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FILED
MAY 07 2018
BUREAU OF REAL ESTATE
By 

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8 BEFORE THE BUREAU OF REAL ESTATE
9 DEPARTMENT OF CONSUMER AFFAIRS
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against

13 AWJ INVESTMENT GROUP, INC., doing
14 business as Re/Max Orange County-East, and
SUE-HWA LINDA LIU, individually and as
designated officer for AWJ Investment Group, Inc.,

15 Respondents.

CalBRE No. H-41028 LA

ACCUSATION

16 The Complainant, Maria Suarez, a Supervising Special Investigator for the Bureau of
17 Real Estate ("Bureau") of the State of California, for cause of Accusation against AWJ
18 INVESTMENT GROUP, INC., doing business as Re/Max Orange County-East, and SUE-HWA
19 LINDA LIU, individually and as designated officer of AWJ Investment Group, Inc. (collectively
20 "Respondents"), alleges as follows:

21 1.

22 The Complainant, Maria Suarez, acting in her official capacity as a Supervising Special
23 Investigator, makes this Accusation against Respondents.

24 ///

1 2.

2 All references to the "Code" are to the California Business and Professions Code, all
3 references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references to
4 "Regulations" are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6,
5 California Code of Regulations.

6 3.

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

9 Licenses

10 4.

11 From March 29, 1995 through the present, Respondent AWJ INVESTMENT GROUP,
12 INC. ("AWJ") has been licensed by the Bureau as a real estate corporation, License ID
13 01194841. AWJ is licensed to do business as Re/Max Orange County-East.

14 5.

15 From March 14, 2002 through the present, Respondent SUE-HWA LINDA LIU ("LIU")
16 has been licensed by the Bureau as a real estate broker, License ID 01036970. Respondent LIU
17 was formerly licensed as a real estate salesperson from July 24, 1989 through March 13, 2002.

18 6.

19 From on or about July 1, 2004 through the present, AWJ has acted as a corporate real
20 estate broker by and through LIU, as the designated officer and broker responsible, pursuant to
21 Code section 10159.2 for supervising the activities requiring a real estate license conducted on
22 behalf AWJ by its officers, salespersons, agents, and employees.

23 7.

24 Cheryl Blausner has never been licensed by the Bureau in any capacity.

1 Prior Discipline

2 8.

3 On August 26, 1999, the Bureau filed an Accusation against Respondent AWJ in Bureau
4 Case No. H-28223 LA. On March 27, 2000, Respondent AWJ and the Bureau entered into a
5 Stipulation and Agreement in Case No. H-28223 LA which suspended AWJ's real estate license
6 for 60 days, however, said suspension was stayed subject to certain terms and conditions. On
7 April 18, 2000, the suspension was released.

8 Brokerage

9 9.

10 At all times mentioned, in the State of California, AWJ acted as a corporate real estate
11 broker and conducted licensed activities within the meaning of Code section 10131(a)
12 (residential resale). In addition, AWJ conducted broker-controlled escrows through its escrow
13 division, under the exemption set forth in California Financial Code section 17006(a)(4) for real
14 estate brokers performing escrows incidental to a real estate transaction where the broker was a
15 party and where the broker was performing acts for which a real estate license is required.

16 Audit LA 17-0024 (BE)

17 10.

18 On January 11, 2018, the Bureau completed an audit examination of the books and
19 records of Respondent AWJ's broker escrow activities related to AWJ's residential resale
20 activities which require a real estate broker license under Code section 10131. The audit
21 examination covered a period of time from April 1, 2016 through July 31, 2017 ("audit period").
22 The audit examination revealed violations of the Code and the Regulations as set forth in the
23 following paragraphs, and more fully discussed in Audit Report LA 17-0024 (BE) and the
24 exhibits and work papers attached to said audit report.

11.

According to Respondent LIU and the audit work papers examined, Respondent AWJ conducted residential resale and broker escrow activities during the audit period described above in Paragraph 10. For the calendar year ending on December 31, 2016, Respondent AWJ closed 69 escrow transactions handling trust funds totaling approximately \$60.7 million. The audit examination was limited to AWJ's broker escrow activities.

12.

