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FILED
OCT 18 2007
DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

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* * * * *

In the Matter of the Order to)
Desist and Refrain to)
ACEH CAPITAL, LLC;)
LAND INVESTMENT COMPANY, LLC;)
and CHEN CHI WANG,)
Respondents.)

No. H-33748 LA
L-2007050311

DECISION

The Proposed Decision dated October 1, 2007,
of the Administrative Law Judge of the Office of
Administrative Hearings has been considered by me.

This Decision shall become effective at
12 o'clock noon on November 7, 2007.

IT IS SO ORDERED

10/17/07

JEFF DAVIS
Real Estate Commissioner

[Handwritten signature of Jeff Davis]

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Order to Desist and Refrain
Against:

ACEH CAPITAL, LLC;
LAND INVESTMENT COMPANY, LLC; and
CHEN CHI WANG,

Respondents

Case No. H 33748 LA

OAH No.:L2007050311

PROPOSED DECISION

On September 11, 2007, Deborah Myers, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter in Los Angeles, California.

Complainant, Jeff Davi, Real Estate Commissioner, Department of Real Estate (Department), was represented by James Peel, Staff Counsel.

Respondents, ACEH Capital, LLC (Respondent ACEH), Land Investment Company, LLC, (Respondent LIC), and Chen Chi Wang, (Respondent Wang), appeared and were represented by Edgardo Gonzalez, Attorney at Law.

Oral and documentary evidence was received. The record was closed and the parties stipulated to a delayed submission of the case until October 1, 2007 to allow the Real Estate Commissioner until October 31, 2007 to render a Decision pursuant to Business and Professions Code section 11019, subdivision (c).

FACTUAL FINDINGS

The Administrative Law Judge makes the following Factual Findings:

1. The February 20, 2007 Desist and Refrain Order was made by Jeff Davi, Real Estate Commissioner of the State of California, acting in his official capacity. The Order alleged the Respondents were subdividers who violated Business and Professions Code section 11018.2, when they sold lots in Tract 35446 without a

valid subdivision public report. The Order restrained the Respondents from selling, leasing, and offering to sell or lease any lots in that tract prior to obtaining a valid subdivision public report. Respondents appealed the Order.

2. EIC Group was a California "C" Corporation, and Respondent Wang served as President until it filed bankruptcy proceedings in 2000. Respondents LIC and ACEH are limited liability companies, of which Respondent Wang is a member. Respondent Wang is the president of LIC. He is the managing member of ACEH, which has two other shareholders. Respondents LIC and ACEH maintain separate staff, business offices, and bank accounts. Respondents LIC and ACEH file separate tax returns and do not co-mingle funds. The Department did not establish that these companies were the alter egos of Respondent Wang.

3. In September 1988, Respondent Wang and his wife Victoria Wang owned 16 parcels in Tract 35446 located in Lancaster, California. Respondent Wang and his wife Victoria obtained a subdivision public report for Tract 35446, which was issued on September 28, 1988, and expired on September 27, 1993. EIC Group, a California Corporation, obtained a subdivision public report for Tract 35446, which was issued on August 9, 1996, and expired on August 8, 2001.

4. Respondent Wang and his wife Victoria sold four lots in Tract 35446, as further detailed below.

Subdivision Sales

5. (A) Respondent Wang and his wife Victoria sold Lot 5 to EIC on a date not disclosed by the record.

(B) On March 27, 2000¹, EIC sold Lot 5 to Respondent ACEH. Respondent Wang signed as the grantor, as a "member" of EIC. EIC's public report was valid at this time.

(C) On December 1, 2000, Respondent ACEH sold Lot 5 to Mr. and Mrs. Alberdi. Respondent Wang signed as the grantor, as a "member" of Respondent ACEH.

6. (A) Respondent Wang and his wife Victoria sold Lot 8 to Respondent LIC on a date not disclosed by the record.

(B) On July 21, 2000, Respondent LIC sold Lot 8 to Mr. and Mrs. Menske. Respondent Wang signed as the grantor, as a "member" of LIC.

¹ Referenced in the December 1, 2000, grant deed which corrected the grantor's name.

7. (A) Respondent Wang and his wife Victoria sold Lot 9 to Respondent LIC on a date not disclosed by the record.

