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BUREAU OF REAL ESTATE

By K. Contreras

7
8 BEFORE THE BUREAU OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 REDWOOD REALTY, INC.,)
14 DAVID GEORGE DANIEL, and)
15 ALI HASNAIN ALI,)
Respondents.)

NO. H-11823 SF

ACCUSATION

16 The Complainant, ROBIN S. TANNER, in her official capacity as a Deputy Real
17 Estate Commissioner of the State of California, for cause of Accusation against REDWOOD
18 REALTY, INC. ("REDWOOD"), DAVID GEORGE DANIEL ("DANIEL"), and ALI
19 HASNAIN ALI ("ALI"), (collectively "Respondents"), is informed and alleges as follows:

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21 At all times relevant, REDWOOD was licensed and/or had license rights by the
22 Bureau of Real Estate ("the Bureau") as a corporate real estate broker under the Real Estate Law,
23 Part 1 of Division 4 of the Business and Professions Code ("the Code"). REDWOOD has an
24 approved Mortgage Loan Originator License Endorsement No. 313361.

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26 At all times relevant, DANIEL was licensed and/or had license rights by the
27 Bureau as a real estate broker, and was licensed by the Bureau as the designated broker/officer of

1 REDWOOD for the period from December 17, 2010 through March 25, 2012. As the designated
2 broker/officer, DANIEL was responsible, pursuant to Section 10159.2 (responsibility of corporate
3 broker in charge) of the Code for the supervision of the activities of the officers, agents, real
4 estate licensees and employees of REDWOOD for which a real estate license is required.

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6 At all times relevant, ALI was licensed and/or had license rights by the
7 Bureau as a real estate broker, and was licensed by the Bureau as the designated broker/officer
8 of REDWOOD for the period from March 26, 2012, to the present. As the designated
9 broker/officer, ALI was responsible pursuant to Section 10159.2 of the Code for the supervision
10 of the activities of the officers, agents, real estate licensees and employees of REDWOOD for
11 which a real estate license is required. ALI has an approved Mortgage Loan Originator License
12 Endorsement No. 323217.

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14 At no time has Owais Jeewanjee ("JEEWANJEE") been licensed by the Bureau
15 to conduct real estate activity in the State of California.

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17 During the period of November 11, 2010 through December 16, 2010, there was
18 no designated officer/broker affiliated with REDWOOD. Prior to November 11, 2010,
19 Abdul Latif ("LATIF"), licensed as a real estate broker, was the designated officer/broker for
20 REDWOOD. LATIF died on November 11, 2010.

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22 Whenever reference is made in an allegation in this Accusation to an act and/or
23 omission of REDWOOD, such allegation shall be deemed to mean that REDWOOD, its
24 employees, agents and/or real estate licensees employed by or associated with REDWOOD and
25 while acting within the course and scope of their authority and employment with REDWOOD
26 committed such acts and/ or omissions in the furtherance of the business or operations of
27 REDWOOD.

At all times herein mentioned, Respondents were engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers in the State of California within the meaning of Section 10131(a) of the Code, including selling or offering to sell, buying or offer to buy, soliciting prospective sellers or purchasers of, soliciting or obtaining lists of, or negotiating the purchase, sale or exchange of real property.

FIRST CAUSE OF ACTION

On or about August 12, 2012, and continuing intermittently through August 16, 2012, an audit was conducted of Respondents at their main office located at 611 Veterans Boulevard, Suite 201, Redwood City, California, and at the Bureau's District Office located at 1515 Clay Street, Suite 702, Oakland, California, where the auditor examined the records for the period of August 1, 2009, through July 31, 2012 (the audit period).

While acting as real estate brokers as described in Paragraph 7, above, and within the audit period, Respondents accepted or received funds in trust (trust funds) in the course of the real estate activities described in Paragraph 7, above, and deposited or caused to be deposited those funds into a bank account maintained by Respondents, including, but not limited to:

Bank Account #1

Comerica Bank
800 Oakrove Avenue
Menlo Park, CA 94025-4360

Account No.: XXXXXX7259

Account Name: Redwood Realty Inc

Signatories: Ali Hasnain Ali, D.O. (REB)
Owais Jeewanjee, (unlicensed)

Thereafter, Respondents from time-to-time made disbursement of said trust funds.

