

**FILED**

MAY 31 2017

BUREAU OF REAL ESTATE

By *A. Delouis*

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Accusation of	)	NO. H-40307 LA
	)	L-2016080487
LING-LAIN GINNY LIN; and	)	
FAITH GLOBAL GROUP, INC.,	)	
	)	
Respondents.	)	
_____	)	

DECISION

The Proposed Decision dated May 2, 2017, 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.

Pursuant to Section 11517(c)(2) of the Government Code, the following corrections are made:

Page 1, Introductory Paragraphs, paragraph 2, "Amelia Vertrone" shall read: "Amelia Vetrone".

Page 1, Introductory Paragraphs, paragraph 4, "L in" shall read: "Lin".

Page 2, FACTUAL FINDINGS, paragraph 2, "Ling-Lian Ginny Lin" shall read: "Ling-Lain Ginny Lin".

Page 2, FACTUAL FINDINGS, paragraph 2, "B01002981" shall read: "01002981".

Page 2, FACTUAL FINDINGS, paragraph 3, "C01525183" shall read: "01525183".

Page 4, FACTUAL FINDINGS, paragraph 9, "CPM, Inc." shall read "CBM".

Page 4, FACTUAL FINDINGS, paragraph 9, "CPM or Chiu to begin with" shall read "CBM or Chiu to begin with".

Page 4, FACTUAL FINDINGS, paragraph 12, "CPM, Systems Inc. Ginny Lin" shall read "CBM Systems Inc. Ginny Lin".

This Decision imposes discipline on one or more real estate licenses on the ground of the violation of the Real Estate Law, Part 1 commencing with Section 10000 of the Business and Professions Code ("Code") and/or the Regulations of the Real Estate Commissioner, Title 10, Chapter 6 of the California Code of Regulations ("Regulations").

The right to reinstatement of a revoked real estate license or to the reduction of a suspension is controlled by Section 11522 of the Government Code. A copy of Section 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of Respondent.

This Decision shall become effective at 12 o'clock noon on

JUN 20 2017

IT IS SO ORDERED

5/24/17

WAYNE S. BELL  
Real Estate Commissioner



By: DANIEL J. SANDRI  
Chief Deputy Commissioner

BEFORE THE BUREAU OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

LING-LAIN GINNY LIN, and  
FAITH GLOBAL GROUP, INC.

Respondents.

Case No. H-40307 LA

OAH No. 2016080487

**PROPOSED DECISION**

The hearing in the above-captioned took place on November 3, 2016, and on February 27, 2017, in Los Angeles, California, before Joseph D. Montoya, Administrative Law Judge, Office of Administrative Hearings.

Complainant Maria Suarez was represented by Amelia Vextrone, Counsel, Bureau of Real Estate.

Respondents Ling-Lain Ginny Lin and Faith Global Group, Inc., were represented by Ricky W. Poon, Attorney at Law. Respondent Ling-Lain Ginny Lin was in attendance at both hearing dates.

Interpreters assisted Respondent <sup>Lin</sup> X in and the witnesses Michael Chiu and George Tsai during the proceeding.

The record was held open so that each party could submit written closing arguments. Complainant's closing brief was timely filed and is identified as exhibit 8. Respondent's closing brief was received on time and is identified as exhibit I.

Respondents lodged copies of the transcript of the November 3, 2016, proceeding, which is identified as exhibit J. Mr. Poon's declaration, authenticating parts of the transcripts for the two hearing dates is received, there being no objection, as exhibit K.

The record was closed and the matter submitted for decision on April 3, 2017. The ALJ hereby makes his factual findings, legal conclusions, and orders.

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## SUMMARY OF THE CASE

Complainant alleged that Respondent Lin misappropriated a check payable to a third party, by endorsing the payee's name, and her own on the check, and then depositing the check into her own account. It is also alleged that the corporate respondent, Faith Global Group, Inc. has been dissolved, and is therefore barred from acting as a corporate broker.

Respondent Lin acknowledged that she deposited the check into her account, but asserts she was authorized to do so, so that the proceeds could be loaned to a firm that she was involved with, along with two other persons, one being the owner of the firm that the check was made out to.

## FACTUAL FINDINGS

### *The Parties and Jurisdiction*

1. Complainant filed and maintained the Accusation in this matter while acting in her official capacity of Supervising Special Investigator of the Bureau of Real Estate (Bureau), Department of Consumer Affairs, State of California.

2. (A) Respondent Ling-Lin<sup>or</sup> Ginny Lin (Lin) is licensed by the Bureau as a real estate broker. She was licensed as a real estate salesperson in September 1988, and was later licensed as a real estate broker, effective May 20, 1997. Her license number is ~~X~~01002981. Respondent Lin's license will expire on May 19, 2017, unless renewed.