(B) On February 23, 2004, Respondent LIC sold Lot 9 to Equity Trust Company, Custodian Clark. Respondent Wang signed as the grantor, as a "member" of LIC.

8. (A) Respondent Wang and his wife Victoria sold Lot 12 to Respondent ACEH on March 22, 2000. They did not have a valid public report at the time of the sale.

(B) Respondent ACEH sold a 50% undivided share to Equity Trust Company, Custodian Rabin, on February 3, 2004, and a 50% undivided share to Equity Trust Company Custodian Couden, on May 17, 2004. Respondent Wang signed as the grantor, as a "member" of ACEH.

LEGAL CONCLUSIONS

Pursuant to the foregoing Factual Findings, the Administrative Law Judge makes the following legal conclusions:

Subdivision of Land

1. The Subdivision of Lands Act is designed to protect individual buyers of land from fraud, misrepresentation, or deceit. (Bus. & Prof. Code §11000 et. seq.), and *Chapman v. Division of Real Estate*, (1957) 153 Cal.App. 2d 421 at 428-430.

2. A subdivision is a tract of land divided into five or more improved or unimproved lots for the purpose of a sale, a lease, or financing. (Bus. & Prof. Code §11000).

3. Tract 35446 is a subdivision, as it originally consisted of 16 lots.

Subdivider

4. A subdivider is a person who owns five or more subdivision interests and intends to sell, lease or finance them. (Cal. Code Regs., title 10, §2801.5.)

5. Respondent Wang and his wife are subdividers, as they owned 16 lots in Tract 35446 in September, 1988.

Public Report Obligation

6. A subdivider must first obtain a public report from the Real Estate Commissioner before it can offer to sell or lease any lot or parcel in a subdivision in California, pursuant to Business and Professions Code section 11018.2. This public report must be provided to a prospective purchaser or lessee prior to the execution of a binding contract for the sale or lease of the lot or parcel of a subdivided interest, under Business and Professions Code section 11018.1, subdivision (a), and California Code of Regulations, title 10, section 2794, subdivision (a).

7. When Respondent Wang and his wife Victoria sold Lots 5, 8, 9 and 12 in Tract 35466, they were subdividers. As such, they were required to first obtain a public report from the Real Estate Commissioner, and then provide it to the prospective buyers.

8. Respondent Wang and his wife Victoria obtained a public report issued on September 28, 1988, which expired on September 27, 1993. However, the record did not establish the date Respondent Wang and his wife Victoria sold Lots 5, 8, and 9, and therefore there can be no determination as to whether they complied with section 11018.1, subdivision (a).

9. The record did establish that Respondent Wang and his wife Victoria sold Lot 12 to Respondent ACEH in 2000. However, they had not applied for a public report on the tract prior to this sale, as they were required to do as subdividers. Rather, only Respondent EIC, not Respondent Wang, had applied for and received a public report for Tract 35446 for this time period. Therefore, as to Lot 12, Respondent Wang and his wife violated Business and Professions Code section 11018.2. Respondent Wang should be restrained from selling or leasing any lot in Tract 35466 without a valid subdivision public report.

Successor Owners

10. Successor owners are subdividers obligated to obtain public reports when they own five or more parcels or lots in a tract. (Cal. Code Regs., title 10, §2801.5) and *Chapman v. Division of Real Estate*, (supra), 153 Cal.App. 2d 421 at 428-430.

11. Complainant alleges that Respondents LIC and ACEH are successor subdividers and stand in the shoes of the original grantors and subdividers. Complainant alleges that Respondents LIC and ACEH should have requested public reports prior to their sale of Lots 5, 8, 9, and 12, and therefore violated Business and Professions Code section 11018.2.

12. Respondents LIC and ACEH are successor owners. However, they did not own five or more lots, and are not successor subdividers. The Department did not

establish that they were the alter ego of Respondent Wang. As they were not subdividers as defined by the Code, they did not have a duty to apply for a public report when they sold those lots. They did not violate the Subdivision of Lands Act, section 11018.2. There is no legal basis for restraining them from selling or leasing any lots in Tract 35466.

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

1. The February 20, 2007 Order to Desist and Refrain is upheld as to Respondent Wang. He is ordered to not sell, lease or offer to sell or lease any lots in Tract 35446 without first applying for and obtaining a subdivision public report.
2. The February 20, 2007 Order to Desist and Refrain is vacated as to Respondents LIC and ACEH.

