

File

FILED
JUL 3 2003
DEPARTMENT OF REAL ESTATE
By *Laura B. Arne*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-26407 LA
)	H-25031 LA
JAMES MING LIANG CHANG,)	
)	
Respondent.)	

ORDER DENYING REINSTATEMENT OF LICENSE

On March 25, 1998, a Decision was rendered in Department of Real Estate case number H-26407 LA, revoking the restricted real estate broker license of Respondent, but granting Respondent the right to the issuance of another restricted real estate broker license. A new restricted real estate broker license was issued to Respondent or about September 3, 1998.

On December 18, 2001, Respondent petitioned for reinstatement of his real estate broker license and the Attorney General of the State of California has been given notice of the filing of the petition.

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1 I have considered Respondent's petition and the
2 evidence and arguments in support thereof. Respondent has failed
3 to demonstrate to my satisfaction that Respondent has undergone
4 sufficient rehabilitation to warrant the reinstatement of
5 Respondent's real estate broker license, in that:

6 I

7 On March 17, 1993, a Decision was rendered in
8 Department of Real Estate ("Department") case number H-25031 LA,
9 revoking the real estate broker license of Respondent, but
10 granting Respondent the right to the issuance of a restricted
11 real estate broker license. A restricted real estate broker
12 license was issued to Respondent or about April 13, 1993.

13 In said Decision, there was a Determination of Issues
14 made that there was cause to revoke Respondent's license pursuant
15 to Business and Professions Code ("Code") Sections 10177(d),
16 10177(g) and 10177(h), for violations of the Real Estate Law and
17 failure to supervise the corporation for which he was the
18 designated officer.
19

20 In 1989 and 1990, Respondent was the designated officer
21 of a licensed real estate corporation. A Department audit of the
22 corporation's books and records, found numerous trust fund
23 handling and record keeping violations, including a trust account
24 shortage of \$5,272.72.

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26 ///

II

1 In the 1998 Decision which revoked the Respondent's
2 restricted real estate broker license, a Determination of Issues
3 made that there was cause to revoke Respondent's license pursuant
4 to Code Sections 10177(d) and 10177(h), for violations of the
5 Real Estate Law and failure to supervise the corporation for
6 which he was the designated officer.
7

8 In 1993, 1994 and 1995, Respondent was the designated
9 officer of a licensed real estate corporation. A Department
10 audit of the corporation's books and records, found trust fund
11 handling and record keeping violations.
12

III

13 Respondent's petition for reinstatement of his license
14 is governed by the Criteria of Rehabilitation set forth in the
15 California Administrative Code, Section 2911, Title 10, Chapter
16 6, California Code of Regulations ("Regulations"). Regulation
17 2911 provides as follows: "The following criteria have been
18 developed by the department pursuant to Section 482(a) of the
19 Business and Professions Code for the purpose of evaluating the
20 rehabilitation of an applicant for issuance or for reinstatement
21 of a license in considering whether or not to deny the issuance
22 or reinstatement on account of a crime or act committed by the
23 applicant." It appears that Respondent has met the following
24 Criteria of Rehabilitation, Regulation 2911, subsections:
25

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27 ///

1 (a) longer than two (2) years since the conduct; (b)
2 restitution is not applicable; (c) expungement of conviction is
3 not applicable; (d) registration pursuant to Penal Code Section
4 290 is not applicable; (e) discharge from probation is not
5 applicable; (f) abstinence from controlled substance or alcohol
6 is not applicable; (g) payment of fine or monetary penalty is
7 not applicable; (h) stability of family life appears to be met;
8 (i) 45 hours of continuing education courses were completed in
9 2002; (j) discharge of debts or monetary obligations; (m) new and
10 different business relationships appears to be met.

11 IV

12 In response to question number 4 of the Petition
13 Application, to wit: "Have you ever been a defendant in any civil
14 court litigation, including small claims court", Respondent
15 marked the box denoting "No". This was a material misstatement
16 for the reasons set forth below.

17 In truth and in fact, Respondent had been a defendant
18 in Los Angeles Municipal Court case number 01S00731, Landa v.
19 James Chang, et al. A judgment was entered in said case against
20 defendants in the principal amount of \$5,000 plus \$71 in costs
21 for a total judgment of \$5,071.