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2 In the course of the activities described in Paragraph 7, above, in connection with
3 the collection and disbursement of trust funds:

4 (a) Respondents failed to maintain control records for Bank Account #1, which
5 resulted in an inability by the auditor to determine the adjusted bank balance of Bank Account
6 #1. Such acts and/or omissions by Respondents violate Section 10145 (trust fund handling) of
7 the Code.

8 (b) Respondents failed to deposit the advance fees they collected from clients
9 into a trust account. Such acts and/or omissions by Respondents violate Section 10146
10 (advance fees) of the Code.

11 (c) Respondents failed to designate Bank Account #1 as a trust account. Such
12 acts and/or omissions by Respondents violate Section 10145 of the Code and Section 2832
13 (trust fund handling) of Title 10, California Code of Regulations ("Regulations").

14 (d) Respondents failed to maintain control records for Bank Account #1. Such
15 acts and/or omissions by Respondents violate Section 10145 of the Code and Section 2831
16 (trust funds records maintenance) of the Regulations.

17 (e) Respondents failed to maintain separate records for each beneficiary of
18 Bank Account #1. Such acts and/or omissions by Respondents violate Sections 10145 of the
19 Code and Section 2831.1 (separate record for each beneficiary or transaction) of the
20 Regulations.

21 (f) Respondents failed to perform and maintain records of required monthly
22 reconciliations for Bank Account #1. Such acts and/or omissions by Respondents violate
23 Section 10145 of the Code and Section 2831.2 (trust account reconciliation) of the Regulations.

24 (g) Respondents failed to furnish a verified accounting with respect to advance
25 fees to the principals of Bank Account #1 at the end of each quarter and when each contract was
26 completely performed. Such acts and/or omissions by Respondents violate Section 10145 of the
27 Code and Section 2972 (verified accounting) of the Regulations.

1 (h) Respondents allowed non-licensee JEEWANJEE to be a signatory on Bank
2 Account #1. In addition, ALI was a signatory on Bank Account #1 prior to being licensed by the
3 Bureau to conduct real estate activity in California. Such acts and/or omissions by Respondents
4 violate Section 10145 of the Code and Section 2834 (trust account withdrawals) of the
5 Regulations.

6 (i) Respondents co-mingled trust funds with non-trust funds in Bank Account
7 #1. Such acts and/or omissions by Respondents violate Sections 10176(e) (commingling) of the
8 Code and Section 2835 (commingling) of the Regulations.

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10 The acts and/or omissions of Respondents as set forth in Paragraph 10, above, are
11 grounds for the discipline of Respondents' licenses and license rights under Sections 10176(e),
12 and 10177(d) and/or 10177(g) of the Code.

13 SECOND CAUSE OF ACTION

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15 Complainant refers to Paragraphs 1 through 11, above, and incorporates the
16 same, herein by reference.

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18 After October 11, 2009, Respondents collected advance fees from at least forty-
19 one (41) borrowers in exchange for providing loan modification services. Such acts and/or
20 omissions by Respondents violate Section 10085.6 (prohibition against collecting advance fees)
21 of the Code.
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24 The acts and/or omissions of Respondents as set forth in Paragraph 12, above,
25 are grounds for the discipline of Respondents' licenses and license rights under Sections
26 10177(d) and/or 10177(g) of the Code.

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1 THIRD CAUSE OF ACTION

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4 Complainant refers to Paragraphs 1 through 14, above, and incorporates the
5 same, herein by reference.

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7 Non-licensee JEEWANJEE, on behalf of and with the knowledge and approval of
8 Respondents, solicited borrowers for loan modification services, entered into loan modification
9 agreements with clients and was involved in loan modification/renegotiation activities on behalf
10 of Respondents. Those acts were done with the knowledge and approval of Respondents. Such
11 acts and/or omissions by Respondents violate Sections 10130 (real estate license requirement)
12 and 10137 (unlawful employment of/payment of compensation of payment to unlicensed person)
13 of the Code.

