LISSETE GARCIA, Counsel (SBN 211552)
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013-1105
Telephone: (213) 559-5990
Direct: (213) 559-5933
Fax: (213) 576-6917
Staff Counsel for the Department of Real Estate

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DEPT. OF REAL ESTATE
By [redacted]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation against LANE MARSH REALTY, INC. and KIM-CHI THI HOANG, individually and as designated officer for Lane Marsh Realty, Inc., Respondents.	DRE No. H-43018 LA ACCUSATION

The Complainant, Ray Dagnino, a Supervising Special Investigator for the Department of Real Estate[1] ("Department") of the State of California, for cause of Accusation against LANE MARSH REALTY, INC, INC. and KIM-CHI THI HOANG, individually and as designated officer for Lane Marsh Realty, Inc., (collectively "Respondents"), alleges as follows:

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

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

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

Licenses

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

4. On June 15, 2020, the Department issued a real estate corporation license to Respondent LANE MARSH REALTY, INC. ("LMRI"), License ID 02113956. Respondent LMRI's license is scheduled to expire on June 14, 2028, unless renewed. Respondent has renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.

5. On January 29, 1992, the Department issued a real estate broker license to Respondent KIM-CHI THI HOANG ("HOANG"), License ID 00984306. Respondent HOANG's broker license is scheduled to expire on April 27, 2028, unless renewed. Respondent has renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.

6. At all times herein mentioned, Respondent LMRI was and is now licensed as a corporate real estate broker by and through Respondent HOANG as designated broker-officer for Respondent LMRI to qualify said corporation and to act for said corporation as a real estate broker.

7. At all times herein mentioned, HOANG has been the designated officer for Respondent LMRI, pursuant to Code section 10211. As the designated officer for LMRI, Respondent HOANG, is responsible for the supervision and control of the activities conducted

on behalf of LMRI by its officers, agents, real estate licensees, and employees, as necessary to secure full compliance with the provisions of the Real Estate Law, pursuant to Code section 10159.2.

CAUSE OF ACCUSATION - AUDIT LA 220054

8. Whenever reference is made in an allegation in this Accusation to an act or omission of Respondent LMRI, such allegation shall be deemed to mean that the officers, directors, employees, agents and/or real estate licensees employed by or associated with Respondent LMRI, committed such act or omission while engaged in the furtherance of the business or operations of such corporate respondent and while acting within the course and scope of their authority and employment.

9. At all times relevant herein, in the State of California, Respondents engaged in activities that require a real estate broker license within the meaning of Code section 10131, subdivision (b). Respondents' activities included soliciting or offering to negotiate the sale, purchase or exchange of leases for real property and the collection of rents or security deposits on real property or on a business opportunity for others, for compensation or in expectation of compensation.

10. On or about October 25, 2023, the Department completed an audit examination of the books and records of Respondent LMRI's property management activities, which require a real estate license pursuant to Code section 10131, subdivision (b), to determine if Respondents handled and accounted for trust funds in compliance with the Real Estate Law and the Regulations.

11. On January 20, 2023, an auditor for the Department held an entrance conference with Respondent HOANG and Brian Crommie.

12. At all times mentioned herein, Brian Crommie was not licensed in any capacity by the Department.

13. According to Respondents, HOANG is the President of LMRI and owns 100% of LMRI.

14. The audit examination covered the period from January 1, 2020, through December 30, 2022, ("audit period").

15. Based on the records reviewed by the auditor, during the audit period, LMRI managed approximately 8 properties consisting of four (4) one-to-four family residences with 5 units, 3 apartment complexes with 44 units, and 1 commercial building with 1 unit, for 12 property owners. LMRI collected and handled trust funds totaling approximately $1,719,824.65 during the audit period. Respondents collected rents, paid expenses, and screened tenants for compensation.

16. According to Respondents, the tenants for all properties directly deposit their rent payments into LMRI's trust account. LMRI charged property management fees or compensation for their services.

17. During the audit period LMRI maintained at least six bank accounts, including the following bank accounts listed below:

A. **<u>Bank Account 1 (BA1)</u>**

Bank: JP Morgan Chase Bank

Account Name: Viscot Ventures, LLC

Account #: xxxx5888

Signatory: Respondent HOANG

Description: BA1 (5888) was used for multiple beneficiaries, and as a depository for some of the rent payments and security deposits collected from tenants for the following two properties:

1. 13922 Yukon Avenue, Hawthorne, California ("Yukon property") with 20 apartment units; and
2. 3350 Drew Street, Glassell Park, California ("Drew property") with 12 apartment units.