22 The failure to disclose relevant information in the
23 Petition Application prevents or hinders a full investigation
24 into the extent of rehabilitation. Information regarding civil
25 court litigation in which Respondent is a defendant, is crucial
26 in determining whether or not there has been a change in
27

1 Respondent's business practices. A failure to disclose material
2 facts shows a lack of candor and diligence expected of a licensee
3 and is a dishonest act.

4 This evidences lack of rehabilitation and is cause to
5 deny Respondent's petition pursuant to Regulation 2911(n)(1) and
6 Code Section 10177(a).

7 V

8 Respondent has not submitted evidence of significant
9 involvement in community, church or social programs. This
10 evidences lack of rehabilitation and is cause to deny
11 Respondent's petition pursuant to Regulation 2911(1).

12 VI

13 As part of the petition application process, Respondent
14 was interviewed by a Deputy Real Estate Commissioner ("Deputy").
15 Respondent informed the Deputy that he was the broker of High Far
16 International Inc. doing business as Century-21 Inverness Realty,
17 which was a licensed real estate corporation. Respondent also
18 noted on his Petition Application that since 1989 he has been
19 broker for Century-21 Inverness Realty. As a condition of the
20 restricted license issued to Respondent in case no. H-26497 LA,
21 Respondent could not be the designated officer of a corporate
22 real estate broker.
23

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Respondent's statements evidence a lack of a failure to correct business practices and a lack of change in attitude, and is cause to deny Respondent's petition pursuant to Regulations and 2911(k) and 2911(n)(1).

VII

Respondent has not provided evidence of a change in attitude from persons familiar with Respondent's previous conduct and with his subsequent attitudes and behavioral patterns. This evidences a lack of rehabilitation and is cause to deny Respondent's petition pursuant to Regulation 2911(n)(2).

VIII

Due to the conduct, acts and omissions which led to the revocation of Respondent's real estate broker license combined with the facts set forth in Paragraphs IV through VII, additional time is needed to assess Respondent's rehabilitation. This is cause to deny Respondent's petition pursuant to Regulation 2911(a).

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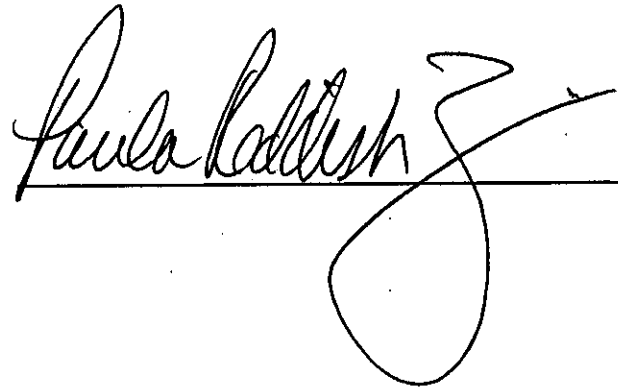
1 NOW, THEREFORE, IT IS ORDERED that Respondent's
2 petition for reinstatement of Respondent's real estate broker
3 license is denied.

4 This Order shall become effective at 12 o'clock noon on

5 JUL 23 2003

6 DATED: June 17, 2003

7 PAULA REDDISH ZINNEBANN
8 Real Estate Commissioner

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23

24 cc: James Ming Liang Chang
25 1872 Oakgate Street
26 Monterey Park, CA 91755
27

FILED
MAR 30 1998
DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

By Czy

In the Matter of the Accusation of)

No. H-26407 LA

INVERNESS REALTY, INC.,)
a corporation, dba Century 21)
Inverness Realty and Tri-Com)
Financial Co.; and JAMES MING)
LIANG CHANG, individually and as)
designated officer of)
Inverness Realty, Inc.,)

L-9608044

Respondent(s).)

DECISION

The Proposed Decision dated March 6, 1998,
of the Administrative Law Judge of the Office of
Administrative Hearings, is hereby adopted as the Decision
of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock
noon on April 21, 1998.

IT IS SO ORDERED

3/25/98

JIM ANTT, JR.
Real Estate Commissioner

Jn Antt Jr

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation
Against:

INVERNESS REALTY, INC., a corporation,
dba Century 21 Inverness Realty
and Tri-Com Financial Co.; and

JAMES MING LIANG CHANG, individually
and as designated officer of
Inverness Realty, Inc.,

Respondents.

