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FILED

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DEPT. OF REAL ESTATE

By *Ji* *J*

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against)

No. H-41958 LA

13 AWJ INVESTMENT GROUP INC.,)
14 dba Re/Max Orange County-East,)

ACCUSATION

15 and)

16 SUE-HWA LINDA LIU, individually and as)
17 designated officer for AWJ Investment)
18 Group, Inc,)

Respondents.

19 The Complainant, Maria Suarez, acting in her official capacity as a Supervising
20 Special Investigator of the State of California, for cause of Accusation against AWJ
21 INVESTMENT GROUP INC, dba Re/Max Orange County-East, and SUE-HWA LINDA LIU,
22 individually and as designated officer for AWJ Investment Group Inc, (collectively
23 "Respondents"), is informed and alleges as follows:

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1.

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.

DEPARTMENT OF REAL ESTATE LICENSE HISTORY
AWJ INVESTMENT GROUP INC.

3.

Respondent AWJ INVESTMENT GROUP INC. ("AIGI") 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 (corporation) ("REC"), Department of Real Estate ("Department" or "DRE") license ID 01194841.

4.

According to DRE records to date, AIGI was originally licensed by the DRE on or about March 29, 1995. According to DRE records to date, AIGI's main and mailing address of record are the same: 17561 East 17th St., Tustin, CA 92780 ("Tustin address"); AIGI presently has one (1) active DBA for Today Real Estate Co. (active as of July 24, 2020) and no RES licensees; and SUE-HWA LINDA LIU is its designated officer of record until her officer affiliation expires on March 28, 2023.

5.

According to DRE records to date, Re/Max Orange County-East was an active DBA under AIGI's DRE license from March 29, 1995 to February 23, 2020.

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1 Prior Discipline: DRE Case H-41028 LA

2 6.

3 According to DRE records to date, on or about January 24, 2019, in DRE
4 Accusation Case No. H-41028 LA, AIGI's license was suspended for ninety (90) days, stayed
5 for two (2) years pursuant to Code Section 10177(d) and the terms and conditions of the
6 Stipulation and Agreement in said Case, for its violation of: Code Sections 10145; 10141.6(a);
7 Financial Code Section 17006(a)(4); and Regulations 2950(h), 2951, 2832.1, 2831.2, and
8 2834, pursuant to the findings of DRE Audit LA170024 (BE).

9 Prior Discipline: DRE Case H-28223 LA

10 7.

11 According to DRE records to date, on or about April 18, 2000, in DRE
12 Accusation Case No. H-28223 LA, the licenses of both AIGI and its designated officer of
13 record at the time, Anthony C. Liu (DRE license ID 00833537), were suspended for sixty (60)
14 days, stayed for two (2) years pursuant to Code Section 10177(d) and as to Anthony C. Liu
15 only, Code Sections 10177(d) and 10177(h), and the terms and conditions of the Stipulation
16 and Agreement in said Case, for their violation of: Code Section 10145 and Regulations
17 2832.1 and 2834.

18 8.

19 AIGI's license will expire on March 28, 2023.

20 SUE-HWA LINDA LIU

21 9.

22 Respondent SUE-HWA LINDA LIU ("LIU") is presently licensed and/or has
23 license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate
24 broker (corporation) ("REB"), DRE license ID 01036970.

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Real Estate Activities

13.

At all times mentioned, in the State of California, AIGI acted as a corporate REB (REC) and conducted licensed activities within the meaning of Code Section 10131¹ and conducted broker-controlled escrows through its escrow division through the exemption of California Financial Code Section 17006(a)(4),² with LIU as its designated officer of record and REB responsible for supervision of its activities which require a real estate license, including, but not limited to activities performed by AIGI's RES, officers, employees and agents.

¹ Pursuant to Code Section 10131 Broker Defined, "A real estate broker within this meaning of this part is a person who, for a compensation or in expectation of a compensation, regardless of the form or time of payment, does or negotiates to do one or more of the following acts for another or others: (a) Sells or offers to sell, buys or offers to buy, solicits prospective sellers or purchasers of, solicits or obtains listings of, or negotiates the purchase, sale or exchange of real property or a business opportunity. (b) Leases or rents or offers to lease or rent, or places for rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or improvements thereon, or from business opportunities. (c) Assists or offers to assist in filing an application for the purchase or lease of, or in locating or entering upon, lands owned by the state or federal government. (d) Solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity. (e) Sells or offers to sell, buys or offers to buy, or exchanges or offers to exchange a real property sales contract, or a promissory note secured directly or collaterally by a lien on real property or on a business opportunity, and performs services for the holders thereof."