(B) Lin has no record of discipline with the Bureau, or its predecessor, the Department of Real Estate.

3. (A) Respondent Faith Global Group, Inc. (FGGI) was a California corporation that has been licensed as a corporate broker since July 7, 2009, license number ~~X~~01525183. Respondent Lin is the Designated Officer—the qualifying broker—for FGGI. In 2012 through October 2013, Lin was the Chief Executive Officer, Chief Financial Officer, and Secretary of FGGI. There is no record of discipline against FGGI's license.

(B) On October 6, 2014, Lin filed a Certificate of Dissolution of FGGI with the California Secretary of State. Lin executed the Certificate of Dissolution on September 15, 2014.

4. After the Accusation was filed and served, an answer was filed on behalf of both Respondents. The Bureau treated it as a Notice of Defense, and this hearing ensued. All jurisdictional requirements have been met.

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*Other Relevant Persons and Entities*

5. At issue in this case is a check made payable to CBM Systems, Inc. (CBM) by an escrow company. CBM is owned by Shao Fa Chiu, who goes by the name Michael Chiu (Chiu). Chiu's brother is the other owner of CBM.

6. (A) Respondent Lin and Michael Chiu were officers and directors of a corporation, United Faith Enterprises (UFE), which ultimately received the proceeds of the check that is at the center of this case. There was a third officer and director, George Tsai (Tsai). Tsai has known Lin for approximately 10 years, and has known Chiu for some 15 years.

(B) Tsai testified twice in this matter. He sometimes referred to UFE as a partnership, though it was a corporation. He testified that he was the owner of the firm, but during the second day of hearing he testified that Respondent Lin was to have received shares in the company. However, the stock was never issued to her. There was evidence that Tsai had invested at least \$200,000 into UFE. Lin attested she had loaned money approximately \$40,000 to the firm. Chiu testified that he had loaned money to UFE as well, which loan is related to the real estate transaction that underlies the check that is at issue in this proceeding.

(C) Chiu testified that he did not own UFE, and that Tsai put Chiu's name on some of the paperwork. However, that was later contradicted by Tsai, during his second time testifying, when stated that Tsai, Lin, and Chiu owned UFE. This second testimony contradicted Chiu's testimony and Tsai's original story regarding the ownership of UFE.

(D) Tsai, Chiu, and Lin were all authorized to sign checks for UFE.

*The Michillinda Avenue Transaction*

7. In October 2013, UFE purchased a property located on South Michillinda Avenue, in Pasadena, California. Not all of the details of the transaction were set out in the hearing, but the transaction is germane because the check in question came out of the escrow that was opened to facilitate the purchase of the property. The purchase price of the property was \$540,000. It appears that there were plans to renovate the property, and to resell it, and that UFE was the vehicle for the transaction.<sup>1</sup>

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<sup>1</sup> Lin testified to the effect that the deal was always Chui's, and that UFE was simply a vehicle for him to invest in the business.

8. (A) An estimated closing escrow statement was generated by the escrow company, Diamond Global Escrow, Inc. (Diamond). Diamond generated the estimate on October 23, 2013. The estimate, exhibit B-1, showed that various charges, such as escrow fees, interim property taxes, and daily interest on a note and deed of trust that the sellers were taking back, would bring the total costs to approximately \$545,725.03. The estimate showed that there had been an earnest money deposit of \$15,000, and that the note to the sellers would be \$398,000, so it was estimated that the balance due to escrow from UFE, would be \$132,725.03.

(B) The final escrow statement, generated on October 30, 2013, showed a credit for the earnest money deposit of \$15,000; \$398,000 for the note to the seller, and an "additional deposit" of \$147,645.03. (Ex. B-2.) As it can be seen, the additional deposit exceeded the estimated amount necessary for closing, by \$14,920. (i.e., \$147,645.03 - \$132,725.03.) An additional disbursement was listed on the final closing statement: "Balance of Additional Deposit: CBM Systems, Inc." (*Id.*) The amount of that additional disbursement was \$15,000. The final statement also shows that the buyer, UFE, was due \$1,301.87.

9. Why the transaction was structured this way is not disclosed by the record. That is, an additional amount of money was deposited so that a payment equal to the earnest money deposit could be paid to ~~CBM~~<sup>25N</sup> Inc., Chiu's company. However, there is no solid evidence that the earnest money came from CBM or Chiu to begin with.

10. According to Chiu, he loaned approximately \$140,000 to "George" to assist the transaction, and that after the property was renovated and sold, he was to be repaid the principal amount of the loan, and an amount equal to 10 percent of the profit on the resale. Chiu testified that his loan was repaid in its entirety, but that he did not receive any of part of the 10 percent of the profits. Tsai testified that Chiu had loaned approximately \$160,000 to complete the transaction.