October 1, 2007



DEBORAH MYERS
Administrative Law Judge
Office of Administrative Hearings

5/20/07
Play

1 JAMES R. PEEL; Counsel (SBN 47055)
2 Department of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, CA 90013-1105
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6
7
8 Telephone: (213) 576-6982
9 -or- (213) 576-6913 (Direct)

FILED
AUG 13 2007
DEPARTMENT OF REAL ESTATE
[Signature]

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

To:)	NO. H-33748 LA
)	L-2007050311
ACEH CAPITAL, LLC;)	
LAND INVESTMENT COMPANY, LLC;)	<u>NOTICE OF CONTINUED</u>
and CHEN CHI WANG.)	<u>HEARING ON ORDER TO</u>
)	<u>DESIST AND REFRAIN</u>

On February 20, 2007, the Real Estate Commissioner of the State of California issued his Order directing the above-named parties to desist and refrain from certain alleged activities.

On March 15, 2007, the Department of Real Estate ("Department"), Los Angeles Office, received acknowledgment of the Order to Desist and Refrain from ACEH Capital, LLC; Land Investment Company, LLC; and Chen Chi Wang.

Edgardo Gonzalez, Attorney for ACEH Capital, LLC; Land Investment Company, LLC; and Chen Chi Wang advised that he would be representing the parties in a hearing held before the Department pursuant to Section 10086 of the Business and Professions Code of the State of California.

1 YOU ARE HEREBY NOTIFIED that a hearing on the Order to
2 Desist and Refrain will be held before the Department of Real
3 Estate at **Office of Administrative Hearings, 320 West Fourth**
4 **Street, Suite 630, Los Angeles, California, on September 11,**
5 **2007, at the hour of 10:00 a.m.,** or as soon thereafter as the
6 matter can be heard, upon the matters contained in the Order to
7 Desist and Refrain filed February 23, 2007.

8 You may be present at the hearing and may be
9 represented by counsel, but you are neither required to be
10 present at the hearing, nor are you required to be represented
11 by counsel.

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

18 DATED: August 13, 2007

19 JEFF DAVI
20 Real Estate Commissioner

21
22 By: James R. Peel

 JAMES R. PEEL, Counsel

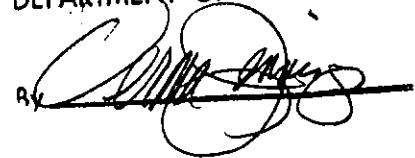
23
24 cc: ACEH Capital, LLC
25 Land Investment Company, LLC
26 Chen Chi Wang
27 Edgardo Gonzalez, Esq.
 Sacto.
 OAH

SAND
1/14

1 JAMES R. PEEL, Counsel (SBN 47055)
2 Department of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, CA 90013-1105

5 Telephone: (213) 576-6982
6 -or- (213) 576-6913 (Direct)

FILED
JUN 14 2007
DEPARTMENT OF REAL ESTATE

BY 

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 To:)	NO. H-33748 LA
)	L-2007050311
12 ACEH CAPITAL, LLC;)	
13 LAND INVESTMENT COMPANY, LLC;)	<u>NOTICE OF HEARING</u>
14 and CHEN CHI WANG.)	<u>ON ORDER TO</u>
)	<u>DESIST AND REFRAIN</u>

15 On February 20, 2007, the Real Estate Commissioner of
16 the State of California issued his Order directing the above-
17 named parties to desist and refrain from certain alleged
18 activities.

19 On March 15, 2007, the Department of Real Estate
20 ("Department"), Los Angeles Office, received acknowledgment of
21 the Order to Desist and Refrain from ACEH Capital, LLC; Land
22 Investment Company, LLC; and Chen Chi Wang.

23 Edgardo Gonzalez, Attorney for ACEH Capital, LLC; Land
24 Investment Company, LLC; and Chen Chi Wang advised that he would
25 be representing the parties in a hearing held before the
26 Department pursuant to Section 10086 of the Business and
27 Professions Code of the State of California.

1 YOU ARE HEREBY NOTIFIED that a hearing on the Order to
2 Desist and Refrain will be held before the Department of Real
3 Estate at **Office of Administrative Hearings, 320 West Fourth**
4 **Street, Suite 630, Los Angeles, California, on July 11, 2007, at**
5 **the hour of 9:00 a.m.,** or as soon thereafter as the matter can
6 be heard, upon the matters contained in the Order to Desist and
7 Refrain filed February 23, 2007.

