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DEPT. OF REAL ESTATE
By _____

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of

No. H-42872-LA

13 GREAT WALL REALTY, INC., GREAT
14 WALL REALTY, INC. doing business as
15 Echain Escrow A Non-Independent
16 Broker Escrow, and HONGHUA
17 SHANG, individually and as designated
18 officer of Great Wall Realty, Inc.,

FIRST AMENDED ACCUSATION

19 Respondents.

20 **This First Amended Accusation amends the Accusation filed on July 25, 2025.** The
21 Accusation filed on July 25, 2025 ("original Accusation"), is amended as follows: to specifically
22 name as a Respondent, GREAT WALL REALTY, INC. doing business as Echain Escrow A Non-
23 Independent Broker Escrow; to make some minor parenthetical and/or stylistic changes in
24 Paragraphs 3 and 4; to revise and update the Mortgage Loan Originator ("MLO") license
25 endorsement statuses as currently active for Respondents GREAT WALL REALTY, INC. and
26 HONGHUA SHANG in Paragraphs 3 and 4, respectively; to add further facts discovered by the
27 DRE in new Paragraphs 48 through 66; to renumber paragraphs 50 through 61 in the original
28 Accusation to Paragraphs 67 through 80; to add a new Paragraph 81 in the Second Cause of
Accusation; to renumber Paragraphs 62 through 76 in the original Accusation to Paragraphs 82
through 96; to allege additional facts in the paragraph renumbered to Paragraph 84; to add new
Seventh and Eighth Causes of Accusation for failure to report felony charges, and failure to

1 accurately disclose pending criminal charges in license renewal application, respectively, with new
2 Paragraphs 97 through 100, and new Paragraphs 101 through 104, respectively, supporting the new
3 Seventh and Eighth Causes of Accusation; renumbering the Seventh Cause of Accusation in the
4 original Accusation to the Ninth Cause of Accusation, and renumbering Paragraphs 77 through 84
5 or the original Accusation to new Paragraphs 105 to 112; and revising the bases for new Ninth Cause
6 of Accusation in Paragraph 110, and alleging new violations of California Business and Professions
7 Code sections 10177(a) and 10186.2 in Paragraph 110(b). No other parts of the original Accusation
8 are affected.

9 The Complainant, Ray Dagnino, a Supervising Special Investigator for the Department of
10 Real Estate ("Department" or "DRE") of the State of California, for cause of Accusation against
11 GREAT WALL REALTY, INC. ("GWRI"), and HONGHUA SHANG ("SHANG"), also known as
12 Harry Shang, individually and as designated officer of GWRI, collectively "Respondents", alleges
13 as follows:

14 1. The Complainant, Ray Dagnino, acting in his official capacity as a Supervising
15 Special Investigator, makes this Accusation against Respondents.

16 2. All references to the "Code" are to the California Business and Professions Code and
17 all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

18 **LICENSE HISTORY**

19 3. Respondent GWRI is currently licensed by the DRE as a restricted real estate
20 corporation ("RREC"), DRE license identification number ("License ID") 02024473. GWRI
21 previously held a plenary license as a real estate corporation ("REC") from on or about February 17,
22 2017, through on or about August 22, 2024, at which time GWRI's REC license was revoked
23 pursuant to the Decision of the Real Estate Commissioner ("Commissioner") adopting a Stipulation
24 and Agreement executed by GWRI in DRE Case No. H-42725-LA. On or about October 10, 2024,
25 GWRI was issued a RREC license, which is scheduled to expire on October 9, 2028, unless renewed.
26 GWRI is licensed through SHANG's restricted real estate broker license, License ID 01833183, and
27 SHANG is GWRI's restricted designated officer ("D.O."). GWRI maintains the licensed fictitious
28 business name ("dba") "Echain Escrow A Non-Independent Broker Escrow," ("Echain Escrow")

1 active as of April 17, 2025. According to DRE records to date, GWRI employs one (1) broker
2 associate, and approximately fourteen (14) salespersons. GWRI also has a Mortgage Loan Originator
3 (“MLO”) license endorsement with the DRE with National Mortgage Licensing System and Registry
4 (“NMLS”) identifier (“ID”) 2529107, which is currently active.

5 4. Respondent SHANG is currently licensed by the DRE as a restricted real estate
6 broker (“RREB”), License ID 01833183. SHANG previously had a plenary license as a real estate
7 broker (“REB”) from on or about March 29, 2012, through on or about August 22, 2024, at which
8 time SHANG’s REB license was revoked pursuant to the Decision of the Commissioner adopting a
9 Stipulation and Agreement executed by SHANG in DRE Case No. H-42725-LA. On or about
10 October 10, 2024, SHANG was issued a RREB license, which is scheduled to expire on October 9,
11 2028, unless renewed. SHANG also has an MLO license endorsement with the DRE with NMLS ID
12 335194, which is currently active. According to DRE records to date:

13 a. From on or about April 20, 2012, to on or about April 19, 2024, SHANG was
14 the D.O. for REC EChain, Inc., License ID 01913795. SHANG’s D.O. license for EChain,
15 Inc. expired on April 19, 2024, and was revoked on August 22, 2024.

16 b. From on or about March 2, 2018, to on or about March 1, 2022, SHANG was
17 the D.O. for REC Half Realty, Inc., License ID 02055636. SHANG’s D.O. license for Half
18 Realty, Inc. expired as of March 2, 2022.

19 c. From on or about September 21, 2018, to on or about September 21, 2022,
20 SHANG was the D.O. for REC Egosun Capital, License ID 02075356. SHANG’s D.O.
21 license for Egosun Capital expired as of September 21, 2022.

22 5. EChain, Inc. was previously licensed by the DRE as an REC, License ID 01913795,
23 from on or about April 20, 2012, to April 19, 2024, at which time EChain, Inc.’s REC license
24 expired. EChain, Inc. was licensed through SHANG’s REB license, and SHANG was the D.O. until
25 his D.O. license expired on April 19, 2012. EChain, Inc. previously maintained the dbas EChain
26 Financial, from April 20, 2012, to April 20, 2024, and EChain Realty, from April 20, 2012, to April
27 20, 2024. Echain, Inc. previously had an MLO license endorsement with the DRE with NMLS ID

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1 915899, which expired as of January 1, 2024, and Echain, Inc. is not authorized to conduct business
2 through its MLO license endorsement.

3 **PRIOR LICENSE DISCIPLINE – DRE CASE NO. H-41723-LA**

4 6. On or about July 7, 2020, in DRE Case No. H-41723-LA, the DRE filed an
5 Accusation against GWRI and SHANG, alleging violations of the Real Estate Law based on the
6 audit examination of GWRI in Audit No. LA180128, including violations of Code sections 10141.6,
7 10145, 10145(a), 10159.2, 10177(h), and 10177(h), and 10177(g) and 10177(d), and Regulations
8 2725, 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 2950(d), 2950(g), and 2951.

9 7. On or about August 28, 2020, in DRE Case No. H-41723-LA, the DRE filed a First
10 Amended Accusation against GWRI and SHANG, alleging the same violations against GWRI and
11 SHANG as alleged in the Accusation filed on or about July 7, 2020, and adding a new allegation
12 that on July 3, 2012, the DRE issued SHANG an MLO license endorsement, NMLS No. 335194,
13 that was scheduled to expire on April 2, 2024.

14 8. On or about April 19, 2021, in DRE Case No. H-41723-LA, the DRE filed a
15 Stipulation and Agreement as to GWRI and SHANG (“2021 Stipulation”), with an effective date of
16 May 19, 2021. In the Determination of Issues of the 2021 Stipulation, it was stipulated and agreed
17 that: Respondents’ conduct was in violation of Code sections 10141.6, 10145, and Regulations 2831,
18 2831.1, 2831.2, 2832, 2832.1, 2834, 2950, and 2951, and was grounds for the suspension or
19 revocation of Respondents’ real estate licenses and license rights under Code sections 10177(d) and
20 10177(g); SHANG’s conduct was in violation of Code section 10159.2 and Regulation 2725, and
21 was grounds for the suspension or revocation of SHANG’s real estate licenses and license rights
22 under Code section 10177(h).

23 9. Under the 2021 Stipulation, all licenses and license rights of GWRI and SHANG
24 were suspended for a period of 60 days from the effective date of the Commissioner’s Decision
25 (“Decision”), with stays subject to the following terms and conditions;

26 a. The initial 30 days of each Respondent’s suspension was stayed for two years
27 upon the following terms and conditions:

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1 (1) Each Respondent was required to pay a monetary penalty pursuant to
2 Code section 10175.2 at the rate of \$100.00 per day for each of the 30 days of
3 suspension for a total monetary penalty of \$3,000.00 for each Respondent.

4 (2) The payment was required to be in the form of a cashier's check made
5 payable to the Department of Real Estate. The check must be delivered to the DRE
6 prior to the effective date of the Decision.

7 (3) No further cause for disciplinary action against the real estate license
8 of each Respondent could occur within two (2) years from the effective date of the
9 Decision.

10 (4) If either Respondent failed to pay the monetary penalty in accordance
11 with the terms and conditions of the Decision, the suspension would go into effect
12 automatically with regard to the Respondent failing to pay the penalty. Neither
13 Respondent would be entitled to any repayment nor credit, prorated or otherwise, for
14 money paid to the DRE under the terms of the Decision.

15 (5) If each Respondent paid the required monetary penalty and if no
16 further cause for disciplinary action against the real estate license of that Respondent
17 occurred within two (2) years from the effective date of the Decision, the stay granted
18 would become permanent.

