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FILED

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BUREAU OF REAL ESTATE

By John Guil

8 BEFORE THE BUREAU OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation against)

CalBRE No. H – 40051 LA

12 PALM PACIFIC REALTY, INC.,)
SHING HSUN WU, individually and as)
13 designated officer of Palm Pacific Realty, Inc., and)
KING FUN HUI,)

ACCUSATION

14 Respondents.)

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16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the
Bureau of Real Estate (“Bureau”) of the State of California, for cause of Accusation against
17 PALM PACIFIC REALTY, INC., SHING HSUN WU, individually and as designated officer of
18 Palm Pacific Realty, Inc., and KING FUN HUI (collectively “Respondents”), alleges as follows:
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20 1.

21 The Complainant, Veronica Kilpatrick, acting in his official capacity as a
Supervising Special Investigator, makes this Accusation against Respondent.

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2.

Respondents are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

3.

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.

4.

From September 16, 2009, through the present, Respondent PALM PACIFIC REALTY, INC. ("PPRI") has been licensed by the Bureau as a real estate corporation, License ID 01526481.

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From July 7, 1992, through the present, SHING HSUN WU ("WU") has been licensed by the Bureau as a real estate broker, License ID 00814725.

6.

From on or about September 16, 2009, through the present, PPRI has been authorized to act by and through Respondent WU as its broker designated pursuant to Code Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law. WU is the Secretary for PPRI.

7.

From April 10, 2007, through the present, Respondent KING FUN HUI ("HUI") has been licensed by the Bureau as a real estate salesperson, License ID 01794149. At all times relevant herein, Respondent HUI was licensed under the employment of PPRI.

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1 8.

2 Audit LA 140052

3 On or about February 27, 2015, the Bureau completed an audit examination of the books
4 and records of Respondent PPRI's real estate activities that require a real estate license pursuant
5 to Code section 10131. The audit examination covered a period of time from
6 January 1, 2013 through October 31, 2014. The audit examination revealed violations of the
7 Code and the Regulations as set forth in the following paragraphs, and more fully discussed in
8 Audit Report LA 140052 and the exhibits and work papers attached to said audit report.

9 9.

10 An entrance conference was held on November 5, 2014 with Respondent WU and
11 Benjamin L. Ueng ("Ueng"), PPRI's manager. Ueng is licensed as a real estate broker, License
12 ID 00940265. Respondent WU and Ueng provided Respondent PPRI's records to the auditor for
13 examination. During the audit period, Respondent PPRI listed its main office address at 812 W.
14 Las Tunas Drive, San Gabriel, California. PPRI maintained one branch office located at 3636 S.
15 Nogales St., West Covina, California. During the audit period, PPRI was engaged in real estate
16 sales and listing for short term (one year) leasing. According to Ueng, PPRI did not conduct
17 property management, mortgage loan brokerage, or escrow activities during the audit period.
18 Respondents claimed that PPRI did not maintain a trust account during the audit period.

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1 Violations

2 10.

3 In the course of PPRI's real estate activities during the audit examination period
4 described above in Paragraph 8, Respondents acted in violation of the Code and the Regulations
5 as follows:

6 a. ISSUE THREE¹ (3). Code Section 10164(c) – Branch or Division Manager

7 Appointment

8 WU, PPRI's designated officer, appointed Ueng as a division manager of PPRI's real
9 estate activities and delegated to Ueng the responsibility to oversee PPRI's day-to-day operations
10 and supervise PPRI's salespersons and clerical staff without a written contract or notification to
11 the Bureau, in violation of Code Section 10164.

12 b. ISSUE FOUR (4). Code Sections 10159.2, 10177(h), and Regulation 2725–

13 Responsibility of Corporate Officer in Charge/Broker Supervision

14 WU failed to adequately supervise and control the real estate activities conducted by
15 PPRI's salespersons and employees and failed to establish policies, rules, procedures and/or
16 systems to review, oversee, inspect, and manage transactions requiring a real estate license or the
17 handling of trust funds, in violation of Code Sections 10159.2, 10177(h), and Regulation 2725.

18 c. ISSUE FIVE (5). Code Section 10145(c) and Regulation 2832 – Handling of Trust

19 Funds

20 During the audit period, Respondent HUI, while acting on behalf of PPRI, accepted trust
21 funds approximately in the amount of \$71,500 in the form of rent payments (\$59,000) and
22 security deposit (\$12,500) from tenant Private Wealth Capital, LLC for the lease of real property
23 located at 2412 Jupiter Drive, in Los Angeles, California ("Jupiter property"). HUI failed to

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¹ Issues One and Two deliberately skipped.

1 deliver said trust funds to PPRI or if so directed by PPRI, into the custody of PPRI's principal, a
2 neutral escrow depository, or into any PPRI trust account, in violation of Code Section 10145(c)
3 and Regulation 2832.

4 d. ISSUE SIX (6). Code Sections 10145, 10176(e), and Regulation 2832 – Handling of
5 Trust Funds/Commingling

6 During the audit period, HUI deposited trust funds for the lease of the Jupiter property
7 into HUI's personal account maintained with Bank of America, Account No. XXXXXX0483.
8 HUI commingled said trust funds with HUI's personal funds, in violation of Code sections
9 10145, 10176(e), and Regulation 2832.

10 e. ISSUE SEVEN (7). Code Section 10145 and Regulation 2831 – Handling of Trust
11 Funds/Trust Fund Records to Be Maintained

12 Respondents failed to maintain records of all trust funds received and disbursed in
13 connection the property management activity of the Jupiter property, in violation of Code section
14 10145 and Regulation 2831.

15 f. ISSUE EIGHT (8). Code Sections 10145(a), 10176(i) or 10177(j) – Handling of
16 Trust Funds/Unauthorized Disbursements

17 Based on an examination of records and discussions between the Bureau's auditor and
18 Respondents WU, HUI, and Ueng, Respondent HUI collected advance rent payments (\$71,500)
19 for five months (\$71,500) from tenant Private Wealth Capital, LLC for the lease of the Jupiter
20 property. There was no written listing agreement for the lease of the Jupiter property. HUI
21 distributed some of the trust funds (\$2,145 to ASG Realty, Inc. and \$2,088 to HUI) without
22 written instructions from the owner of the Jupiter property or person(s) entitled to said trust
23 funds, in violation of Code Sections 10145(a), 10176(i) or 10177(j).

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11.

The violations noted above in Paragraph 10 constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondents under the provisions of Code Sections 10165, 10177(d), 10176(e), 10176(i), 10177(j), and/or 10177(g).

12.

Code Section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau of Real Estate, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and/or license rights of Respondents PALM PACIFIC REALTY, INC., SHING HSUN WU, individually and as designated officer of Palm Pacific Realty, Inc., and KING FUN HUI under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), for the cost of investigation and enforcement as permitted by law, and for such other and further relief as may be proper under other provisions of law.

Dated at San Diego, California this 9th day of November, 2015.


VERONICA KILPATRICK
Supervising Special Investigator

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1 cc: Palm Pacific Realty, Inc.
2 Shing Hsun Wu
3 King Fun Hui
4 Veronica Kilpatrick
5 Sacto
6 Audits/Anna Hartoonian
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