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FILED
DEC 20 2021
DEPT. OF REAL ESTATE
By *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-41703 LA
)	
WRIGHT REALTY GROUP INC,)	<u>FIRST AMENDED</u>
GIUSEPPI CUSUMANO, individually)	<u>ACCUSATION</u>
and as former designated officer of Wright)	
Realty Group Inc,)	
)	
Respondents.)	

This First Amended Accusation amends the Accusation filed on October 20, 2020. The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against WRIGHT REALTY GROUP INC and GIUSEPPI CUSUMANO (collectively "Respondents") alleges as follows:

1.

The Complainant, Veronica Kilpatrick, 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.

1 LICENSE HISTORY

2 (WRIGHT REALTY GROUP INC)

3 3.

4 (a) Respondent WRIGHT REALTY GROUP INC ("WRGI") is presently
5 licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the
6 California Business and Professions Code, as a real estate corporation, Department of Real
7 Estate¹ ("Department") license ID 01843565.

8 (b) The Department originally issued WRGI's corporate license on June 28,
9 2008. WRGI's license is scheduled to expire on October 3, 2022, unless renewed.

10 (c) According to the Department's records to date, WRGI's office address is
11 5015 Canyon Crest, #108, Riverside, CA 92507.

12 (d) According to the Department's records to date, WRGI employs no
13 salespersons under its real estate license.

14 (GIUSEPPI CUSUMANO)

15 4.

16 (a) Respondent GIUSEPPI CUSUMANO ("CUSUMANO") is presently
17 licensed under the Code, as a real estate broker, Department license ID 01107933.

18 On November 17, 2010, the Department issued Respondent a Mortgage Loan
19 Originator license endorsement, National Mortgage Licensing System and Registry No.
20 251446. Respondent's Mortgage Loan Originator license endorsement is scheduled to expire in
21 or about 2022.

22 (b) The Department originally issued CUSUMANO's broker license on or about
23 May 22, 1999. CUSUMANO's license is scheduled to expire on May 21, 2023, unless renewed.

24 (c) CUSUMANO was the designated officer for WRGI from about October 4,
25 2018 through May 5, 2019. As designated officer, CUSUMANO was responsible for the
26

27 ¹ Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 supervision of the activities conducted on behalf of WRGI by its officers, agents, real estate
2 licensees, and employees pursuant to Section 10159.2 of the Code.

3
4 5.

4 At all times relevant herein Respondents were engaged in the business of, acted
5 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning
6 of Section 10131(b) of the Code. Respondents' activities included the leasing or renting of real
7 property and the collection of rents and security deposits for real property on behalf of others
8 for compensation or in expectation of compensation.

9 (AUDIT SD180023)

10 6.

11 On or about March 29, 2019, the Department completed an audit examination of
12 the books and records of WRGI pertaining to the real estate activities described in Paragraph 5
13 above. The audit examination covered the period of time from January 1, 2018, through
14 December 31, 2018 ("audit period"). The primary purpose of the examination was to determine
15 whether Respondents conducted real estate activities in accordance with the Real Estate Law.
16 The audit examination revealed violations of the Code and the Regulations as set forth in the
17 following paragraphs, and more fully discussed in Audit No. SD180023, and the exhibits and
18 work papers attached to said audit report.

19 7.

20 An entrance conference for the audit was held on February 5, 2019 with
21 CUSUMANO as well as Kathryn Wright ("Wright"), a non-licensee, who was WRGI's owner
22 and office manager.

23 8.

24 According to CUSUMANO as well as the documents examined, WRGI was
25 primarily engaged in property management and managed approximately 42 properties for 36
26 property owners. WRGI collected rent receipts and security deposits in the amount of
27

1 approximately \$1.1 million during the audit period. WRGI charged 6-10% of monthly or a flat
2 fee of \$60 to \$150 for management fees.

3 9.