19 b. The remaining 30 days of each Respondent's suspension would be stayed for
20 two years upon the following terms and conditions:

21 (1) Each Respondent was required to obey all laws, rules and regulations
22 governing the rights duties and responsibilities of a real estate licensee in the State of
23 California; and

24 (2) That no final subsequent determination be made after hearing or upon
25 stipulation, that cause of disciplinary action occurred within two (2) years from the
26 effective date of the Decision. Should such a determination be made, the
27 Commissioner may, in his discretion, vacate and set aside the stay order and re-

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1 impose all or a portion of the stayed suspension. Should no such determination be
2 made, the stay imposed herein shall become permanent.

3 10. The 2021 Stipulation further provided, as to SHANG, that:

4 a. SHANG was required to within six (6) months from the effective date of the
5 Decision, take and complete the trust fund management course and file proof of completion
6 with the DRE. If SHANG failed to satisfy this condition, SHANG's license would
7 automatically be suspended until SHANG provided proof of completion.

8 b. SHANG's MLO license endorsement was revoked, provided, however, a
9 restricted MLO license endorsement would be issued to SHANG and would be subject to all
10 of the provisions of Code section 10156.7 and to the following limitations, conditions and
11 restrictions imposed under authority of Code section 10156.6:

12 (1) The restricted MLO license endorsement shall not confer any property
13 right in the privileges to be exercised including the right of renewal, and the
14 Commissioner may by appropriate order suspend the right to exercise any privileges
15 granted under the restricted license in the event of:

16 (a) Respondent's conviction (including a plea of nolo contendere)
17 of a crime which bears a substantial relationship to Respondent's fitness or
18 capacity as a real estate licensee; or

19 (b) The receipt of evidence that Respondent has violated
20 provisions of the California Real Estate Law, the Subdivided Lands Law,
21 Regulations of the Commissioner or conditions attaching to the restricted
22 license

23 (2) SHANG was not eligible to petition for the issuance of an unrestricted
24 MLO license endorsement, nor the removal of any of the conditions, limitations, or
25 restrictions attaching to the restricted MLO license endorsement until two (2) years
26 elapsed from the date of issuance of the restricted MLO license endorsement to
27 Respondent. Respondent was and is not eligible to apply for any unrestricted MLO

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license endorsement until all restrictions attaching to the MLO license endorsement have been removed.

11. The 2021 Stipulation further required that GWRI and SHANG: pay the sum of \$2,710.60 for the Commissioner's reasonable costs of the investigation and enforcement that led to the disciplinary action, prior to the effective date of the Decision; pay the Commissioner's reasonable costs for the audit that led to the disciplinary action in the amount of \$11,518.82, within 90 days of receiving an invoice therefor; and pay the Commissioner's reasonable costs, not to exceed \$14,398.53, for a subsequent audit to determine if Respondents had corrected the violations found in the 2021 Stipulation, within 60 days of receiving an invoice therefor.

PRIOR LICENSE DISCIPLINE – DRE CASE NO. H-42725-LA

12. On or about October 18, 2023, in DRE Case No. H-42725-LA, the DRE filed an Accusation against GWRI and SHANG, alleging violations of the Real Estate Law based on the audit examination of GWRI in Audit No. LA220105, including violations of Code sections 10145, 10145(a), 10159.2, 10177(h), and 10177(d) and/or 10177(g), and Regulations 2725, 2831.1, 2831.2, 2832, and 2832.1.

13. On or about August 2, 2024, in DRE Case No. H-42725-LA, the DRE filed a Stipulation and Agreement as to GWRI and SHANG ("2024 Stipulation"), with an effective date of August 22, 2024. In the Determination of Issues of the 2024 Stipulation, it was stipulated and agreed that: GWRI's conduct was in violation of Code sections 10145, and Regulations 2831.1, 2831.2, 2832, and 2832.1, and was a basis for discipline of GWRI's licenses and license rights pursuant to Code sections 10177(d) and/or 10177(g); SHANG's conduct was in violation of Code sections 10145 and 10159.2 and Regulations 2725, 2831.1, 2831.2, 2832, and 2832.1, and was a basis for discipline of SHANG's real estate licenses and license rights under Code sections 10177(d), 10177(g), and/or 10177(h).

14. Under the 2024 Stipulation, all licenses and license rights of GWRI and SHANG were revoked, provided, however, that a RREC was issued to GWRI, and a RREB was issued to SHANG, each for a period of one (1) year from the effective date of the Commissioner's Decision ("Decision"), provided that GWRI and SHANG each made application to the DRE, and paid the

1 appropriate fees for their restricted licenses within 90 days from the effective date, subject to the
2 following limitations, conditions, and restrictions for each Respondent, beginning with GWRI:

3 a. The restricted license issued to GWRI may be suspended prior to hearing by
4 Order of the Real Estate Commissioner in the event of GWRI's conviction or plea of nolo
5 contendere to a crime which is substantially related to GWRI's fitness or capacity as a real
6 estate licensee.

7 b. The restricted license issued to GWRI may be suspended prior to hearing by
8 Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that
9 GWRI has violated provisions of the California Real Estate Law, the Subdivided Lands Law,
10 Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

11 c. GWRI shall not be eligible to apply for the issuance of an unrestricted real
12 estate license nor for the removal of any of the conditions, limitations or restrictions of a
13 restricted license until one (1) year has elapsed from the effective date of the Decision and
14 Order. GWRI shall not be eligible to apply for any unrestricted licenses until all restrictions
15 attaching to the license have been removed.

16 15. SHANG is subject to the following limitations, conditions, and restrictions in the
17 2024 Stipulation:

18 a. The restricted license issued to SHANG may be suspended prior to hearing
19 by Order of the Real Estate Commissioner in the event of SHANG's conviction or plea of
20 nolo contendere to a crime which is substantially related to SHANG's fitness or capacity as
21 a real estate licensee.

22 b. The restricted license issued to SHANG may be suspended prior to hearing
23 by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that
24 SHANG has violated provisions of the California Real Estate Law, the Subdivided Lands
25 Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted
26 license.

27 c. SHANG shall not be eligible to apply for the issuance of an unrestricted real
28 estate license nor for the removal of any of the conditions, limitations or restrictions of a

1 restricted license until one (1) year has elapsed from the effective date of the Decision and
2 Order. SHANG shall not be eligible to apply for any unrestricted licenses until all restrictions
3 attaching to the license have been removed.

4 d. SHANG shall, within nine (9) months from the effective date of the Decision
5 and Order, present evidence satisfactory to the Commissioner that SHANG has, since the
6 most recent issuance of an original or renewal real estate license, taken and successfully
7 completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real
8 Estate Law for renewal of a real estate license. If SHANG fails to satisfy this condition,
9 SHANG's real estate license shall automatically be suspended until SHANG presents
10 evidence satisfactory to the Commissioner of having taken and successfully completed the
11 continuing education requirements. Proof of completion of the continuing education courses
12 must be delivered to the Department of Real Estate, Flag Section at 651 Bannan Street, Suite
13 500-D, Sacramento, CA 95811.

14 e. SHANG further agrees to provide proof satisfactory to the Commissioner of
15 having taken and successfully completed the continuing education course on trust fund
16 accounting and handling specified in Paragraph (3) of subdivision (a) of Section 10170.5 of
17 the Business and Professions Code. Proof of satisfaction of this requirement includes
18 evidence that SHANG has successfully completed the trust fund accounting and handling
19 continuing education course within 120 days prior to the effective date of the Decision and
20 Order in this matter. Proof of completion of the trust fund accounting and handling course
21 must be delivered to the Department of Real Estate, Flag Section at 651 Bannan Street, Suite
22 500-D, Sacramento, CA 95811, within thirty (30) days from the effective date of the Decision
23 and Order. If SHANG fails to satisfy this condition in a timely manner as provided for in the
24 2024 Stipulation, all licenses and license rights of SHANG shall be automatically suspended
25 unless or until SHANG presents evidence satisfactory to the Commissioner of having taken
26 and successfully completed the continuing education course.

27 16. The 2024 Stipulation further provided that:

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1 a. All licenses and licensing rights of GWRI and SHANG were indefinitely
2 suspended unless or until Respondents, jointly and severally, paid the Commissioner's
3 reasonable costs of the follow-up audit (Audit No. LA220108) in Case No. H-41723-LA
4 (Invoice #CA-M5044) totaling \$5,340.22. Said payment to be in the form of a cashier's
5 check made payable to the Department of Real Estate and delivered to the Department of
6 Real Estate, Flag Section at 651 Bannon Street, Suite 500-D, Sacramento, CA 95811, prior
7 to the effective date of the Decision and Order in the 2024 Stipulation. If Respondents failed
8 to satisfy this condition in a timely manner as provided for in the 2024 Stipulation,
9 Respondents' real estate licenses would automatically be suspended until payment is made
10 in full, or until a decision providing otherwise was adopted following a hearing held pursuant
11 to this condition.

12 b. Pursuant to Code section 10148, Respondents were required to pay, jointly
13 and severally, the Commissioner's reasonable costs for the audit which led to the disciplinary
14 action in Case No. H-42725-LA. The total amount of said audit costs was \$4,251.50.
15 Respondents were required to pay such costs within sixty (60) days of receiving an invoice
16 therefor from the Commissioner. Payment of the audit costs should not have been made until
17 Respondents received the invoice. If Respondents failed to satisfy this condition in a timely
18 manner as provided for in the 2024 Stipulation, Respondents' real estate licenses would
19 automatically be suspended until payment is made in full, or until a decision providing
20 otherwise was adopted following a hearing held pursuant to this condition.

