

At all times mentioned herein, GOULDING was and is licensed by the Department individually as a real estate broker, and as the designated broker officer of CKRI. As the designated broker officer, GOULDING was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of officers, agents, real estate licensees and employees of CKRI for which a real estate license is required to ensure the compliance of the corporation with the Real Estate Law and Regulations.

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

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131 (b) of the Code, including the operation and conduct of a property management business with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondents leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

At all times herein mentioned, Respondents conducted real estate activity under CKRI's real estate broker corporation license and the unregistered fictitious business name, "Crown Key Realty and Property Management".

1 FIRST CAUSE OF ACTION

2 7

3 Each and every allegation in Paragraphs 1 through 6, inclusive, is incorporated by
4 this reference as if fully set forth herein.

5 8

6 On or about August 7, 2019, and continuing intermittently through October 21,
7 2019, an audit was conducted of the records of CKRI. The auditor examined records for the
8 period of July 1, 2018, through June 30, 2019 (the audit period).

9 9

10 While acting as a real estate broker, as described in Paragraph 5, above, and
11 within the audit period, Respondents accepted or received funds in trust (trust funds) from or on
12 behalf of property owners, lessees and others in connection with property management
13 activities, and deposited or caused to be deposited those funds into bank accounts maintained by
14 Respondents, at Seacoast Commerce Bank, 11939 Rancho Bernardo Road, Suite 200, San
15 Diego, California 92128, including but not limited to the following:

16

TRUST ACCOUNT #1	
17 Account No.:	XXXXXX2156
18 Entitled:	CROWN KEY REALTY INC AS TRUSTEE, CLIENT TRUST ACCOUNT

19

TRUST ACCOUNT #2	
20 Account No.:	XXXXXX2164
21 Entitled:	CROWN KEY REALTY INC AS TRUSTEE, SECURITY DEPOSIT TRUST

22 and thereafter from time-to-time made disbursement of said trust funds.

23 ///

24 ///

1
2 In the course of the activities described in Paragraph 5, in connection with the
3 collection and disbursement of trust funds, it was determined that:

- 4 (a) An accountability was performed on Trust Account #1, and as of June 30,
5 2019, there was a shortage in the amount of \$139,311.12 revealed, in violation
6 of Section 10145 of the Code;
- 7 (b) An accountability was performed on Trust Account #2, and as of June 30,
8 2019, there was a shortage in the amount of \$15,153.52 revealed, in violation
9 of Section 10145 of the Code;
- 10 (c) Respondents failed to obtain written permission from owners of trust funds in
11 Trust Account #1 and Trust Account #2, to allow the balances to drop below
12 accountability, in violation of Section 2832.1 of Chapter 6, Title 10, California
13 Code of Regulations (Regulations);
- 14 (d) As of June 30, 2019, Trust Account #2 contained unidentified and/or
15 unaccounted for funds in the amount of \$64,147.44 for which no separate
16 record was maintained, in violation of Section 10145 (g) of the Code and
17 Section 2831.1 of the Regulations; and
- 18 (e) Respondents failed to properly and accurately reconcile at least once a month,
19 the balance of all separate beneficiary or transaction records for Trust Account
20 #2, in violation of Section 2831.2 of the Regulations.

22 The acts and/or omissions described above constitute violations of Sections
23 2831.1 (Separate Records), 2831.2 (Trust Account Reconciliation), and 2832.1 (Written
24 Permission for Balance Below Accountability) of the Regulations and of Section 10145 (Trust
25 Fund Handling) of the Code, and are grounds for discipline under Sections 10177(d) (Willful
26 Disregard of Real Estate Laws) and/or 10177(g) (Negligence/Incompetence Licensee) of the
27 Code.

1 SECOND CAUSE OF ACTION

2 12

3 Each and every allegation in Paragraphs 1 through 11, inclusive, is incorporated
4 by this reference as if fully set forth herein.

5 13

6 On or about October 12, 2020, Respondents, in connection with the website,
7 <https://ckrpm.com> (CKRPM website), conducted real estate activities using the fictitious
8 business name, "Crown Key Realty & Property Management".

9 14

10 Respondents, in connection with the CKRPM website, advertised the following,
11 "We are a full-service property management company, offering exception service at affordable
12 prices". Respondent also solicited property management business by stating, "Call us today,
13 let's see if we can help you effectively manage your rental properties".

14 15

15 CKRI's real estate license identification number was not disclosed on the
16 CKRPM website.

17 16

18 The acts and/or omissions described above constitute violations of Sections 2731
19 (Use of False/Fictitious Name) and 2773 (Disclosure of License Identification Number) of the
20 Regulations and Sections 10140.6 (b) (Disclosure of License Identification Number in
21 Advertising) and 10159.5 (Fictitious Name) of the Code, and are grounds for discipline under
22 Sections 10177 (d) and (g) of the Code.

23 THIRD CAUSE OF ACTION

24 17

25 Each and every allegation in Paragraphs 1 through 16, inclusive, is incorporated
26 by this reference as if fully set forth herein.

27 ///

Respondent GOULDING failed to exercise reasonable supervision and control over the property management activities of CKRI. In particular, GOULDING permitted, ratified and/or caused the conduct described above to occur, and failed to take reasonable steps, including but not limited to, the handling of trust funds, supervision of employees, and the implementation of policies, rules and systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

The above acts and/or omissions of GOULDING violate Section 2725 (Broker Supervision) of the Regulations and Section 10159.2 (Responsibility of Corporate Officer/Designated Officer) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177 (d), 10177 (g) and/or 10177 (h) (Broker Supervision) of the Code.

COST RECOVERY

Audit Costs

The acts and/or omissions of Respondents, as alleged above, entitle the Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (Audit Costs for Trust Fund Handling Violations) of the Code.

Costs of Investigation and Enforcement

Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the Real Estate 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

1 action against all licenses and license rights of Respondents under the Real Estate
2 Law, for the cost of the investigation and enforcement as permitted by law, for the cost of the
3 audit as permitted by law, and for such other and further relief as may be proper under other
4 provisions of law.

5
6 
7 TRICIA D. PARKHURST
Supervising Special Investigator

8 Dated at Sacramento, California,
9 this 7th day of December, 2020.

10
11 DISCOVERY DEMAND

12 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the
13 Department of Real Estate hereby makes demand for discovery pursuant to the guidelines set
14 forth in the *Administrative Procedure Act*. Failure to provide Discovery to the Department of
15 Real Estate may result in the exclusion of witnesses and documents at the hearing or other
16 sanctions that the Office of Administrative Hearings deems appropriate.

17
18
19
20
21
22
23
24
25
26
27