4 From January 1, 2018 to October 3, 2018, there was no designated officer for
5 WRGI. However, WRGI conducted real estate activities described in Paragraph 5 above. On
6 December 31, 2018, WRGI's corporate structure was as follows: CUSUMANO, Chief
7 Financial Officer, owned 0% of WRGI and Wright, Chief Executive Officer and Secretary,
8 owned 100% of WRGI.

9 10.

10 According to CUSUMANO and to the best of his knowledge, prior to his
11 designation as designated officer of WRGI, Elizabeth Inez Weibe ("Wiebe"), Department
12 license ID 00946742), was the broker helping Wright with real estate activities, i.e., negotiating
13 and signing rental agreement for WRGI tenants. Wiebe operates under and is the designated
14 officer of Ashele Corp ("Ashele"). According to the Department's records to date, Ashele
15 maintains authorized a fictitious business name of "Wiebe & Associates" as of July 12, 2010.
16 During the month of July 2018, Wiebe and/or Ashele received/collected and disbursed funds in
17 trust ("trust funds") for WRGI property owners. However, Wiebe and/or Ashele did not receive
18 any compensation for WRGI's property management activities.

19 11.

20 At all times mentioned herein, and in connection with the broker escrow
21 activities described in Paragraph 5, above, WRGI accepted or received funds, including trust
22 funds from or on behalf of actual or prospective parties to transactions handled by Respondents
23 and thereafter made deposits and/or disbursements of such funds. According to CUSUMANO,
24 WRGI maintained five (5) bank accounts for handling of the receipts and disbursements of
25 funds during the audit period in connection with the property management activities. The bank
26 account is as follows:

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Bank Account 1 ("BA 1")

Bank: Wells Fargo Bank
Account Name: Wright Realty Group Inc
Account Number: xxxxxxxx3792
Signatories: Giuseppe Cusumano; Kathryn Wright
Signatures Required: One
Purpose: BA 1 was maintained to handle trust funds in the property management activity for multiple beneficiaries. BA 1 was opened on November 19, 2018. BA 1 was opened to replace BA 2 and the first trust fund deposit was on November 19, 2018. As of December 31, 2018, BA 1 had a minimum adjusted bank balance of \$18,574.46.

Bank Account 2 ("BA 2")

Bank: Wells Fargo Bank
Account Name: Wright Realty Group Inc
Account Number: xxxxxxxx0748
Signatories: Robert G. Wright (RES ID No. 00887261) ("RGW"); Kathryn Wright
Signatures Required: One
Purpose: BA 2 was maintained to handle trust funds in the property management activity for multiple beneficiaries. BA 2 was closed on November 19, 2018. As of October 3, 2018, BA 2 had a minimum adjusted bank balance of \$63,859.84.

Bank Account 3 ("BA 3")

Bank: BBVA Compass Bank
Account Name: Wright Realty Group Inc
Account Number: xxxxxxxx1043
Signatories: Giuseppe Cusumano; Kathryn Wright
Signatures Required: One
Purpose: BA 3 was maintained to handle trust funds in the property management activity for multiple beneficiaries. BA 3 was opened on August 27, 2018 to replace BA 4 and

1 the first trust fund deposit was on October 24, 2018. As of December 31, 2018, BA 3 had a
2 minimum adjusted bank balance of \$75,001.00.

3 Bank Account 4 ("BA 4")

4 Bank: Wells Fargo Bank

5 Account Name: Wright Realty Group Inc

6 Account Number: xxxxxxxx2304

7 Signatories: Robert G. Wright (RES ID No. 00887261); Kathryn Wright

8 Signatures Required: One

9 Purpose: BA 4 was maintained to handle trust funds in the property management
10 activity for multiple beneficiaries. All security deposits trust fund totaling \$15,866.21 was
11 withdrawn from BA 4 and deposited into BA 3 on October 24, 2018. As of October 3, 2018,
12 BA 4 had a minimum adjusted bank balance of \$18,341.21.

