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AUG 25 2016

BUREAU OF REAL ESTATE

By AL Selvio

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BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of

No. H- 40352 LA

THE REALTY EXCHANGE FIRM INC., and  
JONATHAN I. ANOZIE, individually  
and as former designated officer of  
The Realty Exchange Firm Inc.,

ACCUSATION

Respondents

The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, for cause of Accusation against THE REALTY EXCHANGE FIRM INC., and JONATHAN I. ANOZIE, individually and as former designated officer of The Realty Exchange Firm Inc., alleges as follows:

1.

The Complainant, Maria Suarez, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

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.

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A. Respondent JONATHAN I. ANOZIE ("ANOZIE" or "D.O. ANOZIE") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker ("REB"), Bureau of Real Estate ("BRE" or "Bureau") license ID 01252062.

C. ANOZIE's BRE main office address is 1620 Centinela Avenue, Suite 203, Inglewood, CA 90302.

E. ANOZIE was the designated officer ("D.O.") of record for THE REALTY EXCHANGE FIRM INC. until July 15, 2016. Respondent ANOZIE maintains no DBAs and no branch offices of record under his BRE license.

F. ANOZIE's BRE license will expire on January 23, 2019.

## 4.

A. Respondent THE REALTY EXCHANGE FIRM INC. ("TREFT") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate corporation ("REC"), license ID 01848695.

B. TREFI was originally licensed by the Bureau on July 16, 2008.

C. TREFT's BRE main office address of record is the same as ANOZIE's BRE main office address of record.

D. TREFF's BRE mailing address of record is the same as ANOZIE's BRE main office address of record.

1 E. TREFI's BRE license expired on July 15, 2016. Pursuant to Code Section  
2 10201 Respondent retains renewal rights. Pursuant to Section 10103 the Bureau retains  
3 jurisdiction.

4 F. At the time of its BRE license expiration:

- 5 1. TREFI's designated officer was Respondent JONATHAN I. ANOZIE;
- 6 2. TREFI maintained one DBA for Realty Exchange Property  
7 Management (active since November 23, 2009);
- 8 3. TREFI maintained four (4) branch offices of record; and
- 9 4. TREFI employed two (2) salespersons under its BRE license.

10 BROKERAGE

11 THE REALTY EXCHANGE FIRM INC.

12 5.

13 A. At all times mentioned in Beverly Hills, California, Respondent TREFI acted  
14 as a real estate broker, and ordered, caused, authorized or participated in licensed activities  
15 within the meaning of:

16 1. Code Section 10131(b), wherein TREFI engaged in property  
17 management activities, and leased or rented or offered to lease or rent, or placed for rent, or  
18 solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale,  
19 purchase or exchanges of leases on real property, or on a business opportunity, or collected rent  
20 from real property, or improvements thereon, or from business opportunities ("property  
21 management"); and

22 2. California Financial Code Section 17006, wherein TREFI conducted  
23 broker-controlled escrows under the exemption set forth in California Financial Code Section  
24 17006(a)(4) for real estate brokers performing escrows incidental to a real estate transaction  
25 where the broker was a party and where the broker was performing acts for which a real estate  
26

1 license is required ("broker-controlled escrows" or "escrows").

2 B. According to ANOZIE, he is the President as well as the sole, one hundred  
3 percent (100%) owner of TREFI.

4 C. With respect to TREFI's property management activities, D.O. ANOZIE  
5 represented to the BRE that TREFI managed approximately five (5) one-to-four family  
6 residences, totaling six (6) units for five (5) owners and charged a management fee of between  
7 seven percent (7%) to ten percent (10%) of rents collected during the audit examination period.  
8 Also according to D.O. ANOZIE, the total amount of trust funds that TREFI handled through  
9 trust accounts totaled approximately \$124,380 during the immediate twelve-month period.

10 D. With respect to TREFI's broker escrow activities, D.O. ANOZIE represented  
11 to the BRE that TREFI closed approximately ten (10) escrows and collected escrow trust funds  
12 amounting to approximately \$1.7 million for the immediate twelve-month period.

13 AUDIT OF THE REALTY EXCHANGE FIRM INC.

14 (LA 140183: Property Management Activities)

15 6.

16 On November 5, 2015, the Bureau completed an audit examination of the books  
17 and records of Respondent TREFI pertaining to the property management activities described in  
18 Paragraph 5 above, which require a real estate license. The audit examination covered a period  
19 of time beginning on July 1, 2013 and ending on July 31, 2015 (hereinafter "audit examination  
20 period"), and was performed between September 8, 2015 and October 14, 2015 ("field work  
21 period"). The final report of November 5, 2015 revealed violations of the Code and the  
22 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report  
23 LA 140183. (The Bureau conducted a separate audit of TREFI's broker escrow activities.)

