

FILED
JAN 27 2005

DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) NO. H-29007 LA
GEORGE CHINCHENG HSU,)
Respondent.)

ORDER DENYING REINSTATEMENT OF LICENSE

On August 22, 2001, a Decision was rendered herein
revoking Respondent's real estate broker license.

On or about April 10, 2003, Respondent petitioned for
reinstatement of said license and the Attorney General of the
State of California has been given notice of the filing of the
petition.

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

///

///

I

In the Decision which revoked Respondent's real estate broker license, there were Determination of Issues made that there was cause to revoke Respondent's real estate license pursuant to Business and Professions Code ("Code") Sections 10176(e), 10176(g), 10176(i), 10177(d) and 10177(g).

A Department of Real Estate ("Department") audit examination of Respondent's books and records, had found numerous violations of the Real Estate Law, including violations of Code Section 10145 and 10240, violations of Sections 2831, 2831.2, 2832.1, 2840 and 2950(g) of Title 10, Chapter 6, California Code of Regulations ("Regulations"), commingling of trust funds with general account funds, and the receipt of undisclosed compensation.

II

The burden of proving rehabilitation rests with the petitioner (Feinstein v. State Bar (1952) 39 Cal. 2d 541). A petitioner is required to show greater proof of honesty and integrity than an applicant for first time licensure. The proof must be sufficient to overcome the prior adverse judgment on the applicant's character (Tardiff v. State Bar (1980) 27 Cal. 3d 395).

The Department has developed criteria in Regulation 2911 to assist in evaluating the rehabilitation of an applicant for reinstatement of a license. Among the criteria relevant in this proceeding are:

///

1
2 2911(i) - Respondent has not submitted proof of
3 completion of, or sustained enrollment in, formal educational
4 or vocational training courses for economic self-improvement.

5 2911(l) - Respondent has not submitted proof of
6 significant or conscientious involvement in community, church
7 or social programs.

8 2911(m) - Respondent has not submitted proof of new
9 and different social and business relationships from those which
10 existed at the time of the conduct that is the basis for denial
11 of the departmental action sought.
12

13 At the time of the Department's audit examination,
14 Respondent was conducting business under the fictitious business
15 name, Financial Solutions Services. One, Diana Wang was a real
16 estate salesperson employed by Respondent and she owned 50% of
17 an interest in Financial Solutions Services.

18 During the petition process, Respondent advised the
19 Department that his supervisor is Diana Wang and the address
20 that he listed as his employer's address, is Diana Wang's
21 address.

22 2911 (n) (1) - Respondent has not submitted proof of a
23 change in attitude from that which existed at the time of the
24 conduct in question as evidenced by the testimony of Respondent.

25 As part of the petition application process, a Deputy
26 Real Estate Commissioner ("Deputy") sent Respondent a letter
27 scheduling him for a personal interview. Respondent failed to
appear for the interview and failed to contact the Department.

Given the fact that Respondent has not established that she has complied with Regulations 2911(i), 2911(l), 2911(m), 2911(n)(1) and 2911(n)(2), I am not satisfied that Respondent is sufficiently rehabilitated to receive a real estate broker license.

This Order shall become effective at 12 o'clock noon.
on february 16, 2005

DATED: 1-6-05

JEFF DAVIS
Real Estate Commissioner

cc: George C. Hsu
436 W. Marshall Street
San Gabriel, CA 91776

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

FILED
AUG 27 2001
DEPARTMENT OF REAL ESTATE

By K. M. Riederholz

In the Matter of the Accusation of)

GEORGE CHINCHENG HSU,

Respondent.

NO. H-29007 LA

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on August 15, 2001, and the findings of fact set forth herein are based on one or more of the following: (1) Respondent's express admissions; (2) affidavits; and (3) other evidence.

FINDINGS OF FACT

I

On April 3, 2001, Thomas McCrady made the Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, to Respondent GEORGE CHINCHENG HSU (HSU) last known mailing address on file with the Department on April 3, 2001, and May 21, 2001.

II

On August 15, 2001, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondent's default was entered herein.

III

At all times mentioned, HSU was licensed or had license rights issued by the Department of Real Estate (Department) as a real estate broker. Since January 19, 1986, HSU has been licensed as a real estate broker.

IV

At all times mentioned, in the City of San Gabriel, County of Los Angeles, State of California, HSU acted as real estate broker within the meaning of Section 10131(d) of the Business and Professions Code ("Code") in that he operated as a mortgage and loan broker dba Financial Solutions Services, including soliciting borrowers and lenders and negotiating and servicing loans on real property.

V

In addition, HSU conducted broker controlled escrows through the escrow division of Financial Solutions Services under the exemption set forth in Section 17006(a)(4) of the California Financial Code for real estate brokers performing escrows incidental to a real estate transaction where the broker is a party and where is performing acts for which a real estate license is required.

