

1 TRULY SUGHRUE, Counsel
2 State Bar No. 223266
3 Department of Real Estate
4 P.O. Box 137007
5 Sacramento, CA 95813-7007

6 Telephone: (916) 576-8700
7 (916) 576-7847 (Direct)

8 Fax: (916) 263-3767

FILED

MAR 24 2023

DEPARTMENT OF REAL ESTATE
By B. Nicholas

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of)

13 PF PROPERTY MANAGEMENT PLUS,)
14 INC.;)

15 and)

16 PEGGY JEAN FRANCIS, individually and as)
17 designated officer of PF Property Management)
18 Plus Inc.,)

19 Respondents.)

No. H-12656 SF

ACCUSATION

20 The Complainant, STEPHANIE YEE, a Supervising Special Investigator of the
21 State of California, for cause of Accusation against PF PROPERTY MANAGEMENT PLUS,
22 INC. and PEGGY JEAN FRANCIS (collectively referred to as "Respondents"), is informed and
23 alleges as follows:

24 1

25 The Complainant, STEPHANIE YEE, a Supervising Special Investigator of the
26 State of California, makes this Accusation in her official capacity.

27 ///

///

///

1 PRELIMINARY ALLEGATIONS

2 2

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

5 3

6 At all times mentioned, Respondent PF PROPERTY MANAGEMENT PLUS,
7 INC (PFPMPI) was and is licensed by the Department as a real estate broker, License ID
8 01950933. PFPMPI was licensed by the Department as a real estate corporation on or about
9 March 20, 2014. Unless renewed PFPMPI's corporate broker license expires on March 19,
10 2026.

11 At all times mentioned, PEGGY JEAN FRANCIS (FRANCIS) was licensed by
12 the Department as the designated broker officer of PFPMPI. As said designated officer-broker,
13 FRANCIS was and is responsible pursuant to Section 10159.2 of the Code for the supervision of
14 the activities of the officers, agents, real estate licensees, and employees of PFPMPI for which a
15 license is required.

16 At all times mentioned, FRANCIS was and is 100 percent shareholder, and the
17 President of PFPMPI.

18 4

19 At all times mentioned, Respondent FRANCIS was and is licensed by the
20 Department individually as a real estate broker, License ID 00640335, and as the designated
21 officer of PFPMPI. FRANCIS was licensed as a real estate broker on September 28, 1981.
22 Unless renewed, FRANCIS's broker license will expire September 27, 2025.

23 5

24 Whenever reference is made in an allegation in this Accusation to an act or
25 omission of PFPMPI, such allegation shall be deemed to mean that the officers, directors,
26 employees, agents and real estate licensees employed by or associated with PFPMPI committed

27 ///

1 such acts or omissions while engaged in furtherance of the business or operation of PFPMPI and
2 while acting within the course and scope of their corporate authority and employment.

3 AUDIT OK21-0085

4 6

5 On or about October 28, 2022, the Department completed its audit (OK21-0085)
6 of the books and records of PFPMPI property management activities described in Paragraph 7.
7 The auditor herein examined the records for the period of January 1, 2021, through August 31,
8 2022.

9 7

10 At all times mentioned, Respondents engaged in the business of, acted in the
11 capacity of, advertised, or assumed to act as a real estate broker within the State of California
12 within the meaning of Sections 10131(b) of the Code, including the operation and conduct of a
13 property management business with the public wherein, on behalf of others, for compensation or
14 in expectation of compensation, Respondents leased or rented and offered to lease or rent, and
15 solicited for prospective tenants of real property or improvements thereon, and collected rents
16 from real property or improvements thereon.

17 As of the audit examination, Respondents managed approximately one hundred
18 and sixteen (116) one-to-four family residences with one hundred and twenty-nine (129) units,
19 for approximately one hundred (100) owners. Respondents collected approximately \$425,000 in
20 trust funds annually.

21 Respondents' property management services include, but not limited to, collecting
22 rents, paying expenses, and screening tenants. For such property management services,
23 Respondents charged a management fee between \$75 and \$400 per unit per month and/or 5 to 8
24 percent of collected rents per unit per month.

25 8

26 While acting as a real estate broker as described in Paragraph 7, Respondents
27 accepted or received funds in trust (trust funds) from or on behalf of owners and tenants in

1 connection with the leasing, renting, and collection of rents on real property or improvements
2 thereon, as alleged herein, and thereafter from time to time made disbursements of said trust
3 funds.

4 The trust funds accepted or received by Respondents were deposited or caused to
5 be deposited by Respondents into accounts which were maintained by Respondents for the
6 handling of trust funds, and thereafter from time-to-time Respondents made disbursements of
7 said trust funds, identified as follows:

8

ACCOUNT # 1	
Bank Name and Location:	Bank of America 6490 Camden Avenue
Account No.:	XXXXXXXXX4077
Account Name:	PF Property Management Plus, Inc.
Purpose:	Account #1 was used for the handling of trust funds from property management activities.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

9

In the course of the property management activities described in Paragraph 7, and during the audit examination period described in Paragraph 6, Respondents violated the Code and Regulations described below:

Trust Account Accountability and Balances

10

Based on the records provided during the audit, a bank reconciliation for Account #1 was prepared as of August 31, 2022. The adjusted bank balance was then compared to the corresponding sum of all the Separate Records for Each Beneficiary.

///

///

///

1	Adjusted Bank Balance	\$68,374.11
2	Accountability	<u>\$80,562.18</u>
3	Trust Fund Shortage	<u>(\$12,188.07)</u>

4 A shortage of \$12,188.07 was found in Account #1 as of August 31, 2022. The
5 shortage was caused by negative balances in eight property/owners accounts.