11. Tsai also testified that Chiu got back all the money that he put into the investment, plus money owed to Chiu on another investment that did not perform well. The nature of that other transaction is not disclosed.

#### *The Refund Check*

12. Diamond issued a check for \$15,000, payable to CBM Systems, Inc. dated October 31, 2013. On November 4, 2013, Lin endorsed the check "CBM Systems Inc. Ginny Lin," and deposited the check into her personal account. (Ex. 5, p. 5.) She testified that she did so by using an ATM.

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13. On November 7, 2013, Lin wrote two checks from her account. Check number 1515 was in the amount of \$2,000, and payable to Yun Hsiang Wu. In the memo portion of the check she wrote "Loan to United Faith Enterprise." (Ex. 5, p. 8.) Her check number 1517 in the amount of \$13,000, was payable to "United Faith Enterprise, Inc." and in the memo portion she wrote "Loan to Company." (*Id.*, p. 6.)

14. (A) The check to UFE was deposited into the UFE bank account. The check was endorsed by Tsai. Tsai, during his testimony, at times admitted to endorsing the check, at times denied doing that, at one point denying ever seeing the check that he in fact endorsed.

(B) The payee of Lin's \$2,000 check, Yun Hsiang Wu is also known as Josh Wu. He was employed at UFE. The money was paid to him because he was owed for his work there, and UFE was short of cash.

15. When the Bureau contacted Lin about the check in April 2013, she promptly wrote back and explained that the \$15,000 was provided for the closing costs, and she stated that Chiu (who she identified as Michael Chu) is a partner in UFE with Tsai "who is also the owner of Faith Associates, Inc." (Ex. 5, p. 2.) She wrote that Chiu had agreed that after the sale closed the \$15,000 would be loaned to UFE as a "working capital loan." She wrote that Chu asked her to put the check into her personal account and to issue two checks, for \$13,000 and \$2,000. She reiterated that Chiu instructed her how to proceed, and that Bank of America contacted Chiu and he approved the transaction.

#### *Other Findings*

16. Tsai testified that he had no knowledge of the \$15,000 check until approximately December 2014, when he said a clerk found a copy in one of Lin's files. By that time, he and Chiu had removed Lin as CFO of UFE. Chiu testified he did not know about the check until Tsai told him about it near the end of 2014. Chiu's attorney then filed a complaint with the Bureau. Chiu's testimony indicated, at one point, Tsai wanted to get the money back for himself, after the alleged discovery of the check. That Tsai might think he was entitled to the money would be consistent with his, and Chiu's, testimony that Chiu received all his loan monies back.

17. During her testimony, Lin stated she obtained the check from Tsai, and that he thought the fastest way to obtain the money was to put it in the ATM, rather than going through a teller. She explained that the company needed money to pay Wu and for other expenses. She further testified that her bank, Bank of America contacted Chiu and that he approved the transaction, something that Chiu denied.

18. Yun Hsiang Wu testified that he was working at UFE and that his workplace was right outside Tsai's office. He testified to hearing a call for Chiu, who was meeting with Tsai, and that the call had to do with the \$15,000 check. He testified that Chiu approved the transaction. Wu currently works for Lin.

19. (A) Jerry Chen worked for UFE from October 2013 until August 2014. He held the title of President. He had experience in the mortgage business, and was to develop a mortgage business. He was promised stock in the firm, and worked for several months without pay, apparently in expectation of a share in the firm. However, that did not come to fruition.

(B) Chen began work after the Michillinda sale was completed, so he did not know the details of the transaction, but he understood that it was really Chiu's deal. Chen testified that UFE was in financial difficulty, and recalled being at meetings or luncheons with Tsai and Chiu, and that Tsai was always trying to get money from Chiu for the business, which money was not forthcoming.

(C) Chen recalled Tsai speaking to him about the transaction involving the check, with Tsai worried about Lin; that she had the money, and he was afraid she was not going to get it into UFE. Chen told Tsai that he had known her for many years, and did not think she would keep the funds. He attested to her honesty and good character, based on knowing her for about 17 years.

(D) Chen was credible in his testimony, in terms of his demeanor, and in terms of the content of his statements.

20. (A) Tsai's credibility suffered from his selective memory, and his contradictory testimony on some material points. His contradictions about who owned UFE alone are sufficient to call his testimony into doubt, as was his back and forth testimony regarding his knowledge of the \$13,000 check and his endorsement on the back of it. When shown the \$2,000 check that Lin gave to Wu, he denied knowing who the payee was, claiming that around the office everyone used simple Christian names. In all the circumstances, that strained credulity, given that an interpreter assisted Tsai in testifying. Further, Tsai denied that UFE was having financial difficulties, something that Chen contradicts.<sup>2</sup> However, during his testimony at the second day of hearing, he acknowledged that the \$13,000 had been received by UFE, and that employee expenses were paid with the money.