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1 Bank Account

2 7.

3 During the audit examination period described in Paragraph 6 above, Respondent  
4 TREFI accepted or received funds including funds in trust ("trust funds") from or on behalf of  
5 actual or prospective parties, including tenants and property owners, and thereafter made deposits  
6 or disbursements of such funds. During the examination period TREFI deposited and/or  
7 maintained said trust funds relating to its property management activities in the following  
8 account:

9 Bank Account 1 ("B/A 1")

- 10 \* Account Name/Title: The Realty Exchange Firm, Inc.  
11 \* Bank: Bank of America, Los Angeles, CA  
12 \* Account # xxxxx-x1114  
13 \* Signatory: JONATHAN ANOZIE

14 Violations of the Real Estate Law – TREFI (Property Management)

15 8.

16 In the course of activities as described in Paragraph 5, above, and during the  
17 examination period described in Paragraph 6, Respondent TREFI acted in violation of the Code  
18 and the Regulations, as described below:

19 A. Trust Fund Handling - Multiple Beneficiaries (Code Section 10145 and  
20 Regulation 2832.1)

21 According to bank account records and the bank reconciliations for B/A 1 as of  
22 the cut-off date of July 31, 2015 a **shortage** of **<\$1,188.65>** was discovered that was attributable  
23 to bank charges of **<\$44.00>**, a negative property balance (Victor Avenue property) of  
24 **<\$100.00>**, and an unidentified shortage of **<\$1,044.65>** as of July 31, 2015. TREFI provided  
25 no evidence that the trust fund owners had given their written consent to TREFI's reduction of  
26 the balance of the funds in B/A 1 to an amount less than the existing aggregate trust fund  
27

liability, in violation of **Code Section 10145 and Regulation 2832.1**. (On or about November 5, 2015, D.O. ANOZIE cured the <\$1,888.65> shortage by depositing two checks (check #5845 dated October 14, 2015 in the amount \$98.65 and check #5849 dated November 5, 2015 in the amount \$1,090.00) into B/A 1.)

**B. Trust Fund Handling – Account Designation, Timely Deposits (Code Section 10145 and Regulation 2832)**

1. According to the B/A 1 bank signature card, dated June 26, 2009, B/A 1 was not designated as trust account, nor was ANOZIE named as a trustee on the account, in violation of **Code Section 10145 and Regulation 2832**.

2. Rents collected by TREFI from tenants were not deposited into B/A 1 within three business days following receipt of funds, in violation of **Code Section 10145 and Regulation 2832**. Examples of TREFI's violation of Code Section 10145 and Regulation 2832 include:

<u>Tenant Name</u>	<u>Property Address</u>	<u>Date Received</u>	<u>Date Deposited</u>	<u>Amount</u>
T.D.	Victor Ave.	8/1/14	8/11/14	\$1,050.00
T.D.	Victor Ave.	1/1/15	1/7/15	\$1,150.00
			Total:	\$2,200.00

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**C. Trust Fund Handling – Control Record (Code Section 10145 and Regulation 2831)**

The columnar records of trust funds received and disbursed (control record) contained disbursement dates that were not accurately recorded, in violation of **Code Section 10145 and Regulation 2831**. Examples of TREFI's violation of Code Section 10145 and Regulation 2831 include:

<u>Tenant Name</u>	<u>Property Address</u>	<u>Amount Paid</u>	<u>Disbursement Date per TREFI's Control Record</u>	<u>Disbursement Date per TREFI's Separate Record</u>
M.K.	Centinela Ave.	\$ 100.00	not recorded	4/9/15
C.T.	West 105 <sup>th</sup> St.	\$ 70.00	not recorded	1/31/15
C.T.	West 105 <sup>th</sup> St.	\$ 70.00	not recorded	4/30/15
	Total:	\$ 240.00		

**D. Trust Fund Handling - Separate Records (Code Section 10145 and Regulation 2831.1)**

The separate records of each beneficiary contained a date of deposit of trust funds that was not accurately recorded, in violation of **Code Section 10145 and Regulation 2831.1**.

Examples of TREFI's violation of Code Section 10145 and Regulation 2831.1 include:

<u>Tenant Name</u>	<u>Property Address</u>	<u>Amount Received</u>	<u>Date Deposited per TREFI's Separate Record</u>	<u>Date Deposited per Bank's Ledger</u>
M.K.	Centinela Ave.	\$ 1,155.00	1/11/15	1/13/15
C.T.	West 105 <sup>th</sup> Ave.	\$ 850.00	1/2/15	1/7/15
S.M.	Culver Park Dr.	\$ 2,500.00	8/1/14	8/5/14
T.D.	Victor Ave.	\$ 1,050.00	8/1/14	8/11/14
T.D.	Victor Ave.	\$ 1,150.00	1/1/15	1/7/15
	Total:	\$ 6,705.00		