Case No. H-26407 LA

OAH No. L-9608044

PROPOSED DECISION

This matter was heard by Vincent Nafarrete, Administrative Law Judge of the Office of Administrative Hearings, at Los Angeles, California, on February 4, 1998. Complainant was represented by Chris Leong, Counsel. Respondent James Ming Liang Chang was present throughout the hearing and represented himself and corporate respondent Inverness Realty, Inc.

At the conclusion of the hearing, the Administrative Law Judge requested complainant file updated information on the license history of the respondents as well as a proposed disciplinary order. On February 6, 1998, complainant filed such additional information, which was marked as Exhibit 14.

Oral and documentary evidence having been received, the Administrative Law Judge submits this matter for decision on February 6, 1998, and finds as follows:

FINDINGS OF FACT

1. The Administrative Law Judge takes official notice that, on December 7, 1995, the Accusation was made and filed by Thomas McCrady solely in his official capacity as Deputy Real Estate Commissioner, Department of Real Estate, State of California (hereinafter Department).

2. (A) On or about April 19, 1990, the Department issued corporate real estate broker's license no. 01072310 to Inverness Realty, Inc., doing business as Century 21 Inverness Realty and

Tri-Con Financial Company, with main offices at 115 South Garfield Avenue, Alhambra (hereinafter respondent Inverness). On December 23, 1996, the Department issued a branch license to respondent Inverness for another office at 8622 East Garvey Avenue, No. 206, Rosemead.

(B) At all times relevant herein, the designated officer of respondent Inverness has been James Ming Liang Chang, the sole or major shareholder of said corporation.

(C) Said corporate real estate broker's license issued to respondent Inverness expires on May 24, 2001, and is in full force and effect.

3. (A) On or about July 1973, the Department issued individual real estate broker's license no. 00405207 to James Ming Liang Chang (hereinafter respondent Chang). Prior to December 1, 1992, respondent Chang was also licensed as the designated officer of O'Shuning Realty, Inc., and Nationwide Lending, Inc. The latter corporation held a corporate real estate broker's license.

(B) Effective on April 13, 1993, pursuant to the Decision and Order in Case No. H-25031 LA, OAH No. L-57325, the Department revoked the corporate real estate broker's license and licensing rights issued to Nationwide Lending, Inc. In addition, the Department revoked the individual real estate broker's license and licensing rights issued to respondent Chang, stayed the revocation, and issued a restricted real estate broker's license to respondent Chang. The term of respondent Chang's restricted real estate broker's license was three (3) years.

(C) In that matter, the Department revoked the license of Nationwide Lending, Inc., and issued a restricted license to respondent Chang because of violations of the Real Estate Law and regulations for failures, in part, to file trust fund reports, deposit funds into and reconcile trust fund accounts, and provide real estate disclosure statements. As the designated officer, respondent Chang also failed to review, initial, and date documents prepared by salespersons employed by the corporation. Said Decision and Order (Exh. 4) are hereby incorporated and made a part of this Proposed Decision by this reference.

(D) Respondent Chang's real estate broker's license expires on April 12, 2001, and is in full force and effect.

4. (A) At all times relevant herein, respondent Inverness with respondent Chang as its designated officer was engaged in the business of a real estate broker within the meaning of Business and Professions Code Section 10131. Employing an undetermined number of real estate salespersons and brokers, respondents Inverness and Chang were engaged in the business of selling, buying, soliciting, and negotiating the resales of real

property as well as negotiating loans secured by interests in real property.

(B) In April 1995, the Department conducted an audit of the books and records of respondent Inverness for the period of June 1, 1993, to March 31, 1995 (hereinafter audit period). The Department examined real estate transaction files and records, including trust fund records, for the residential resale activities of respondent Inverness doing business as Century 21 Inverness Realty and the loan transaction and records, including mortgage loan documents, for the lending activities of respondent Inverness doing business as Tri-Con Financial Company. The Department also interviewed respondent Chang as the designated officer of the corporate licensee. Based on the audit, the Department determined respondents committed the violations of the Real Estate Law described hereinbelow.