21. Chiu's testimony was also lacking in credibility, in that he denied having an ownership interest in UFE, which was contradicted not only by Lin, but by his old friend Tsai. He claimed he was never personally involved in the business, but was the CEO, a director, a signatory on the corporate bank account, and participated in a directors' meeting that led to Lin's removal as CFO. One thing he did agree with Tsai about was that he received back all of the money he "loaned" to UFE in connection with the Michillinda Avenue transaction.

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<sup>2</sup> Chen pointed out that Tsai had invested retirement money into UFE, and that the firm had 10 employees, and little money coming in.



22. The Bureau has incurred costs in the total amount of \$1,541.10, that sum being made up of investigative costs of \$517.60, and costs of prosecution in the amount of \$1,023.50. The sum is reasonable on its face.

### LEGAL CONCLUSIONS

1. The Bureau is vested with jurisdiction to proceed in this matter, based on Factual Findings 1 through 5, and Code sections 10100 and 10103.<sup>3</sup>

2. (A) Cause was established to revoke the corporate broker's license held by FGGI, based on Factual Findings 3(A) and (B), section 10177, subdivisions (d) and (f), and California Code of Regulations (CCR), title 10, section 2742, subdivision (c).

(B) CCR section 2742, subdivision (c), states: "A corporation licensed under Section 10211 of the Code shall not engage in the business of a real estate broker while not in good legal standing with the Office of the Secretary of State."

(C) Plainly, a corporation that has been dissolved is not a corporation in good standing. It is analogous to a natural person who has died, and it cannot undertake new business, only actions necessary to wind up its affairs. The import of the Certificate of Dissolution is that the winding up had been completed. Therefore, FGGI's license must be revoked.

3. (A) Cause has not been established to discipline Respondent Lin's license, given all the facts and circumstances.

(B) Complainant must prove her case by clear and convincing evidence, to a reasonable certainty. (*Realty Projects, Inc. v. Smith* (1973) 32 Cal.App.3d 204.)

(C) As the case went on, things appeared less clear than the mere endorsement of the check into Lin's account would seem to make things. Essentially, her defense was that she was authorized to proceed as she did, as time was of the essence at UFE, where money was short, and payroll had to be met. She took that position with the Bureau days after it contacted her to inquire into the matter. She maintained that position at the hearing. There was some evidence, in the form of Wu's and Chen's testimony that corroborated her position.

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<sup>3</sup> All statutory citations shall be to the Business and Professions Code.

(D) At the same time, Tsai and Chiu, who denied the arrangement, suffered from significant credibility issues. Initially, both denied that Chiu had an interest in the company, but his status as an officer, director, and signatory on the bank accounts indicated otherwise. Of course, Tsai's late testimony that Chiu was partners in UFE with Tsai and Lin contradicted the testimony of both men, and this direct contradiction of Chiu's testimony is damning.

(E) The evidence establishes that UFE had financial problems, which supports Lin's statement that she acted as she did to hurry the process of injecting money into a business that Chiu had an interest in. Her claim that she obtained the check from George has some support in the testimony of Chen. And, to the extent that Tsai was the financial person in UFE—Chen's understanding of his role—Tsai, who had invested retirement money in the company had much to gain by keeping it afloat in an expeditious manner.

(F) Both Tsai and Chiu testified that the latter got back all of his loan money. If that is so, then why was his company due any money by 2014? By that time, Tsai and Chiu had taken steps to diminish Lin's position in the company.

(G) At bottom, Lin did not use the money for herself; it was used for UFE, a company that Chiu and Tsai had an interest in. That was confirmed by the testimony of Wu, and by Tsai's admission during the February 27, 2017 proceeding that the \$13,000 was used to meet expenses.

(H) In prior cases, the undersigned has not hesitated to discipline licensees who would engage in dishonest or fraudulent conduct. (See, e.g., *In the Matter of the Accusation Against Maria C. Franco*, BRE no. H 38507 LA, OAH no. 2013020332 [salesperson misappropriating deposits and other dishonesty].) In such cases, the dishonest conduct was proved by the requisite standard of clear and convincing evidence, but that is not the case here.

4. As to the matter of costs, FGGI is liable for costs under section 10106, but Lin should not be responsible, in light of Legal Conclusion 3. The costs should be apportioned, so that the corporate broker is obligated to pay \$500.

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ORDER

1. The Accusation against Respondent Ling-Lain Ginny Lin is hereby dismissed.
2. All licensing rights held by Respondent Faith Global Group, Inc., are hereby revoked.
3. Faith Global Group, Inc. shall pay cost of \$500 to the Bureau forthwith.

Date: May 2, 2017

DocuSigned by:  
*Joseph D. Montoya*  
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JOSEPH D. MONTOYA  
Administrative Law Judge  
Office of Administrative Hearings