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1                    **E. Trust Fund Handling – Trust Account Reconciliation (Code Section 10145**  
2 **and Regulation 2831.2)**

3                    During the audit examination period, TREFI failed to maintain an accurate  
4 monthly reconciliation comparing the balance of all separate records or transactions (separate  
5 records) to the balance of the record of all trust funds received and disbursed (control record) for  
6 B/A 1, in violation of **Code Section 10145 and Regulation 2831.2.**

7                    **F. Trust Fund Handling –Commingling (Code Sections 10145 and 10176(e)**  
8 **and Regulation 2835)**

9                    An examination of B/A 1's bank statements, records of deposit and disbursements  
10 revealed that D.O. ANOZIE did not withdraw monthly management fees from B/A 1 within  
11 twenty-five (25) days following the date on which said fees were earned, causing funds to be  
12 commingled with trust funds, in violation of **Code Sections 10145 and 10176(e) and**  
13 **Regulation 2835.**

14                    **G. False or Fictitious Business Name (Code Section 10159.5 and Regulation**  
15 **2731)**

16                    TREFI conducted real estate activities using the fictitious business names "Realty  
17 Exchange PM," "The Realty Exchange Firm," and "Realty Exchange Firm" in property  
18 management agreements, lease agreements, and independent contract agreements during the  
19 audit examination period without first obtaining a license from the Bureau bearing such fictitious  
20 business names, in violation of **Code Section 10159.5 and Regulation 2731.**

21                    **H. Disclosure of Licensed Status in Advertising (Code Section 10140.6(b))**

22                    Based on the BRE's review of some of the files provided by TREFI for Audit  
23 LA140183, at least one of the Residential Lease Rental Agreements did not include D.O.  
24 ANOZIE's BRE license number, in violation of **Code Section 10140.6(b).**



1                   **I. Responsibility of Corporate Officer/ Failure to Supervise – D.O. ANOZIE**  
2                   **(Code Sections 10159.2 and 10177(h) and Regulation 2725)**

3                   The acts and/or omissions of D.O. ANOZIE, as described in Paragraphs 8A.  
4 through 8H. above, demonstrate a failure to adequately supervise the property management  
5 activities of TREFI, its salespersons, and its employees. The violations found in Audit  
6 LA140183 are indicative of Respondent ANOZIE's failure to establish policies, rules, procedures  
7 and systems to review, oversee, inspect and manage transactions requiring a real estate license  
8 and the handling of trust funds in TREFI's property management activities. These acts and/or  
9 failures to act constitute grounds for the suspension or revocation of the license and license rights  
10 of Respondent ANOZIE under the provisions of **Code Sections 10159.2 and 10177(h) and**  
11 **Regulation 2725.**

12                   **AUDIT OF THE REALTY EXCHANGE FIRM INC.**

13                   (LA 150035: Broker Escrow Activities)

14                   9.

15                   On November 5, 2015, the Bureau completed an audit examination of the books  
16 and records of Respondent TREFI pertaining only to the broker-controlled escrow activities  
17 described in Paragraph 5 above, the exemption of which allows licensed real estate brokers to  
18 perform escrows incidental to real estate transactions in which they are a party and in which the  
19 broker is performing an act that requires a real estate license. The audit examination period was  
20 July 1, 2013 through July 31, 2015, and the field work period was September 8, 2015 through  
21 October 14, 2015. The final report of November 5, 2015 revealed violations of the Code and the  
22 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report  
23 LA 150035.

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Bank Account

10.

During the audit examination period described in Paragraph 9 above, Respondent TREFI accepted or received trust funds from or on behalf of actual or prospective parties, and thereafter made deposits or disbursements of such funds. During the examination period TREFI deposited and/or maintained said trust funds for multiple beneficiaries in connection with its broker escrow activities in the following account:

Bank Account 1 ("T/A 1")<sup>1</sup>

\* Account Title/Name: The Realty Exchange Firm Inc. Escrow Division Trust Account

\* Bank: Citizens Business Bank, Pasadena, CA

\* Account # xxxxxx2573

\* Signatory: JONATHAN ANOZIE

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<sup>1</sup> Audit Report LA150035 refers to TREFI's Citizens Business Bank Account xxxxx2573 as "TA #1" in the Trust Account Information section and as "B/A #1" in the Audit Results section. For purposes of this Accusation, TREFI's Citizens Business Bank Account shall be identified only as T/A 1, and TREFI's Bank of America Account xxxxx-x114 shall be identified only as B/A 1.

Violations of the Real Estate Law – TREFI (Broker Escrows)

11.