Disbursements from BA1 were payments for expenses related to the Yukon and Drew properties and remittances to the respective property owners and to LMRI for management fees. BA1 was opened on November 30, 2016. BA1 was not designated as a trust account or in the name of LMRI as trustee. Respondents are not licensed to do business as Viscot Ventures, LLC. According to records filed with the California Secretary of State in 2009, Respondent HOANG has an 85%-member interest in Viscot Ventures, LLC.

B. **<u>Bank Account 2 (BA2)</u>**

Bank: JP Morgan Chase Bank

Account Name: Lane Marsh Realty, Inc.

Account #: xxxx5371

Signatory: Respondent HOANG

Description: BA2 (5371) was used for multiple beneficiaries, and as a depository for some of the rent payments and security deposits collected from tenants for the Yukon property, the Drew property, and a third property located at: 13304 Roselle Ave., Hawthorne, California.

Based on an examination of bank statements for BA2 during the audit period, electronic withdrawals noted as "online transfers" were made from BA2 to at least four bank accounts including BA1, BA4, and two separate Chase Bank accounts ending in 2118 and 1590. Records for the Chase Bank accounts ending in 2118 and 1590 were not provided for the audit examination. During the audit examination, detailed records/information for online transfers or remittances to the Yukon and Drew property owners from BA2 to other accounts not described herein were not provided to the auditor for examination.

C. **<u>Bank Account 3 (BA3)</u>**

Bank: JP Morgan Chase Bank

Account Name: TUORO R.E. INVESTMENTS, LLC

Account #: xxxx9880

Description: BA3 (9880) was used for multiple beneficiaries, and as a depository for rents and security deposits collected from tenants for the following two properties:

1. 15214 S. Raymond Ave., #111, Gardena, California ("Raymond 1 property"); and
2. 803 W. 232nd St., Unit C, Torrance, California ("W. 232nd St. property").

Online transfers from BA2 were made to BA3 during the audit period. Disbursements from BA3 were payments for expenses related to the Raymond 1 property, remittances to the respective property owners, and to LMRI for management fees. LMRI did not provide the records for the W. 232nd St. property for the audit examination. BA3 was opened on November 30, 2016. BA3 was not designated as a trust account or in the name of LMRI as trustee.

D. **<u>Bank Account 4 (BA4)</u>**

Bank: JP Morgan Chase Bank

Account Name: Roselle Courtyard, LLC

Account #: xxxx3559

Signatory: Respondent HOANG

Description: BA4 (3559) was used for a single beneficiary, and as a depository for rents and security deposits collected from tenants for a property with 12 units located at 13304-13308 Roselle Ave., Hawthorne, California ("Roselle property"). Based on an examination of bank statements for BA4 and a general ledger, disbursements from BA4 were made for payments for expenses related to the Roselle property, remittances to the owners of the Roselle property, and to LMRI for management fees. BA4 was opened on November 30, 2016. BA4 was not designated as a trust account or in the name of LMRI as trustee.

E. **<u>Bank Account 5 (BA5)</u>**

Bank: JP Morgan Chase Bank

Account Name: Villa Flora – IV, LLC

Account #: xxxx2888

Signatory: Respondent HOANG

Description: BA5 (2888) was used for a single beneficiary, and as a depository for rents and security deposits collected from tenants for the following two properties:

1. 1440 South Broadway Ave., Anaheim, California ("Broadway property"); and
2. 7424 W. McDowell Rd., Phoenix, Arizona ("McDowell property").

Disbursements from BA5 were payments for expenses related to the Broadway and McDowell properties, remittances to the respective property owners, and to LMRI for management fees. BA5 was opened on November 30, 2016. BA5 was not designated as a trust account or in the name of LMRI as trustee.

F. **<u>Bank Account 6 (BA6)</u>**

Bank: JP Morgan Chase Bank

Account Name: Kim-Chi T. Hoang

Account #: xxxx7105

Signatory: Respondent HOANG

Description: BA6 (7105) was used for a single beneficiary, and as a depository for owner proceeds, earned interest, and disbursements for HOA payments for a property located at 15214 S. Raymond Ave., #118, Gardena, California ("RAY 8" property code used by auditor). The general ledger, copies of cancelled checks and invoices were not provided for the audit examination. Respondent HOANG also used BA6 for receipts and disbursements of HOANG'S personal/operating expenses. BA6 was opened on January 29, 2004. BA6 was not designated as a trust account or in the name of LMRI as trustee.

18. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 220054 and the exhibits and work papers attached to said audit report.

Audit Violations

19. In the course of its property management activities during the audit period, Respondents acted in violation of the Code and the Regulations as follows:

Issue 1. Trust account balance and accountability (Code section 10145 and Regulation 2832.1)

20. Bank reconciliations for BA1, BA2, BA3, BA4, and BA5 were prepared as of December 30, 2022. LMRI provided inaccurate, incomplete, and limited separate records for BA1, BA2, and BA3 and limited control records for the audit examination. The adjusted minimum bank balance was compared to the total minimum balance of separate records (accountability).

21. As of December 30, 2022, BA1 had a minimum shortage of <$46,381.83>. The minimum shortage was caused by a minimum negative property balance of <$46,381.83> for the Drew property as of December 30, 2022. There were unidentified/unaccounted for funds of $7,807.19 in BA1 as of December 30, 2022. During the audit period and in connection with the

collection and disbursement of trust funds, LMRI failed to maintain control records and separate records of the receipt and disposition of all trust funds deposited into BA1, as required by Code section 10145, subdivision (g), and Regulations 2831 and 2831.1. Further, LMRI failed to properly reconcile the balance of all separate records or transaction records with the records of all trust funds received and disbursed for BA1, at least once a month, as required by Regulation 2831.2. Respondents provided no evidence that the owners of the trust funds had given their written consent to allow Respondents to reduce the balance of funds in BA1 to an amount less than the existing aggregate trust fund liabilities, in violation of Code section 10145 and 2832.1.

22. Based on an examination of records for BA2 and discussions with Respondent HOANG, during the audit period, LMRI collected rent from different tenants of the Drew property, the Yukon property, and the Roselle property, then transferred funds from BA2 to BA1 and BA4 without written authorization from each property owner for the respective properties. LMRI also collected payments from tenants through Zelle, remote online deposits, and regular deposits, and deposited said funds into BA2. According to Respondent HOANG, BA2 is used only for rent collection which are dispensed to each property's bank accounts and LMRI has never done bank reconciliation for BA2. The trust fund records of reconciliation, deposit tickets, and copies of disbursements for BA2 were not provided for the audit examination. The ending balance for BA2 was $0.63 as of December 30, 2022. The Department's auditor was not able to determine LMRI's accountability as of December 30, 2022.

23. The reconciliation for BA3 showed that account in balance as of December 30, 2022.

24. The reconciliation for BA4 showed that account in balance as of December 30, 2022.

25. The reconciliation for BA5 showed unidentified/unaccounted for funds of $1,628.81 as of December 30, 2022, due to poor record keeping.

Issue 3[2]. Trust fund records to be maintained (Code section 10145 and Regulation 2831)

26. LMRI failed to maintain records of all trust funds received and disbursed (control record) for BA1, BA2, BA3, and BA5 during the audit period, in violation of Code section 10145 and Regulation 2831.

27. The control records for BA4 did not include the date when trust funds were received. According to Respondent HOANG, the singular date on the general ledger, used by Respondents, was the trust funds date of deposit.

Issue 4. Separate record for each beneficiary or transaction (Code section 10145 and Regulation 2831.1)

28. LMRI did not always maintain an accurate separate record for each beneficiary or transaction of all trust funds received and disbursed for BA1. In some instances, the disbursements and date of deposit were not always recorded accurately. Said records were not always in chronological order for the audit period. During the audit period in connection with the collection and disbursement of trust funds, LMRI failed to maintain an accurate and complete separate record of the receipt and disposition of all trust funds deposited into BA1 as required by Code section 10145, subdivision (g), and Regulation 2831.1.

29. LMRI did not provide the separate records maintained for BA2 and BA3, specifically for the W. 232nd St. property.

Issue 5. Trust account reconciliation (Code section 10145 and Regulation 2831.2)

30. During the audit period, LMRI failed to perform and maintain a monthly reconciliation comparing the balance of all separate beneficiary or transaction records (separate

[2] Issue 2 was intentionally skipped.

records) to the balance of the record of all trust funds received and disbursed (control record) for BA1 and BA2, in violation of Code section 10145 and Regulation 2831.2.