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15 The acts and/or omissions of Respondents as set forth in Paragraph 16, above,
16 are grounds for the discipline of Respondents' licenses and license rights under Sections 10137
17 (payment of compensation to non-licensee for real estate related activity), 10177(d) and/or
18 10177(g) of the Code.

19 FOURTH CAUSE OF ACTION

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22 Complainant refers to Paragraphs 1 through 17, above, and incorporates the
23 same, herein by reference.

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25 Beginning, January 1, 2011, REDWOOD performed loan modification activities
26 without first obtaining a real estate license endorsement as a Mortgage Loan Originator
27 ("MLO"). REDWOOD obtained an MLO endorsement on July 26, 2011, which expired on

1 January 1, 2012. However, REDWOOD continued performing mortgage loan activities until it
2 obtained an MLO endorsement on August 2, 2012. Such acts and/or omissions by REDWOOD
3 violate Section 10166.02(b) of the Code.

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5 The acts and/or omissions of REDWOOD as set forth in Paragraph 19, above,
6 are grounds for the discipline of REDWOOD's license and license rights under Sections
7 10177(d) and/or 10177(g) of the Code.

8 FIFTH CAUSE OF ACTION

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11 Complainant refers to Paragraphs 1 through 20, above, and incorporates the
12 same, herein by reference.

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14 As the designated broker officer for REDWOOD, DANIEL was responsible for
15 the supervision and control of the activities conducted on behalf of REDWOOD by its officers
16 and employees for the period from February 2, 2011, through April 12, 2012. DANIEL failed
17 to exercise reasonable supervision and control over the property management activities of
18 REDWOOD. In particular, DANIEL permitted, ratified and/or caused the conduct described in
19 the First through Fourth Causes of Action, above, to occur, and failed to take reasonable steps,
20 including, but not limited to, the handling of trust funds, supervision of employees and the
21 implementation of policies, rules, procedures and systems to ensure the compliance of the
22 corporation with the Real Estate Law and the Regulations.

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24 The acts and/or omissions of DANIEL as set forth in Paragraph 22, above,
25 violate Section 10159.2 of the Code and Section 2725 (broker supervision) of the Regulations,
26 and are grounds for the discipline of DANIEL's license and license rights under Sections
27 10177(d) and/or 10177(g), and 10177(h) (reasonable broker supervision) of the Code.

1 SIXTH CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 23, above, and incorporates the
4 same, herein by reference.

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6 As the designated broker officer for REDWOOD, ALI was responsible for the
7 supervision and control of the activities conducted on behalf of REDWOOD by its officers and
8 employees for the period from April 12, 2012, through the present. ALI failed to exercise
9 reasonable supervision and control over the real estate activities of REDWOOD. In particular,
10 ALI permitted, ratified and/or caused the conduct described in the First through Fourth Causes
11 of Action, 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,
13 procedures and systems to ensure the compliance of the corporation with the Real Estate Law
14 and the Regulations.

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16 The acts and/or omissions of ALI as set forth in Paragraph 25, above, violate
17 Section 10159.2 of the Code and Section 2725 (broker supervision) of the Regulations, and are
18 grounds for the discipline of ALI's license and license rights under Sections 10177(d) and/or
19 10177(g), and 10177(h) (reasonable broker supervision) of the Code.

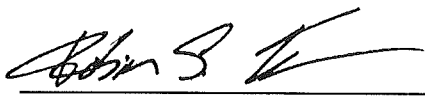
20 COST RECOVERY

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22 Section 10106 of the Code provides, in pertinent part, that in any order issued in
23 resolution of a disciplinary proceeding before the Bureau, the Real Estate Commissioner may
24 request the Administrative Law Judge to direct a licensee found to have committed a violation
25 of this part to pay a sum not to exceed the reasonable costs of the investigation and
26 enforcement of the case.
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents under the Code, and for such other and further relief as may be proper under the provisions of law.



ROBIN S. TANNER
Deputy Real Estate Commissioner

Dated at Oakland, California
this 14 day of February, 2015.