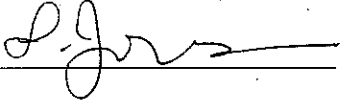


**FILED**

**May 3, 2013**

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2 Department of Real Estate  
3 P. O. Box 187007  
4 Sacramento, CA 95818-7007  
5 Telephone: (916) 227-2380

DEPARTMENT OF REAL ESTATE

By 

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11	In the Matter of the Accusation of	)	
12		)	NO. H-11548 SF
13	TELEGRAPH HILL PROPERTIES, INC.,	)	
13	THP-SF, INC., and WB COYLE,	)	
14		)	<u>ACCUSATION</u>
14	Respondents.	)	
15		)	

16 The Complainant, ROBIN S. TANNER, a Deputy Real Estate Commissioner of  
17 the State of California for cause of Accusation against TELEGRAPH HILL PROPERTIES, INC.  
18 (THP), THP-SF, INC. (THP-SF) and WB COYLE (COYLE), sometimes collectively referred to  
19 as "RESPONDENTS", is informed and alleges as follows:

20 1

21 The Complainant makes this Accusation in her official capacity.

22 2

23 THP is presently licensed and/or has license rights under the Real Estate Law,  
24 Part I of Division 4 of the California Business and Professions Code (the Code), as a corporate  
25 real estate broker.

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THP-SF is presently licensed and/or has license rights under the Code, as a corporate real estate broker.

4

At all times herein mentioned, COYLE was licensed by the Department as the designated officer of THP. From December 26, 2006, to December 25, 2010, COYLE was licensed by the Department as the designated officer of THP-SF. As the designated officer, COYLE was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of THP and THP-SF for which a real estate license is required.

5

Whenever reference is made in an allegation in this Accusation to an act or omission of THP or THP-SF, such allegation shall be deemed to also mean that COYLE committed such act or omission while engaged in furtherance of the business or operation of THP or THP-SF, and while acting within the course and scope of his employment.

6

At all times mentioned, RESPONDENTS engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California, within the meaning of Section 10131(a) of the Code, including the operation and conduct of a residential resale brokerage wherein RESPONDENTS bought, sold, or offered to buy or sell, solicited or obtained listings of, and negotiated the purchase, sale or exchange of real property or business opportunities, all for or in expectation of compensation.

FIRST CAUSE OF ACTION

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Complainant refers to Paragraphs 1 through 6 above, and incorporates them herein, by reference.

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In or about March 2008, Jim Bailey (Bailey) formed Transition, LLC, for which COYLE was designated as the manager.

9

In or about March 2008, Transition, LLC purchased certain real property commonly known as 2244-2250 Mason Street, San Francisco, California (Mason Property). The goal of Transition, LLC, was to convert apartment buildings into a "tenants in common" ownership building.

10

Ralph V., who had an ownership interest in Transition, LLC, agreed to purchase one of the units in the Mason Property. On or about April 21, 2009, a purchase agreement for the sum of \$799,000.00 was signed by COYLE as manager of Transition, LLC, Ralph V. as buyer of Unit 6 of the Mason Property and Erin Bree Thompson as agent.

11

On or about April 21, 2009, COYLE agreed that THP-SF, which he wholly owned, would list and sell the Mason Property without charging any commission since the buyer, Ralph V. had shared ownership in Transition, LLC.

12

Approval of the subdivision of the Mason Property was delayed and on or about October 1, 2010, an addendum to the purchase agreement was executed, reducing the purchase price to \$775,000.00. At some point after the other parties executed the original contract, COYLE concealed and failed to disclose the fact that he changed the last page of the purchase contract to indicate that there would be a 2.5% commission for the listing and 2.5% commission to THP-SF.

13

The other parties did not find out that COYLE had changed the purchase contract until after the close of escrow. Bailey confronted COYLE about his actions and demanded a

1 refund of the commission. COYLE has refused from and since that time to refund the  
2 commission.