13 Bank Account 5 ("BA 5")

14 Bank: US Bank

15 Account Name: Wright Realty Group Inc

16 Account Number: xxxxxxxx5437

17 Signatories: Robert G. Wright (RES ID No. 00887261); Kathryn Wright

18 Signatures Required: One

19 Purpose: BA 5 was maintained to handle trust funds in the property management
20 activity for multiple beneficiaries. BA 5 was opened to replace BA 2, but was only active from
21 October 25, 2018 until it was closed on November 13, 2018.

22 Violations of the Real Estate Law

23 12.

24 The audit examination revealed violations of the Code and the Regulations, as
25 set forth in the following paragraphs, and more fully discussed in Audit Report No.
26 SD180023180020, and the exhibits and work papers attached to the audit report:

27 ///

1 (a) **Trust Fund Handling For Multiple Beneficiaries (Code section 10145**
2 **and Regulations section 2832.1)**. Based on an examination of BA 1's records, there was a
3 minimum trust fund shortage of \$1,345.00 as of December 31, 2018 in violation of Code
4 section 10145 and Regulations section 2832.1. There is no evidence that WRGI and
5 CUSUMANO were given written consent from the owners of the trust funds to allow them to
6 reduce the balance of the funds in BA 1 to an amount less than the aggregate trust fund
7 liabilities of WRGI to all owners of the trust funds.

8 Based on an examination of BA 2's records, there was a minimum trust fund
9 shortage of \$4,454.93 as of October 31, 2018 in violation of Code section 10145 and
10 Regulations section 2832.1. There is no evidence that WRGI was given written consent from
11 the owners of the trust funds to allow them to reduce the balance of the funds in BA 2 to an
12 amount less than the aggregate trust fund liabilities of WRGI to all owners of the trust funds.

13 Based on an examination of BA 4's records, there was a minimum trust fund
14 shortage of \$52,848.79 as of October 3, 2018 in violation of Code section 10145 and
15 Regulations section 2832.1. There is no evidence that WRGI was given written consent from
16 the owners of the trust funds to allow them to reduce the balance of the funds in BA 4 to an
17 amount less than the aggregate trust fund liabilities of WRGI to all owners of the trust funds.

18 (b) **License Required/Broker Officers – No Designated Officer (Code section**
19 **10130 and Regulations section 2740)**. From approximately January 1, 2018 to October 3,
20 2018 ("unlicensed period"), WRGI's license status was "Licensed NBA" as it did not have a
21 designated officer. WRGI violated Code 10130 and Regulations section 2740 by performing
22 acts requiring a real estate license, as seen in paragraph 5 above, during the unlicensed period.

23 During the unlicensed period, WRGI failed to maintain complete and accurate
24 control and separate records for trust fund receipts and disbursements for BA 2 and BA 4 in
25 connection with WRGI's property activities in violation of Code section 10145 and Regulations
26 section 2831. The control and separate records for BA 2 and BA 4 had inaccurate balance,
27 unidentified, and/or unaccounted for funds.

1 During the unlicensed period, WRGI did not maintain a complete and accurate
2 monthly reconciliation of the balance of all separate beneficiary or transaction records to the
3 balance of the records of all trust funds received and disbursed for BA 2 and BA 4 in violation
4 of Code section 10145 and Regulations section 2831.2. Further, BA 2 and BA 4 were not
5 properly designated as trust accounts in violation of Code section 10145 and Regulation section
6 2834.

7 During July 2018, Wiebe and/or Ashele collected approximately \$26,255.00 in
8 rents from WRGI's tenants and disbursed approximately \$21,953.91 in trust funds to property
9 owners. In August 2018, Wiebe and/or Ashele submitted two checks totaling \$3,963.03 to
10 WRGI. During July and August 2018, Wiebe and/or Ashele were not employees of or
11 associated with WRGI.

12 Based on an examination of BA 2 and BA 4's records, the accounts were used
13 for handling the receipts and disbursements of trust funds in connection with WRGI's property
14 management activities. WRGI allowed Wright, owner and non-licensed employee of WRGI,
15 and RGW, owner and licensed employee of WRGI, to be signers without fidelity bonds or
16 insurance coverage in violation of Code section 10145 and Regulation section 2834.