8 You may be present at the hearing and may be
9 represented by counsel, but you are neither required to be
10 present at the hearing, nor are you required to be represented
11 by counsel.

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

18 DATED: June 14, 2007

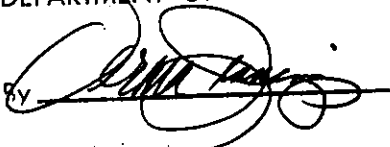
19 JEFF DAVI
20 Real Estate Commissioner

21
22 By: 

23 JAMES R. PEEL, Counsel

24 cc: ACEH Capital, LLC
25 Land Investment Company, LLC
26 Chen Chi Wang
27 Edgardo Gonzalez, Esq.
 Sacto.
 OAH

1 Department of Real Estate
2 320 West 4th Street, Suite 350
3 Los Angeles, CA 90013
4 Telephone: (213) 576-6982
5 (213) 576-6913(Direct)

FILED
FEB 23 2007
DEPARTMENT OF REAL ESTATE
BY 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * * *

11 TO:) No. H-33748 LA
12 ACEH CAPITAL, LLC;)
13 LAND INVESTMENT COMPANY, LLC;) ORDER TO DESIST
14 and CHEN CHI WANG.) AND REFRAIN

15 RE:
16 TRACT NO. 35446
17 Los Angeles County, California

18 Upon the findings set forth below, the Department of
19 Real Estate of the State of California (hereinafter "Department")
20 has made a determination that you, ACEH CAPITAL, LLC, LAND
21 INVESTMENT COMPANY, LLC, and CHEN CHI WANG have violated Section
22 11018.2 of the Business and Professions Code of the State of
23 California (hereafter "Code").

24 I

25 That you, and each of you, are the owner or agent of
26 the owner of a subdivision of real property within the meaning of
27 Section 11000 of the Code.

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II

The subdivision is located in Tract No. 35446, Los Angeles County.

III

You, ACEH CAPITAL, LLC and CHEN CHI WANG, offered for sale and sold to the public lots in the subdivision, as follows:

- A. Lot 5 to Emiliano and Livier Alberdi on or about December 1, 2000.
- B. Lot 12 to Equity Trust Company Custodian FBO Richard Rabin IRA on or about February 3, 2004.
- C. Lot 12 to Equity Trust Company Custodian FBO Susan Coudren IRA on or about May 17, 2004.

IV

You, LAND INVESTMENT COMPANY, LLC and CHEN CHI WANG, offered for sale and sold to the public lots in the subdivision, as follows:

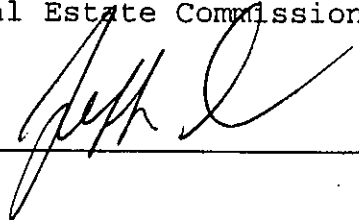
- A. Lot 8 to Michael M. and Kathleen N. Menke on or about July 21, 2000.
- B. Lot 9 to Equity Trust Company as trustee FBO Charles R. Clark IRA on or about February 23, 2004.

V

You, and each of you, violated Section 11018.2 of the Code by offering lots and parcels in the subdivision for sale or lease within the State of California, without having first obtained a subdivision public report from the Department.

1 NOW, THEREFORE, YOU, ACEH CAPITAL, LLC; LAND
2 INVESTMENT COMPANY, LLC; AND CHEN CHI WANG, YOUR AGENTS, AND
3 EMPLOYEES, ARE HEREBY ORDERED TO DESIST AND REFRAIN from further
4 selling or leasing, or offering for sale or lease, within the
5 State of California, any lot or parcel in said subdivision or any
6 other subdivision, except pursuant to a subdivision public report
7 from the Department authorizing the sale or lease of said
8 subdivided lands, or until you have complied with such
9 alternative requirement which the Commissioner may deem
10 appropriate.

11 DATED: 2/20/07

12
13 JEFF DAVI
14 Real Estate Commissioner
15 
16 _____

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19
20
21
22
23
24 cc: Aceh Capital, LLC
25 Land Investment Company, LLC
26 Chen Chi Wang
27 2075 Woodside Road
Redwood City, CA 94061

JRP/KCE (jrp)