6 Respondents provided no evidence that the owners of the trust funds had given
7 their written consent to allow Respondents to reduce the balance of the funds in Account #1 to an
8 amount less than the existing aggregate trust fund liabilities, in violation of Section 10145 of the
9 Code and Section 2832.1 of Title 10, Chapter 6, California Code of Regulations (Regulations).

10 Trust Account Designation

11 11

12 During the audit period, Account #1, an account used to hold trust funds, was not
13 designated as a trust account in the name of the broker or the broker's fictitious business name as
14 trustee, in violation of Section 10145 of the Code and Section 2832 Title 10, Chapter 6,
15 California Code of Regulations (Regulations). Account #1 was titled "PF Property Management
16 Plus Inc."

17 Trust Account Signatory

18 12

19 Respondents caused, permitted, and/or allowed, the possible withdrawal of trust
20 funds from Account #1, by Garry W. Williams, who was not licensed by the Department and not
21 covered by a fidelity bond in violation of Section 10145 of the Code and Section 2834 of the
22 Regulations.

23 ///
24 ///
25 ///
26 ///
27 ///

Control Record

13

Respondents failed to maintain an accurate written control record, for Account #1, of all trust funds received and disbursed, containing all information required by Section 2831 of the Regulations.

Respondents did not regularly record transactions when they occurred, meaning checks were not recorded upon receipt and similarly disbursements were not recorded when they were issued. Examples of such transactions include, but are not limited to:

Date of Deposit	Amount	Recorded On	Property Address
7/28/22	\$6,200.00	8/1/22	7174 Wooded Lake Drive
8/3/22	\$56,652.00	Not Recorded	3950 Kalai Wa'a Unit N 103
8/9/22	\$4,125.00	9/1/22	1284 Terra Alta Drive
8/12/22	\$2,730.00	10/13/22	3949 Grandbrook Way
8/12/22	\$5,000	9/21/22	2635 Maplewood Lane

Separate Records

14

Respondent failed to maintain accurate separate records for each beneficiary or transaction, accounting therein for all funds which were deposited into Account #1 containing all of the information required by Section 2831.1 of the Regulations.

As of August 31, 2022, there was unidentified funds in the amount of \$21,163.27 in Account #1. Respondents failed to maintain a separate record for the unidentified funds in Account #1.

The separate records maintained were incomplete/inaccurate since Respondents did not regularly record transactions when they occurred, meaning checks were not recorded upon receipt and similarly disbursements were not recorded when they were issued.

///

1 Trust Account Reconciliation

2 15

3 Respondents failed to reconcile the balance of separate beneficiary or transaction
4 records with the control record of trust funds received and disbursed at least once a month, and/or
5 failed to maintain a record of such reconciliations for Account #1, as required by Section 2831.2
6 of the Regulations.

7 FAILURE TO SUPERVISE

8 16

9 Respondent FRANCIS failed to exercise reasonable supervision over the acts of
10 PFPMPI in such a manner as to allow the acts and events described above to occur.

11 17

12 The acts and/or omissions of FRANCIS as described in Paragraph 16, constitutes
13 failure on the part of FRANCIS, as designated broker-officer for PFPMPI, to exercise reasonable
14 supervision and control over the licensed activities of PFPMPI as required by Section 10159.2 of
15 the Code and Section 2725 of the Regulations.

16 GROUND FOR DISCIPLINE

17 18

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

21 As to Paragraph 10, under Sections 10177(d) and/or 10177(g) of the Code in
22 conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations;

23 As to Paragraph 11, under Sections 10177(d) and/or 10177(g) of the Code in
24 conjunction with Section 10145 of the Code and Section 2832 of the Regulations;

25 As to Paragraph 12, under Sections 10177(d) and/or 10177(g) of the Code in
26 conjunction with Section 10145 of the Code and Section 2834 of the Regulations;

27 ///

1 As to Paragraph 13, under Sections 10177(d) and/or 10177(g) of the Code in
2 conjunction with Section 10145 of the Code and Section 2831 of the Regulations;

3 As to Paragraph 14, under Sections 10177(d) and/or 10177(g) of the Code in
4 conjunction with Section 10145 of the Code and Section 2831.1 of the Regulations; and

5 As to Paragraph 15, under Sections 10177(d) and/or 10177(g) of the Code in
6 conjunction with Section 10145 of the Code and Section 2831.2 of the Regulations.

7 19

8 The acts and/or omissions of FRANCIS as alleged in Paragraphs 16 and 17
9 constitute grounds for the suspension or revocation of all licenses and license rights of FRANCIS
10 under Sections 10177(g) and/or 10177(h) of the Code, and Section 10159.2 of the Code in
11 conjunction with Section 10177(d) of the Code.

12 COST RECOVERY

13 20

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

16 21

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

21 WHEREFORE, Complainant prays that a hearing be conducted on the
22 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
23 disciplinary action against all licenses and license rights of Respondents under the Code, for the

24 ///

25 ///

26 ///

27 ///

1 cost of investigation and enforcement as permitted by law, and for such other and further relief as
2 may be proper under the provisions of law.

3
4 

5 STEPHANIE YEE
6 Supervising Special Investigator

7 Dated at Oakland, California,
8 this 9th day of March, 2023

9
10
11
12
13
14
15
16
17
18
19
20
21 DISCOVERY DEMAND

22 Pursuant to Sections 11507.6, *et seq.* of the *Government Code*, the Department of
23 Real Estate hereby makes demand for discovery pursuant to the guidelines set forth in the
24 *Administrative Procedure Act*. Failure to provide Discovery to the Department of Real Estate
25 may result in the exclusion of witnesses and documents at the hearing or other sanctions that the
26 Office of Administrative Hearings deems appropriate.