5. Trust Funds. (A) During the audit period, respondent Inverness and respondent Chang as the designated officer accepted in connection with their real estate activities such appraisal and credit report fees which were considered funds belong to others. Respondents did not deposit those trust funds into a neutral escrow depository or into the hands of a principal and thereupon failed to deposit such trust funds into a trust fund account maintained by themselves in a bank or recognized depository in this state in violation of Business and Professions Code Section 10145(a).

(B) Rather than depositing appraisal and credit report fees into a trust account, respondents Inverness and Chang had borrowers pay the appraisers directly at the time of property inspection or make checks payable to the appraiser or credit report company. Respondent accepted checks and forwarded them to the payees.

(C) During the audit period, respondent Inverness and respondent Chang as the designated officer received purchase money deposits from buyers in connection with sale and purchase of real property. Said purchase money deposits were considered funds belonging to others and therefore trust funds. In five (5) transactions during the audit period, respondent Inverness and respondent Chang as the designated officer received purchase money deposits from buyers and then failed to place the deposits in trust accounts in violation of Business and Professions Code Section 10145(a). In addition, respondents Inverness and Chang failed to record the receipt of said five purchase money deposits in columnar form records in violation of Regulation 2831.

(D) The names of the five buyers and dates of the purchase money deposits are set forth in the Audit Report (Exh. 5).

6. Mortgage Loan Disclosure Statements. (A) During the audit period, after negotiating loans to be secured by liens on

real property, respondent Inverness and respondent Chang as the designated officer failed to provide or deliver Mortgage Loan Disclosure Statements containing information required by Business and Professions Code Section 10240 and Regulation 2840. Respondents' failure to deliver the Mortgage Loan Disclosure Statements violated Business and Professions Code Section 10240 and Regulation 2842.5.

(B) The names of the borrowers who did not receive the required Mortgage Loan Disclosure Statements from respondents Inverness and Chang are set forth in the Accusation and listed in Audit Report (Exh. 5).

7. Notice of Employ of Salespersons. (A) During the audit period, respondent Inverness and respondent Chang as the designated officer failed to immediately notify the Real Estate Commissioner in writing that seventeen (17) salespersons entered the employ of respondent Inverness in violation of Business and Professions Code Section 10161.8 and Regulation 2752.

(B) During the audit period, respondent Inverness and respondent Chang as the designated officer failed to immediately notify the Real Estate Commissioner in writing that eleven (11) salespersons were terminated from the employ of respondent Inverness in violation of Business and Professions Code Section 10161.8 and Regulation 2752.

(C) The names of the subject real estate salespersons are listed in the Accusation, an attachment to the Audit Report (Exh. 10), and Department record (Exh. 11).

8. Broker-Salesperson Agreements. (A) During the audit period, respondent Inverness and respondent Chang as the designated officer failed to sign and date eight (8) written broker-salesperson agreements evidencing the arrangement and relationship between respondent Inverness and real estate salespersons in violation of Regulation 2726.

(B) Respondent Chang as the designated officer failed to sign and date the broker-salesperson agreements between Century 21 Inverness Realty and the following real estate salespersons on the agreement dates indicated: Kenneth Loi (June 1, 1991); Mineko Mekata (March 4, 1991); Mu-Lan Berry (October 4, 1990); Phong Nghien (December 9, 1992); Chen Hsiao Yang (February 2, 1991); David Tehming Chen (January 21, 1992); Lee Lee Cua (March 14, 1994); and Quan Truong (July 1, 1991). With respect to the first six agreements, the broker-salespersons agreements were signed not by respondent Chang but by Henry E. Noguchi who was a real estate salesperson and former office manager for respondent Inverness.

9. (A) Based on Findings 4 - 8 above, respondent Chang as the designated officer of corporate broker Inverness Realty,

Inc., failed to supervise and control the real estate and mortgage loan activities conducted on behalf of respondent Inverness by its officers and employees. As a result, respondent Inverness did not comply with the Real Estate Law.

(B) Based on Findings 4 - 8 above, respondent Chang as the designated officer of corporate broker Inverness Realty, Inc., failed to exercise reasonable supervision and control over the activities of the said corporation for which a real estate license was required.