² Pursuant to Financial Code Section 17006: "(a) This division does not apply to: (1) Any person doing business under any law of this state or the United States relating to banks, trust companies, building and loan or savings and loan associations, credit unions, or insurance companies. (2) Any person licensed to practice law in California who has a bona fide client relationship with a principal in a real estate or personal property transaction and who is not actively engaged in the business of an escrow agent. (3) Any person whose principal business is that of preparing abstracts or making searches of title that are used as a basis for the issuance of a policy of title insurance by a company doing business under any law of this state relating to insurance companies. (4) Any broker licensed by the Real Estate Commissioner while performing acts in the course of or incidental to a real estate transaction in which the broker is an agent or a party to the transaction and in which the broker is performing an act for which a real estate license is required. (b) The exemptions provided for in paragraphs (2) and (4) of subdivision (a) are personal to the persons listed, and those persons shall not delegate any duties other than duties performed under the direct supervision of those persons. Notwithstanding the provisions of this subdivision, the exemptions provided for in paragraphs (2) and (4) of subdivision (a) are not available for any arrangement entered into for the purpose of performing escrows for more than one business."

1 a deductible, the employing broker shall have evidence of financial
2 responsibility that is sufficient to protect members of the public against
3 a loss subject to the deductible amount.

4 Evidence of financial responsibility shall include one or more of the
5 following:

6 (i) Separate fidelity bond coverage adequate to cover the amount
7 of the fidelity bond deductible.

8 (ii) A cash deposit held in a separate account, apart from other
9 funds of the broker, the broker's employees, or the broker's
10 principals, in a bank or recognized depository in this state
11 adequate to cover the amount of the fidelity bond deductible and
12 held exclusively and solely for the purpose of paying the fidelity
13 bond deductible amount.

14 (iii) Any other evidence of financial responsibility approved by
15 the commissioner.

16 (3) An arrangement under which a person enumerated in subparagraph
17 (A),(B), or (C) of paragraph (2) is authorized to make withdrawals from a trust fund account of
18 a broker shall not relieve an individual broker, nor the broker-officer of a corporate broker
19 licensee, from responsibility or liability as provided by law in handling trust funds in the
20 broker's custody.

21 ...

22 (4)(b) A real estate broker acting as a principal pursuant to Section 10131.1³
23 shall place all funds received from others for the purchase of real property sales contracts or
24

25 ³Code Section 10131.1 states, "(a) A real state broker within the meaning of this part is also a person who engages
26 as a principal in the business of making loans or buying from, selling to, or exchanging with the public, real
property sales contracts or promissory notes secured directly or collaterally by liens on real property..."

1 promissory notes secured directly or collaterally by liens on real property in a neutral escrow
2 depository unless delivery of the contract or notes is made simultaneously with the receipt of
3 the purchase funds.

4 ...
5 (4)(g) The broker shall maintain a separate record of the receipt and disposition
6 of all funds described in subdivisions (a) and (b), including any interest earned on the funds...”

7 15.

8 Pursuant to Regulation 2830 *Broker Placement of Trust Funds with Financial*
9 *Institutions:*

10 “The relationship between a real estate broker and a client for whom the broker
11 holds funds in trust is an agency relationship. As an agent, the broker owes a fiduciary duty to
12 the client regarding the handling of the trust. Any benefit received by the broker relating to the
13 broker's handling of client funds in trust belongs to the client by law, and the broker must pass
14 that benefit along to the client.

15 (a) Unless in possession of written permission from the client, it is unlawful for
16 any real estate broker, including any corporate broker, to receive, directly or indirectly, any
17 commission, compensation, or other consideration, whether personal or professional, from any
18 person or institution other than the client as an inducement for the placement of a trust fund
19 account in accordance with Section 10145 of the Business and Professions Code. Actual
20 placement of a trust fund account is not a precondition to a violation of this section, whether
21 the violation is or is not a per se violation pursuant to subsection (c), below.

22 (b) For purposes of this section, a “compensating balance” is a balance
23 maintained in a checking account or other account in a bank or other recognized depository in
24 the name of a real estate broker for the purpose of paying bank fees on a separate trust fund
25 account.

1 (c) Unless in possession of written permission from the client as described in
2 subsection (a), the following activities, whether performed directly or indirectly, are deemed
3 per se receipt of inducements for the placement of trust account business by any person and are
4 unlawful:

5 (1) Receiving or requesting payment for, accepting or requesting
6 provision of, or accepting or requesting assistance with business
7 expenses, including, but not limited to, rent, employee salaries,
8 furniture, copiers, facsimile machines, automobiles, telephone services
9 or equipment, or computers.

10 (2) Receiving or requesting receipt of any form of consideration
11 intended for the benefit of the broker, rather than the trust account itself,
12 including cash, below market rate loans, automobile charges, or
13 merchandise or merchandise credits.

14 (3) Receiving or requesting to receive on behalf of the broker or
15 corporation, compensating balances or benefits in the pricing or fees for
16 the maintenance of a compensating balance account.

17 (4) Receiving or requesting provision of all, or any part, of the time or
18 productive effort of any employee of the bank or other recognized
19 depository for any service unrelated to the trust account.

20 (5) Receiving or requesting expenditures for food, beverages, and
21 entertainment.

22 (d) Receipt or request of receipt of the following are not deemed to be unlawful
23 or in violation of this section:

24 (1) Promotional items with a permanently affixed company logo of the
25 bank or other recognized depository with a value of not more than ten
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1 dollars (\$10) each. "Promotional item" does not include a gift
2 certificate, gift card, or other item that has a specific monetary value on
3 its face, or that may be exchanged for any other item having a specific
4 monetary value.