21 c. Pursuant to Code section 10148, Respondents were required to pay, jointly
22 and severally, the Commissioner's reasonable cost, not to exceed \$6,675.27, for an audit to
23 determine if Respondents have corrected the violation(s) found in the Determination of
24 Issues in the 2024 Stipulation. In calculating the amount of the Commissioner's reasonable
25 cost, the Commissioner may use the estimated average hourly salary for all persons
26 performing audits of real estate brokers, and shall include an allocation for travel time to and
27 from the auditor's place of work. Respondents were required to pay such cost within sixty
28 (60) days of receiving an invoice therefor from the Commissioner. Payment of the audit costs

1 should not have been made until Respondents received the invoice. If Respondents failed to
2 satisfy this condition in a timely manner as provided for in the 2024 Stipulation,
3 Respondents' real estate licenses would automatically be suspended until payment is made
4 in full, or until a decision providing otherwise was adopted following a hearing held pursuant
5 to this condition.

6 d. Respondents were required to, jointly and severally, pay the Commissioner's
7 reasonable costs of the investigation and enforcement that led to the disciplinary action. The
8 total amount of said investigation (\$2,334.99) and enforcement (\$963.60) costs was
9 \$3,298.59. Said payment to be in the form of a cashier's check made payable to the
10 Department of Real Estate. The investigation and enforcement costs were to be delivered to
11 the Department of Real Estate, Flag Section at 651 Bannon Street, Suite 500-D, Sacramento,
12 CA 95811, prior to the effective date of the Decision and Order in the 2024 Stipulation. If
13 Respondents failed to pay the costs of the investigation and enforcement in accordance with
14 the terms and conditions of the Decision and Order in the 2024 Stipulation, all licenses and
15 license rights of Respondents would automatically be suspended unless or until Respondents
16 paid the costs of the investigation and enforcement.

17 e. Respondents were required to disburse the remaining funds in the trust
18 account (xxx8554) at East West Bank, referred to as TA2 in the Accusation in Case No.
19 H-42725-LA, to the beneficiaries of the funds prior to closing the account. Respondents were
20 further required to send proof satisfactory to the Commissioner of having closed said account
21 to the Department of Real Estate, Flag Section at 651 Bannon Street, Suite 500-D,
22 Sacramento, CA 95811, within thirty (30) days from the effective date of the Decision and
23 Order in the 2024 Stipulation. If Respondents failed to satisfy this condition in a timely
24 manner as provided for in the 2024 Stipulation, all licenses and license rights of Respondents
25 would automatically be suspended unless or until Respondents provided proof satisfactory
26 to the Commissioner of having closed said account.

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1 **BROKERAGE: GWRI**

2 17. At all times mentioned, GWRI was engaged in the business of, acted in the capacity
3 of, advertised or assumed to act as a REC, within the meaning of Code sections 10131(a), 10131(b),
4 and 10131(d):

5 a. Selling or offering to sell, buying or offering to buy, soliciting prospective
6 sellers or buyers of, soliciting or obtaining listings of, or negotiating the purchase, sale, or
7 exchange of real property or a business opportunity, for compensation or in expectation of
8 compensation, for another or others;

9 b. Leasing or renting, or offering to lease or rent, or placing for rent, or soliciting
10 for prospective tenants, or negotiating the sale, purchase or exchanges of leases on real
11 property, or on a business opportunity, or collecting rents from real property, or
12 improvements thereon, or from business opportunities, for compensation or in expectation
13 of compensation, for another or others; and

14 c. Soliciting borrowers or lenders for or negotiating loans or collecting
15 payments or performing services for borrowers or lenders or note owners in connection with
16 loans secured directly or collaterally by liens on real property or on a business opportunity,
17 for compensation or in expectation of compensation, for another or others.

18 In addition, GWRI conducted broker-controlled escrows under the exemption set forth in California
19 Financial Code section 17006(a)(4) for real estate brokers performing escrows incidental to a real
20 estate transaction where the broker is a party and where the broker is performing acts for which a
21 real estate license is required. At all times mentioned, GWRI was acting by and through SHANG as
22 its designated officer pursuant to Code section 10159.2 who was responsible for ensuring
23 compliance with the Real Estate Law.

24 **FACTS DISCOVERED BY THE DRE**

25 18. Complainant is informed and believes and on such information and belief alleges that
26 from in or around February 2022 through at least May 22, 2023, GWRI and SHANG engaged in a
27 long-term, extended, continuous course of conduct of failing to provide or disclose material facts

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1 to, and conceal material facts from, L.D. and his daughter P.D. (“Buyers”)¹ in order to induce them
2 to take actions against their interests, and in the interests of SHANG to financially benefit SHANG.

3 19. Complainant is informed and believes and on such information and belief alleges that
4 from in or around February 2022 through at least May 22, 2023, GWRI and SHANG engaged in a
5 long-term, extended, continuous course of conduct to:

6 a. Induce the Buyers to Hire GWRI and SHANG as their real estate broker in a
7 dual agency capacity in the purchase of 3228 Vineland Ave., Baldwin Park, California
8 (“Vineland Property”), owned by SHANG and his wife P.C. (“Sellers”), while GWRI and
9 SHANG represented the Sellers, without properly disclosing to and advising the Buyers of
10 SHANG’s potential conflict of interest in acting as a dual agent when he was also a principal
11 in the transaction;

12 b. Induce the Buyers to purchase the Vineland Property, owned by SHANG and
13 his wife P.C.;

14 c. Induce the Buyers to Agree to use GWRI’s non-independent broker
15 controlled escrow as the escrow holder without properly disclosing to and advising the
16 Buyers of SHANG’s potential conflict of interest in acting as the escrow holder as a dual
17 agent for the Buyers and Sellers, when SHANG is the owner of GWRI and was a principal
18 in the transaction;

19 d. Induce the Buyers to Wire transfer a \$300,000 down payment into SHANG’s
20 personal bank account, and subsequently GWRI and SHANG only listed the Buyers’ down
21 payment as \$270,000.00, paid outside of escrow, in the Buyers Final Settlement Statement
22 without the Buyers’ consent, and allowing SHANG to convert \$30,000.00 for his personal
23 use, without the Buyers’ knowledge or consent;

24 e. Induce the Buyers to agree to a private short term “bridge loan” of \$460,000
25 from a private investor—a private investor to whom SHANG owed \$250,000.00—an
26 amount that was \$33,400 more than the Buyers needed, which involved SHANG having the
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28 ¹ Initials are used in place of an individual’s full name to protect their privacy. Documents containing the individual’s full name will be provided during the discovery phase of this case to Respondents and/or their attorney(s), after service of a timely and proper request for discovery on Complainant’s counsel.

1 Buyers sign a loan document without stating the amount of the loan, SHANG later writing
2 in the amount as \$460,000.00, which the Buyers did not discover this amount until in or
3 about July 2022, at which time they requested a \$33,400 refund from SHANG, which
4 SHANG agreed to, but repeatedly delayed repaying until on or about May 22, 2023;

5 f. Induce the Buyers to agree to an additional conventional loan from East West
6 Bank for \$444,000, to be used to pay off the “bridge loan,” necessitating a second escrow
7 and additional costs,.

8 20. Complainant is also informed and believes and on such information and belief alleges
9 that GWRI’s and SHANG’s long-term, extended, continuous course of conduct of failing to provide
10 or disclose, and to suppress, material facts to the Buyers was in furtherance of Respondents’ plan to
11 avoid accountability for violations of the Real Estate Law.

12 21. On or about September 16, 2022, the DRE received a complaint from P.D., against
13 SHANG and GWRI, alleging that SHANG sold his own property located at 3228 Vineland Ave.,
14 Baldwin Park, California (“Vineland Property”) to P.D. and L.D. (“Buyers”) for \$726,600.00. P.D.
15 and L.D. are daughter and father. The Buyers alleged that SHANG represented them as a dual agent
16 for the Buyers and Sellers. According to the Buyers, they paid SHANG \$300,000.00 as a down
17 payment, with the remaining \$426,600.00 to be financed by a loan. The Buyers allege that SHANG
18 convinced them to obtain a private loan, after SHANG advised them that they would not get
19 approval from a bank. According to the Buyers, when they signed a loan application, SHANG left
20 the amount blank, and, without the knowledge or consent of the Buyers, SHANG thereafter filled
21 in the loan amount as \$460,000.00, which was \$33,400.00 more than required.

22 22. The Buyers allege that they speak limited English and SHANG took advantage of
23 this fact by obligating the Buyers to pay a loan that was \$33,400.00 more than required, telling the
24 Buyers that signing the loan application was required to complete the deal and there was nothing to
25 be worried about. The Buyers allege that SHANG did not allow the Buyers a chance to review the
26 loan terms, and that they did not learn that the loan was for \$460,000.00 until they received the final
27 settlement statement. When the Buyers discovered the amount that SHANG had obligated them to
28 pay, they contacted SHANG in July 2022 to complain. SHANG agreed to refund the excess amount

1 of the loan by August 5, 2022. On August 5, 2022, SHANG had not refunded the excess amount of
2 the loan to the Buyers, and they contacted SHANG again. After more than 20 phone calls from the
3 Buyers, SHANG called the Buyers back to tell them he would pay their refund before the end of
4 August 2022. However, SHANG did not pay the refund before the end of August 2022 as promised.
5 On or about August 30, 2022, SHANG called the Buyers to tell them he would pay them back in
6 three months. When the Buyers demanded immediate payment, SHANG hung up on them. On or
7 about May 22, 2023, approximately 15 months after SHANG received the proceeds of the
8 \$460,000.00 loan, including the excess \$33,400.00, SHANG wrote a check to the Buyers for
9 \$33,000.00, as discussed in further detail in Paragraph 47 below.

10 23. After receiving P.D.'s complaint, the DRE discovered the following.

11 24. On or about February 24, 2021, SHANG and P.C. signed a Residential Listing
12 Agreement ("RLA") as the Sellers of the Vineland Property ("the Sellers") granting GWRI the
13 exclusive right to sell the Vineland Property for \$799,000.00. SHANG also signed the RLA as the
14 broker on behalf of GWRI. SHANG and P.C. had been leasing the Vineland Property to tenants.