17 During the unlicensed period, WRGI further violated real estate law by failing to
18 inform the Department that RGW was a co-owner of WRGI and conducted business for WRGI,
19 and the unlicensed fictitious business names "Re/Max Fine Homes", "Re/Max Results",
20 "Wright Realty Group", and "The Wright Realty Group".

21 (c) Handling of Trust Funds/Trust Fund Records To Be Maintained (Code
22 section 10145 and Regulations section 2831). From November 19, 2018 to December 31,
23 2018, WRGI and CUSUMANO failed to maintain complete and accurate control records for
24 trust fund receipts and disbursements for BA 1 in connection with WRGI's property activities
25 in violation of Code section 10145 and Regulations section 2831. Control records for BA 1 had
26 some trust funds received that were not recorded and some recorded trust funds that were not
27

1 deposited in BA 1. Therefore, BA 1 had inaccurate balance, unidentified, and/or unaccounted
2 for funds.

3 From October 4, 2018 to October 31, 2018, WRGI and CUSUMANO failed to
4 maintain complete and accurate control records for trust fund receipts and disbursements for
5 BA 2 in connection with WRGI's property activities in violation of Code section 10145 and
6 Regulations section 2831. Control records for BA 2 had did not have an accurate daily balance.
7 Further, some recorded trust funds that were not deposited in BA 2, some recorded check were
8 not from BA 2, and a recorded disbursement of funds was not, in fact, disbursed. Therefore, BA
9 2 had inaccurate balance, unidentified, and/or unaccounted for funds.

10 From October 4, 2018 to October 31, 2018, WRGI and CUSUMANO failed to
11 maintain complete and accurate control records for trust fund receipts and disbursements for
12 BA 4 in connection with WRGI's property activities in violation of Code section 10145 and
13 Regulations section 2831. Control records for BA 4 had did not have an accurate daily balance.
14 Further, some recorded trust funds that were not deposited in BA 4 and some recorded
15 disbursement of funds was not, in fact, disbursed. Therefore, BA 4 had inaccurate balance,
16 unidentified, and/or unaccounted for funds.

17 (d) **Handling of Trust Funds/ Separate Records for Each Beneficiary or**
18 **Transaction (Code section 10145 and Regulations section 2831.1).** From November 19,
19 2018 to December 31, 2018, WRGI and CUSUMANO failed to maintain complete and accurate
20 separate records for all trust fund receipts and disbursements for BA 1 in connection with
21 WRGI's property activities in violation of Code section 10145 and Regulations section 2831.
22 Separate records for BA 1 had some trust funds received that were not recorded and some
23 recorded trust funds that were not deposited in BA 1. WRGI and CUSUMANO also failed to
24 maintain a separate record for the unidentified/unaccounted for funds totaling \$1,664.44 held in
25 BA 1 as of December 31, 2018.

26 From October 4, 2018 to October 31, 2018, WRGI and CUSUMANO failed to
27 maintain complete and accurate separate records for all trust fund receipts and disbursements

1 for BA 2 in connection with WRGI's property activities in violation of Code section 10145 and
2 Regulations section 2831. Separate records for BA 2 had did not have an accurate daily balance.
3 Further, some recorded trust funds that were not deposited in BA 2, some recorded check were
4 not from BA 2, and a recorded disbursement of funds was not, in fact, disbursed.

5 From October 4, 2018 to October 31, 2018, WRGI and CUSUMANO failed to
6 maintain complete and accurate separate records for all trust fund receipts and disbursements
7 for BA 4 in connection with WRGI's property activities in violation of Code section 10145 and
8 Regulations section 2831. Separate records for BA 4 had did not have an accurate daily balance.
9 Further, some recorded trust funds that were not deposited in BA 4 and some recorded
10 disbursement of funds was not, in fact, disbursed. Therefore, BA 4 had inaccurate balance,
11 unidentified, and/or unaccounted for funds.