Issue 6. Trust Fund Handling (Code section 10145 and Regulation 2832)

31. During the audit period, LMRI used BA1, BA3, BA4, and BA5 for handling trust fund receipts and disbursements belonging to others in connection with property management activities. BA1, BA3, BA4, and BA5 were not designated as trust accounts in the name of LMRI or its licensed fictitious business names, as trustee, in violation of Code section 10145 and Regulation 2832.

Issue 7. Unauthorized Disbursements (Code sections 10145 and 10176(i))

32. Based on the examination of BA5 and BA6, during the audit period, Respondents issued checks made payable to other property owners and/or to BA6 and deposited said trust funds into BA6 without written authorization from the principal owner of the trust funds, in violation of Code sections 10145 and 10176, subdivision (i). Examples of the checks/trust funds include the following, without limitation:

Date Issued	Check No.	Description	Date Deposited into BA6	Amount
01/22/2022	1177	Q.L.[3] or Deposit to [BA6] Chase Account #xxx7105	06/28/2022	$300.00
02/21/2022	1178	Q.L. or Deposit to Chase Account #xxx7105	06/28/2022	$300.00
03/21/2022	1179	Q.L. or Deposit to Chase Account #xxx7105	06/28/2022	$300.00
04/21/2022	1180	Q.L. or Deposit to Chase Account #xxx7105	06/28/2022	$300.00
05/23/2022	1181	Q.L. or Deposit to Chase Account #xxx7105	06/28/2022	$300.00
06/22/2022	1182	Q.L. or Deposit to Chase Account #xxx7105	06/28/2022	$300.00
			TOTAL	$1,800.00

[3] Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

33. Based on the examination of BA1, BA2, BA3, BA4, BA6, and a Chase Bank account ending in 6977 ("BA9"), during the audit period, several checks from different bank accounts including BA1, BA2, BA3, BA4, and BA9 were issued made payable to Q.L. or Deposit to BA6. Said checks were deposited into BA6, Respondent HOANG's personal bank account, without written authorization from the principal owner of the trust funds. Examples of the checks/trust funds include the following, without limitation:

Date Deposited into BA6	Check Date	Check No.	Description	Amount
03/25/2021	03/25/2021	1389	Q.L. or Deposit to BA6 Chase Account #xxx7105	$1,287.78
02/01/2021	01/30/2021	1259	Q.L. or Deposit to Chase Account #xxx7105	$1,366.94
02/01/2021	01/30/2021	1387	Q.L. or Deposit to Chase Account #xxx7105	$3,990.00
02/01/2021	01/30/2021	1616	Q.L. or Deposit to Chase Account #xxx7105	$170.00
02/18/2021	02/18/2021	1388	Q.L. or Deposit to Chase Account #xxx7105	$1,092.20
02/18/2021	02/18/2021	1167	Q.L. or Deposit to Chase Account #xxx7105	$777.26
02/18/2021	02/18/2021	1260	Q.L. or Deposit to Chase Account #xxx7105	$36.26
02/18/2021	02/18/2021	1271	Q.L. or Deposit to Chase Account #xxx7105	$180.64
02/18/2021	02/18/2021	1272	Q.L. or Deposit to Chase Account #xxx7105	$353.33
			TOTAL	$9,254.41

Issue 8. Trust fund handling (Code sections 10145(a))

34. During the audit period, LMRI collected rents from tenants of the Drew property, Yukon property, and Roselle property, deposited said funds into BA2, then transferred trust funds from BA2 into BA1 and BA4 without written authorization from each property owner for the respective properties, in violation of Code section 10145, subdivision (a). Examples of the transfers include the following, without limitation:

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Property	Tenant	Amount	Date deposited into BA2	Date transferred to BA1
Yukon 1	L.R.M.	$1,995.00	12/05/2022	12/07/2022
Yukon 6	D.R.	$1,380.00	12/05/2022	12/07/2022
Yukon 10	J.H.	$1,656.00	12/05/2022	12/07/2022
Yukon 18	H.M.	$1,197.00	12/05/2022	12/07/2022
Drew 201	R.V.	$1,785.00	12/05/2022	12/07/2022
Drew	J.C.	$511.00	12/05/2022	12/07/2022
Yukon 1	L.R.M.	$1,895.00	07/06/2022	07/07/2022
Yukon 6	D.R.	$1,316.00	07/06/2022	07/07/2022
	TOTAL	$11,735.00		

Issue 9. Retention of records (Code section 10148)

35. As of October 2023, Respondents failed to retain or provide complete records related to Respondent LMRI's property management activities requiring a real estate broker license during the audit period, including, but not limited to, property management agreements, lease agreements, invoices, cancelled checks, complete separate records, and complete bank statements, in violation of Code Section 10148.