15 25. On or about January 17, 2022, the Buyers received a letter from F.P. Mortgage—
16 which describes itself as a "direct lender," and is a licensed dba for Grand Castle Inc. (DRE License
17 ID 01835960; California Finance Lender License ID 6031063)— informing L.D., "You are pre-
18 approved for a portfolio loan with a maximum loan amount of \$850,000."

19 26. On or about February 5, 2022, the Buyers and the Sellers signed a California
20 Residential Purchase Agreement and Joint Escrow Instructions ("RPA") for the Vineland Property,
21 in which the Buyers agreed to pay \$726,600.00 as the purchase price. Paragraph 3 of the RPA, titled
22 "Terms of Purchase and Allocation of Costs," provided in relevant part that: the purchase price was
23 \$726,600.00, all cash (¶ 3(A)); Close of Escrow was February 11, 2022 (¶ 3(B)); the initial deposit
24 amount was \$20,000.00 (¶ 3(D)(1)); and that the balance of the down payment was \$706,600.00 (¶
25 3(F)). The subparts of paragraph 3 of the RPA that provided for loan terms, any additional financed
26 amount and/or finance terms, verification of loan application, were left blank. The last page of the
27 RPA listed no real estate broker representing the Buyers, and under the Escrow Holder
28 Acknowledgement, the Escrow Holder was listed as "Echain Escrow."

27. On or about February 6, 2022:

a. On SHANG's instruction, Buyer L.D. wire-transferred \$300,000.00 to SHANG's personal bank account with Cathay Bank, account number ending in 4959, as a down payment for the Vineland Property. According to a copy of SHANG's bank statement from Cathay Bank for his account number ending in 4959, a wire transfer from L.D. in the amount of \$300,000.00 was deposited on February 8, 2022. According to the Buyers, this \$300,000 was meant to be their down payment / earnest money deposit, with the remaining \$426,600 to be financed by a mortgage loan.

b. The Buyers and the Sellers signed Amended Escrow Instructions for the Vineland Property, stating that Echain escrow is a Non-Independent broker escrow of GWRI, and that SHANG is the broker and owner of GWRI and Echain Escrow.

c. The Buyers and the Sellers signed an Escrow Holder's Supplement to the RPA for the Vineland Property, Escrow No. 180320-SM, stating in pertinent part:

Buyer will hand GREAT WALL REALTY, INC. DBA ECHAIN ESCROW	
initial deposit in the amount of	\$20,000.00
Prior to close of escrow, buyer will deposit an additional amount of	\$706,000.00
Total Consideration	\$726,600.00

GWRI dba Echain Escrow prepared the Escrow Holder's Supplement to the RPA, stating that the Buyers would make an initial deposit of \$20,000.00 into escrow when SHANG knew that the Buyers wanted to make a down payment of \$300,000.00, and the same day this Supplement was signed, SHANG directed Buyer L.D. to wire transfer \$300,000.00 into SHANG's personal bank account outside of escrow.

d. The Buyers signed the Buyer's Estimated Settlement Statement, which showed after insurance, fees, and charges, the total estimated amount was \$731,092.30, and also showed the following:

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
Total Consideration	726,600.00	

No other amounts were listed under financial consideration in the Buyer's Estimated Settlement Statement.

1 28. On or about February 7, 2022:

2 a. The Buyers and Sellers signed the Agent Visual Inspection Disclosure form,
3 in which SHANG signed as the broker representing the Sellers, and as the broker
4 representing the Buyers.

5 b. The Buyers and Sellers signed the Statewide Buyer and Seller Advisory form,
6 in which SHANG signed on behalf of GWRI as the broker representing the Sellers, and as
7 the broker representing the Buyers.

8 c. The Buyers and Sellers signed the Lead-Based Paint and Lead-Based Paint
9 Hazards Disclosure, Acknowledgement and Addendum form, in which SHANG signed on
10 behalf of GWRI as the broker representing the Sellers, and as the broker representing the
11 Buyers.

12 d. Buyers L.D. and P.D. signed a Short Form Deed of Trust and Assignment of
13 Rents as joint tenants for the Vineland Property, listing First American Title Company as
14 Trustee, and Margarat Hsu as the beneficiary, and also signed a Note Secured by Deed of
15 Trust, with a promise to pay Margaret Hsu, the principal sum of \$460,000.00, with interest
16 from March 1, 2022, on unpaid principal at the rate of 7.0000 per cent per annum, payable
17 in monthly installments of interest only or more on the first day of each month beginning on
18 March 1, 2022, and continuing to May 30, 2022, at which time the entire principal balance
19 together with interest due thereon, would be due and payable.

20 29. On or about February 11, 2022, the Buyers and Sellers signed an Extension of Time
21 Addendum, extending the scheduled Close of Escrow to March 1, 2022.

22 30. During the audit examination of GWRI, Audit No. LA220108, discussed below, the
23 DRE's auditor obtained copies of escrow transaction documents for the Vineland Property, Escrow
24 Nos. 180320-SM, and 180340-SM.

25 31. Among the documents contained in Escrow No. 180320-SM, was an undated single-
26 page document signed by lender Margaret Hsu and Sellers SHANG and P.C., stating the following:

27 ///

28 ///

1 PROPERTY ADDRESS: 3228 Vineland Ave Baldwin Park, CA 91706

2 ESCROW NO.: 180320-SM Borrower/Buyer: L.D. and P.D.

3 Loan Amount: \$460,000.

4 This is Margaret Hsu, the lender of subject transaction as well as the lender to the
5 seller Honghua Shang and P.C. As the seller has a loan of \$250,000 to payoff to
6 me, I instructs [sic] Echain Escrow to deduct the payoff amount of \$250,000
7 directly from the funding amount of \$460,000. Therefore, the actual funding
8 amount will be \$210,000, the loan amount on L.D. and P.D.'s deed of trust is still
9 \$460,000.

10 32. On or about February 25, 2022, Margaret Hsu wrote a personal check, check number
11 439, in the amount of \$210,000, payable to Echain Escrow, with the memo "For: 3228 Vineland
12 Ave. B.P." The escrow file for Escrow No. 180320-SM contains a receipt from Echain Escrow dated
13 February 28, 2022, for Hsu's \$210,000 check, as received on behalf of "Buyer/Borrower" for the
14 Vineland Property.

15 33. On or about February 28, 2022, SHANG and/or GWRI caused \$253,000.00 from
16 GWRI's (dba Echain Escrow) East West Bank broker escrow trust account ending in 3667 to be wire-
17 transferred to First American Title Company's account ending in 0000, with First American Trust,
18 FSB,

19 34. On or about March 2, 2022, First American Title Company issued a Disbursement
20 Statement to GWRI dba Echain Escrow, for Escrow No. 180320-SM, showing receipt of \$253,000.00
21 from East West Bank on February 28, 2022.

22 35. On or about March 9, 2022, GWRI dba Echain Escrow issued the Buyer's Final
23 Settlement Statement for Escrow No. 180320-SM, stating the following in pertinent part:

PROPERTY:	3228 Vineland Ave Baldwin Park, CA 91706	DATE:	March 9, 2022
		CLOSING/RECORD DATE:	March 1, 2022
		CLOSE/SIGNING DATE:	February 7, 2022
		DISBURSEMENT DATE:	March 9, 2022
BUYER:	L.D. and P.D.	ESCROW NO.:	180320-SM
FINANCIAL CONSIDERATION		<u>DEBITS</u>	<u>CREDITS</u>
Total Consideration		726,600.00	
Paid Outside of Escrow			270,000.00
New 1 st Trust Deed – Margaret Hsu			460,000.00

PRORATIONS/ADJUSTMENTS

County Taxes at \$3,115.88/semi-annually from 01/01/2022 to 03/01/2022 1,038.63

OTHER DEBITS/CREDITS

TOPCO INSURANCE AGENCY INC. for Homeowner's Insurance 1,106.15

TITLE/TAXES/RECORDING CHARGES – First American Title Company [Total] [296.20]

ESCROW CHARGES – Great Wall Realty, Inc. DBA Echain Escrow

Title – Escrow Fee 2,479.80

Title – Signing Fee 150.00

Title – Messenger Fee 50.00

Title – Wire Fee 50.00

Total Refund 306.13

TOTAL \$ 731,038.63 \$ 731,038.63

Of note, the Buyer's Final Settlement Statement, under the heading Financial Consideration, listed a credit paid outside of escrow of \$270,000.00, and a credit for "New 1st Trust Deed - Margaret Hsu," in the amount of \$460,000.00.

a. According to the Buyers, they intended the \$300,000.00 that they were directed to wire transfer to SHANG to be the down payment, not \$270,000.

b. According to an attorney representing GWRI and SHANG: the Buyers orally agreed that \$30,000.00 of the \$300,000.00 was for a personal loan to SHANG and P.C., that the remaining \$270,000.00 would go toward the purchase price, and that the Buyers requested that this \$270,000.00 be made outside of escrow; SHANG used approximately \$5,000 of the \$30,000 loan for improvements to the Vineland Property when the Buyers asked for as part of their purchase (junk removal in the yard, tree trimming and landscaping).

c. According to the Buyers, they never consented to a personal loan of \$30,000 to SHANG, and SHANG never made any improvements to the property during escrow or thereafter. In fact, the Buyers made multiple requests of SHANG to assist in removing junk left behind by SHANG's and P.C.'s former tenant of the Vineland Property, but SHANG provided no assistance.

36. Also on or about March 9, 2022, GWRI issued the Seller's Final Settlement Statement to the Sellers for Escrow No. 180320-SM, showing the following in pertinent part:

PROPERTY: 3228 Vineland Ave
Baldwin Park, CA 91706

DATE: March 9, 2022

CLOSING DATE: March 1, 2022

SELLER: SHANG and P.C.