VI

At all times mentioned, in connection with the activities described in Finding IV and V, HSU accepted or received funds in trust (trust funds) from or on behalf of borrowers and lenders. Thereafter HSU made disposition of such funds. HSU maintained the following trust account for his broker escrow activities into which he deposited certain of these funds:

"Financial Solutions Services Trust Account
Account No. 139098487"
Standard Savings Bank
140 W. Valley Boulevard, Suite 101
San Gabriel, California

VII

On November 27, 2000, the Department completed an audit examination of the books and records of HSU pertaining to the activities described in Findings IV and V that require a real estate license. The audit examination covered a period of time beginning on November 1, 1999 and terminating on August 31, 2000. The audit examination revealed violations of the Code and the Regulations as set forth in the following Findings.

VIII

With respect to the trust funds referred to in Finding VI, it is alleged that HSU:

(a) Permitted, allowed or caused the disbursement of trust funds from the escrow trust account where the disbursement of funds reduced the total of aggregate funds in the trust account, to an amount which, on August 31, 2000, was \$9,930.01, less than the existing aggregate trust fund liability of HSU to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds. This shortage, caused by Respondent's conversion of trust funds as set forth in Findings VIII(e), below, was cured on September 13, 2000.

(b) Failed to maintain a complete and accurate control record in the form of a columnar record in chronological order of all trust funds received totaling \$17,403.63.

(c) Failed to perform a monthly reconciliation of the balance of all separate beneficiary or transaction records maintained pursuant to Regulations 2831.1, 2950(d) and 2951 with the record of all trust funds received and disbursed by the escrow trust account, as required by Regulation 2831.2.

(d) Withdrew funds from the escrow trust account, deposited the withdrawn amounts into his general account, and later restored the unauthorized withdrawals from the general account, where the withdrawn amounts are in addition to loan commissions and fees earned by HSU, and are unrelated to any of the escrow receipts and disbursements handled through the escrow trust account, commingling said withdrawn amounts.

(e) Withdrew funds from the escrow trust account, deposited the withdrawn amounts into his general account, and later restored the unauthorized withdrawals from the general account, where the withdrawn amounts are in addition to loan commissions and fees earned by HSU, and are unrelated to any of the escrow receipts and disbursements handled through the escrow trust account, converting said withdrawn amounts.

IX

The audit examination revealed that HSU failed to provide and/or maintain a statement in writing containing all the information required by Section 10241 of the Code to various borrowers including but not limited to F. Gordovez, D. Yip, B. Chiu and E. Wang before these borrowers became obligated to perform under the terms of their loans. This Determination is a violation of Code Section 10240 and Regulation 2840.

The audit examination moreover revealed that HSU acted in violation of the Code in that, Respondent received undisclosed compensation pertaining to the "Yield spread Premium" ("Premium") and the "Loan Processing Fee" earned in connection with Respondent's mortgage loan activities requiring a real estate license. The Premium was not disclosed in the Mortgage Loan Disclosure Statements/Good Faith Estimates provided to various borrowers including but not limited to D. Liao, T. Huang, F. Gordovez, and B. Chiu. HSU received \$64,182.98 in undisclosed compensation.

DETERMINATION OF ISSUES

I

The conduct of Respondent HSU, described in Finding VIII, above, violated the Code and the Title 10, Chapter 6, California Code of Regulations ("Regulations") as set forth below:

<u>FINDING</u>	<u>PROVISIONS VIOLATED</u>
Finding VIII(a)	Code Section <u>10145</u> and Regulations <u>2832.1</u> , <u>2950(g)</u> , and <u>2951</u>
Finding VIII(b)	Regulations <u>2831</u> , <u>2950(d)</u> , and <u>2951</u>
Finding VIII(c)	Code Section 10145 and Regulation <u>2831.2</u> , <u>2950(d)</u> , and <u>2951</u>
Finding VIII(d)	Code Section 10145 and Regulation <u>2950(g)</u>
Finding VIII(e)	Code Section 10145 and Regulation <u>2950(g)</u>

The foregoing violations set forth in Findings VIII(a-e) constitute cause for the suspension or revocation of the real estate license and license rights of HSU under the provisions of Code Sections 10177(d), 10176(e) and 10176(i).

II

The conduct of Respondent HSU, described in Finding IX, above, constitutes cause for the suspension or revocation of the real estate license and license rights of Respondent HSU under Code Section 10177(d).

III

The conduct of Respondent HSU, described in Finding X, above, constitutes a violation of Code Section 10176(g) and is cause for the suspension or revocation of the real estate license and license rights of Respondent HSU under the provisions thereunder.

