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FILED

MAY 16 2019

DEPARTMENT OF REAL ESTATE

By K. Kropp

7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of:) NO. H-12324 SF
12)
13 HEMPHILL VENTURES, INC.,)
14 and GEOFFREY CURTIS DAVIS JR.,) ACCUSATION
15 Respondents.)

16 The Complainant, ROBIN S. TANNER, in her official capacity as a Supervising
17 Special Investigator of the State of California, for cause of Accusation against HEMPHILL
18 VENTURES, INC. ("HEMPHILL"), and GEOFFREY CURTIS DAVIS JR. ("DAVIS"),
19 (collectively referred to a ("Respondents"), is informed and alleges as follows:

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21 Respondent HEMPHILL is presently licensed by the California Department of Real
22 Estate ("the Department") and/or has license rights under the Real Estate Law, Part 1 of Division 4
23 of the California Business and Professions Code ("the Code"), as a corporate real estate broker,
24 and at all relevant times herein was acting by and through DAVIS as its designated officer-broker.

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26 DAVIS is presently licensed and/or has license rights under the Real Estate Law,
27 Part 1 of Division 4 of the Code ("the Real Estate Law") as an individual real estate broker and, at
all relevant times herein, was the designated-broker officer of HEMPHILL.

Whenever reference is made in an allegation in this Accusation to an act or omission of HEMPHILL, such allegation shall be deemed to mean that the employees, agents, real estate licensees, and others employed by or associated with HEMPHILL committed such act or omission while engaged in furtherance of the business or operations of HEMPHILL and while acting within the course and scope of their 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 a real estate broker within the State of California on behalf of others, for compensation or in expectation of compensation 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, 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 for sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rent from real property, or improvements thereon, or from business opportunities.

COUNT ONE

AUDIT VIOLATIONS

(As to Respondents HEMPHILL and DAVIS)

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

Beginning on or about June 21, 2018, and continuing intermittently until approximately June 29, 2018, the Department conducted an audit of the books and records related to the real estate activities of Respondents at HEMPHILL's main office located at 900 E. Hamilton St. 100, Campbell, CA 95008, where the auditor examined records for the period of January 1, 2017, to May 31, 2018 ("audit period").

While acting as real estate brokers as described above in paragraph 4, and within the audit period, Respondents accepted or received funds in trust ("trust funds") and deposited or caused the trust funds to be deposited into bank accounts maintained by Respondents, and thereafter, from time-to-time, Respondents made disbursements of said trust funds, identified as follows:

Trust Account #1

Bank Name: Union Bank
Account No.: Last 4 Digits: xxxx8366
Account Name: "Hemphill Ventures Inc.
DBA Keyrenter Silicon Valley, Trustee 'Rent Trust Account'"
Signatories: Geoffrey Curtis Davis (REB/DO);
Chapin Anthony Hemphill (RES/CEO)
Purpose: Used for handling trust funds from property management activities.

Trust Account #2

Bank Name: Union Bank
Account No.: Last 4 Digits: xxxx8374
Account Name: "Hemphill Ventures Inc.
DBA Keyrenter Silicon Valley, Trustee 'Security Deposit Trust Account'"
Signatories: Geoffrey Curtis Davis (REB/DO);
Chapin Anthony Hemphill (RES/CEO)
Purpose: Used for handling trust funds from property management activities (security deposits).

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2 In the course of the real estate broker activities described above in paragraph 4, and
3 during the audit period, Respondents:

4 (a) failed to disclose in writing to property owners to whom HEMPHILL
5 provided property management services that HEMPHILL received volume discounts by vendors, in
6 violation of Section 10176(g) of the Code;

7 (b) collected advance fees from principals for providing services referred to as
8 "Eviction Guard" ("EG") and failed to submit an advance fee agreement, and all materials used in
9 obtaining the advance fee agreement, to the Department prior to use, as required by Sections 10085
10 and 10085.5 of the Code, and Section 2970 of Title 10 of the California Code of Regulations ("the
11 Regulations");