10. Respondent Chang testified at the hearing. Respondent Chang stated purchase money deposits were deposited in escrow accounts and not commingled with funds of Century 21 Inverness Realty. Respondent Chang admits he made some mistakes but that the mistakes were paperwork errors and he did not defraud the public or commit forgery. Respondent Chang desires to continue working in the real estate field.

* * * * *

Pursuant to the foregoing findings of fact, the Administrative Law Judge makes the following determination of issues:

CONCLUSIONS OF LAW

1. Grounds exist to revoke or suspend respondent Inverness's corporate real estate broker's license and respondent Chang's individual real estate broker's license pursuant to Business and Professions Code Section 10177(d) in that respondents violated the provisions of the Real Estate Law and regulations thereunder as follows:

a. Business and Professions Section 10145 and Title 10, California Code of Regulations, Section 2831, as set forth in Finding 5 above;

b. Business and Professions Code Section 10240 and Title 10, California Code of Regulations, Sections 2840 and 2842.5, as set forth in Finding 6 above;

c. Business and Professions Code Section 10161.8 and Title 10, California Code of Regulations, Section 2752, as set forth in Finding 7 above; and

d. Title 10, California Code of Regulations, Section 2726, as set forth in Finding 8 above.

2. Grounds exist to revoke or suspend respondent Chang's individual real estate broker's license pursuant to Business and Professions Code Section 10177(h) in that respondent Chang as the designated officer of respondent Inverness Realty, Inc., failed to exercise reasonable supervision and control of the activities of said corporation for which a real estate license was required, as set forth in Findings 9(A) and 9(B) above.

* * * * *

WHEREFORE, THE FOLLOWING ORDER is hereby made:

ORDER

A. The licenses and license rights of Respondents Inverness and Chang under the provisions of Part 1 of Division 4 of the Business and Professions Code are hereby revoked commencing on the effective date of this Decision. However, Respondent Inverness shall be entitled to apply for and be issued a new restricted corporate real estate broker license and Respondent Chang shall be entitled to apply for and be issued a new restricted real estate broker license pursuant to Section 10156.5 of the Code on the following conditions:

1. Make application therefor and pay to the Department the appropriate fee for said licenses within one year from the effective date of this Decision.

2. The restricted licenses issued to Respondents shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions, and restrictions imposed under authority of Section 10156.6 of the Code.

3. The restricted licenses may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondents' convictions or pleas of nolo contendere to a crime which bears a significant relationship to Respondents' fitness or capacity as real estate licensees.

4. The restricted licenses may be suspended prior to and pending final determination after formal hearing by Order of the Real Estate Commissioner based upon evidence satisfactory to the Commissioner that Respondents have, subsequent to the date hereof, violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or conditions attached to the restricted licenses.

5. Respondents shall not be eligible to apply for the issuance of unrestricted real estate licenses or for the removal of any of the conditions, limitations, or restrictions of the restricted licenses until two (2) years have elapsed from the date of this Decision.

6. Respondents Inverness and Chang shall pay, pursuant to Section 10148 of the Business and Professions Code, the Commissioner's reasonable costs for an audit to determine if Inverness has corrected the trust fund violations found in the Determination of Issues. In calculating the amount of the Commissioner's reasonable costs, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel costs, including mileage, time to and from the auditor's place of work, and per diem. The Commissioner's reasonable costs shall not exceed \$4,600.00.

(1) Respondents shall pay such costs within 45 days of receipt of an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities;

(2) Notwithstanding the provisions of any other paragraph herein, if Respondents fail to pay, within 45 days from receipt of the invoice specified above, the Commissioner's reasonable costs for an audit to determine if Respondents have corrected the violations found in the Determination of Issues, the Commissioner may order the indefinite suspension of Respondents' real estate licenses and license rights. The suspensions shall remain in effect until payment is made in full, or until Respondents' enter into an agreement satisfactory to the Commissioner to provide for such payment. The Commissioner may impose further reasonable disciplinary terms and conditions upon Respondents' real estate licenses and license rights as part of any such agreement.

7. Respondent Chang shall, within one (1) year from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department, including the payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order suspension of his license until Respondent passes the examination.

