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FILED
DEC 14 2018
DEPT. OF REAL ESTATE
By *[Signature]*

8 **BEFORE THE DEPARTMENT OF REAL ESTATE**
9 **STATE OF CALIFORNIA**

10 * * *

11 In the Matter of the Accusation Against) No. H-41246 LA
12 MELVIN JAMES BURRELL,)
13 individually and as Designated) ACCUSATION
14 Officer of Regal Service Group; and)
15 REGAL SERVICE GROUP,)
Respondent.)

16 The Complainant, Maria Suarez, a Supervising Special Investigator of the State of
17 California, acting in her official capacity, for cause of Accusation against MELVIN JAMES
18 BURRELL, individually and as Designated Officer of Regal Service Group, and REGAL
19 SERVICE GROUP (sometimes collectively referred to as "Respondents"), is informed and
20 alleges as follows:

21 1.

22 All references to the "Code" are to the California Business and Professions Code,
23 all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references
24 to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

25 2.

26 Respondent MELVIN JAMES BURRELL ("BURRELL") is licensed by the
27 Department of Real Estate ("DRE") as a real estate broker. Respondent was originally licensed

1 as a real estate salesperson on July 14, 1987, and as a real estate broker on November 16, 1990.
2 Respondent's real estate broker license expired on November 15, 2018, and the renewal
3 application is pending. Respondent BURRELL has been the Designated Officer for the actively
4 licensed real estate corporation Capital Executive Realty, Inc. from March 21, 2003, to the
5 present. During the period March 21, 2015, to March 2, 2018, the corporate real estate broker
6 license for Capital Executive Realty, Inc. was expired, and the corporation was not authorized to
7 conduct real estate activities under the Real Estate Law, or as an exemption under the Financial
8 Code.

9 3.

10 Respondent REGAL SERVICE GROUP ("RSG") is presently licensed or has
11 license rights under the Real Estate Law as a corporate real estate broker. Respondent RSG was
12 originally licensed as a corporate real estate broker by the DRE effective September 9, 2011.
13 Since that date and continuing to the present, Respondent BURRELL has been the Designated
14 Officer of RSG. Respondent RSG's corporate real estate broker license is due to expire on
15 October 13, 2020.

16 4.

17 At all times herein relevant, Respondents engaged in the business of, acted in the
18 capacity of, advertised or assumed to act as real estate brokers in the State of California within
19 the meaning of Code Section 10131(a), including the solicitation for listings of and the
20 negotiation of the purchase and sale of real property as the agent of others for or in expectation
21 of compensation and the conducting of broker-controlled escrow activities pursuant to Financial
22 Code Section 17006(a)(4). Respondents' activities also included soliciting borrowers or lenders
23 for and/or negotiating loans, collecting payments and/or performing services for borrowers or
24 lenders in connection with loans secured by liens on real property within the meaning of Code
25 Section 10131(d).

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1 (AUDIT OF BURRELL)

2 5.

3 On April 23, 2018, the DRE completed an audit examination of the books and
4 records of Respondent BURRELL pertaining to the real estate sales, mortgage loan, and broker
5 controlled escrow activities described in paragraph 4, above. The audit examination covered the
6 period of time from February 11, 2015, to January 31, 2018. The primary purpose of the
7 examination was to determine Respondent's compliance with the Real Estate Law. The audit
8 examination revealed numerous violations of the Code and the Regulations as set forth in the
9 following paragraphs, and more fully discussed in Audit Report LA170128 and the exhibits and
10 work papers attached to said audit report.

11 Bank Account

12 6.

13 At all times herein relevant, in connection with the activities described in
14 Paragraph 4, above, Respondent BURRELL accepted or received funds including funds to be
15 held in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties in
16 connection with those activities. Thereafter Respondent made deposits and or disbursements of
17 such trust funds. From time to time herein mentioned during the audit period, said trust funds
18 were deposited and/or maintained by Respondent in the following bank account which was not
19 designated as a trust account:

20
21 Comerica Bank
22 Account No. 189XXXX (Redacted for security)
23 Torrance, California

24 (B/A 1 – bank account used for the receipt and disbursal of trust funds)

25 Violations

26 7.

27 With respect to the licensed activities referred to in Paragraph 4, and the audit

1 examination including the exhibits and work papers referenced in Paragraph 5, it is alleged that
2 Respondent BURRELL:

3 (a) Permitted, allowed or caused the disbursement of trust funds from bank
4 account B/A 1 to be reduced to an amount which, on January 31, 2018, was \$5,721.51 less than
5 the existing aggregate trust fund liability to the owners of said funds, without first obtaining the
6 prior written consent of the owners of said funds in violation of Code Section 10145, and
7 Regulations 2832.1, 2950(g), and 2951;

8 (b) Permitted the unauthorized disbursement of trust funds from B/A 1 by the
9 Franchise Tax Board of \$660.00 in violation of Code Sections 10145, and 10176(i);

10 (c) Performed escrows for sales and loan transactions when Respondent was not
11 representing any party in those transactions in violation of Financial Code Section 17006(a)(4);

12 (d) Performed broker-controlled escrows in the same of expired corporate real
13 estate broker Capital Executive Realty Inc., in violation of Code Sections 10130, and 10159.5,
14 and Regulation 2731;