3 14

4 The facts alleged above violate Sections, 10176(a) (Material Misrepresentation)  
5 10176(b) (False Promises to Influence, Persuade, or Induce), 10176(g) (Secret Commission) and  
6 10176(i) (Other Conduct/Fraud or Dishonest Dealing) of the Code and are grounds for the  
7 suspension or revocation of the licenses and license rights of RESPONDENTS under Sections  
8 10176(a), 10176(b), 10176(g), and 10176(i) (Other Conduct/Fraud or Dishonest Dealing) of the  
9 Code.

10 SECOND CAUSE OF ACTION

11 15

12 Complainant refers to Paragraphs 1 through 14, above, and incorporates them  
13 herein, by reference.

14 16

15 In or about March 2005, Aaron Ferguson (Ferguson), COYLE and others formed  
16 Black Ice, LLC. Coyle was named manager of Black Ice, LLC.

17 17

18 In or about March 2005, Black Ice, LLC and others entered into a Tenants in  
19 Common Agreement with the goal of purchasing real property and converting it into tenant in  
20 common units. The Tenants in Common entity was named "2870-2872-2874-2876-2878  
21 Washington Street and 2300-2302-2304 Divisadero Street"(TIC).

22 18

23 Under the TIC agreement, Black Ice, LLC was granted exclusive use of a unit  
24 commonly known as 2876 Washington Street, San Francisco, California. (Washington Property).

25 19

26 COYLE concealed and failed to advise Ferguson that in or around April, 2011, he  
27 listed the Washington Property for sale through THP-SF. COYLE concealed and failed to

1 disclose to Ferguson that on or about April 13, 2011, the fact that he entered into a contract to  
2 sell the Washington Property to Alicia E. and Hosain R. for \$925,000.00.

3 20

4 COYLE concealed and failed to disclose to Ferguson that on or about May 2,  
5 2011, that escrow on the Washington Property closed and that THP-SF received a 2%  
6 commission in the amount of \$18,500.00 and \$245,533.35 to Black Ice, LLC and \$16,055.41 to  
7 2870 Washington TIC, of which COYLE was manager.

8 21

9 The facts alleged above violate Sections, 10176(a) (Material Misrepresentation)  
10 10176(b) (False Promises to Influence, Persuade, or Induce), 10176(g) (Secret Commission) and  
11 10176(i) (Other Conduct/Fraud or Dishonest Dealing) of the Code and are grounds for the  
12 suspension or revocation of the licenses and license rights of RESPONDENTS under Sections  
13 10176(a), 10176(b), 10176(g), and 10176(i) (Other Conduct/Fraud or Dishonest Dealing) of the  
14 Code.

15 THIRD CAUSE OF ACTION

16 22

17 Complainant refers to Paragraphs 1 through 21, above, and incorporates the same  
18 herein by reference.

19 23

20 On or about December 3, 2007, James W. Gay (Gay) entered into a Limited  
21 Partnership with Creative Alliance, LLC (Creative), whose manager and sole owner was  
22 COYLE. The Limited Partnership, known as Venture Property Group, LP (Venture), provided  
23 that Creative was to act as the General Partner. Venture owned five LLC's, including Hot  
24 Peanut, LLC.

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On or about December 14, 2007, Hot Peanut, LLC purchased certain real property commonly known as 812-816 Green Street, San Francisco, California (Green Property). This purchase was entirely funded by Gay.

25

COYLE concealed and failed to disclose to Gay the fact that on or about April 8, 2011, he sold the Green Property for \$1,025,000.00 to Pivot Point Partners, LLC (PPP). COYLE signed escrow documents as the manager for Hot Peanut. The Green Property had gone into default while COYLE was its manager.

26

COYLE concealed and failed to disclose to Gay the fact that PPP's address is the same as COYLE's main office and the fact that PPP is owned by Gabrielle Fruchtman-Larkin, who is the sister of COYLE's ex-girlfriend, Tamara Fruchtman.