In the course of activities as described in Paragraph 5, above, and during the examination period described in Paragraph 9, Respondent TREFI acted in violation of the Code and the Regulations, as described below:

**A. Trust Fund Handling – When Broker Handles Escrow (Code Section 10145 and Regulations 2832, 2950(f), and 2951)**

According to the records provided by TREFI for T/A 1, trust funds were not deposited into T/A 1 before the close of the next full business day following the receipt of such funds, in violation of **Code Section 10145 and Regulations 2832, 2950(f), and 2951**. Examples of TREFI's violation of Code Section 10145 and Regulations 2832, 2950(f), and 2951 include:

<u>Escrow #</u>	<u>Date Received</u>	<u>Date Deposited</u>	<u>Amount</u>
B051010-REF1	11/3/14	11/17/14	\$ 12,181.82
B051010-REF1	11/19/14	11/21/14	\$ 700.00
B051015-REF1	11/25/14	12/1/14	\$ 7,000.00
		Total:	\$ 19,881.82

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1                    **B. Trust Fund Handling – Records To Be Maintained When Broker Handles**  
2 **Escrow (Code Section 10145 and Regulations 2831, 2950(d), and 2951)**

3                    The columnar records of trust funds received and disbursed (control record) for  
4 T/A 1 contained a date of deposit that was not accurately recorded, in violation of **Code Section**  
5 **10145 and Regulations 2831, 2950(d), and 2951.**

6                    **C. Trust Fund Handling - Separate Records When Broker Handles Escrow**  
7 **(Code Section 10145 and Regulations 2831.1, 2950(d) & 2951)**

8                    The separate records of trust funds received and disbursed for T/A 1 did not  
9 reflect an accurate recording of trust funds date of deposit, in violation of **Code Section 10145**  
10 **and Regulations 2831.1, 2950(d) & 2951.**

11                    Examples of TREFI's violation of Code Section 10145 and Regulations 2831,  
12 2831.1, 2950(d), and 2951, as described in Paragraphs 11B. and 11C. include:

<u>Escrow #</u>	<u>Recorded Date of Deposit</u>	<u>Date Deposited</u>	<u>Amount</u>
B051003-REF2	9/25/13	9/24/13	\$ 1,559.58
B051010-REF1	7/24/14	7/23/14	\$ 3,000.00
B051010-REF1	11/3/14	11/7/14	\$ 12,181.82
B051010-REF1	11/19/14	11/21/14	\$ 700.00
B051015-REF1	11/25/14	12/1/14	\$ 7,000.00
		Total:	\$ 24,441.40

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1                    **D. License Disclosure Required of Person Preparing Written Escrow**

2                    **Instruction (Financial Code Section 17403.4)**

3                    On the escrow instructions provided to parties of escrow transactions, TREFI  
4 failed to include a statement that disclosed the name of the department issuing the license or the  
5 authority under which it is operating, in violation of **Financial Code Section 17403.4**.

6                    **E. Disclosure Required When Broker Handles Escrow (Regulation 2950(h))**

7                    TREFI did not disclose in writing to all principals that TREFI and D.O. ANOZIE  
8 have an interest as a stockholder, officer, partner, or owner of the agency holding the escrow, in  
9 violation of **Regulation 2950(h)**.

10                   Examples of TREFI's violation of Financial Code Section 17403.4 and  
11 Regulation 2950(h), as described in Paragraphs 11D. and 11E. include:

<u>Buyer</u>	<u>Escrow Instruction Date</u>	<u>Closed</u>	<u>Amount</u>
V.G.	7/29/13	9/3/13	\$ 255,000.00
G.S.	7/24/14	11/25/14	\$ 385,000.00
L.E.	11/25/14	1/23/15	\$ 290,000.00
M.G.	3/23/15	4/15/15	\$ 455,000.00
		Total:	\$1,385,000.00

18                    **Additional Violations of the Real Estate Law**

19                    12.

20                    The overall conduct of Respondents ANOZIE and TREFI are violative of the Real  
21 Estate Law and constitute cause for the suspension or revocation of the real estate licenses and  
22 license rights of ANOZIE and TREFI under the provisions of **Code Sections 10177(g)** for  
23 negligence and **10177(d)** for willful disregard of the Real Estate Law.

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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 licenses and license rights of Respondents JONATHAN I. ANOZIE and THE  
4 REALTY EXCHANGE FIRM INC. under the Real Estate Law (Part 1 of vision 4 of the  
5 Business and Professions Code), for the cost of investigation and enforcement as permitted by  
6 law, and for such other and further relief as may be proper under other provisions of law, and for  
7 costs of audit.

8  
9 Dated at Los Angeles, California

10 this 24<sup>th</sup> day of August, 2016.

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13 Maria Suarez  
14 Supervising Special Investigator

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23 cc: The Realty Exchange Firm Inc.  
24 Jonathan I. Anozie  
25 Sacto.  
26 Audits – Jason Choi