5 (2) Receipt or requested receipt of education or educational materials
6 exclusively related to the business of trust fund management if
7 continuing education credits are not provided.

8 (e) The receipt or requested receipt of any form of consideration as an
9 inducement for the placement of a trust account not specifically set forth in this section shall
10 not be presumed lawful merely because it is not specifically prohibited."

11 16.

12 Pursuant to Regulation 2832 *Trust Fund Handling*:

13 "(a) Compliance with Section 10145 of the Code requires that the broker place
14 funds accepted on behalf of another into the hands of the owner of the funds, into a neutral
15 escrow depository or into a trust fund account in the name of the broker, or in a fictitious name
16 if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other
17 financial institution not later than three business days following receipt of the funds by the
18 broker or by the broker's salesperson.

19 (b) Except as expressly provided by subdivision (d) of Section 10145 of the
20 Code or by a regulation in this article, the account into which the trust funds are deposited shall
21 not be an interest-bearing account for which prior written notice can by law or regulation be
22 required by the financial institution as a condition to the withdrawal of funds.

23 (c) A check received from the offeror may be held uncashed by the broker until
24 acceptance of the offer if

1 (1) the check by its terms is not negotiable by the broker or if the offeror
2 has given written instructions that the check shall not be deposited nor
3 cashed until acceptance of the offer and

4 (2) the offeree is informed that the check is being so held before or at
5 the time the offer is presented for acceptance.

6 (d) In these circumstances if the offeror's check was held by the broker in
7 accordance with subdivision (c) until acceptance of the offer, the check shall be placed into a
8 neutral escrow depository or the trust fund account, or into the hands of the offeree if offeror
9 and offeree expressly so provide in writing, not later than three business days following
10 acceptance of the offer unless the broker receives written authorization from the offerree to
11 continue to hold the check.

12 (e) Notwithstanding the provisions of subdivisions (a) and (d), a real estate
13 broker who is not licensed under the Escrow Law (Section 17000, et seq., of the Financial
14 Code) when acting in the capacity of an escrow holder in a real estate purchase and sale,
15 exchange or loan transaction in which the broker is performing acts for which a real estate
16 license is required shall place all funds accepted on behalf of another into the hands of the
17 owner of the funds, into a neutral escrow depository or into a trust fund account in the name of
18 the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious
19 name, as trustee at a bank or other financial institution not later than the next business day
20 following receipt of the funds by the broker or by the broker's salesperson."

21 17.

22 Pursuant to Regulation 2832.1 *Trust Fund Handling for Multiple Beneficiaries:*

23 "The written consent of every principal who is an owner of the funds in the
24 account shall be obtained by a real estate broker prior to each disbursement if such a
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1 disbursement will reduce the balance of funds in the account to an amount less than the
2 existing aggregate trust fund liability of the broker to all owners of the funds.”

3 18.

4 Pursuant to Regulation 2834 *Trust Account Withdrawals*:

5 “(a) Withdrawals may be made from a trust fund account of an individual
6 broker only upon the signature of the broker or one or more of the following persons if
7 specifically authorized in writing by the broker:

8 (1) a salesperson licensed to the broker.

9 (2) a person licensed as a broker who has entered into a written
10 agreement pursuant to Section 2726 with the broker.

11 (3) an unlicensed employee of the broker with fidelity bond coverage at
12 least equal to the maximum amount of the trust funds to which the
13 employee has access at any time.

14 (b) Withdrawals may be made from the trust fund account of a corporate broker
15 only upon the signature of:

16 (1) an officer through whom the corporation is licensed pursuant to
17 Section 10158 or 10211 of the Code or

18 (2) one of the persons enumerated in paragraph (1), (2) or (3) of
19 subdivision (a) above, provided that specific authorization in writing is
20 given by the officer through whom the corporation is licensed and that
21 the officer is an authorized signatory of the trust fund account.

22 (c) An arrangement under which a person enumerated in paragraph (1), (2) or
23 (3) of subdivision (a) above is authorized to make withdrawals from a trust fund account of a
24 broker shall not relieve an individual broker, nor the broker-officer of a corporate broker
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1 licensee, from responsibility or liability as provided by law in handling trust funds in the
2 broker's custody."

3 **Retention of Records – Chargeable Audits – Cost Recovery –**
4 **Penalties for Unlawful Destruction of Records**

5 **Code Section 10148**

6 19.

7 Pursuant to Code Section 10148 *Retention of Records – Chargeable Audits –*
8 *Cost Recovery – Penalties for Unlawful Destruction of Records:*

9 "(a) A licensed real estate broker shall retain for three years copies of all
10 listings, deposit receipts, canceled checks, trust records, and other documents executed by him
11 or her or obtained by him or her in connection with any transactions for which a real estate
12 broker license is required. The retention period shall run from the date of the closing of the
13 transaction or from the date of the listing if the transaction is not consummated. After notice,
14 the books, accounts, and records shall be made available for examination, inspection, and
15 copying by the commissioner or his or her designated representative during regular business
16 hours; and shall, upon the appearance of sufficient cause, be subject to audit without further
17 notice, except that the audit shall not be harassing in nature. This subdivision shall not be
18 construed to require a licensed real estate broker to retain electronic messages of an ephemeral
19 nature, as described in subdivision (d) of Section 1624 of the Civil Code.