ESCROW NO.: 180320-SM

	<u>DEBITS</u>	<u>CREDITS</u>
FINANCIAL CONSIDERATION		
Total Consideration		726,600.00
Deposit from P.C. and SHANG		43,000.00
Deposit from P.C.		28,000.00
Paid Outside of Escrow	270,000.00	
PAYOFF CHARGES – East West Bank Hsu		
[Total Payoff \$248,104.79]		
Principal Balance	246,000.00	
Interest on Principal Balance	1,203.03	
Interest on Principal Balance from 02/08/2022 to 03/02/2022	687.36	
Recording Fee	95.00	
Late Charges	44.40	
Statement Fee	30.00	
Reconveyance Fee	45.00	
PAYOFF CHARGES – Margaret Hsu		
[Total Payoff \$250,000.00]		
Principal Balance	250,000.00	
TOTAL	\$ 800,179.00	\$ 800,179.00

37. On or about March 21, 2022, L.D. signed a partially completed Uniform Residential Loan Application, which listed the loan origination company's name as "ECHAIN FINANCIAL," with loan origination company identifier 915899. As alleged above, EChain Financial was a dba licensed to former REC EChain, Inc. According to P.D., GWRI's staff sent the application to P.D. and L.D., apparently instructing L.D. to complete only the highlighted part of the application, and GWRI completed the remainder of the application.

38. On or about May 4, 2022, East West Bank issued a "Conditional Loan Approval" letter to L.D., for a loan in the amount of \$444,000.00, at the rate of 3.500% through a loan program described as "Bridge to Home Loan 5/1 ARM 252N," for a "NoCash-Out Refinance" conventional loan with an adjustable rate.

39. On or about May 5, 2022, L.D. and P.D. signed Refinance Escrow Instructions for Escrow No. 180340-SM, for a loan in the amount of \$444,000.00.

///

1 40. On or about May 19, 2022, Margaret Hsu signed a Substitution of Trustee and Full
2 Reconveyance of the deed of trust.

3 41. On or about July 20, 2022, L.D. and P.D. signed a Deed of Trust as borrower listing
4 East West Bank as the lender and trustee, and also signed a note in the form of an adjustable rate
5 rider (1 Year Treasury Index – Rate Caps). The Note provided for an initial interest rate of 3.500%
6 for the first 5 years, but on the change date of August 1, 2027, the interest rate would be based on
7 an Index defined as the weekly average yield on US Treasury securities adjusted to a constant
8 maturity of one year.

9 42. On or about July 27, 2022:

10 a. L.D. and P.D. signed Amended Escrow Instructions for Escrow No. 180340-
11 SM for the Vineland Property stating the following, in pertinent part:

12 NEW LOAN: Borrower will obtain a new loan in the amount of
13 \$444,000.00 secured by a first deed of trust in favor of East West Bank
14 payable at an interest rate of 3.5% per annum for 30 years. . . . Borrower's
15 signature on said documents shall be indication of their approval of all terms
and conditions contained therein and Escrow Holder's authorization for the
use of same.

16 b. P.D. signed and completed a form titled "Gift Letter" directed to East-West
17 Bank, in which P.D. stated she was giving L.D. a "bona fide gift" of \$6,000.00.

18 c. A document titled "Incoming Wire Detail" showed that \$6,000.00 was wire
19 transferred from Chase Bank on behalf of P.D. to WFG National Title Company of
20 California as the beneficiary. A document titled "Receipt for Wire, Echain Escrow" showed
21 receipt of the \$6,000.00 from P.D. with the description "Funds to Close from [P.D.)."

22 d. Another document titled "Incoming Wire Detail" showed that \$34,186.92
23 was wire transferred from Bank of America on behalf of L.D. to WFG National Title
24 Company of California as the beneficiary. Another document titled "Receipt for Wire,
25 Echain Escrow" showed receipt of the \$34,186.92 from L.D. with the description "Funds to
26 Close from [L.D.)."

27 43. On information and belief, on a date unknown, P.D. caused another \$3,499.19 to be
28 wire transferred to WFG National Title Company of California as part of the financial consideration

1 for refinancing the loan on the Vineland Property. This amount is listed in the Borrower's Final
2 Settlement Statement to L.D. and P.D. for Escrow No. 180340-SM, as alleged below in Paragraph
3 45. Documents such as "Incoming Wire Detail" and "Receipt for Wire, Echain Escrow," were not
4 included in the escrow documents produced by GWRI. Complainant will amend this Accusation to
5 allege the date of such wire transfer from P.D. to WFG National Title Company of California if and
6 when such date is ascertained.

7 44. Among the documents contained in Escrow No. 180340-SM was an unsigned
8 one-page document, dated July 28, 2022, titled "Private Lender Instructions" for the Vineland
9 Property, stating in pertinent part:

10 NEW LOAN: Buyer will obtain a new loan in the amount of \$460,000.00 secured
11 by a first deed of trust in favor of Margaret [Hsu] payable at an interest rate of
12 7.0000% per annum for 1/2 years. . . . Buyer's signature on said documents shall
be indication of their approval of all terms and conditions contained therein and
Escrow Holder's authorization for the use of same.

13 45. On or about August 1, 2022, GWRI dba Echain Escrow issued a Borrower's Final
14 Settlement Statement to L.D. and P.D. for Escrow No. 180340-SM, showing the close/signing date
15 as July 28, 2022, a total amount of \$487,686.11, and showing the following in pertinent part:

PROPERTY:	3228 Vineland Ave Baldwin Park, CA 91706	DATE:	August 1, 2022
		CLOSING/RECORD DATE:	August 1, 2022
		CLOSE/SIGNING DATE:	July 28, 2022
		DISBURSEMENT DATE:	August 1, 2022
BORROWER:	L.D. and P.D.	ESCROW NO.:	180340-SM
FINANCIAL CONSIDERATION		<u>DEBITS</u>	<u>CREDITS</u>
New 1 st Trust Deed – East West Bank			444,000.00
P.D. wire to WFG Title Company			6,000.00
L.D. wire to WFG Title Company			34,186.92
P.D. wire to WFG Title Company			3,499.19
PAYOFF CHARGES – Margaret Hsu			
[Total Payoff \$476,074.44]			
Principal Balance		460,000.00	
Interest on Principal Balance		13,774.44	
Service Fee		2,300.00	
LOAN INFORMATION – East West Bank			
[Charges \$5,936.25]			
Origination Charge		4,440.00	

1	Appraisal Fee POC \$590.00			
	Credit Report	27.08		
2	Processing Fee	1,200.00		
	Tax Service Fee	83.00		
3	Flood Monitoring Life of Loan	4.00		
	Flood Certification	9.50		
4	Interest at \$43.1667/day from 07/28/2022 to 08/01/2022	172.67		
5	TITLE/TAXES/RECORDING CHARGES – WFG National			
	Title Company			
6	Title – Lender’s Title Insurance	375.00		
	Title – Messenger Fee	76.50		
7	Title – Recording Service Fee	15.00		
	Title – Sub Escrow Fee	75.00		
8	Title – Wire Fee	45.00		
	Recording Trust Deed	86.00		
9	Recording Reconveyance	44.00		
	SB2 Recording Fees	225.00		
10	Delinquent Taxes	3,499.19		
11	ESCROW CHARGES – Great Wall Realty, Inc. DBA			
	Echain Escrow			
12	Title – Escrow Fee	500.00		
	Title – Loan Tie-In Fee	300.00		
13	Title – Notary Fee	300.00		
	Title – Messenger Fee	50.00		
14	Title – Wire Fee	50.00		
15	Total Refund	34.73		
16	TOTAL	\$ 487,686.11	\$ 487,686.11	
17	46. On or about May 15, 2023, the DRE sent an audit examination appointment notice			
18	to GWRI and SHANG pursuant to Code section 10148.			
19	47. On or about May 22, 2023, one week after receiving the DRE’s audit notice, SHANG			
20	wrote a check for \$33,000, and SHANG, L.D., and P.D. signed a purported settlement agreement			
21	which provided in part that SHANG borrowed \$33,000 from L.D. in February 2022, “with 0%			
22	interest,” and SHANG paid the money back on May 22, 2023.			
23	a. According to SHANG’s attorney, in a letter dated December 27, 2023,			
24	SHANG borrowed \$30,000 from the \$300,000 down payment wire-transferred in February			
25	2022 by L.D., SHANG repaid the \$30,000 on May 22, 2023, and SHANG also paid \$3,000			
26	in interest, for a total of \$33,000.			
27	b. According to the Buyers, SHANG’s \$33,000 check was for repayment of the			
28	excess \$33,400 in the \$460,000 loan that SHANG obligated the Buyers to pay, and which			

1 \$33,400.00 SHANG had repeatedly promised to pay during July and August 2022, as alleged
2 above in Paragraph 22.

3 48. Complainant is informed and believes and on such information and belief alleges that
4 from on or about June 25, 2023 through at least on or about August 5, 2023, GWRI and SHANG
5 engaged in a long-term, extended, continuous course of conduct, in which GWRI through SHANG,
6 did the following, among other things:

7 a. On or about June 29, 2023, SHANG forged the signatures and initials of X.Z.
8 and H.L on a Residential Listing Agreement (“RLA”) granting GWRI through SHANG the
9 exclusive right to sell a residential property located at 653 Fairview Avenue, Unit 9, in
10 Arcadia, California (“Fairview Property”), owned by X.Z. and H.L. Both X.Z. and H.L.
11 denied having signed the RLA, and H.L. was in China on June 29, 2023;

12 b. On or about June 29, 2023, SHANG forged the signatures and initials of X.Z.
13 and H.L on a Lease Listing Agreement (“LLA”), granting GWRI through SHANG the
14 exclusive right to lease or rent the Fairview Property owned by X.Z. and H.L. Both X.Z. and
15 H.L. denied having signed the LLA, and H.L. was in China on June 29, 2023.