IV

The overall conduct of Respondent HSU constitutes negligence or incompetence. This conduct and violation are cause for the suspension or revocation of his real estate license and license rights under Section 10177(g) of the Code.

V

The standard of proof applied was clear and convincing proof to a reasonable certainty.

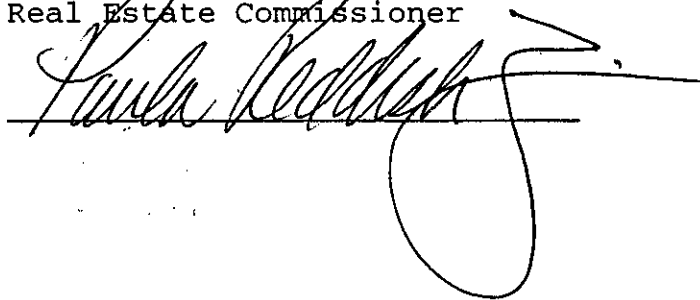
ORDER

The license and license rights of Respondent GEORGE CHINCHENG HSU under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on September 17, 2001.

DATED: August 22, 2001.

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

A large, stylized handwritten signature in black ink, appearing to read "Paula Reddish", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end.

FILED
AUG 15 2001
DEPARTMENT OF REAL ESTATE

By: K. Mederholt

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)

No. H-29007 LA

GEORGE CHINCHENG HSU,)

Respondent.)

DEFAULT ORDER

Respondent, GEORGE CHINCHENG HSU, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED

AUG 15 2001

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

M. Dolores Ramos

By: M. DOLORES RAMOS
Regional Manager

Handwritten:
Sect 5
Zing

ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6911 (direct)
-or- (213) 576-6082 (office)

FILED
APR - 3 2001

DEPARTMENT OF REAL ESTATE

By *R. Mederlett*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

No. H-29007 LA

GEORGE CHINCHENG HSU,

ACCUSATION

Respondent.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, acting in his official capacity, for cause of accusation against GEORGE CHINCHENG HSU dba Financial Solutions Services, is informed and alleges as follows:

1

GEORGE CHINCHENG HSU (HSU) sometimes referred to as Respondent, is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

2

1 All references to the "Code" are to the California
2 Business and Professions Code and all references to "Regulations"
3 are to Title 10, Chapter 6, California Code of Regulations.

4 3

5 At all times mentioned, HSU was licensed or had license
6 rights issued by the Department of Real Estate (Department) as a
7 real estate broker. Since January 19, 1986, HSU has been
8 licensed as a real estate broker.

9 4

10 At all times mentioned, in the City of San Gabriel,
11 County of Los Angeles, State of California, HSU acted as real
12 estate broker within the meaning of Section 10131(d) of the Code
13 in that he operated as a mortgage and loan broker dba Financial
14 Solutions Services, including soliciting borrowers and lenders
15 and negotiating and servicing loans on real property.

16 In addition, HSU conducted broker controlled escrows
17 through the escrow division of Financial Solutions Services under
18 the exemption set forth in Section 17006(a)(4) of the California
19 Financial Code for real estate brokers performing escrows
20 incidental to a real estate transaction where the broker is a
21 party and where is performing acts for which a real estate
22 license is required.

23 5

24 At all times mentioned, in connection with the
25 activities described in Paragraph 4, HSU accepted or received
26 funds in trust (trust funds) from or on behalf of borrowers and
27 lenders. Thereafter HSU made disposition of such funds. HSU

1 maintained the following trust account for his broker escrow
2 activities into which he deposited certain of these funds:

3 "Financial Solutions Services Trust Account
4 Account No. 139098487"
5 Standard Savings Bank
6 140 W. Valley Boulevard, Suite 101
7 San Gabriel, California

6

7 On November 27, 2000, the Department completed an audit
8 examination of the books and records of HSU pertaining to the
9 activities described in Paragraph 4 that require a real estate
10 license. The audit examination covered a period of time
11 beginning on November 1, 1999 and terminating on August 31, 2000.
12 The audit examination revealed violations of the Code and the
13 Regulations as set forth in the following paragraphs.

7

14 With respect to the trust funds referred to in
15 Paragraph 5, it is alleged that HSU:
16

17 (a) Permitted, allowed or caused the disbursement of
18 trust funds from the escrow trust account where the disbursement
19 of funds reduced the total of aggregate funds in the trust
20 account, to an amount which, on August 31, 2000, was \$9,930.01
21 less than the existing aggregate trust fund liability of HSU to
22 every principal who was an owner of said funds, without first
23 obtaining the prior written consent of the owners of said funds,
24 as required by Code Section 10145 and Regulations 2832.1,
25 2950(g), and 2951. This shortage, caused by Respondent's
26 conversion of trust funds as set forth in Paragraphs 7(e) and 8,
27 below, was cured on September 13, 2000;