20 (b) The commissioner shall charge a real estate broker for the cost of any audit,
21 if the commissioner has found, in a final desist and refrain order issued under Section 10086 or
22 in a final decision following a disciplinary hearing held in accordance with Chapter 5
23 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code
24 that the broker has violated Section 10145 or a regulation or rule of the commissioner
25 interpreting Section 10145.

1 (c) If a broker fails to pay for the cost of an audit as described in subdivision (b)
2 within 60 days of mailing a notice of billing, the commissioner may suspend or revoke the
3 broker's license or deny renewal of the broker's license. The suspension or denial shall remain
4 in effect until the cost is paid or until the broker's right to renew a license has expired.

5 (d) The commissioner may maintain an action for the recovery of the cost of an
6 audit in any court of competent jurisdiction. In determining the cost incurred by the
7 commissioner for an audit, the commissioner may use the estimated average hourly cost for all
8 persons performing audits of real estate brokers.

9 (e) The bureau may suspend or revoke the license of any real estate broker, real
10 estate salesperson, or corporation licensed as a real estate broker, if the real estate broker, real
11 estate salesperson, or any director, officer, employee, or agent of the corporation licensed as a
12 real estate broker knowingly destroys, alters, conceals, mutilates, or falsifies any of the books,
13 papers, writings, documents, or tangible objects that are required to be maintained by this
14 section or that have been sought in connection with an investigation, audit, or examination of a
15 real estate licensee by the commissioner.”

16 **Broker Supervision**

17 **Code Section 10159.2 and Regulation 2725**

18 20.

19 Pursuant to Code Section 10159.2 *Responsibility of Corporate Officer in*

20 *Charge:*

21 “(a) The officer designated by a corporate broker licensee pursuant to Section
22 10211 shall be responsible for the supervision and control of the activities conducted on behalf
23 of the corporation by its officers and employees as necessary to secure full compliance with the
24 provisions of this division, including the supervision of salespersons licensed to the
25 corporation in the performance of acts for which a real estate license is required.
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1 (b) A corporate broker licensee that has procured additional licenses in
2 accordance with Section 10158 through officers other than the officer designated pursuant to
3 Section 10211 may, by appropriate resolution of its board of directors, assign supervisory
4 responsibility over salespersons licensed to the corporation to its broker-officers.

5 (c) A certified copy of any resolution of the board of directors assigning
6 supervisory responsibility over real estate salespersons licensed to the corporation shall be filed
7 with the Real Estate Commissioner within five days after the adoption or modification
8 thereof.”

9 21.

10 Pursuant to Regulation 2725 *Broker Supervision*:

11 “A broker shall exercise reasonable supervision over the activities of his or her
12 salespersons. Reasonable supervision includes, as appropriate, the establishment of policies,
13 rules, procedures and systems to review, oversee, inspect and manage:

14 (a) Transactions requiring a real estate license.

15 (b) Documents which may have a material effect upon the rights or obligations
16 of a party to the transaction.

17 (c) Filing, storage and maintenance of such documents.

18 (d) The handling of trust funds.

19 (e) Advertising of any service for which a license is required.

20 (f) Familiarizing salespersons with the requirements of federal and state laws
21 relating to the prohibition of discrimination.

22 (g) Regular and consistent reports of licensed activities of salespersons.

23 The form and extent of such policies, rules, procedures and systems shall take into
24 consideration the number of salespersons employed and the number and location of branch
25 offices. A broker shall establish a system for monitoring compliance with such policies, rules,
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1 procedures and systems. A broker may use the services of brokers and salespersons to assist in
2 administering the provisions of this section so long as the broker does not relinquish overall
3 responsibility for supervision of the acts of salespersons licensed to the broker.”

4 **False or Fictitious Business Name**

5 **Code Section 10159.5 and Regulation 2731**

6 22.

7 Pursuant to Code Section 10159.5(a)(1) *Fictitious Name*:

8 “Every person applying for a license under this chapter who desires to have the
9 license issued under a fictitious business name shall file with his or her application a certified
10 copy of his or her fictitious business name statement filed with the county clerk pursuant to
11 Chapter 5 (commencing with Section 17900) of Part 3 of Division 7.”

12 23.

13 Pursuant to Regulation 2731(a) *Use of False or Fictitious Name*:

14 “A licensee shall not use a fictitious name in the conduct of any activity for
15 which a license is required under the Real Estate Law unless the licensee is the holder of a
16 license bearing the fictitious business name.”

17 **Grounds for Revocation or Suspension**

18 **Code Section 10176 (selected portions)**

19 24.