27

COYLE concealed and failed to disclose to Gay that on or about September 14, 2012, PPP sold the Green Property for \$2,200,000.00. COYLE concealed and failed to disclose to Gay the fact that he received compensation outside of escrow in recognition of his scheme allowing Fruchtman-Larkin and others to realize a gain of over 100% in 17 months.

28

The facts alleged above violate Sections, 10176(a) (Material Misrepresentation) 10176(b) (False Promises to Influence, Persuade, or Induce), 10176(g) (Secret Commission), 10176(i) (Other Conduct/Fraud or Dishonest Dealing) and 10177.6 (Disclosure of Roles in Transaction) of the Code and are grounds for the suspension or revocation of the licenses and license rights of RESPONDENTS under Sections 10176(a), 10176(b), 10176(g), and 10176(i) (Other Conduct/Fraud or Dishonest Dealing) of the Code.

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1 FOURTH CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 28, above, and incorporates the same,  
4 herein by reference.

5 30

6 On or about May 11, 2010, COYLE wrote a \$23,285.27 check out of his broker  
7 account, ending in 6309, to an account ending in 7674, entitled "Telegraph Hill Properties, Inc",  
8 which was not designated as a trust account, in violation of Section 2832 (Trust Funds to be  
9 deposited into Trust Account) of the Regulations and Section 10145 (Trust Fund Handling) of  
10 the Code.

11 31

12 On the following dates and in the indicated amounts, COYLE wrote checks from  
13 his account ending in 7674, within which he deposited trust funds, to his personal account,  
14 ending in 5988:

15 May 12, 2010 for \$22,000.00, May 18, 2010 for \$12,000.00, and May 25, 2010 for \$10,000.00.

16 These transfers constituted commingling of funds in violation of Section 2835 of the Regulations  
17 and Section 10176(e) of the Code.

18 32

19 The facts alleged above violate Sections 2832 and 2835 of the Regulations and  
20 Section 10145 and 10176(e) of the Code and are grounds for the suspension or revocation of the  
21 licenses and license rights of Respondents under Sections 10176(e), 10177(d) (Intentionally  
22 Violate/Disregard Real Estate Laws) and/or 10177(g) (Negligence/ Incompetence Real Estate  
23 Licensee) of the Code.

24 FIFTH CAUSE OF ACTION

25 33

26 Complainant refers to Paragraphs 1 through 32, above, and incorporates the same  
27 herein by reference.

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Based on the investigation of the numerous complaints received against RESPONDENTS, the Department ordered an audit of RESPONDENT's real estate businesses. Pursuant to the audit request, Department auditor, Kon Naly attempted to audit RESPONDENT's real estate businesses. COYLE repeatedly refused to cooperate with the auditors request for real estate documents and to meet for the audit.

35

On or about December 6, 2011, the Department caused a Subpoena Duces Tecum to be served on COYLE to produce transactions files and related documents on the transactions set forth, herein, above. COYLE failed to comply with the Subpoena.

36

The facts set forth above constitute violations of Section 10145(h) (Licensee to Furnish Documents for Audit) and 10148 (Maintain Real Estate Records) of the Code and are grounds for the revocation or suspension of RESPONDENT's real estate licenses pursuant to Section 10177(d) and 10177(g) of the Code.

PRIOR ADMINISTRATIVE ACTION

37

Effective September 16, 2008, in case No. H-10229 SF, the Real Estate Commissioner, adopted a Stipulation and Agreement which provided that the real estate licenses of THP and COYLE were each suspended 60 days, of which 30 days were stayed for 2 years, and the remaining 30 days were bought down for \$3,000.00 for each license.

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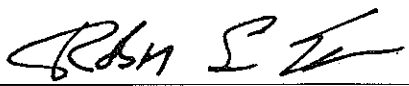
Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the department, the commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed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

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondent under the Code, and for such other and further relief as may be proper under other provisions of law.

  
\_\_\_\_\_  
ROBIN S. TANNER  
Deputy Real Estate Commissioner

Dated at Oakland, California,  
this 1<sup>st</sup> day of May, 2013.