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DEPARTMENT OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

SAXE REAL ESTATE MANAGEMENT
SERVICES, INC. and
LE STEVEN ZHANG

Respondents.

NO. H-12269 SF

ACCUSATION

The Complainant, ROBIN S. TANNER, acting in her official capacity as a Supervising Special Investigator of the State of California, for cause of Accusation against SAXE REAL ESTATE MANAGEMENT SERVICES, INC. ("SAXE") and LE STEVEN ZHANG ("ZHANG") (collectively referred to herein as "Respondents"), is informed and alleges as follows:

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Respondent SAXE is presently licensed by the California Department of Real Estate ("the Department") 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 restricted real estate broker corporation, and from March 14, 2015, through the present day, is acting by and through ZHANG as its designated officer broker.

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Respondent ZHANG is presently licensed by the Department and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Code ("The Real Estate Law"), as a real estate broker. From March 14, 2015, through the present day, ZHANG has been licensed by the Department as the designated officer of SAXE. As the designated officer, ZHANG was 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 SAXE for which a real estate license is required.

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

At all times mentioned herein, 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 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 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.

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COUNT ONE
AUDIT VIOLATIONS
(As to Respondents SAXE and ZHANG)

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Each and every allegation in paragraphs 1 through 4, inclusive, above, is incorporated by this reference as if fully set forth herein.

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Beginning on or about November 1, 2017, and continuing intermittently through December 19, 2017, an audit was conducted of Respondent's records. The auditor examined the records for the period of September 1, 2016, through September 30, 2017.

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While acting as a real estate licensee, as described above in Paragraph 4, 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.

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The trust funds accepted or received by Respondents, as described above in Paragraph 7, were deposited or caused to be deposited by Respondents into a trust account maintained by Respondents for the handling of trust funds, and thereafter from time-to-time Respondents made disbursements of said trust funds, from the following trust accounts:

TRUST ACCOUNT #1	
Bank Name and Location:	First Republic Bank 2001 Van Ness Avenue San Francisco, CA 94109
Account No.:	XXX-XX-XXX-788
Entitled:	Saxe Real Estate Management Services, Inc. (Real Estate Trust Account)
Signatories:	Le Steven Zhang (REB) Severino D. Etorma (RES)
No. of Signatures Required:	One

TRUST ACCOUNT #2	
Bank Name and Location:	First Republic Bank 2001 Van Ness Avenue San Francisco, CA 94109
Account No.:	XXX-XX-XXX-770
Entitled:	Saxe Real Estate Management Services, Inc. (Real Estate Trust Account) (Leasing Account)
Signatories:	Le Steven Zhang (REB) Severino D. Etorma (RES)
No. of Signatures Required:	One

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In the course of the activities described in Paragraph 4, Respondent:

(a) caused, suffered or permitted the balance of funds in the Trust Account #1 to contain as shortage of \$7,650.00 without the prior written consent of each and every owner of such funds, in violation of Section 10145 of the Code and Section 2832.1 of Chapter 6, Title 10, California Code of Regulations ("the Regulations");

(b) caused, suffered or permitted the balance of funds in the Trust Account #2 to contain as shortage of \$8,600.70 without the prior written consent of each and every owner of such funds, in violation of Section 10145 of the Code and Section 2832.1 of the Regulations;

(c) failed to maintain separate records for each beneficiary or property of trust funds accepted or received for Trust Account #2, in violation of Section 10145(g) of the Code and Section 2831.1 of the Regulations; and

(d) failed to reconcile at least once a month, the balance of all separate beneficiary or transaction records with the balance of the control records for Trust Account #2, in violation of Section 10145 of the Code and Section 2831.2 of the Regulations.

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The acts and/or omissions of Respondents, as alleged above in Paragraph 9, constitute grounds for the suspension or revocation of all licenses and license rights of Respondents pursuant to the following provisions of the Code and Regulations:

1 As to Paragraph 9(a), under Section 10177(d) of the Code, in conjunction with
2 Section 10145 of the Code and Section 2832.1 of the Regulations;

3 As to Paragraph 9(b), under Section 10177(d) of the Code, in conjunction with
4 Section 10145 of the Code and Section 2832.1 of the Regulations;

5 As to Paragraph 9(c), under Section 10177(d) of the Code, in conjunction with
6 Section 10145(g) of the Code and Section 2831.1 of the Regulations; and

7 As to Paragraph 9(d), under Section 10177(d) of the Code, in conjunction with
8 Section 10145 of the Code and Section 2831.2 of the Regulations.

9 **COUNT TWO**
10 **FAILURE TO SUPERVISE**
11 (As to ZHANG only)

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13 Each and every allegation in Paragraphs 1 through 10, inclusive, above, is
14 incorporated by this reference as if fully set forth herein.

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16 ZHANG, as the designated officer of SAXE, was required to exercise reasonable
17 supervision and control over the activities of SAXE, its employees, and the real estate activities
18 being conducted by SAXE.

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20 ZHANG failed to exercise reasonable supervision over the acts and/or omissions
21 of SAXE and its employees, in such a manner as to allow the acts and/or omissions as described
22 above in the First Cause of Action to occur, which constitutes cause for the suspension or
23 revocation of the license(s) and license rights of ZHANG under Sections 10177(d), 10177(g),
24 and/or 10177(h) and 10159.2 of the Code, in conjunction with Section 2725 of the Regulations.

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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against all licenses and license rights of Respondents under the Code, for the cost of
4 investigation and enforcement as permitted by law, for the cost of the audit, and for such other
5 and further relief as may be proper under other provisions of law.
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9 ROBIN S. TANNER
Supervising Special Investigator

10 Dated at Oakland, California,
11 this 25th day of September, 2018
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13 DISCOVERY DEMAND

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