20 Pursuant to Code Section 10176 *Grounds for Revocation or Suspension*:

21 “The commissioner may, upon his or her own motion, and shall, upon the
22 verified complaint in writing of any person, investigate the actions of any person engaged in
23 the business or acting in the capacity of a real estate licensee within this state, and he or she
24 may temporarily suspend or permanently revoke a real estate licensee at any time where the
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1 licensee, while a real estate licensee, in performing or attempting to perform any of the acts
2 within the scope of this chapter has been guilty of any of the following:

3 . . .
4 (g) The claiming or taking by a licensee of any secret or undisclosed amount of
5 compensation, commission, or profit or the failure of a licensee to reveal to
6 the buyer or seller contracting with the licensee the full amount of the
7 licensee's compensation, commission, or profit under any agreement
8 authorizing the licensee to do any acts for which a license is required under
9 this chapter for compensation or commission prior to or coincident with the
10 signing of an agreement evidencing the meeting of the minds of the
11 contracting parties, regardless of the form of the agreement, whether
12 evidenced by documents in an escrow or by any other or different
13 procedure..."

14 **Further Grounds for Disciplinary Action**

15 **Code Section 10177**

16 25.

17 Pursuant to Code Section 10177 *Further Grounds for Disciplinary Action*:

18 "The commissioner may suspend or revoke the license of a real estate licensee,
19 delay the renewal of a license of a real estate licensee, or deny the issuance of a license to an
20 applicant, who has done any of the following, or may suspend or revoke the license of a
21 corporation, delay the renewal of a license of a corporation, or deny the issuance of a license to
22 a corporation, if an officer, director, or person owning or controlling 10 percent or more of the
23 corporation's stock has done any of the following:
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1 (a) Procured, or attempted to procure, a real estate license or license
2 renewal, for themselves or a salesperson, by fraud, misrepresentation, or
3 deceit, or by making a material misstatement of fact in an application for
4 a real estate license, license renewal, or reinstatement.

5 (b) (1) Entered a plea of guilty or no contest to, or been found guilty of,
6 or been convicted of, a felony, or a crime substantially related to the
7 qualifications, functions, or duties of a real estate licensee, and the time
8 for appeal has elapsed or the judgment of conviction has been affirmed
9 on appeal, irrespective of an order granting probation following that
10 conviction, suspending the imposition of sentence, or of a subsequent
11 order under Section 1203.4 of the Penal Code allowing that licensee to
12 withdraw that licensee's plea of guilty and to enter a plea of not guilty,
13 or dismissing the accusation or information.

14 (2) Notwithstanding paragraph (1), and with the recognition that
15 sentencing may not occur for months or years following the entry of a
16 guilty plea, the commissioner may suspend the license of a real estate
17 licensee upon the entry by the licensee of a guilty plea to any of the
18 crimes described in paragraph (1). If the guilty plea is withdrawn, the
19 suspension shall be rescinded and the license reinstated to its status prior
20 to the suspension. The department shall notify a person whose license is
21 subject to suspension pursuant to this paragraph of that person's right to
22 have the issue of the suspension heard in accordance with Section
23 10100.

24 (c) Knowingly authorized, directed, connived at, or aided in the
25 publication, advertisement, distribution, or circulation of a material false
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statement or representation concerning their designation or certification of special education, credential, trade organization membership, or business, or concerning a business opportunity or a land or subdivision, as defined in Chapter 1 (commencing with Section 11000) of Part 2, offered for sale.

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

(e) Willfully used the term "realtor" or a trade name or insignia of membership in a real estate organization of which the licensee is not a member.

(f) Acted or conducted themselves in a manner that would have warranted the denial of their application for a real estate license, or either had a license denied or had a license issued by another agency of this state, another state, or the federal government revoked, surrendered, or suspended for acts that, if done by a real estate licensee, would be grounds for the suspension or revocation of a California real estate license, if the action of denial, revocation, surrender, or suspension by the other agency or entity was taken only after giving the licensee or applicant fair notice of the charges, an opportunity for a hearing, and other due process protections comparable to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with

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Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and only upon an express finding of a violation of law by the agency or entity.

(g) Demonstrated negligence or incompetence in performing an act for which the officer, director, or person is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of that licensee's salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

(i) Used their employment by a governmental agency in a capacity giving access to records, other than public records, in a manner that violates the confidential nature of the records.

(j) Engaged in any other conduct, whether of the same or of a different character than specified in this section, that constitutes fraud or dishonest dealing.

(k) Violated any of the terms, conditions, restrictions, and limitations contained in an order granting a restricted license.

(l) (1) Solicited or induced the sale, lease, or listing for sale or lease of residential property on the grounds, wholly or in part, of loss of value, increase in crime, or decline of the quality of the schools due to the present or prospective entry into the neighborhood of a person or persons having a characteristic listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those characteristics are defined in Sections 12926 and 12926.1 of; subdivision (m) and paragraph (1) of

1 subdivision (p) of Section 12955 of, and Section 12955.2 of, the
2 Government Code.

3 (2) Notwithstanding paragraph (1), with respect to familial status,
4 paragraph (1) shall not be construed to apply to housing for older
5 persons, as defined in Section 12955.9 of the Government Code. With
6 respect to familial status, nothing in paragraph (1) shall be construed to
7 affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil
8 Code, relating to housing for senior citizens. Subdivision (d) of Section
9 51 and Section 4760 of the Civil Code and subdivisions (n), (o), and (p)
10 of Section 12955 of the Government Code shall apply to paragraph (1).

