

FILED

DEC 18 2014

BUREAU OF REAL ESTATE

By

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BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of

No. H- 39686 LA

COLONIAL REAL ESTATE AND
INVESTMENTS INC.; and
ANA MORENA MORALES,
individually and as Designated Officer
of Colonial Real Estate and
Investments, Inc.,

ACCUSATION

Respondents.

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against COLONIAL REAL ESTATE AND INVESTMENTS INC. and ANA MORENA MORALES, individually and as designated officer of Colonial Real Estate And Investments Inc., is informed and alleges as follows:

1.

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in her official capacity.

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2.

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

3.

Respondent COLONIAL REAL ESTATE AND INVESTMENTS INC. ("CREI") is licensed by the Bureau of Real Estate ("Bureau") as a corporate real estate broker. Respondent CREI was originally licensed as a corporate real estate broker on December 7, 2009, with licensed real estate broker Robert Anthony Gelt as its designated officer. Effective October 18, 2010, Gelt's real estate broker license was revoked by the Bureau. Thereafter, beginning January 6, 2011, and continuing to the present, CREI's designated officer has been Respondent ANA MORENA MORALES. Respondent CREI's corporate real estate broker license is due to expire on January 5, 2015.

4.

Respondent ANA MORENA MORALES ("MORALES") has been licensed by the Bureau as a real estate salesperson since October 11, 2006, and as a real estate broker since September 16, 2010. Respondent's real estate broker license is due to expire on September 15, 2018.

5.

At all times mentioned, in the City of Covina, County of Los Angeles, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the meaning of Code Section 10131(a), including the solicitation for listings of and the negotiation of the purchase and sale of real property as the agent of others, and the conducting of broker-controlled escrow activities under the real estate broker license of Respondent CREI pursuant to Financial Code Section 17006(a)(4).

6.

On June 5, 2014, the Bureau completed an audit examination of the books and records of Respondent CREI, with regard to the real estate sales and broker-controlled escrow

activities described in paragraph 5, above. The audit examination covered the period of time from June 1, 2012, to December 31, 2013. The primary purpose of the examination was to determine Respondents' compliance with the Real Estate Law. The audit examination revealed numerous violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 130160 and the exhibits and work papers attached to said audit reports.

Bank and Trust Accounts

7.

At all times herein relevant, in connection with the activities described in Paragraph 5, above, CREI accepted or received funds including funds to be held in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties in connection with real estate purchase and sales transactions. Thereafter CREI made deposits and or disbursements of such trust funds. From time to time herein mentioned during the audit period, said trust funds were deposited and/or maintained by CREI in the following bank accounts neither of which were designated as trust accounts:

Colonial Real Estate & Investments dba
Summit Escrow Services
Account No. 024XXXXXXX (Redacted for security)
Bank of America
Branch Not Provided

(B/A #1 - CREI's general escrow account used to deposit trust funds)

Colonial Real Estate & Investments
Account No. 024XXXXXXX (Redacted for security)
Bank of America
Branch Not Provided

(G/A #1 - CREI's general business account)

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1 Violations

2 8.

3 With respect to the licensed activities referred to in Paragraph 5, and the audit
4 examination including the exhibits and work papers referenced in Paragraph 6, it is alleged that
5 Respondents:

6 (a) Permitted, allowed or caused the disbursement of trust funds from CREI
7 bank account B/A #1 to an amount which, on December 31, 2013, was \$39,488.86 less than the
8 existing aggregate trust fund liability to the owners of said funds, without first obtaining the prior
9 written consent of the owners of said funds in violation of Code Section 10145 and Regulations
10 2832.1 and 2951;

11 (b) Held earnest money deposits beyond the next business day following the
12 receipt of such funds without written authorization from the principals to the real estate
13 transaction, and deposited such funds into B/A #1, which is not designated as a trust account in
14 violation of Code Section 10145 and Regulations 2832, 2950(f), and 2951;

15 (c) Failed to maintain a columnar record of the receipt and disbursement of
16 trust funds handled through B/A #1 in violation of Code Section 10145 and Regulations 2831,
17 2950(d), and 2951;

18 (d) Failed to maintain a monthly reconciliation of the separate record to the
19 control record of trust funds handled through B/A #1 in violation of Code Section 10145 and
20 Regulations 2831.2, 2950(d), and 2951;

21 (e) Allowed real estate salesperson Edgar Emilio Morales to be a signor on
22 B/A #1, when he was not licensed in the employ of CREI in violation of Code Section 10145 and
23 Regulations 2834 and 2951;

24 (f) Mixed and commingled trust funds with CREI's general funds by
25 transferring trust funds from B/A #1 into G/A #1 in violation of Code Sections 10145 and
26 10176(e) and Regulation 2832;

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(g) Converted trust funds for use to pay personal expenses or company expenses without written authorization from the owners of said trust funds in violation of Code Sections 10145, 10176(i), and 10177(j);

(h) Failed to disclose to all parties involved in real estate activities that Respondent MORALES had an interest as an owner in the escrow operation, in violation of Regulation 2950(h);

(i) Engaged in the business of a corporate real estate broker when CREI was not in good standing with the California Office of the Secretary of State for more than two years in violation of Regulation 2742(c).

(j) As to Respondent MORALES, failed to exercise adequate supervision over the activities of CREI to ensure compliance with the Real Estate Laws, in violation of Code Sections 10159.2 and 10177(h), and Regulation 2725.

9.

The conduct of Respondents described in Paragraph 9, above, violated the Code and the Regulations as set forth below:

PARAGRAPH

PROVISIONS VIOLATED

8(a)

Code Section 10145 and
Regulations 2832.1 and 2951

8(b)

Code Section 10145 and
Regulations 2832, 2950(f), and 2951

8(c)

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

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1	8(d)	Code Section 10145 and
2		Regulations 2831.2, 2950(d), and 2951
3		
4	8(e)	Code Section 10145 and
5		Regulations 2834 and 2951
6		
7	8(f)	Code Section 10145 and 10176(e) and
8		Regulations 2832
9		
10	8(g)	Code Sections 10145, 10176(i), and 10177(j)
11		
12	8(h)	Regulation 2950(h)
13		
14	8(i)	Regulation 2742(c)
15		
16	8(j)	Code Section 10159.2 and 10177(h) and
17		Regulations 2725
18		

19 Each of the foregoing violations constitute cause for the suspension or revocation
20 of the real estate license and license rights of Respondents under the provisions of Code Sections
21 10177(d), 10177(g), and/or 10177(h).

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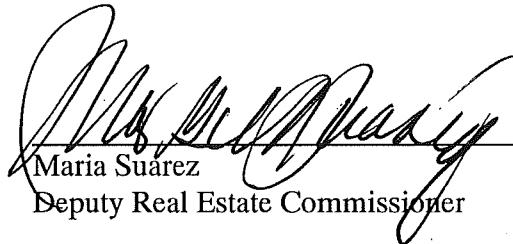
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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against the license and license rights of Respondents COLONIAL REAL ESTATE AND
4 INVESTMENTS INC. and ANA MORENA MORALES, individually and as designated officer
5 of Colonial Real Estate And Investments Inc., under the Real Estate Law (Part 1 of Division 4 of
6 the Business and Professions Code), for costs of the audit, and for such other and further relief as
7 may be proper under other applicable provisions of law.

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9 Dated at Los Angeles, California: 16 December 2014.

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14 Maria Suarez
15 Deputy Real Estate Commissioner
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24 cc: Colonial Real Estate And Investments Inc.
25 Ana Morena Morales
26 Maria Suarez
27 Sacto
 Audits – Isabel Beltran