According to Respondent LIU and the audit work papers examined, Respondent AWJ employed 21 real estate salespersons during the audit period and did not maintain any branch offices. LIU is the designated broker-officer, Chief Executive Officer, Chief Financial Officer, and 50% shareholder for AWJ. Anthony C. Liu (Broker License ID 00833537) is the Secretary and 50% shareholder for AWJ.

13.

According to Respondent LIU, AWJ maintained the following trust account for AWJ's broker escrow activities during the audit period:

Trust Account #1 (TA1)

Bank: Comerica Bank

Account Name: AWJ Investment Group, Inc. dba Re/Max Orange County East Escrow Division Trust Account

Account #: xxxxx541

Signatories: LIU, Anthony C. Liu, and Cheryl Blausner ("Blausner")

Description: TA1 was used for broker escrow activities related to AWJ's residential resale activities. Deposits included earnest money deposits and additional funds from buyers, loan funds from lenders, and funds from sellers. Disbursements included expenditures related to the properties for sale, e.g., escrow fees, homeowner association dues, property taxes, repairs, and seller proceeds.

1 Violations

2 14.

3 In the course of its broker escrow activities during the audit examination period described
4 above in Paragraph 10, Respondent AWJ acted in violation of the Code and the Regulations as
5 follows:

6 14(a). Code section 10145 and Regulations 2950(g), 2951, and 2832.1. Trust account
7 accountability and balances.

8 A bank reconciliation was prepared as of July 31, 2017 for AWJ's TA1. The adjusted
9 bank balance (\$69,778.84) was compared to the aggregate accountability with broker funds
10 (\$130,987.27) on that date. As of July 31, 2017, TA1 had a shortage of <\$61,208.43>.
11 The cause of the shortage could not be identified.

12 Respondent AWJ failed to provide any evidence that the owners of the trust funds had
13 given their written consent to allow AWJ to reduce the balance of the funds in TA1 to an amount
14 less than the existing aggregate trust fund liabilities, in violation of Code section 10145 and
15 Regulations 2950(g), 2951, and 2832.1.

16 Another bank reconciliation of TA1 was prepared as of October 31, 2017 to determine if
17 the shortage had changed. There was no shortage in TA1 as of October 31, 2017. A balance of
18 broker funds of \$3,630.06 were escrow fees that were deposited into TA1 within the past 25
19 days.

20 14(b). Code section 10145 and Regulations 2831.2 and 2951. Trust account
21 reconciliation.

22 During the audit period, Respondent AWJ failed to maintain monthly and timely
23 reconciliations comparing the balance of all separate beneficiary or transaction records (separate
24

1 records) to the balance of all trust funds received and disbursed (control record) for TA1, in
2 violation of Code section 10145 and Regulations 2831.2 and 2951.

3 AWJ's escrow software provider prepared a monthly 3-way bank reconciliation for TA1
4 during the audit period. However, the bank reconciliations were not prepared as required under
5 the Code and Regulations. The adjusted bank balances on the reconciliations were not compared
6 to the aggregate trust fund liabilities on the bank statement dates.

7 14(c). Code section 10145 and Regulations 2834 and 2951. Trust account withdrawals.

8 AWJ allowed its escrow officer (Blouser), an unlicensed person, as a signatory that could
9 make withdrawals from TA1. There was no fidelity bond coverage for Blouser that was at least
10 equal to the maximum amount of trust funds in TA1 to which Blouser had access to at any time,
11 in violation of Code section 10145 and Regulations 2834 and 2951.

12 On December 31, 2017, LIU provided a copy of an updated bank signature card for TA1
13 showing that the only signatories to the account were LIU and Anthony C. Liu.

14 14(d). Financial Code section 17006(a)(4) and Code sections 10177(d) and/or 10177(g).

15 Public escrow.

16 AWJ performed at least one public escrow during the audit period which did not fall
17 under the exemption of Financial Code section 17006(a)(4). Said acts are in violation of
18 Financial Code section 17006(a)(4) and Code sections 10177(d) and/or 10177(g). AWJ
19 performed the escrow no. 17-3983CB for the residential resale of 11896 Egham Circle, Garden
20 Grove, California. The parties to the transaction were as follows: Seller: L.P.¹ as Trustee; buyer:
21 H.T; Selling Broker: First Elite Realty; Selling Agent: J.H.; Listing Broker: Bankers Investment
22 Group; and Listing Agent: Andres Cortez. Andres Cortez (real estate broker License ID
23

24 ¹ Initials are used in place of individual's full names to protect their privacy. Documents containing individual's full names will be provided during the discovery phase of this case to Respondents and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

1 01232477) was a broker-associate to Bankers Investment Group as well as to AWJ.

