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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) No. H-42574 LA
)
J.R. APEX REALTY CORPORATION,) ACCUSATION
)
Respondent(s).)
_____)

The Complainant, Jason Parson, a Supervising Special Investigator of the State of California, for cause of Accusation against J.R. APEX REALTY CORPORATION (“Respondent”) alleges as follows:

1.

The Complainant, Jason Parson, a Supervising Special Investigator of the State of California, makes this Accusation in his official capacity.

2.

All references to the “Code” are to the California Business and Professions Code and all references to “Regulations” are to Title 10, Chapter 6, California Code of Regulations.

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1 was disciplined, among other things, with revocation of license and issuance of a restricted
2 license and payment of the Department's investigative, enforcement, audit and follow-up audit
3 costs. The accusation alleged that Respondent violated the following real estate laws, pursuant
4 to an audit examination completed on or about November 30, 2017 (Audit Examination LA
5 160004 (property management activity)): Code Sections 10130, 10145, 10177 (subsections (d)
6 and (g)), and Regulation 2831, 2831.1, 2831.2, and 2832.1.

7 LICENSED ACTIVITIES

8 5.

9 At all times relevant herein Respondent was engaged in the business of, acted in
10 the capacity of, advertised or assumed to act as a real estate corporation, within the meaning of
11 Section 10131 (b) of the Code. Respondent's activities included the leasing or renting of real
12 property and the collection of rents and security deposits for real property on behalf of others
13 for compensation or in expectation of compensation.

14 (AUDIT LA210134)

15 6.

16 On or about December 28, 2022, the Department completed an audit
17 examination of the books and records of Respondent pertaining to the property management
18 activities described in Paragraph 5 above. The audit examination covered the period of time
19 from February 10, 2020 through May 31, 2022 ("audit period"). The primary purpose of the
20 examination was to determine whether Respondent conducted real estate activities complied
21 with the Real Estate Law. The audit examination revealed violations of the Code and the
22 Regulations as set forth in the following paragraphs, and more fully discussed in Audit No.
23 LA210134, and the exhibits and work papers attached to said audit report.

24 7.

25 At all times mentioned herein, and in connection with the property management
26 activities described in Paragraph 5, above, Respondent accepted or received funds, including
27 funds in trust ("trust funds") from or on behalf of actual or prospective parties to transactions

ACCUSATION

1 handled by Respondent and thereafter made deposits and/or disbursements of such funds.
2 According to the documents provided, Respondent maintained one (1) bank accounts for
3 handling of the receipts and disbursements of funds during the audit period in connection with
4 the property management activities as well as a general account for business purposes. The
5 bank accounts are as follows:

6 Trust Account 1 ("TA 1")

7 Bank: Friendly Hills Bank
8 Account Name: J.R. APEX REALTY CORPORATION d/b/a AMBASSADOR
9 PROPERTY MANAGEMENT TRUST ACCOUNT
10 Account Number: xxxxxxxx0103
11 Signatories: John Robert Ratzlaff
12 Signatures Required: One
13 Purpose: TA 1 was maintained to handle trust funds in the property management
14 activities for multiple beneficiaries. TA 1 was opened on or about April 12, 2017.

15 Violations of the Real Estate Law

16 8.

17 The audit examination revealed violations of the Code and the Regulations, as
18 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA210134,
19 and the exhibits and work papers attached to the audit report:

20 (a) **Trust Fund Handling For Multiple Beneficiaries (Code section 10145**
21 **and Regulations sections 2832.1)**. Based on an examination of TA 1's records, there was a
22 combined minimum trust fund shortage of \$6,749.51 as of May 31, 2022 in violation of Code
23 section 10145 and Regulations sections 2832.1. There is no evidence that Respondent was
24 given written consent from the owners of the trust funds to allow Respondent to reduce the
25 balance of the funds in TA 1 to an amount less than the aggregate trust fund liabilities to all
26 owners of the trust funds.

27 ///

1 **(b) Separate Records for Each Beneficiary (Code section 10145 and**
2 **Regulations sections 2831.1).** Respondent failed to maintain complete and accurate separate
3 records for each beneficiary or transaction of all trust fund receipts and disbursements for TA 1
4 in connection with Respondent’s property management activities during the audit period in
5 violation of Code section 10145 and Regulations section 2831.1.

6 **(c) Trust Account Reconciliation (Code section 10145 and Regulations**
7 **section 2831.2).** Based on an examination of TA 1 records, Respondent failed to accurately
8 perform monthly reconciliation for TA 1 during the audit period. Respondent’s trust account
9 reconciliation records also did not account for \$9,665.84 of unidentified/unaccounted for funds.

10 Additional Violations of the Real Estate Law

11 9.

12 The overall conduct of Respondent violates the Real Estate Law and constitutes
13 cause for the suspension or revocation of its real estate license and license rights under the
14 provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful
15 disregard of the Real Estate Law.

16 10.

17 Each of the foregoing violations in Paragraphs 8 (a)-(c) above constitute cause
18 for the suspension or revocation of the real estate license and/or license rights of Respondent
19 under the provisions of Code sections 10177(d) and 10177(g).

20 COSTS

21 (AUDIT COSTS)

22 11.

23 Section 10148(b) of the Code, provides, in pertinent part, that the Real Estate
24 Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner
25 has found in a final decision, following a disciplinary hearing, that the broker has violated
26 Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code
27 section.

(INVESTIGATION AND ENFORCEMENT COSTS)

12.

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 investigation and enforcement of the case.

PRAYER

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/or license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) of Respondent J.R. APEX REALTY CORPORATION, for the cost of investigation and enforcement as permitted by law, and for such other and further relief as may be proper under applicable provisions of law.

Dated at Sacramento, California this 11th day of July, 2023.



Jason Parson
Supervising Special Investigator

cc: J.R. APEX REALTY CORPORATION
Sacto.
Audits – Isabel Beltran