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FILED

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DEPARTMENT OF REAL ESTATE
BY: C.R.

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of) NO. H-38265 LA
13 RPM WESTSIDE, INC. and)
14 DAVID MICHAEL KRAUSSE,) A C C U S A T I O N
15 individually and as designated)
16 officer of RPM Westside, Inc.,)
17 Respondents.)
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29 The Complainant, Maria Suarez, a Deputy Real Estate
30 Commissioner of the State of California, for cause of Accusation
31 against RPM WESTSIDE, INC. and DAVID MICHAEL KRAUSSE,
32 individually and as designated officer of RPM Westside, Inc.
33 ("Respondents"), is informed and alleges as follows:

34 1.

35 The Complainant, Maria Suarez, a Deputy Real Estate
36 Commissioner of the State of California, makes this Accusation
37 in her official capacity.

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1 2.

2 Respondents RPM WESTSIDE, INC. ("Respondent RPMW") and
3 DAVID MICHAEL KRAUSSE ("Respondent KRAUSSE") are presently
4 licensed and/or have license rights under the Real Estate Law
5 (Part 1 of Division 4 of the California Business and Professions
6 Code ("Code")).

7 3.

8 From May 3, 2010, through the present, Respondent RPMW
9 has been licensed by the Department of Real Estate
10 ("Department") as a corporate real estate broker, Department
11 License No. 01877673.

12 4.

13 From August 6, 1996, through the present, Respondent
14 KRAUSSE has been licensed as a real estate broker, Department
15 License No. 01205538.

16 5.

17 From May 3, 2010, through February 8, 2011, Respondent
18 RPMW was acting by and through Respondent KRAUSSE as its
19 designated broker responsible, pursuant to Code Section 10159.2,
20 for supervising the activities requiring a real estate license
21 conducted on behalf of RPMW by RPMW's officers, agents and
22 employees, as necessary to secure full compliance with the Real
23 Estate Law as set forth Code Section 10159.2.
24

25 6.

26 Respondent RPMW is a California corporation. Edgar
27 Robert Sanchez is the owner and director of RPMW. Edgar Robert
28 Sanchez is presently licensed as a real estate salesperson,

1 License No. 01867433. From May 4, 2010, through February 7,
2 2011, Edgar Robert Sanchez was licensed under the employment of
3 Respondent RPMW.

4 PRIOR DISCIPLINE

5 7.

6 On or about June 20, 2011, the Department suspended
7 Respondent KRAUSSE's real estate broker license in Case No.
8 H-36945 LA. The suspension was released on or about December
9 13, 2011.

10 BROKERAGE

11 8.

12 At all times mentioned, in the County of Los Angeles,
13 RPMW acted as a corporate real estate broker and conducted
14 licensed property management activities within the meaning of
15 Code Section 10131(b).

16 AUDIT OF RPMW

17 9.

18 On June 29, 2011, the Department completed an audit
19 examination of the books and records of RPMW pertaining to the
20 property management activities described in Paragraph 8, that
21 require a real estate license. The audit examination covered a
22 period of time beginning on May 3, 2010 to December 31, 2010.
23 The audit examination revealed violations of the Code and the
24 Regulations of the Real Estate Commissioner, California Code of
25 Regulations, Title 10, Chapter 6 ("Regulations") as set forth in
26 the following paragraphs, and more fully set forth in Audit
27 Report LA 100064 and the exhibits and workpapers attached
28

1 thereto.

2 TRUST ACCOUNT

3 10.

4 At all times mentioned, in connection with the
5 activities described in Paragraph 8, above, RPMW accepted or
6 received funds including funds in trust ("trust funds") from or
7 on behalf of real property owners, lessors or prospective
8 tenants and thereafter made deposits and or disbursements of
9 such funds in a client trust account ("T/A"). From time to time
10 herein mentioned during the audit period, said trust funds were
11 deposited and/or maintained by RPMW in the bank trust account as
12 follows:

13
14 T/A
15 "RPM Westside, Inc. (T/A) XXXXXX4714"
16 Wells Fargo Bank
Portland, OR

17 VIOLATIONS OF THE REAL ESTATE LAW

18 11.

