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FILED

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BUREAU OF REAL ESTATE

By 

7
8 BEFORE THE BUREAU OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

No. H-40961 LA

12 J.R. APEX REALTY)
13 CORPORATION doing business as)
14 Ambassador Property Management;)
15 and JOHN ROBERT RATZLAFF,)

ACCUSATION

Respondents.)

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State
17 of California, acting in her official capacity, for cause of Accusation against J. R. APEX
18 REALTY CORPORATION doing business as Ambassador Property Management, and JOHN
19 ROBERT RATZLAFF (collectively "Respondents"), and alleges as follows:

20 1.

21 All references to the "Code" are to the California Business and Professions Code,
22 all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references
23 to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

24 2.

25 Respondent J. R. APEX REALTY CORPORATION ("JARC") is licensed by the
26 Bureau of Real Estate ("Bureau") as a corporate real estate broker. Respondent was originally
27 licensed as a corporate real estate broker on February 9, 2013. Respondent's corporate real

1 estate broker license is due to expire on February 8, 2021. Beginning February 9, 2013, and
2 continuing to the present, Respondent has maintained the licensed fictitious business name of
3 "Ambassador Property Management."

4 3.

5 Respondent JOHN ROBERT RATZLAFF ("RATZLAFF") is licensed by the
6 Bureau as a real estate salesperson. Respondent RATZLAFF was originally licensed as a real
7 estate salesperson on March 22, 1978. Respondent's real estate salesperson license is due to
8 expire on July 18, 2019. Respondent RATZLAFF is 100% owner of JARC.

9 4.

10 At all times herein relevant, Respondents engaged in the business of, acted in the
11 capacity of, advertised or assumed to act as real estate brokers in the State of California within
12 the meaning of Code Section 10131(b). Their activities included soliciting listings of places for
13 rent, soliciting for prospective tenants, and/or management of residential rental real property for
14 and on behalf of others for compensation.

15 FIRST CAUSE OF ACCUSATION

16 (AUDIT OF JARC)

17 5.

18 On November 30, 2017, the Bureau completed an audit examination of the books
19 and records of Respondent JARC pertaining to the real estate activities described in paragraph 4,
20 above. The audit examination covered the period of time from July 1, 2015, to August 31, 2016.
21 The primary purpose of the examination was to determine Respondent's compliance with the
22 Real Estate Law. The audit examination revealed numerous violations of the Code and the
23 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report
24 LA160004 and the exhibits and work papers attached to said audit report.

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1 Bank and Trust Accounts

2 6.

3 At all times herein relevant, in connection with the activities described in
4 Paragraph 4, above, Respondent JARC accepted or received funds including funds to be held in
5 trust (hereinafter "trust funds") from or on behalf of actual or prospective parties in connection
6 with property management activities. Thereafter Respondent JARC made deposits and or
7 disbursements of such trust funds. From time to time herein mentioned during the audit period,
8 said trust funds were deposited and/or maintained by Respondent in the following bank account
9 for which the only signatory was Respondent RATZLAFF:

10
11 J. R. Apex Realty Corporation
12 dba Ambassador Property Management
13 Trust Account
14 Account No. 130XXXX (Redacted for security)
15 Friendly Hills Bank
16 Whittier, California

17 (T/A 1 – trust account for the receipt and disbursal of trust funds)

18 Violations

19 7.

20 With respect to the licensed activities referred to in Paragraph 4, and the audit
21 examination including the exhibits and work papers referenced in Paragraph 5, it is alleged that
22 Respondent JARC:

23 (a) Permitted, allowed or caused the disbursement of trust funds from bank
24 account T/A 1 to an amount which, on August 31, 2016, was \$4,670.04 less than the existing
25 aggregate trust fund liability to the owners of said funds, without first obtaining the prior written
26 consent of the owners of said funds in violation of Code Section 10145 and Regulation 2832.1;

27 (b) Failed to maintain a control record of the receipt and disbursement of trust
funds handled in violation of Code Section 10145 and Regulation 2831;

(c) Failed to maintain a separate record of the receipt and disbursement of trust

1 funds in violation of Code Section 10145 and Regulation 2831.1;

2 (d) Failed to perform and maintain a monthly reconciliation of the separate
3 record to the control record in violation of Code Section 10145 and Regulation 2831.2; and

4 (e) Conducted property management activities during a period when Respondent
5 did not have a designated officer in violation of Code Section 10130.

6 8.

7 The conduct of Respondent JARC as described in Paragraph 7, above, violated
8 the Code and the Regulations as set forth below:

9 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
11 7(a)	Code Section 10145 and Regulation 2832.1
13 7(b)	Code Section 10145, and Regulation 2831
15 7(c)	Code Section 10145 and Regulation 2831.1
17 7(d)	Code Section 10145 and Regulation 2831.2
19 7(e)	Code Section 10130

21 Each of the foregoing violations constitute cause for the suspension or revocation
22 of the real estate license and license rights of Respondent JARC under the provisions of Code
23 Sections 10177(d), and/or 10177(g).

24 9.

25 Code Section 10148(b) provides, in pertinent part, that the Real Estate
26 Commissioner shall charge a real estate broker for the cost of any audit if the Commissioner has
27

1 found in a final decision, following a disciplinary hearing, that the broker has violated Code
2 Section 10145 or a Regulation or rule of the Commissioner interpreting said Code section.

3 SECOND CAUSE OF ACCUSATION

4 (UNLICENSED ACTIVITY AGAINST BOTH RESPONDENTS)

5 10.

6 At all times herein relevant, Respondent RATZLAFF has been the 100% owner
7 of Respondent JARC. In order to comply with the Real Estate Law, Respondents would hire a
8 real estate broker to act as designated officer of JARC so that the corporation could perform real
9 estate activities that require a real estate license.

10 11.

11 During the period of time covered by the audit examination described above, July
12 1, 2015, to August 31, 2016, Respondent JARC was licensed under five different designated
13 officers. During the period October 19, 2015 to October 29, 2015, Respondent JARC did not
14 have a designated officer licensed with the Bureau, but Respondents continued to operate and
15 perform property management activities with no real estate broker affiliation in violation of Code
16 Section 10130.

17 12.

18 The conduct of Respondents JARC and RATZLAFF in performing activities
19 requiring a real estate broker license when they were not a licensed under any real estate broker
20 constitutes cause for the suspension or revocation of the real estate licenses and license rights of
21 Respondents under the provisions of Code Section 10177(d).

22 13.

23 California Business and Professions Code Section 10106 provides, in pertinent
24 part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the
25 Commissioner may request the administrative law judge to direct a licensee found to have
26 committed a violation of this part to pay a sum not to exceed the reasonable costs of
27 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 the license and license rights of Respondent J. R. APEX REALTY CORPORATION under the Real Estate Law, for the costs of investigation and enforcement as provided by law, for costs of the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California: February 21 2018.

V. Kilpatrick
Veronica Kilpatrick
Supervising Special Investigator

cc: J. R. Apex Realty Corporation
Veronica Kilpatrick
Sacto
Audits – Isabel Beltran