8. Respondent Chang shall, within nine (9) months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that he has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the Real Estate Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

9. No further cause for discipline of the licenses and license rights of Respondent Chang shall occur within two (2) years from the effective date of this Decision.

10. Respondent Chang shall be prohibited from being be the designated officer of any corporate real estate broker while he has a restricted real estate license.

B. Any restricted corporate real estate broker's license of Respondent Inverness shall be suspended for a period of sixty (60) days from the date any such restricted corporate real estate broker license is issued; provided, however, said suspension of Respondent's restricted corporate real estate broker's license will be stayed upon condition that:

1. Respondent Inverness pays the Department's recovery Account Three Thousand Five Hundred Dollars (\$3,500.00) prior to the effective date of this Decision pursuant to the provisions of Business and Professions Code Section 10175.2.

a. Payment of the aforementioned monetary penalty shall be in the form of cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Payment must be made prior to the effective date of this Decision.

b. The Commissioner, in exercising his discretion under Code Section 10175.2, agrees by adopting this Decision that it would not be against the public interest to permit such petition by Respondent to pay the aforesaid monetary penalty.

2. No further cause for discipline of the licenses and license rights of Respondent Inverness shall occur within two (2) years from the effective date of this Decision.

3. If the Commissioner determines, after giving Respondent Inverness notice and an opportunity to be heard, that a

violation of the conditions has occurred, the Commissioner may terminate the stay and impose the stayed portion or otherwise modify the Decision. If no further cause for disciplinary action against the real estate licenses and license rights of Respondent Inverness occurs within two (2) years from the effective date of this Decision, the stay hereby granted shall become permanent.

C. Any new restricted real estate broker's license issued to Respondent Chang shall be suspended for a period of ninety (90) days from the date any new restricted real estate broker license is issued; provided, however, sixty (60) days of the suspension will be stayed on the following conditions:

1. Thirty (30) days of the suspension shall be actually served commencing on the effective date of this Decision.


2. Respondent Chang pays the Department's Recovery account Three Thousand Five Hundred Dollars (\$3,500.00) prior to the effective date of this Decision, pursuant to the provisions of Section 10175.2.

a. Payment of the aforementioned monetary penalty shall be in the form of cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Payment must be made prior to the effective date of this Decision.

b. The Commissioner, in exercising his discretion under Code Section 10175.2, agrees by adopting this Decision that it would not be against the public interest to permit such petition by Respondent to pay the aforesaid monetary penalty.

3. If the Commissioner determines, after giving Respondent Chang notice and an opportunity to be heard, that a violation of the conditions has occurred, the Commissioner may terminate the stay and impose the stayed portion or otherwise modify the Decision. If no further cause for disciplinary action against the real estate licenses and license rights of Respondent Chang occurs occur within two (2) years from the effective date of this Decision, the stay hereby granted shall become permanent.

Dated: March 6, 1998



VINCENT NARARRETE
Administrative Law Judge
Office of Administrative Hearings

VN:rfm

SAX

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

) Case No. H-26407 LA

)
INVERNESS REALTY, INC., a corporation,)
dba Century 21 Inverness and Tri-Con)
Financial; and JAMES MING LIANG CHANG,)
individually and as designated officer)
of Inverness Realty, Inc.,)

) OAH No. L-9608044

FILED
JUN 19 1997
DEPARTMENT OF REAL ESTATE

Respondent(s)

NOTICE OF CONTINUED HEARING ON ACCUSATION
AND VOLUNTARY SETTLEMENT CONFERENCE by C. Leong

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, Second Floor, Los Angeles, CA 90012 on WEDNESDAY, FEBRUARY 4, 1998, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

A Voluntary Settlement Conference will be held before the Department of Real Estate at the Office of Administrative Hearings, 107 South Broadway, Second Floor, Los Angeles, CA 90012 on MONDAY, AUGUST 4, 1997 at the hour of 9:00 A.M.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

DEPARTMENT OF REAL ESTATE

Dated: June 19, 1997

By Chris Leong
CHRIS LEONG, Counsel

cc: Inverness Realty, Inc.
James Ming Liang Chang
Herman Thordsen, Esq.
Sacto.
OAH

CEB

RE 501 (La Mac 11/92)

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**BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