12 (c) in connection with the advance fee agreements identified above in paragraph
13 9(b), Respondents collected advance fees from principals for providing EG services in connection
14 with its property management services, and did not maintain and provide a verified accounting to
15 those principals showing the services rendered, identification of the bank account into which the
16 funds were deposited, and details of how those funds were disbursed, in violation of Sections 10146
17 and 10085.5 of the Code, and 2972 of the Regulations;

18 (d) failed to maintain and/or keep accurate and complete separate records for
19 each beneficiary or property of funds collected for EG services and held in Trust Account #1, in
20 violation of Section 10145(g) of the Code, and Section 2831.1 of the Regulations;

21 (e) failed to reconcile at least once per month, the balance of all separate
22 beneficiary or transaction records to the balance of the control records for Trust Account #1, in
23 violation of 10145 of the Code and Section 2831.2; and

24 (f) caused, suffered or permitted funds of others which were received and held
25 by Respondents in Trust Account #1 to be commingled with Respondents' own money, in violation
26 of Section 10176(e) of the Code.

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The acts and/or omissions of Respondents as alleged in paragraph 8, above, constitute grounds for the suspension or revocation of all licenses and license rights of Respondents pursuant to the following provisions of the Code and Regulations:

As to Paragraph 8(a), under Section 10176(g) of the Code;

As to Paragraph 8(b), under Section 10177(d) and/or 10177(g) of the Code, in conjunction with Sections 10085 and 10085.5 of the Code and Section 2970 of the Regulations;

As to Paragraph 8(c), under Section 10177(d) and/or 10177(g) of the Code, in conjunction with Sections 10085.5 and 10146 of the Code, and Section 2972 of the Regulations;

As to Paragraph 8(d), under Section 10177(d) and/or 10177(g) of the Code, in conjunction with Section 10145(g) of the Code and Section 2831.1 of the Regulations;

As to Paragraph 8(e), under Section 10177(d) and/or 10177(g) of the Code, in conjunction with Section 10145 of the Code and Section 2831.2 of the Regulations; and

As to Paragraph 8(f), under Section 10177(e) of the Code.

COUNT TWO

FAILURE TO SUPERVISE
(As to Respondent DAVIS)

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Each and every allegation in Paragraphs 1 through 9, inclusive, above, is incorporated by this reference as if fully set forth herein.

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DAVIS, as the designated officer of HEMPHILL, was required to exercise reasonable supervision and control over the activities of HEMPHILL and its employees and the real estate activities being conducted by HEMPHILL.

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DAVIS failed to exercise reasonable supervision over the acts and/or omissions of HEMPHILL and its employees in such a manner as to allow the acts and/or omissions as described

1 above in the First Cause of Action to occur, which constitutes cause for the suspension or
2 revocation of the license(s) and license rights of DAVIS under Sections 10177(d) and/or 10177(g),
3 10177(h) and 10159.2 of the Code, in conjunction with Section 2725 of the Regulations.

4 **COST RECOVERY**

5 **Audit Costs**

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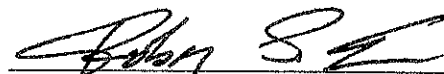
7 The acts and/or omissions of Respondents, as alleged above in Count One, entitle the
8 Department to reimbursement of the costs of its audit pursuant to Section 10148(b) of the Code.

9 **Investigation and Enforcement Costs**

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11 Section 10106 of the Code provides, in pertinent part, that in any order issued in
12 resolution of a disciplinary proceeding before the Department, the Commissioner may request the
13 Administrative Law Judge to direct a licensee found to have committed a violation of this part to
14 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

15 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
16 this Accusation and that upon proof thereof, a decision be rendered revoking all licenses and license
17 rights of all Respondents named herein under the Real Estate Law, for the cost of investigation and
18 enforcement as permitted by law, for the cost of the audit as permitted by law, and for such other
19 and further relief as may be proper under other provisions of law.

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22 ROBIN S. TANNER
23 Supervising Special Investigator

24 Dated at Oakland, California,

25 this 14th day of May, 2019.

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1 DISCOVERY DEMAND

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