16 c. GWRI through SHANG falsely claimed to be the listing broker for Fairview
17 Property, and falsely claimed that it was for sale;

18 d. GWRI through SHANG listed the Fairview Property with a multiple listing
19 service (“MLS”);

20 e. On or about July 7, 2023, SHANG forged the signatures and initials of X.Z.
21 and H.L on a California Residential Purchase Agreement (“RPA”) and a Seller Multiple
22 Counter Offer form (“SCMO”), accepting an offer by Y.C. and Y.S. to purchase the Fairview
23 Property for \$685,000. Both X.Z. and H.L. denied having signed the RPA and the SCMO.
24 H.L. was still in China through at least on or about July 9, 2023; and

25 f. On or about July 11, 2023, GWRI dba Echain Escrow received a wire transfer
26 deposit of \$20,100 for the Fairview Property from buyers Y.C. and Y.S. in the escrow
27 account for Echain Escrow No. 180419-EC.

28 ///

1 49. On or about June 29, 2023, at the time SHANG prepared the RLA and LLA for the
2 Fairview Property, X.Z. was 69 years old. X.Z.'s native language is Mandarin Chinese. X.Z. is
3 unable to read or write in English.

4 50. Beginning in or about January 2023, X.Z. had been in bad health and exhibited signs
5 diminished cognitive function.

6 51. For a few days preceding July 9, 2023, while H.L. was in China, H.L. had been trying
7 to reach her husband X.Z. by phone. When X.Z. did not answer his phone and did not respond to
8 H.L., H.L. asked her daughter, A.Z. to check on X.Z.

9 52. On or about July 9, 2023, A.Z. went to visit X.Z. at his residence, and discovered
10 that X.Z. was unable to speak, was extremely confused, and physically weak. A.Z. took X.Z. to the
11 hospital for emergency treatment, where he was diagnosed as having suffered a stroke. X.Z. was
12 admitted to the hospital and remained hospitalized in the intensive care unit for approximately a
13 week. Since July 9, 2023, X.Z. has not regained his ability to speak.

14 53. On or about July 10, 2023, while X.Z. was hospitalized:

15 a. E.T., the husband of A.Z., went to X.Z.'s home to gather some of X.Z.'s
16 personal items and check on the house. While E.T. was at X.Z.'s home, SHANG came to
17 visit, and SHANG identified himself as X.Z.'s real estate agent. E.T. asked SHANG about
18 X.Z.'s previous mental state when SHANG last interacted with him, and SHANG stated that
19 X.Z. was very confused and tired. SHANG and E.T. exchanged cell phone numbers and
20 SHANG gave E.T. his business card.

21 b. A.Z. discovered the RLA and LLA that appeared to be manually signed by
22 her parents X.Z. and H.L. on June 29, 2023. A.Z. called her mother, H.L., who was still in
23 China, and her mother confirmed she had no knowledge of the RLA and LLA prepared by
24 SHANG and could not have signed those documents as she was in China on June 29, 2023.

25 c. A.Z. also did a Google search for the Fairview Property and discovered a
26 listing on Zillow.com showing that the Fairview property was for sale.

27 54. On or about July 11, 2023, A.Z. spoke to SHANG by phone and informed him that
28 X.Z. had suffered a stroke. SHANG stated that the Fairview Property was being sold. When A.Z.

1 asked how a sale was possible since H.L. did not personally sign the RLA, was out of the country
2 on June 29, 2023, and was unaware of the listing, the following exchange took place:

3 SHANG: "Oh that's easy, just get it notarized on the Internet."

4 A.Z.: "Well has it been notarized?"

5 SHANG: "No."

6 A.Z.: "Then this sale cannot happen since this paperwork isn't valid."

7 SHANG: "Okay, okay."

8 A.Z. believed after this call that the sale of the Fairview Property would not proceed because she
9 and SHANG appeared to be in agreement regarding the invalidity of the RLA. However, later on
10 the same day, A.Z. saw checked the Fairview Property listing on Zillow.com, and the status had
11 been changed to "contingent."

12 55. From on or about July 11, 2023 to on or about July 21, 2023, A.Z. and H.L. made
13 repeated calls, sent WeChat text messages, and sent email messages to SHANG, however they
14 received no response from SHANG. A.Z. and H.L. also made a visit to SHANG's office, then-
15 located at 615 Las Tunas Dr., Suite A, in Arcadia, California, during SHANG's posted office hours,
16 but no one was there. A.Z. and H.L. also retained an attorney in an effort to prevent the sale of the
17 Fairview Property.

18 56. On or about July 21, 2023:

19 a. A.Z. and H.L.'s attorney sent a "cease and desist" letter to SHANG, ordering
20 that SHANG cease and desist from acting as a real estate broker for X.Z. and/or H.L. and
21 from taking any further action from representing the owners of the Fairview Property for
22 any purpose.

23 b. E.T. tried calling SHANG on his cell number, but SHANG did not pick up.
24 Instead, the following text message exchange occurred between SHANG and E.T.:

25 SHANG: "Who's up?"

26 E.T.: "Please give me a call Harry! Thank you!"

27 A few hours later, E.T. texted SHANG again:

28 E.T.: "Hi Harry."

1 SHANG: "How can I help you?"

2 E.T.: "Can you kindly give me a call? I'd like to speak with you Harry."

3 E.T. received no further response from SHANG and SHANG did not return E.T.'s call.

4 57. On or about July 25, 2023:

5 a. A.Z. checked the listing for the Fairview Property online and saw that the
6 status had changed to "Pending sale," indicating that SHANG was proceeding with a sale of
7 the property.

8 b. A.Z. filed a complaint with the Arcadia Police Department regarding
9 SHANG's forging of the RLA and other documents in an attempt to sell the Fairview
10 Property.

11 58. On or about July 26, 2023, in the Superior Court of California for the County of Los
12 Angeles, in the case of *X.Z. v. Honghua Shang*, Case No. 23PDRO01058:

13 a. H.L. filed an Elder Abuse Prevention case and Request for Elder Abuse
14 Restraining Order on behalf of X.Z., to halt the sale or leasing of the Fairview Property by
15 SHANG.

16 b. The court granted a temporary restraining order ("TRO") against SHANG,
17 ordering SHANG to halt the pending sale of the Fairview Property, and restraining SHANG
18 from taking any action to sell or lease the Fairview Property.

19 59. On information and belief, on or about July 28, 2023, buyers Y.C. and Y.S. and their
20 realtor were informed that the listing agreement was fraudulent, and Y.C. and Y.S. requested
21 cancellation of escrow for the Fairview Property.

22 60. On information and belief, or about August 5, 2023, Y.C. and Y.S. received a check
23 for their deposit, apparently from GWRI dba Echain Escrow.

24 61. On or about January 10, 2024, in the California Superior Court for the County of Los
25 Angeles, in the case of *The People of the State of California v. Honghua Shang*, Case No.
26 24PDCF0023-01 ("Case No. 24PDCF0023-01"), a felony complaint was filed against SHANG
27 alleging that SHANG had committed the crimes of:

28 ///

1 a. FORGERY NOT RELATING TO A CHECK, BOND, BANK BILL, NOTE
2 OR MONEY ORDER, in violation of Penal Code section 470(a), a felony, and that
3 Respondent, “with the intent to defraud, falsely made, altered, forged, and/or counterfeited,
4 as true and genuine, a writing obligatory or other contract for money or other property,
5 specifically, Residential Listing Agreement, knowing the same to be false, altered, forged or
6 counterfeited.” (Count 1).

7 b. GRAND THEFT FROM ELDER OR DEPENDENT ADULT, in violation
8 of Penal Code section 368(d), a felony, and that Respondent “did unlawfully commit theft,
9 embezzlement, forgery, fraud, and identity theft with respect to the property and personal
10 identifying information of an elder and dependent adult, said property, money, labor, goods
11 and services taken and obtained having a value exceeding \$950.00, and knew and reasonably
12 should have known that said person, [X.Z.], was an elder and dependent adult.” (Count 2).

13 62. The felony complaint in Case No. 24PDCF0023-01 further alleged:

14 a. As to counts 1 and 2, “the victim(s) of the above offense(s) was particularly
15 vulnerable, within the meaning of California Rules of Court Rule 4.421(a)(3); and

16 b. As to counts 1 and 2, “the manner in which the defendant(s), HONGHUA
17 SHANG carried out the above offense(s) indicate(s) planning, sophistication, and
18 professionalism, within the meaning of California Rules of Court Rule 4.421(a)(8).

19 63. On or about January 11, 2024, the court issued an arrest warrant and set bail in Case
20 No. 24PDCF0023-01.

21 64. On or about March 3, 2024, officers from the Pasadena Police Department arrested
22 SHANG for violations of Penal Code sections 602.5 (residential trespassing), 243(a) (battery), and
23 for an outstanding felony warrant in Case No. 24PDCF0023-01. Complainant is informed and
24 believes and on such information and belief alleges that SHANG owns residential property located
25 at 54 S. San Marino Avenue in Pasadena, California, and that on or about March 3, 2024, SHANG
26 unlawfully entered this property with the intent to illegally evict the tenant, P.D., and that SHANG
27 assaulted and forcibly removed P.D. from inside his residence.

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65. On or about March 29, 2024, in the California Superior Court for the County of Los Angeles, in the case of *The People of the State of California v. Honghua Shang*, Case No. 24PDCM00735-01 (“Case No. 24PDCM00735-01”), a complaint was filed against SHANG alleging violations of Penal Code sections 242 (battery (Count 1)), 602.5(a) (residential trespassing (Count 2)), 148(a)(1) (resisting or obstructing a peace officer (Count 3)), and 484(a) (petty theft), all misdemeanors. Complainant is informed and believes and on such information and belief alleges that the court granted SHANG judicial diversion pursuant to Penal Code section 1001.95, and that on or about February 13, 2026, the court dismissed Case No. 24PDCM00735-01.