36. The following is a chronology of the Department's attempts to obtain books and records in order to perform the audit examination:

Date	Description
12/29/2022	The auditor telephoned Respondent HOANG to schedule an audit entrance conference and left a voice mail message asking for a return call.
01/03/2023	The auditor telephoned Respondent HOANG and left a voice mail message. The auditor also telephoned LMRI's business office and left a message with office assistant, M.A.
01/04/2023	An audit appointment letter was sent to Respondents via regular and certified mail. The letter requested detailed items from Respondents' books and records to be produced for the audit examination pursuant to Code section 10148.
01/06/2023	A subpoena duces tecum ("SDT") was served on Respondent HOANG by a Special Investigator for the Department. The SDT requested production of the books and records related to LMRI's activities requiring a real estate license during the audit period.

Date	Description
01/20/2023	The Department's auditor held an entrance conference with Respondent HOANG and Brian Crommie. No books and records were provided for the audit examination. During the entrance conference, the auditor again requested LMRI's property lists pertaining to its property management activities for the audit period. The auditor also requested copies of bank statements, invoices, all records of trust fund receipts and disbursements (control records), separate records, records of reconciliation, property management agreements, cancelled checks, and other records related to Respondents' property management activities during the audit period for the audit examination.
01/24/2023	Respondent HOANG requested an extension of time to produce LMRI's books and records for the audit examination.
01/31/2023	The auditor received a box of records from Respondent HOANG. Limited control records, separate records, bank statements, and records of reconciliation were provided for the audit examination.
07/28/2023	During the audit examination, the auditor requested missing records of all trust fund receipts and disbursements (control records), separate records, bank statements, and records of reconciliation from Respondent HOANG. The auditor also requested copies of grant deeds for six properties managed by Respondents.
08/02/2023	The auditor requested copies of cancelled checks, bank account signature cards, bank statements, general ledgers, separate records, deposit records, deposit registers, check registers, records of reconciliation, invoices, owner statements, and payment records to owners for the accounts that had not been provided as of 08/02/2023.

37. The conduct of Respondent LMRI as described above in Paragraphs 20 through 36, violated the Code and the Regulations as set forth below:

Issue	Violations
1	Code section 10145 and Regulation 2832.1
3	Code section 10145 and Regulation 2831
4	Code section 10145 and Regulation 2831.1

Issue	Violations
5	Code section 10145 and Regulation 2831.2
6	Code section 10145 and Regulation 2832
7	Code sections 10145 and 10176(i)
8	Code section 10145(a)
9	Code section 10148

38. The foregoing violations, as described above in Paragraphs 20 through 36, constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondent LMRI under the provisions of Code section 10176, subdivision (i) and Code section 10177, subdivisions (d) and/or (g).

Respondent HOANG– Officer - Broker Supervision

39. Based on the audit violations cited above, Respondent HOANG failed to exercise adequate supervision and control over LMRI's property management activities to ensure compliance with the Real Estate Law and Regulations, in violation of Code section 10159.2 and Regulation 2725. Said conduct, acts, or omissions constitute cause to suspend or revoke the real estate licenses and license rights of Respondent HOANG pursuant to Code section 10177, subdivisions (h), (d), and/or (g).

Audit Costs

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

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Investigation/Enforcement Costs

41. Code section 10106 provides, in pertinent part, 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.

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 licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), for the costs of the audit, investigation, and enforcement as permitted by law, and for such other and further relief as may be proper under other provisions of law.

Dated February 4, 2025 at Los Angeles, California.

[redacted]

RAY DAGNINO
Supervising Special Investigator

cc: Lane Marsh Realty, Inc.
Kim-Chi Thi Hoang
Ray Dagnino
Audits/Kaori Baron
Sacto