11 (m) Violated the Franchise Investment Law (Division 5 (commencing
12 with Section 31000) of Title 4 of the Corporations Code) or regulations
13 of the Commissioner of Business Oversight pertaining thereto.

14 (n) Violated the Corporate Securities Law of 1968 (Division 1
15 (commencing with Section 25000) of Title 4 of the Corporations Code)
16 or the regulations of the Commissioner of Business Oversight pertaining
17 thereto.

18 (o) Failed to disclose to the buyer of real property, in a transaction in
19 which the licensee is an agent for the buyer, the nature and extent of a
20 licensee's direct or indirect ownership interest in that real property. The
21 direct or indirect ownership interest in the property by a person related
22 to the licensee by blood or marriage, by an entity in which the licensee
23 has an ownership interest, or by any other person with whom the
24 licensee has a special relationship shall be disclosed to the buyer.

25 (p) Violated Article 6 (commencing with Section 10237).
26
27

1 (q) Violated or failed to comply with Chapter 2 (commencing with
2 Section 2920) of Title 14 of Part 4 of Division 3 of the Civil Code,
3 relating to mortgages.

4 If a real estate broker that is a corporation has not done any of the foregoing acts, either
5 directly or through its employees, agents, officers, directors, or persons owning or controlling
6 10 percent or more of the corporation's stock, the commissioner may not deny the issuance or
7 delay the renewal of a real estate license to, or suspend or revoke the real estate license of, the
8 corporation, provided that any offending officer, director, or stockholder, who has done any of
9 the foregoing acts individually and not on behalf of the corporation, has been completely
10 disassociated from any affiliation or ownership in the corporation. A decision by the
11 commissioner to delay the renewal of a real estate license shall toll the expiration of that
12 license until the results of any pending disciplinary actions against that licensee are final, or
13 until the licensee voluntarily surrenders the licensee's license, whichever is earlier."

14 **FIRST CAUSE FOR DISCIPLINE**

15 **DRE AUDIT LA190150:**

16 **AWJ INVESTMENT GROUP INC. (REB ESCROW ACTIVITIES)**

17 **(FOLLOW- AUDIT PURSUANT TO ACCUSATION H-41028 LA)**

18 26.

19 Included in the January 24, 2019 Stipulation and Agreement in DRE Case
20 No. H-41028 LA is the allowance for a subsequent audit to be performed pursuant to Business
21 and Professions Code Section 10148 to determine if the violations cited in DRE Case No.
22 H-41028 LA with respect to DRE Audit LA170024 (BE) findings, as described above in
23 Paragraph 6, have been corrected. On September 18, 2020, the DRE completed its subsequent
24 audit examination of the books and records of Respondent AIGI pertaining to its REB escrow
25 activities (Audit LA190150), which require a real estate license. The subsequent audit
26

1 examination covered a period of time beginning on January 24, 2019 and ending on April 30,
2 2020 (“audit examination period” or “audit period”). The field work on the subsequent audit
3 examination period records was performed between May 19, 2020 and September 16, 2020
4 (“field work period”).

5 27.

6 The final audit report dated September 18, 2020 revealed violations of the Code
7 and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit
8 Report LA190150 (RE 4511 (Rev. 7/14)).

9 28.

10 Background

11 At the time of Audit LA 190150, Respondent maintained two licensed (2)
12 fictitious business names (“FBN”), “Re/Max Orange County-East” (from March 29, 1995 to
13 February 23, 2020) and “Today Real Estate Co,” active as of July 24, 2020. As of September
14 16, 2020, AIGI did not maintain any branch offices or employ any RES or REB associates
15 under its license.

16 29.

17 Corporate Structure

18 According to the DRE auditor’s discussions with LIU, the corporate structure of
19 AIGI as of September 16, 2020 is as follow: LIU is the President and a fifty percent (50%)
20 shareholder, and Anthony C. Liu (REB; DRE license ID 00833537) is the Secretary and a fifty
21 percent (50%) shareholder.

22 30.

23 Business Activities

24 According to LIU and the records examined, AIGI engaged in real estate sales,
25 REB escrow, and property management activities during the audit examination period.

1 According to LIU, AIGI's escrow officer Cheryl Blausner (non-licensee) and the records
2 examined, during the audit examination period: AIGI serviced approximately fifty-four REB
3 escrow transactions for its own clients for approximately \$44,109,800, and AIGI also managed
4 eighty-six (86) properties for seventy-eight (78) property owners.

5 31.

6 Trust Account

7 According to LIU and the records provided, AIGI maintained one (1) trust
8 account at Comerica Bank (El Segundo, CA) related to its REB escrow activity during the
9 audit examination period: Trust Account 1 - #####9541 ("TA1").

10 **AUDIT FINDINGS: VIOLATIONS OF THE REAL ESTATE LAW**

11 32.

12 In the course of the real estate activities (REB-controlled escrows) described
13 above in Paragraph 30 during the subject audit examination period described above in
14 Paragraph 26, Respondent AIGI violated the Code and the Regulations, as described below:

15 33.