66. On or about January 17, 2025, both felony counts in Case No. 24PDCF0023-01 were dismissed pursuant to California Penal Code section 1382 for lack of speedy trial.

AUDIT OF GWRI: AUDIT NO. LA220108

67. On August 30, 2023, the DRE completed an audit examination of the books and records of GWRI’s real estate activities that require a corporate real estate broker license under Code section 10131. The audit examination, Audit No. LA220108, covered the time period March 1, 2021 to May 31, 2023 (“audit period”) and was limited to GWRI’s broker escrow activities.

68. The purpose of the audit examination was to perform a chargeable follow-up examination to determine whether GWRI and SHANG had complied with Code sections 10141.6, 10145, and 10159.2, and Regulations 2725, 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 2950, and 2951, as cited in the 2021 Stipulation. Based on the documents examined, GWRI and SHANG were in compliance with Code sections 10141.6, 10145, and 10159.2, and Regulations 2725, 2831, 2831.1, 2831.2, 2832, 2832.1, 2834, 2950, and 2951, however GWRI and SHANG were not in compliance with Code section 10086(a) and Financial Code section 17006(a)(4).

69. Based on discussions between the DRE’s auditor and SHANG, GWRI’s corporate structure as of August 30, 2023 was as follows:

<u>Name</u>	<u>Title</u>	<u>License</u>	<u>Shareholder %</u>
SHANG	CEO	01833183 (D.O./REB)	100%

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70. According to SHANG and records examined, GWRI closed approximately thirty-six (36) escrow transactions and collected escrow trust funds amounting to \$17,588,059.00 for the past twelve (12) months period ended May 31, 2023.

71. During the audit period, GWRI maintained one (1) trust account (TA1) for handling the receipts and disbursements of trust funds in connection with the broker escrow activity. The information for TA1 is as follows:

Trust Account #1 ("TA1")

Bank: East West Bank
Account Name: GREAT WALL REALTY INC.
DBA ECHAIN ESCROW A NON INDEPENDENT BROKER ESCROW – TRUST ACCOUNT
Account #: XXXXXXXXX3667
Signatories: SHANG
Signatures required: One (1) signature

Audit Violations in Audit No. LA220108

72. The audit examination revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in the audit report for Audit No. LA220108, and the exhibits and work papers attached to the audit report:

Issue One (1). Code section 10086(a), and Financial Code section 17006(a)(4): Engaging In Prohibited Activity / Third Party Escrow

73. Based on an examination of closed escrow transaction files, GWRI performed broker-controlled escrows for real estate sales and loan transactions without being a party to those transactions. The DRE's auditor identified the following three (3) examples of real estate sales and loan transactions in which GWRI was not a party to the transaction:

<u>Escrow #</u>	<u>Buyer/Borrower</u>	<u>Escrow Type</u>	<u>Date Closed</u>	<u>Amount</u>
180349-EC	A.A.	Sale	07/20/2022	\$888,000.00
180298-EC	E.C.	Sale	12/22/2021	\$1,315,000.00
180340-SM	L.D. and P.D.	Loan	08/01/2022	\$444,000.00
Total:				<u>\$2,647,000.00</u>

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1 74. GWRI's performance of broker-controlled escrows for real estate sales and loan
2 transactions without being a party to those transactions was in violation of **Code section 10086(a)**
3 **and Financial Code section 17006(a)(4).**

4 **First Cause of Accusation: Audit Violations in Audit No. LA220108**

5 75. Complainant realleges and incorporates by reference all of the allegations contained
6 in the previous paragraphs as though fully set forth herein.

7 76. California Financial Code section 17006(a)(4) provides in relevant part:

8 (a) This division does not apply to:

9 [¶] . . . [¶]

10 (4) Any broker licensed by the Real Estate Commissioner
11 while performing acts in the course of or incidental to a real
12 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.

13 77. Code section 10086(a) provides in relevant part:

14 If the commissioner determines through an investigation that
15 . . . (2) a real estate broker has engaged in or is engaging in an
16 activity which is a violation of a provision of Division 6 with Section
17 17000) of the Financial Code, and which is not exempt pursuant to
18 paragraph (4) of subdivision (a) of Section 17006, the commissioner
19 may direct the person to desist and refrain from such activity by
issuance of an order specifying the nature of the activity and the
factual and legal basis for his or her determination. The respondent
to whom the order is directed shall immediately, upon receipt of the
order, cease the activity described in the order.

20 78. GWRI's acts and omissions as alleged above in Paragraphs 73 through 0 violate
21 **Code section 10086(a) and Financial Code section 17006(a)(4),** and constitute cause for the
22 suspension or revocation of GWRI's real estate licenses and license rights under the provisions of
23 **Code sections 10177(d) and/or 10177(g).**

24 **Second Cause of Accusation: Misrepresentation, Fraud and Dishonest Dealing**

25 79. Complainant realleges and incorporates by reference all of the allegations contained
26 in the previous paragraphs as though fully set forth herein.

27 80. In the course of the activities alleged above in Paragraph 17, and based on the facts
28 discovered by the DRE, as alleged in Paragraphs 18 through 47 above, Respondents GWRI's and

1 SHANG's acts and/or omissions are in violation of **Civil Code sections 2079, 2079.13(a), 2079.16,**
2 **and 2923.1, and Code sections 10176(a), 10176(i), 10177(j), and 10177(d) and/or 1077(g)** and
3 constitute cause for the suspension or revocation of all licenses and license rights of Respondents
4 GWRI and SHANG under the provisions of **Code sections 10176(a), 10176(i), 10177(j), and**
5 **10177(d) and/or 10177(g).**

6 81. In the course of the activities alleged above in Paragraph 17, and based on the facts
7 discovered by the DRE, as alleged in Paragraphs 48 through 64 above, Respondents GWRI's and
8 SHANG's acts and/or omissions are in violation of Civil Code sections **2079, 2079.13(a), and**
9 **2079.16, and Code sections 10176(a), 10176(i), 10177(j), and 10177(d) and/or 1077(g)** and
10 constitute cause for the suspension or revocation of all licenses and license rights of Respondents
11 GWRI and SHANG under the provisions of **Code sections 10176(a), 10176(i), 10177(j), and**
12 **10177(d) and/or 10177(g).**

13 **Third Cause of Accusation: Breach of Fiduciary Duties**

14 82. Complainant realleges and incorporates by reference all of the allegations contained
15 in the previous paragraphs as though fully set forth herein.

16 83. At all relevant times herein, while acting as the real estate broker and agent of the
17 Buyers, GWRI and SHANG owed the Buyers fiduciary duties, including, but not limited to the:
18 duty of reasonable care and skill; duty of good faith; duty of loyalty; duty of utmost care, integrity,
19 honesty, and loyalty in dealings with the Buyers; duty to avoid conflicts of interest; duty of fullest
20 disclosure of all material facts affecting the Buyers' rights and interests because the Buyers relied
21 on GWRI and SHANG for their professional knowledge and skill and were expected to provide
22 information and advice on matters affecting the Buyers' decision; a duty to counsel and advise the
23 Buyers regarding the propriety and ramifications of their decision; and when performing services
24 for a borrower in connection with a loan secured by a lien on real property, a duty to place the
25 economic interest of the borrower ahead of the broker's own economic interest.

26 84. At all relevant times herein, while acting as the escrow holder for the Buyers and
27 Sellers of both the Vineland Property and the Fairview Property, GWRI dba Echain Escrow owed
28 the Buyers fiduciary duties, including, but not limited to the: duty of impartiality and neutrality;

1 duty to avoid conflicts of interest; duty to communicate to the Buyers material facts which might
2 affect the Buyers' decision as to a pending transaction, particularly those facts the escrow holder
3 has knowledge of and knows that the Buyers are relying on the escrow holder for protection as to
4 those very facts; duty to disclose evidence of fraud being committed by one party to another party
5 to the escrow; duty to take corrective steps when there are material mistakes in the instructions.

6 85. In the course of the activities alleged above in Paragraph 17, and based on the facts
7 discovered by the DRE, as alleged in Paragraphs 18 through 47 above, GWRI's and SHANG's acts
8 and/or omissions constitute breaches of their fiduciary duties as real estate licensees.

9 86. In the course of the activities alleged above in Paragraph 17, and based on the facts
10 discovered by the DRE, as alleged in Paragraphs 18 through 60 above, GWRI's acts and/or
11 omissions constitute breaches of its fiduciary duties as an escrow holder.

12 87. GWRI's and SHANG's acts and/or omissions constitute a violation of their fiduciary
13 duties and of Civil Code sections 2079.16 and/or 2923.1 and constitute cause for the suspension
14 or revocation of GWRI's and SHANG's real estate licenses and license rights under the provisions
15 of Code sections 10177(d), 10177(g), and/or 10177(q).

16 **Fourth Cause of Accusation: Failure to Provide Mortgage Loan Disclosure Statement**

17 88. Complainant realleges and incorporates by reference all of the allegations contained
18 in the previous paragraphs as though fully set forth herein.

19 89. Complainant is informed and believes and on such information and belief alleges
20 that:

21 a. Prior to meeting the Buyers and receiving an offer from the Buyers for the
22 Vineland Property, SHANG knew Margaret Hsu, the private investor who provided the
23 "bridge loan" of \$460,000.00 to the Buyers. SHANG knew Hsu through the Chinese
24 immigrant community in Los Angeles County. SHANG knew that Margaret Hsu was
25 wealthy and that she had made private loans to individuals in the past. In fact, SHANG had
26 an existing business relationship with Margaret Hsu, because Ms. Hsu had loaned SHANG
27 \$250,000.00.