19 In the course of activities described in Paragraph 8,
20 above, and during the examination period described in Paragraph
21 9, Respondent RPMW, acted in violation of the Code and the
22 Regulations in that it:

23 (a) Failed to maintain a complete and accurate
24 columnar record of all trust funds received and disbursed in
25 connection with RPMW's property management activities, in
26 violation of Code Section 10145(a) and Regulation 2831.

27 (b) Failed to maintain complete and accurate separate
28 record for each beneficiary of the trust funds that were

1 received or disbursed, in violation of Code Section 10145(a) and
2 Regulation 2831.1.

3 (c) Failed to provide a monthly reconciliation of the
4 control record and total balance of separate beneficiary records
5 in connection with RPMW's property management activities, in
6 violation of Code Section 10145 and Regulation 2831.2.

7 (d) Failed to have designated broker KRAUSSE as an
8 authorized signor for RPMW's bank account (T/A) XXXXXX4714 which
9 held trust funds including rents and security deposits, in
10 violation of Code Section 10145(a) and Regulation 2834.

11 (e) RPMW earned points based from (T/A) XXXXXX4714
12 which could be redeemed by RPMW's owner, Edgar Robert Sanchez,
13 as merchandise or cash in lieu of merchandise. RPMW failed to
14 disclose to the owners of trust funds held in RPMW's trust
15 account (T/A) XXXXXX4714 that RPMW could benefit from the trust
16 funds handled through (T/A) XXXXXX4714, in violation of Code
17 Section 10176(g).

18 (f) Failed to retain records in connection with its
19 property management activities requested by the Department, in
20 violation of Code Section 10148.

21 12.

22 The conduct of Respondent RPMW, described in Paragraph
23 11, above, violated the Code and the Regulations as set forth
24 below:

PARAGRAPH	PROVISIONS VIOLATED
11(a)	Code Section 10145(a) and Regulation 2831
11(b)	Code Section 10145(a) and Regulation 2381.1
11(c)	Code Section 10145(a) and Regulation 2831.2
11(d)	Code Section 10145(a) and Regulation 2834

11(e)	Code Section 10176(g)
11(f)	Code Section 10148

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The foregoing violations constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondent RPMW under the provisions of Code Section 10177(d).

13.

The overall conduct of Respondent RPMW constitutes negligence or incompetence. This conduct and violations are cause for the suspension or revocation of the real estate licenses and license rights of Respondent RPMW pursuant to Code Section 10177(g).

14.

The overall conduct of Respondent KRAUSSE constitutes a failure on his part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of RPMW as required by Code Section 10159.2, and to keep RPMW in compliance with the Real Estate Law, and is cause for the suspension or revocation of the real estate license and license rights of KRAUSSE pursuant to the provisions of Code Sections 10177(h), 10177(d) and/or 10177(g).

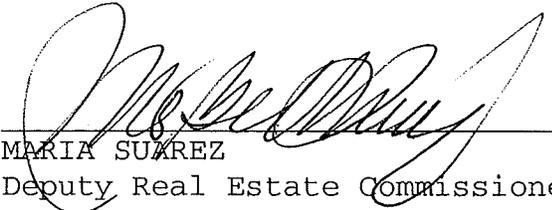
15.

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

1 exceed the reasonable costs of the investigation and enforcement
2 of the case.

3 WHEREFORE, Complainant prays that a hearing be
4 conducted on the allegations of this Accusation and that upon
5 proof thereof, a decision be rendered imposing disciplinary
6 action against all licenses and/or license rights of Respondents
7 RPM WESTSIDE, INC. and DAVID MICHAEL KRAUSSE, individually and
8 as designated officer of RPM Westside, Inc., under the Real
9 Estate Law (Part 1 of Division 4 of the Business and Professions
10 Code), for the cost of investigation and enforcement as
11 permitted by law, and for such other and further relief as may
12 be proper under other provisions of law.

13 this 28th day of June, 2012.

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16 
17 MARIA SUAREZ
18 Deputy Real Estate Commissioner

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24 cc: RPM Westside, Inc.
25 David Michael Krausse
26 Maria Suarez
27 Audits - Manijeh Khazrai
28 Sacto.