16 **Fictitious Name/ Use of False or Fictitious Name**

17 **(Code Section 10159.5 and Regulation 2731)**

18 During the subject audit period, AIGI used the unlicensed FBN "RE/MAX
19 ORANGE COUNTY EAST ESCROW DIVISION" on receipts, disbursements, settlement
20 statements and escrow instructions in at least four (4) of the sampled escrow files, in violation
21 of Code Section 10159.5 and Regulation 2731.

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1 34.

2 **Undisclosed Compensation/ Broker Placement of Trust Funds with Financial Institution**
3 **(Code Sections 10145 and 10176(g) and Regulation 2830)**

4 According to the books and records examined, AIGI did not disclose in writing
5 to the owners who had trust funds in TA1 that AIGI was engaged in an earnings credit
6 relationship with Comerica Bank where the monthly earnings credit was used to offset
7 combined bank service charges incurred. Based on the bank statements and sampled escrow
8 files, between February 2019 and April 2020, AIGI received earnings credit from Comerica
9 Bank totaling \$1,016.06 and did not disclose said earnings credit relationship to the
10 buyers/sellers, in violation of Code Sections 10145 and 10176(g) and Regulation 2830.

11 **SECOND CAUSE FOR DISCIPLINE**

12 **DRE AUDIT LA200048:**

13 **AWJ INVESTMENT GROUP INC. (PROPERTY MANAGEMENT ACTIVITIES)**

14 **(FOLLOW- AUDIT PURSUANT TO ACCUSATION H-41028 LA)**

15 35.

16 Included in the January 24, 2019 Stipulation and Agreement in DRE Case
17 No. H-41028 LA is the allowance for a subsequent audit to be performed pursuant to Business
18 and Professions Code Section 10148 to determine if the violations cited in DRE Case No.
19 H-41028 LA with respect to DRE Audit LA170024 (BE) findings, as described above in
20 Paragraph 6, have been corrected. On January 27, 2021, the DRE completed its subsequent
21 audit examination of the books and records of Respondent AIGI pertaining to its property
22 management activities (Audit LA200048), which require a real estate license. The subsequent
23 audit examination covered a period of time beginning on May 1, 2019 and ending on April 30,
24 2020 ("audit examination period" or "audit period").

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1 36.

2 The final audit report dated January 27, 2021 revealed violations of the Code
3 and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit
4 Report LA200048 (RE 4511 (Rev. 7/14)).

5 37.

6 Background

7 At the time of Audit LA200048, Respondent maintained two licensed (2)
8 fictitious business names ("FBN"), "Re/Max Orange County-East" (from March 29, 1995 to
9 February 23, 2020) and "Today Real Estate Co," active as of July 24, 2020. As of September
10 16, 2020, AIGI did not maintain any branch offices or employ any RES or REB associates
11 under its license.

12 38.

13 Corporate Structure

14 According to the DRE auditor's discussions with LIU, the corporate structure of
15 AIGI as of September 16, 2020 is as follow: LIU is the President and a fifty percent (50%)
16 shareholder, and Anthony C. Liu (REB; DRE license ID 00833537) is the Secretary and a fifty
17 percent (50%) shareholder.

18 39.

19 Business Activities

20 According to LIU and the records examined, AIGI engaged in real estate sales,
21 REB escrow, and property management activities during the audit examination period.
22 According to LIU, AIGI managed eighty-six (86) properties for seventy-six (76) property
23 owners⁴ and, according to the sampled transaction files, AIGI collected at least \$4,077,273 for
24

25 ⁴ According to Audit LA190150, AIGI managed eighty-six (86) properties for seventy-eight (78) property
26 owners.

1 the twelve (12) months ending April 30, 2020 (AIGI charged a management fee of three
2 percent (3%) to six percent (6%) of gross monthly rent.

3 40.

4 Bank Accounts

5 According to LIU and the bank account list dated September 25, 2020 that was
6 provided for the audit, AIGI maintained twenty-seven (27) bank accounts related to its property
7 management activity during the audit examination period. Included in the bank records
8 sampled for audit were records for: Trust Account 1 - #####0846 ("TA1"); Bank Account 1 -
9 #####5024 ("BA1"); and Bank Account 2 - #####1596 ("BA2").

10 **AUDIT FINDINGS: VIOLATIONS OF THE REAL ESTATE LAW**

11 41.

12 In the course of the real estate activities (property management) described above
13 in Paragraph 39 during the subject audit examination period described above in Paragraph 35,
14 Respondent AIGI violated the Code and the Regulations, as described below:

15 42.

16 **Handling of Trust Fund/ Trust Fund Handling for Multiple Beneficiaries**

17 (Code Section 10145(a) and Regulation 2832.1)

18 As of April 30, 2020, there was a trust fund shortage in the amount
19 <\$1,104.00> in TA1 caused by a negative property balance for property owner X.R., in
20 violation of **Code Section 10145(a) and Regulation 2832.1**. As of June 8, 2020, the
21 <\$1,104.00> trust fund shortage for property owner X.R. was cured by a deposit into TA1 in
22 the same amount.