28 ///

1 b. SHANG solicited and/or negotiated a loan from Margaret Hsu on behalf of
2 the Buyers, and/or performed services for the Buyers and/or Margaret Hsu in connection
3 with the \$460,000.00 loan from Margaret Hsu to the Buyers secured by a lien on the
4 Vineland Property.

5 c. SHANG failed to provide the Buyers with a Mortgage Loan Disclosure
6 Statement ("MLDS") or any other written statement that disclosed the information required
7 by Code section 10241.

8 d. Complainant will amend this Accusation to allege further facts based on
9 additional evidence if and when such additional evidence is obtained.

10 90. The escrow file for Escrow No. 180320-SM does not contain an MLDS, or any other
11 written statement, that disclosed the information required by Code section 10241, personally signed
12 by the Buyers and SHANG on behalf of GWRI regarding the \$460,000 loan from Margaret Hsu to
13 the Buyers.

14 91. GWRI's and SHANG's acts and/or omissions in failing to provide an MLDS or
15 written statement to the Buyers that disclosed to the Buyers all information required by Code section
16 10241 related to the \$460,000 loan from Margaret Hsu for the Vineland Property were in violation
17 of **Code sections 10166.05(c), 10166.051(b), 10240, and 10177(q)**, and constitute cause to suspend
18 or revoke the real estate licenses and license rights of Respondents GWRI and SHANG pursuant to
19 **Code sections 10177(q), 10177(d) and/or 10177(g)**.

20 92. GWRI's and SHANG's acts and/or omissions in violation of **Code sections**
21 **10166.05(c) and 10166.051(b)** constitute cause for the suspension or revocation of the MLO license
22 endorsements of Respondents GWRI and SHANG pursuant to Code section **10166.051(b)** by
23 establishing Respondents' failure to demonstrate such financial responsibility, character and general
24 fitness as to command the confidence of the community and to warrant a determination that as
25 mortgage loan originators Respondents will operate honestly, fairly, and efficiently within the
26 purposes of Article 2.1 of the Real Estate Law.

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1 **Fifth Cause of Accusation: Negligence, Incompetence and/or Willful Disregard**

2 93. Complainant realleges and incorporates by reference all of the allegations contained
3 in the previous paragraphs as though fully set forth herein.

4 94. The overall conduct of GWRI and SHANG is violative of the Real Estate Law and
5 constitutes cause for the suspension or revocation of GWRI's and SHANG's real estate licenses and
6 license rights pursuant to **Code Section 10177(d)** for willful disregard of the Real Estate Law, and
7 in the alternative, **Code Section 10177(g)** for negligence or incompetence in performing acts for
8 which they are required to hold real estate licenses.

9 **Sixth Cause of Accusation: Responsibility of Corporate Officer in Charge; Broker Supervision**

10 95. Complainant realleges and incorporates by reference all of the allegations contained
11 in the previous paragraphs as though fully set forth herein.

12 96. Based on the allegations contained in Paragraph 17, and Paragraphs 18 through 94
13 above, and the First through Fifth Causes of Accusation above, SHANG, as the broker of record and
14 D.O. of GWRI, did not exercise adequate supervision and control over the real estate activities
15 conducted on behalf of GWRI by its officers, employees, and licensees to ensure compliance with
16 the Real Estate Laws and Regulations. SHANG failed to establish policies, rules and systems to
17 review, oversee, inspect, and manage transactions. SHANG's acts and/or omissions were in
18 violation of **Code sections 10159.2 and 10177(h), and Regulation 2725**, and constitute cause to
19 suspend or revoke the real estate licenses and license rights of SHANG pursuant to **Code sections**
20 **10177(h), 10177(d) and/or 10177(g)**.

21 **Seventh Cause of Accusation: Failure to Report Felony Charges**

22 97. Complainant realleges and incorporates by reference all of the allegations contained
23 in the previous paragraphs as though fully set forth herein.

24 98. Pursuant to Section 10186.2 of the Code, a licensee shall report, in writing, "The
25 bringing of a criminal complaint, information, or indictment charging a felony against the licensee,"
26 to the Department within thirty (30) days of the bringing of the complaint charging a felony.

27 99. SHANG failed to report in writing to the Department the bringing of a criminal
28 complaint charging him with felonies in Case No. 24PDCF0023-01, described in Paragraphs 61 and

62 above, within thirty (30) days of the date of the bringing of a criminal complaint charging him with felonies.

100. SHANG's failure to timely report the bringing of a criminal complaint charging him with felonies violates Code section 10186.2 and constitutes cause under Code sections 10186.2 and 10177(d) for the suspension or revocation of the license and license rights of SHANG under the Real Estate Law.

Eighth Cause of Accusation: Failure to Accurately Disclose

Pending Criminal Charges in License Renewal Application

101. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

102. As alleged in further detail above in Paragraphs 61 and 62, on or about January 10, 2024, in the California Superior Court for the County of Los Angeles, in Case No. 24PDCF0023-01, a felony complaint was filed against SHANG charging two felony counts. The felony charges in Case No. 24PDCF0023-01 were pending against SHANG until they were dismissed on or about January 17, 2025.

103. On or about March 25, 2024, SHANG submitted a Broker Renewal Application, DRE form RE 208, to the DRE to renew his RREB license stating as follows:

a. In response to Item 16 of the renewal application, under "BACKGROUND INFORMATION," to wit, "ARE THERE CRIMINAL CHARGES PENDING AGAINST YOU AT THIS TIME, OR ARE YOU CURRENTLY AWAITING JUDGMENT AND SENTENCING FOLLOWING ENTRY OF A PLEA OR JURY VERDICT? IF YES, COMPLETE ITEM 21." Respondent marked the checkbox for "YES."

b. In Item 21, "DETAILED EXPLNATION OF ITEM 15 AND/OR 16," SHANG listed Case No. 24PDCF0023-01 discussed above in Paragraphs 61 through 63, however, SHANG marked the box for misdemeanor instead of felony.

104. SHANG's failure to accurately disclose the felony charges in Case No. 24PDCF0023-01 as set forth in Paragraphs 61 and 62, in his Broker Renewal Application constitutes the procurement, or attempted procurement, of a license renewal by fraud, misrepresentation, or

1 deceit, or by making a material misstatement of fact in an application for license renewal, and
2 constitutes cause for the suspension or revocation of a real estate license under **Code section**
3 **10177(a).**

4 **Ninth Cause of Accusation:**

5 **Violations of Terms, Conditions, Restrictions, and Limitations of Restricted Licenses**

6 105. Complainant realleges and incorporates by reference all of the allegations contained
7 in the previous paragraphs as though fully set forth herein.

8 106. As alleged above in Paragraph 3, GWRI is presently licensed as a restricted real
9 estate corporation ("RREC").

10 107. As alleged above in Paragraph 4, SHANG is presently licensed as a restricted real
11 estate broker ("RREB").

12 108. On or about October 10, 2024, GWRI's RREC license and SHANG's RREB license
13 were issued by the DRE pursuant to Code section 10156.5 on the terms, conditions and restrictions
14 set forth in the Real Estate Commissioner's Order adopting the 2024 Stipulation in DRE Case No.
15 H-42725-LA. The Real Estate Commissioner's Order adopting the 2024 Stipulation was effective
16 on August 22, 2024.

17 109. Included among said terms, conditions and restrictions for both GWRI and SHANG
18 were the following:

19 a. Respondents shall be subject to all of the provisions of Code section
20 10156.7.^{2/}

21 b. The restricted license issued to Respondents may be suspended prior to
22 hearing by Order of the Real Estate Commissioner on evidence satisfactory to the
23 Commissioner that Respondents have violated provisions of the California Real Estate Law,
24 or the Regulations of the Real Estate Commissioner.

25 ///

26 ///

27 _____
28 ^{2/} Code section 10156.7(a) provides: "A restricted license issued pursuant to Section 10156.5 does not confer any property right in the privileges to be exercised thereunder, and the holder of a restricted license does not have the right to the renewal of the license."

110. In the course of the activities alleged above in Paragraph 17, and based on the facts discovered by the DRE, as alleged in Paragraphs 18 through 104 above, and based on the First through Eighth Causes of Accusation alleged above:

a. GWRI's acts and/or omissions in violation of **Civil Code sections 2079, 2079.13(a), 2079.16, and 2923.1, Code sections 10086(a), 10166.05(c), 10166.051(b), 10176(a), 10176(i), 10177(d) and/or 1077(g), 10177(j), 10177(q), and Financial Code section 17006(a)(4)** constitute cause for the suspension or revocation of GWRI's licenses and license rights pursuant to **Code section 10177(k)**.

b. SHANG's acts and/or omissions in violation of **Civil Code sections 2079, 2079.13(a), 2079.16, and 2923.1, Code sections 10086(a), 10159.2, 10166.05(c), 10166.051(b), 10177(a), 10177(d) and/or 1077(g), 10177(h), 10177(j), 10177(q), and 10186.2, Financial Code section 17006(a)(4), and Regulation 2725** constitute cause for the suspension or revocation of SHANG's licenses and license rights pursuant to **Code section 10177(k)**.

INVESTIGATION AND ENFORCEMENT COSTS

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

AUDIT COSTS

112. Code section 10148(b) provides, in pertinent part, 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.

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 license rights of GREAT WALL REALTY, INC., and HONGHUA SHANG under the Real Estate Law, for the costs of investigation and enforcement, and audit as

1 permitted by law, and for such other and further relief as may be proper under other applicable
2 provisions of law, and for costs of audit.

3
4 Dated 07/13/2026, at Los Angeles, California.

5
6 
7
8 for Ray Dagnino
Supervising Special Investigator

9
10 cc: GREAT WALL REALTY, INC.
11 HONGHUA SHANG
Ray Dagnino
12 Sacto.