15 (e) Failed to place funds collected for the benefit of another into a trust fund in
16 the name of the broker and failed to deposit such funds into B/A 1 within one day of receipt in
17 violation of Code Section 10145, and Regulations 2832, 2950(f), and 2951;

18 (f) Failed to maintain an accurate control record of the receipt and disbursement
19 of trust funds handled through B/A 1 in violation of Code Section 10145 and Regulations 2831,
20 2950(d), and 2951;

21 (g) Failed to maintain a separate record of the receipt and disbursement of trust
22 funds in B/A 1 in violation of Code Section 10145 and Regulations 2831.1, 2950(d), and 2951;

23 (h) Failed to perform and maintain a monthly reconciliation of the separate
24 record to the control record of trust funds handled through B/A 1 in violation of Code Section
25 10145 and Regulations 2831.2, 2950(d), and 2951;

26 (i) Failed to submit the Escrow Activity Report (Form RE 890) within 60 days of
27 the end of calendar years 2015, and 2016, in violation of Code Section 10141.6;

1 (j) Failed to disclose to all parties involved in real estate transactions that
2 Respondent had an interest as an owner in the escrow holder, in violation of Regulation 2950(h);

3 (k) Failed to immediately notify the DRE of the change of employment of four
4 licensed employees from Respondent BURRELL to Respondent RSG in violation of Code
5 Section 10161.8, and Regulation 2752; and

6 (l) Failed to exercise reasonable supervision over the activities of his employees,
7 to ensure compliance with the Real Estate Laws and the Commissioner's Regulations in
8 violation of Code Section 10177(h), and Regulation 2725.

9 8.

10 The conduct of Respondent BURRELL as described in Paragraph 7, above,
11 violated the Code and the Regulations as set forth below:

12 PARAGRAPH

PROVISIONS VIOLATED

13
14 7(a)

Code Section 10145
Regulations 2832.1, 2950(g), and 2951

15
16
17 7(b)

Code Sections 10145, and 10176(i)

18
19 7(c)

Financial Code Section 17006(a)(4)

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21 7(d)

Code Sections 10130, and 10159.5
Regulation 2731

22
23
24 7(e)

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

- 1 7(f) Code Sections 10145
- 2 Regulations 2831, 2950(d), and 2951
- 3
- 4 7(g) Code Sections 10145
- 5 Regulations 2831.1, 2950(d), and 2951
- 6
- 7 7(h) Code Section 10145
- 8 Regulations 2831.2, 2950(d), and 2951
- 9
- 10 7(i) Code Section 10141.6
- 11
- 12 7(j) Regulation 2950(h)
- 13
- 14 7(k) Code Section 10161.8
- 15 Regulation 2752
- 16
- 17 7(l) Code Section 10177(h)
- 18 Regulation 2725
- 19

20 Each of the foregoing violations constitutes cause for the suspension or revocation
21 of the real estate license and license rights of Respondent BURRELL under the provisions of
22 Code Sections 10176(i), 10177(d), 10177(g) and/or 10177(h).

23 (AUDIT OF RSG)

24 9.

25 On April 23, 2018, the DRE completed an audit examination of the books and
26 records of Respondent RSG pertaining to the real estate sales activities described in paragraph 4,
27 above. The audit examination covered the period of time from February 11, 2015, to February

1 28, 2018. The primary purpose of the examination was to determine Respondent RSG's
2 compliance with the Real Estate Law. The audit examination revealed numerous violations of
3 the Code and the Regulations as set forth in the following paragraphs, and more fully discussed
4 in Audit Report LA170169 and the exhibits and work papers attached to said audit report.

5 Violations

6 10.

7 With respect to the licensed activities referred to in Paragraph 4, and the audit
8 examination including the exhibits and work papers referenced in Paragraph 9, it is alleged that
9 Respondent RSG:

10 (a) Failed to immediately notify the DRE of the change of employment of four
11 licensed employees from Respondent BURRELL to Respondent RSG in violation of Code
12 Section 10161.8, and Regulation 2752; and

13 (b) Used expired fictitious business name "Leacrest Realty," and unlicensed
14 fictitious business name "Capital Executive Realty," to conduct real estate activities in violation
15 of Code Sections 10159.5, and Regulation 2731;

16 11.

17 The conduct of Respondent RSG as described in Paragraph 10, above, violated
18 the Code and the Regulations as set forth below:

19 PARAGRAPH

PROVISIONS VIOLATED

20
21 10(a)

Code Section 10161.8

22 Regulation 2731

23
24 10(b)

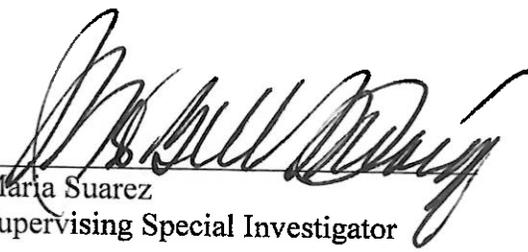
Code Sections 10159.5

25 Regulation 2731
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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 the license and license rights of Respondents MELVIN JAMES BURRELL, and REGAL SERVICE GROUP under the Real Estate Law, for the costs of investigation and enforcement as provided by law, for costs of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California: 7th December 2018.


Maria Suarez
Supervising Special Investigator

cc: Melvin James Burrell
Regal Service Group
Maria Suarez
Sacto
Audits – Anitha Wijaya