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1 43.

2 **Trust Fund Handling**

3 **(Code Section 10145 and Regulation 2832)**

4 A. Based on an examination of the February 19, 2020 bank signature card for
5 BA1, BA1 was not designated as a trust account in the name of AIGI or its licensed FBN as
6 trustee, in violation of **Code Section 10145 and Regulation 2832.**

7 B. Based on an examination of the August 8, 2018 bank signature card for BA2,
8 BA2 was not designated as a trust account in the name of AIGI or its licensed FBN as trustee,
9 in violation of **Code Section 10145 and Regulation 2832.**

10 C. Based on an examination of the February 19, 2020 bank signature card for
11 TA1, TA1 trust account was not in the name of AIGI or its licensed FBN as trustee, in
12 violation of **Code Section 10145 and Regulation 2832.**

13 44.

14 **Fictitious Name/ Use of False or Fictitious Name**

15 **(Code Section 10159.5 and Regulation 2731)**

16 A. During the subject audit period, AIGI used the unlicensed FBN "Today Real
17 Estate, LLC" on TA1 disbursements (including cancelled checks) in its property management
18 activities, in violation of **Code Section 10159.5 and Regulation 2731.**

19 B. During the subject audit period, AIGI used the unlicensed FBN "TD
20 Investment & Management, Inc." on BA2 disbursements (including cancelled checks) in its
21 property management activities, in violation of **Code Section 10159.5 and Regulation 2731.**

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1 45.

2 **Handling of Trust Funds/ Trust Account Withdrawals**

3 (Code Section 10145 and Regulation 2834)

4 A. Based on an examination of the August 5, 2013 bank signature card for BA1,
5 BA1 had one (1) unlicensed individual who was authorized to sign and make withdrawals on
6 BA1, in violation of **Code Section 10145 and Regulation 2834.**

7 B. Based on an examination of the August 8, 2018 bank signature card for BA2,
8 BA2 had two (2) unlicensed owners of TD Investment & Management Inc. who were
9 authorized to sign and make withdrawals on BA2, in violation of **Code Section 10145 and**
10 **Regulation 2834.**

11 46.

12 **Responsibility of Corporate Officer in Charge/ Broker Supervision**

13 (Code Section 10159.2 and Regulation 2725)

14 Based on the findings described above in Paragraphs 42 through 45, LIU, as
15 designated officer of record, did not adequately exercise supervision and control over the real
16 estate activities of AIGI and its employees. LIU failed to establish policies, rules, procedures
17 and systems to review, oversee, inspect and manage AIGI's transactions requiring a real estate
18 license and the handling of trust funds, in violation of **Code Section 10159.2 and Regulation**
19 **2725.**

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

21 47.

22 The overall conduct of Respondents is in violation of the Real Estate Law and
23 constitutes cause for the suspension or revocation of the real estate licenses and license rights
24 of:

25 A. LIU under the provisions of **Code Section 10177(d)** (for willful disregard of
26

1 the Real Estate Law); **Code Section 10177(g)** (for negligence) and **Code Section 10177(h)**
2 (failure to exercise reasonable supervision), and

3 B. AIGI under the provisions of **Code Section 10177(d)** (for willful disregard
4 of the Real Estate Law).

5 **COSTS**

6 **Investigation & Enforcement Costs**

7 48.

8 **Code Section 10106** provides, in pertinent part, that in any order issued in
9 resolution of a disciplinary proceeding before the Department of Real Estate, the
10 Commissioner may request the administrative law judge to direct a licensee found to have
11 committed a violation of this part to pay a sum not to exceed the reasonable costs of the
12 investigation and enforcement of the case.

13 **[Subsequent] Audit Costs**

14 49.

15 **Code Section 10148(b)** provides, in pertinent part, the Commissioner shall
16 charge a real estate broker for the cost of any audit, if the Commissioner has found in a final
17 decision following a disciplinary hearing that the broker has violated Code section 10145 or a
18 regulation or rule of the Commissioner interpreting said section. Pursuant to the Stipulation
19 and Agreement in DRE Case H-41028 LA, the Commissioner shall charge Respondents a
20 maximum of \$6,829.56 for the cost of [subsequent] Audits LA190150 and LA200048.

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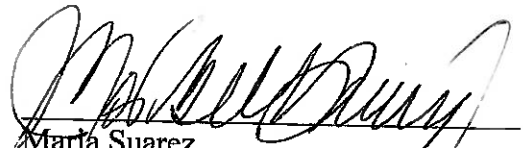
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of Respondent SUE-HWA LINDA LIU and Respondent AWJ INVESTMENT GROUP INC under the Real Estate Law (Part 1 of vision 4 of the Business and Professions Code), for the cost of investigation and enforcement as permitted by law, and for such other and further relief as may be proper under other provisions of law, and for costs of audit.

Dated at Los Angeles, California
this 13th day of April, 2021.



Maria Suarez
Supervising Special Investigator

cc: AWJ Investment Group Inc.
Sue-Hwa Linda Liu
Enforcement – L. Araujo, M. Suarez
Audits – K. Kuboniwa, Jennifer Lin
Sacto.