12 (e) **Trust Account Reconciliation (Code section 10145 and Regulations**
13 **section 2831.2)**. WRGI and CUSUMANO did not maintain a complete and accurate monthly
14 reconciliation of the balance of all separate beneficiary or transaction records to the balance of
15 the records of all trust funds received and disbursed for BA 1, BA 2, and BA 4 in violation of
16 Code section 10145 and Regulations section 2831.2.

17 (f) **Handling Of Trust Fund /Trust Account Designation (Code section**
18 **10145 and Regulations section 2832)**. Based on an examination of BA 1, BA 2, BA 3, BA 4
19 and BA 5's records, the bank accounts were used for handling the receipts and disbursements of
20 trust funds in connection with WRGI's property management activities, but were not designated
21 as trust accounts in violation of Code section 10145 and Regulation section 2834.

22 (g) **Handling Of Trust Fund /Trust Account Withdrawal (Code section**
23 **10145 and Regulations section 2834)**. Based on an examination of BA 1, BA 2, BA 3, BA 4,
24 and BA 5's records, the accounts were used for handling the receipts and disbursements of trust
25 funds in connection with WRGI's property management activities. CUSUMANO allowed
26 Wright, owner and non-licensed employee of WRGI, to be a signer without fidelity bonds or
27 insurance coverage in violation of Code section 10145 and Regulation section 2834.

1 (h) **Handling Of Trust Fund /Commingling/Mishandling Trust Fund (Code**
2 **sections 10145 and 10176(e) and Regulations section 2832)**. WRGI commingled its
3 company’s general funds with trust funds by transferring/depositing trust funds from BA 2 to
4 WRGI’s general business account (Account No. xxxxxxxx1438) and disbursing trust funds
5 from the general business account.

6 (i) **Use of False or Unlicensed Fictitious Name (Code section 10159.5 and**
7 **Regulations section 2731)**. From October 4, 2018 to December 31, 2018, WRGI used the
8 unlicensed fictitious business name of “Re/Max Fine Homes”, “Re/Max Results”, “Wright
9 Realty Group”, “The Wright Realty Group”, and “WRG, Inc” without first obtaining
10 permission from the Department. These names do not show up in the Department’s records as
11 licensed fictitious business names associated with WRGI.

12 (j) **Responsibility of Corporate Office in Charge/Broker Supervision (Code**
13 **sections 10159.2 and 10177(h) and Regulations section 2725)**. Based on the violations in
14 Paragraphs 12 (a), (c) – (i) above, CUSUMANO failed to exercise adequate supervision and
15 control over WRGI’s property management activities conducted by WRGI’s licensees and/or its
16 employees in violation of Code sections 10159.2 and 10177(h). CUSUMANO failed to
17 establish policies, rules, procedures, and systems to review, oversee, inspect, and manage
18 transactions requiring a real estate license and the handling of trust funds in violation of
19 Regulations section 2725. CUSUMANO also failed to maintain accurate control records,
20 separate records, and trust account reconciliation records during the audit period in violation of
21 Regulations section 2725.

22 13.

23 Each of the foregoing violations in Paragraphs 12 (a)-(j) above constitute cause
24 for the suspension or revocation of the real estate license and/or license rights of Respondents
25 under the provisions of Code sections 10177(d), 10177(g), and 10177(h) (as to CUSUMANO).

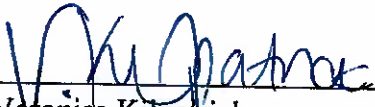
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PRAYER

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 the licenses and/or license rights of Respondents WRIGHT REALTY GROUP INC and GIUSEPPI CUSUMANO under the Real Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California this 15 day of December, 2021.


Veronica Kilpatrick
Supervising Special Investigator

cc: WRIGHT REALTY GROUP INC
GIUSEPPI CUSUMANO
Veronica Kilpatrick
Sacto.
Audits – Zaky Wanis