2 14(e). Code section 10141.6(a). Notification of escrow activities.

3 AWJ failed to file a timely report documenting the number of escrows conducted and the
4 dollar volume escrowed during the 2016 calendar year after meeting the reporting threshold for
5 broker escrow activities, in violation of Code section 10141.6(a).

6 AWJ's Escrow Activity Reports for 2014, 2015, and 2016 were filed on October 5, 2017.

7 Based on a review of the information reported, the escrow amounts reported by AWJ
8 (\$223,724.05 for 2014, \$248,858.86 for 2015, and \$221,673.94 for 2016), were the escrow fees
9 earned, not the escrow amounts. According to Blausner, the escrow amounts for 2014, 2015, and
10 2016 were: \$76,982,999.70, \$62,809,594.22, and \$60,697,051.08, respectively.

11 14(f). Code sections 10159.2, 10177(h) and Regulation 2725. Broker supervision.

12 Respondent LIU failed to adequately supervise the activities of AWJ's salespersons,
13 employees, or agents and failed to establish policies, rules, procedures, and systems to review,
14 oversee, inspect, and manage transactions requiring a real estate license and the handling of trust
15 funds, in violation of Code sections 10159.2, 10177(h) and Regulation 2725.

16 According to the 3-way bank reconciliation provided by Respondent LIU, there were
17 various unreconciled items totaling approximately \$60,216.20 that were carried over month after
18 month during the audit period. These unreconciled items dated back as early as 2002. LIU also
19 authorized Blausner (an unlicensed person without fidelity bond coverage) to act as a signatory for
20 TA1.

21 15.

22 The conduct of Respondent AWJ as described above in Paragraphs 14(a) through 14(e),
23 violated the Code and the Regulations as set forth below:

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PARAGRAPH

PROVISIONS VIOLATED

- 14(a) Code section 10145 and Regulations 2950(g), 2951, and 2832.1
- 14(b) Code section 10145 and Regulations 2831.2 and 2951
- 14(c) Code section 10145 and Regulations 2834 and 2951
- 14(d) Financial Code section 17006(a)(4) and Code sections 10177(d) and/or 10177(g)
- 14(e) Code section 10141.6(a)

The foregoing violations constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondent AWJ under the provisions of Code sections 10177(d) and/or 10177(g).

Respondent LIU - Broker Supervision

16.

The conduct, acts and/or omissions of Respondent LIU constitutes a failure to exercise the supervision and control over the activities of AWJ to ensure compliance with the Real Estate Law and Regulations, as is required by Code section 10159.2 and Regulation 2725. Said conduct, acts, or omissions constitute cause to suspend or revoke the real estate license and license rights of Respondent LIU pursuant to Code sections 10177(h), 10177(d) and/or 10177(g).

Audit Costs

17.

Code section 10148(b) provides, in pertinent part, that the Commissioner shall charge a real estate broker for the cost of any audit, if the Commissioner has found in a final decision following a disciplinary hearing that the broker has violated Code section 10145 or a regulation or rule of the Commissioner interpreting said section.

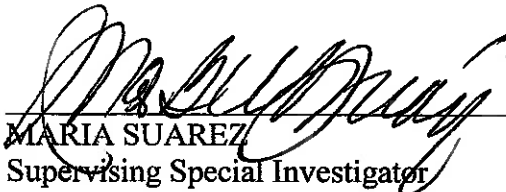
1 Investigation/Enforcement Costs

2 18.

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

7 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this
8 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action
9 against all licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of
10 Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and
11 enforcement as permitted by law, and for such other and further relief as may be proper under
12 other provisions of law.

13 Dated at Los Angeles, California this 31st day of April, 2018.

14
15 
16 MARIA SUAREZ
Supervising Special Investigator

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20
21 cc: AWJ Investment Group, Inc.
22 Sue-Hwa Linda Liu
23 Maria Suarez
Sacto
Audits/Susie Hsueh
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