In the Matter of the Accusation of

) Case No. H-26407 LA

)
) **INVERNESS REALTY, INC., a corporation,**
) **dba Century 21 Inverness and Tri-Con**
) **Financial; and JAMES MING LIANG CHANG,**
) **individually and as designated officer**
) **of Inverness Realty, Inc.,**
)

) OAH No. L-9608044

FILED
MAR 19 1997
DEPARTMENT OF REAL ESTATE

Respondent(s)

By C. 31

NOTICE OF CONTINUED HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 314 W. First Street, Los Angeles, CA 90012 on MARCH 31 and APRIL 1, 1997, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

DEPARTMENT OF REAL ESTATE

Dated: March 19, 1997

By

Chris Leong
CHRIS LEONG, Counsel

cc: Inverness Realty, Inc.
James Ming Liang Chang
Herman Thordsen, Esq.
Sacto.
OAH

CEB

RE 501 (La Mac 11/92)

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of) Case No. H-26407 LA
)
INVERNESS REALTY, INC., a corporation,) OAH No. L-9608044
dba Century 21 Inverness and Tri-Con)
Financial; and JAMES MING LIANG CHANG,)
individually and as designated officer)
of Inverness Realty, Inc.,)
_____) Respondent(s)

FILED
AUG 20 1996
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

By C. Leong

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 314 W. First Street, Los Angeles, CA 90012 on TUESDAY, JANUARY 28, 1997, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

DEPARTMENT OF REAL ESTATE

Dated: August 20, 1996

By

Chris Leong
CHRIS LEONG, Counsel

cc: Inverness Realty, Inc.
James Ming Liang Chang
Sacto.
OAH

CEB

RE 501 (La Mac 11/92)

SAC

CHRIS LEONG, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, CA 90012

(213) 897-3937

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DEPARTMENT OF REAL ESTATE

By cray

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26407 LA
INVERNESS REALTY, INC., a corporation,)	
dba Century 21 Inverness and Tri-Con)	<u>A C C U S A T I O N</u>
Financial; and JAMES MING LIANG CHANG,)	
individually and as designated officer)	
of Inverness Realty, Inc.,)	
)	
Respondent(s).)	

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against INVERNESS REALTY, INC., a corporation, dba Century 21 Inverness and Tri-Con Financial (hereinafter "IRI"); and JAMES MING LIANG CHANG, individually and as designated officer of Inverness Realty, Inc. (hereinafter "CHANG") (hereinafter sometimes referred to as "Respondents"), is informed and alleges as follows:

1.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation against Respondents in his official capacity.

2.

All Sections of Title 10, Chapter 6, California Code of Regulations, are hereinafter referred to as "Regulations".

3.

At all times herein mentioned, CHANG was and still is licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a restricted real estate broker and in his individual capacity and as the designated officer of IRI, and was responsible for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees as necessary to secure full compliance with the Real Estate Law as set forth in Section 10159.2 of the Code.

4.

At all times herein mentioned, IRI was licensed by the Department as a corporate real estate broker.

5.

All further references to IRI shall be deemed to refer to, in addition to IRI, the officers, directors, employees, agents and real estate licensees employed by or associated with IRI, who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their corporate authority and employment.

6.

At all times mentioned herein, in Los Angeles County, California, Respondents 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(d) of the Code, wherein they arranged, negotiated, processed, and consummated on behalf of others, loans secured by interests in real property for compensation or in expectation of compensation.

AUDIT

7.

On or about May 11, 1995, the Department completed an audit of the activities of Respondents, for the period from July 1, 1993 through March 31, 1995. The results of that audit are set forth in Paragraphs 8 and 9.

8.

During 1993 through 1995, in connection with their real estate business activities, Respondents accepted or received funds in trust (hereinafter "trust funds") from or on behalf of borrowers and thereafter made disbursements of such funds. These trust funds were not maintained by Respondents in a trust account.

9.