1 (b) Failed to maintain an complete and accurate
2 control record in the form of a columnar record in chronological
3 order of all trust funds received totaling \$17,403.63, as
4 required by Regulations 2831, 2950(d) and 2951;

5 (c) Failed to perform a monthly reconciliation of the
6 balance of all separate beneficiary or transaction records
7 maintained pursuant to Regulations 2831.1, 2950(d) and 2951 with
8 the record of all trust funds received and disbursed by the
9 escrow trust account, as required by Regulation 2831.2; and

10 (d) Withdrew funds from the escrow trust account,
11 deposited the withdrawn amounts into his general account, and
12 later restored the unauthorized withdrawals from the general
13 account, where the withdrawn amounts are in addition, to loan
14 commissions and fees earned by HSU, and are unrelated to any of
15 the escrow receipts and disbursements handled through the escrow
16 trust account, commingling said withdrawn amounts in violation of
17 the provisions of Code Sections 10145 and 10176(e) and Regulation
18 2950(g).

19 (e) Withdrew funds from the escrow trust account and
20 deposited the withdrawn amounts into his general account to cover
21 overdrawn balances in the general account, where the withdrawn
22 amounts are in addition to loan commissions and fees earned by
23 HSU, and are unrelated to any of the escrow receipts and
24 disbursements handled through the escrow trust account, thus
25 converting said withdrawn amounts in violation of Code Sections
26 10145 and 10176(i) and Regulation 2950(g).

27 /

The conduct of Respondent HSU, described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

PARAGRAPHPROVISIONS VIOLATED

7(a)

Code Section 10145 and
Regulations 2832.1, 2950(g), and
2951

7(b)

Code Section 10145 and Regulations 2831,
2950(d), and 2951

7(c)

Code Section 10145 and Regulations
2831.2, 2950(d), and 2951

7(d)

Code Sections 10145 and 10176(e) and
Regulation 2950(g)

7(d)

Code Sections 10145 and 10176(i) and
Regulation 2950(g)

The foregoing violations set forth in Paragraph 7(a-c) constitute cause for the suspension or revocation of the real estate license and license rights of HSU under the provisions of Code Section 10177(d). The violation set forth in Paragraph 7(d) constitutes cause for the suspension or revocation of the real estate license

1 and license rights of HSU under the provisions of Code Section
2 10176(e). The violation set forth in Paragraph 7(e) constitutes
3 cause for the suspension or revocation of the real estate license
4 and license rights of HSU under the provisions of Code Section
5 10176(i).

6 9

7 The audit examination revealed that HSU failed to
8 provide and/or maintain a statement in writing containing all the
9 information required by Section 10241 of the Code to various
10 borrowers including but not limited to F. Gordovez, D. Yip,
11 B. Chiu and E. Wang before these borrowers became obligated to
12 perform under the terms of their loans. This omission is a
13 violation of Code Section 10240 and Regulation 2840. This
14 omission constitutes cause for the suspension or revocation of
15 the real estate license and license rights of Respondent HSU
16 under Code Section 10177(d).

17 10

18 The audit examination moreover revealed that HSU acted
19 in violation of the Code in that, Respondent received undisclosed
20 compensation pertaining to the "Yield spread Premium" ("Premium")
21 and the "Loan Processing Fee" earned in connection with
22 Respondent's mortgage loan activities requiring a real estate
23 license. The Premium was not disclosed in the Mortgage Loan
24 Disclosure Statements/Good Faith Estimates provided to various
25 borrowers including but not limited to D. Liao, T. Huang,
26 F. Gordovez, and B. Chiu. HSU received \$64,182.98 in undisclosed
27 compensation. The conduct of taking a secret profit undisclosed

1 to the aforesaid borrowers constitutes a violation of Code
2 Section 10176(g) and is cause for the suspension or revocation of
3 the real estate license and license rights of Respondent HSU
4 under the provisions thereunder.

5 11

6 The overall conduct of Respondent HSU constitutes
7 negligence or incompetence. This conduct and violation are cause
8 for the suspension or revocation of his real estate license and
9 license rights under Section 10177(g) of the Code.

10 WHEREFORE, Complainant prays that a hearing be
11 conducted on the allegations of this Accusation and that upon
12 proof thereof, a decision be rendered imposing disciplinary
13 action against the license and license rights of Respondent
14 GEORGE CHINCHENG HSU under the Real Estate Law (Part 1 of
15 Division 4 of the Business and Professions Code) and for such
16 other and further relief as may be proper under other applicable
17 provisions of law.

18
19 Dated at Los Angeles, California
20 this 3rd day of April, 2001

21
22 THOMAS MC CRADY

23 Deputy Real Estate Commissioner

24
25 cc: George Chincheng HSU
26 Sacto
27 MLB