, License ID 01989224. Unless renewed, LPRI's restricted corporate broker license will expire August 16, 2025.

At all times mentioned, LAGUAN EUGENE LEA ("LEA") was and is licensed by the Department as the designated officer-broker of LPRI. As said designated officer-broker, LEA was and is responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of LPRI for which a license is required.

At all times mentioned, Respondent LEA was and is licensed by the Department individually as a real estate broker, License ID 00979478. Unless renewed, LEA's restricted broker license will expire August 16, 2025.

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

AUDIT SC-23-0077

On or about February 27, 2025, the Department completed its audit (SC-23-0077) of the books and records of LPRI's property management activities described in Paragraph 7. The auditor herein examined the records for the period of February 1, 2023, through December 31, 2024 ("audit period").

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California within the meaning of Sections 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 and offered to lease or rent, and solicited for prospective tenants of real property or improvements thereon, and collected rents from real property or improvements thereon.

While acting as a real estate broker as described in Paragraph 7, Respondents accepted or received funds in trust ("trust funds") from or on behalf of owners and tenants in connection with the leasing, renting, and collection of rents on real property or improvements thereon, as alleged herein, and thereafter from time-to-time made disbursements of said trust funds.

The trust funds accepted or received by Respondents were deposited or caused to be deposited by Respondents into accounts which were maintained by Respondents for the handling of trust funds, and thereafter from time-to-time Respondents made disbursements of said trust funds, identified as follows:

| TRUST ACCOUNT # 1 | |
|-------------------------|--|
| Bank Name and Location: | Umpqua Bank 1395 E 2 nd Street Benicia, CA 94510 |
| Account No.: | XXXXXXX8608 |
| Account Name: | Lea Pannell Realty Inc. Trust Account |
| Purpose: | Trust Account #1 was used for the deposits and disbursements related to properties under management. |

1 In the course of the property management activities described in Paragraph 7, and
2 during the audit period described in Paragraph 6, Respondents violated the Code and various
3 sections of the California Code of Regulations, Title 10, Chapter 6 (Regulations) described
4 below:

5 Trust Account Accountability and Balances

6 10

7 Trust Account #1

8 Based on the records provided during the audit, a bank reconciliation for Trust
9 Account #1 was prepared as of December 31, 2023. The adjusted bank balance was compared to
10 the sum of the balances of the Trust Account Balance Report provided by Respondents, as
11 follows:

| | |
|--------------------------|-----------------------|
| 12 Adjusted Bank Balance | \$41,577.36 |
| 13 Accountability | <u>\$163,291.61</u> |
| 14 Trust Fund Shortage | <u>(\$121,714.25)</u> |

15 A shortage of \$121,714.25 was found in Trust Account #1 as of December 31,
16 2023. Respondents provided no evidence during the audit that the owners of the trust funds had
17 given their written consent to allow Respondents to reduce the balance of the funds in Trust
18 Account #1 to an amount less than its existing aggregate trust fund liabilities, in violation of
19 Section 10145(a) of the Code and Section 2832.1 of the Regulations.

20 Trust Account Reconciliation

21 11

22 Respondents failed to reconcile the balance of separate beneficiary or transaction
23 records with the control record of trust funds received and disbursed for Trust Account #1 at
24 least once a month, as required by section 10145(a) of the Code and 2831.2 of the Regulations.

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1 FAILURE TO SUPERVISE

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3 Respondent LEA failed to exercise reasonable supervision over the acts of LPRI.
4 LEA permitted, ratified and/or caused the conduct described above, to occur, and failed to take
5 reasonable steps, including, but not limited to, the handling of trust funds, supervision of
6 employees, and the implementation of policies, rules, procedures, and systems to ensure the
7 compliance of the corporation with the Real Estate Law and the Regulations.

8 13

9 The acts and/or omissions of LEA as described in Paragraph 12 constitute failure
10 on the part of LEA, as designated officer-broker for LPRI, to exercise reasonable supervision and
11 control over the licensed activities of LPRI as required by Section 10159.2 of the Code and
12 Section 2725 of the Regulations.

13 PRIOR ADMINISTRATIVE ACTION

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15 Case No. H-6437 SAC

16 Effective July 10, 2017, in Department Case No. H-6437 SAC, the Real Estate
17 Commissioner revoked the broker license and licensing rights of LPRI and LEA, but granted the
18 right to apply for restricted broker licenses, pursuant to Code Sections 10177(d) (violations of
19 real estate law), 10177(g) (negligence or incompetence), and 10177(h) (failure to supervise),
20 based upon findings of trust fund handling violations stemming from negligence and the failure
21 to supervise the property management activities of LPRI by LEA.

22 GROUND FOR DISCIPLINE

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24 The acts and/or omissions of Respondents as alleged above constitute grounds for
25 the suspension or revocation of all licenses and license rights of Respondents, pursuant to the
26 following provisions of the Code and Regulations:

27 As to Paragraphs 10-11, under sections 10177(d) (violations of real estate law)

1 and/or 10177(g) (negligence or incompetence) of the Code.

2 16

3 The acts and/or omissions of LEA as alleged in Paragraphs 12 and 13 constitute
4 grounds for the suspension or revocation of all licenses and license rights of LEA under Sections
5 10177(d) (violations of real estate law), 10177(g) (negligence or incompetence), and
6 10159.2/10177(h) (failure to reasonably supervise) of the Code.

7 COST RECOVERY


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9 The acts and/or omissions of Respondents as alleged above entitle the Department
10 to reimbursement of the costs of its audit pursuant to Section 10148(b) of the Code.

11 18

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

17 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
18 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
19 action against all licenses and license rights of Respondents under the Code, for the cost of
20 investigation and enforcement as permitted by law, for the cost of the audit, and for such other
21 and further relief as may be proper under the provisions of law.

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23 
24 HEATHER NISHIMURA
25 Supervising Special Investigator

26 Dated at Sacramento, California,

27 This 30th day of May, 2025

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