In connection with those funds described in Paragraph 8, Respondents:

(a) failed to maintain adequate columnar records of funds received and not placed in a trust account, in violation

1 of Section 2831 of the Regulations;

2 (b) failed to provide Mortgage Loan Disclosure
3 Statements to borrowers, including: G. Leung & K. Wu; B. Lam &
4 E. Luc; G. Bao & B. Zhang; S. Chik & G. Zhang; and Z. Yang & L.
5 Li, in violation of Section 10240 of the Code and Sections 2840
6 and 2842.5 of the Regulations;

7 (c) failed to notify the Department that seventeen
8 (17) salespersons entered the employment of, and that eleven
9 (11) salespersons were terminated from, IRI including
10 (employed): M. Vargas, S. Wong, J. Lee, J. Lai, S. Lam, C. Yu,
11 M. Wang, V. Rueda, N. Leawprasert, K. Loi, J. Hoang, P. Cheng,
12 P. Yang, P. Ong, M. Tsai, and K. Dai., (terminated) J. Lee, G.
13 Lu, N. Ng, A. Ng, K. Ong, H. Papazian, H. Phan, P. Tseng, S.
14 Tuan, D. Verdugo, N. Yao, in violation of Section 10161.8 of the
15 Code and Section 2752 of the Regulations; and

16 (d) failed to sign eight (8) broker/salesperson
17 agreements, including: H. Noguchi, K. Loi, M. Mekata, M. Berry,
18 P. Nghiem, L. Cua, C. Yang, and D. Chen, in violation of Section
19 2726 of the Regulations.

20 PRIOR DISCIPLINE

21 10.

22 Respondent CHANG's real estate license was revoked
23 with right to a restricted license in case number H-25031 LA,
24 effective April 12, 1993. Respondent CHANG was the Designated
25 Officer of three revoked corporate real estate brokers: Shuming
26 Enterprises, Inc.; Shuming Realty, Inc.; and Griego-Rosas
27 Financial, Inc.

1 FIRST CAUSE OF ACCUSATION

2 (Violation by Respondents of Sections 10145, 10161.8, 10240 and
3 10177(d) of the Code and Sections 2726, 2752, 2831, 2840 and
4 2842.5 of the Regulations)

5 11.

6 As a First Cause of Accusation, Complainant
7 incorporates herein by this reference the Preamble and each of
8 the allegations in Paragraphs 1 through 10, herein above.

9 12.

10 The conduct of Respondents in handling trust funds to
11 perform mortgage loan brokerage activities, as alleged in
12 Paragraphs 8 and 9, constitutes violations under Sections 10145,
13 10161.8, 10240 and 10177(d) of the Code and Sections 2726, 2752,
14 2831, 2840 and 2842.5 of the Regulations. Said conduct is cause
15 pursuant to Section 10177(d) of the Code for the suspension or
16 revocation of all licenses and license rights of Respondents
17 under Real Estate Law.

18 SECOND CAUSE OF ACCUSATION

19 (Violation by Respondent CHANG of Sections 10159.2 and
20 10177(h) of the Code)

21 13.

22 As a Second Cause of Accusation, Complainant
23 incorporates herein by this reference the Preamble and each of
24 the allegations in Paragraphs 1 through 10, herein above.

25 14.

26 The conduct of Respondent CHANG in allowing Respondent
27 IRI to violate Sections 10145, 10161.8, 10240 and 10177(d) of

1 the Code and Sections 2726, 2752, 2831, 2840 and 2842.5 of the
2 Regulations is cause for the suspension or revocation of all
3 licenses and license rights of Respondent CHANG under Real
4 Estate Law, pursuant to Sections 10159.2 and 10177(h) of the
5 Code.

6
7 WHEREFORE, Complainant prays that a hearing be
8 conducted on the allegations of this Accusation and that upon
9 proof thereof, a decision be rendered imposing disciplinary
10 action against all licenses and license rights of Respondents,
11 INVERNESS REALTY, INC., a corporation, dba Century 21 Inverness
12 and Tri-Con Financial; and JAMES MING LIANG CHANG, individually
13 and as designated officer of Inverness Realty, Inc., under the
14 Real Estate Law (Part 1 of Division 4 of the Business and
15 Professions Code), and for such other and further relief as may
16 be proper under other applicable provisions of law.

17 Dated at Los Angeles, California
18 this 7th day of December, 1995.

19
20
21 THOMAS MCCRADY
22 Deputy Real Estate Commissioner
23
24

25 cc: Inverness Realty, Inc.
26 James Ming Liang Chang
27 Sacto.
SB
Los Angeles Audit Section