FILED

AUG - 8 2011

DEPARTMENT OF REAL ESTATE
BY: [signature]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CARLSBERG REALTY (MARYLAND) INC. dba Coldwell Banker Commercial Carlsberg and Coldwell Banker Town & Country; CARLSBERG MANAGEMENT COMPANY dba Cannery Village Sales and Rancho Carlsbad Home Sales; and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty Inc. and Carlsberg Management Company, Respondents.	No. H-36932 LA

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On November 22, 2010, an Accusation was filed in this matter against Respondent CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY.

On June 28, 2011, Respondents petitioned the Commissioner to voluntarily surrender their real estate broker license rights pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY's petition for voluntary surrender of their real estate broker license and/or license rights are accepted as of the effective date of this Order as set forth below, based upon the understanding and agreement expressed in Respondent's Declaration dated June 28, 2011, (attached as Exhibit "A" hereto). Respondents' license certificate, pocket card and any branch office license certificate shall be sent to the below listed address so that they reach the Department on or before the effective date of this Order:

Department of Real Estate
Atten: Licensing Flag Section
P.O. Box 187000
Sacramento, CA 95818-7000

This Order shall become effective at 12 o'clock noon on August 29, 2011.

DATED: 7/29, 2011

BARBARA J. BIGBY
Acting Real Estate Commissioner

EXHIBIT "A"

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CARLSBERG REALTY (MARYLAND) INC. dba Coldwell Banker Commercial Carlsberg and Coldwell Banker Town & Country; CARLSBERG MANAGEMENT COMPANY dba Cannery Village Sales and Rancho Carlsbad Home Sales; and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty Inc. and Carlsberg Management Company, Respondents.	No. H-36932 LA

DECLARATION

My name is William Warren Geary Jr. and I am the designated officer of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY which are licensed as real estate brokers and/or have license rights with respect to said licenses. I am acting on behalf of and am authorized and empowered to sign this declaration on behalf of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY. CARLSBERG

REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY are represented in this matter by Mary E. Work, Esq.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedures Act (Sections 11400 et seq., of the Government Code) CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY wish to voluntarily surrender the real estate licenses issued by the Department of Real Estate ("Department"), pursuant to Business and Professions Code Section 10100.2.

I understand that CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY, by so voluntarily surrendering their licenses, can only have them reinstated in accordance with the provisions of Section 11522 of the Government Code. I also understand that by so voluntarily surrendering their license rights, CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY agree to the following:

The filing of this Declaration shall be deemed as their petition for voluntary surrender. It shall also be deemed to be an understanding and agreement by CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY that, they waive all rights they have to require the Commissioner to prove the allegations contained in the Accusation ("Accusation") filed in this matter at a hearing held in accordance with the provisions of the Administrative Procedures Act (Government Code Sections 11400 et seq.), and that they also waive other rights afforded to them in connection with the hearing such as the right to discovery, the right to present evidence in defense of

the allegations in the Accusation and the right to cross examine witnesses.

I further agree on behalf of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY that upon acceptance by the Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence obtained by the Department in this matter prior to the Commissioner's acceptance, and all allegations contained in the Accusation filed in the Department Case No. H-36932 LA, may be considered by the Department to be true and correct for the purpose of deciding whether or not to grant reinstatement of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY's licenses pursuant to Government Code Section 11522.

This Declaration is not an admission by CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY as to the allegations in the Accusation. This Declaration is made for the purpose of reaching a resolution of allegations contained in the DRE Case number H-36932 LA, and is expressly limited to this proceeding and any other proceeding or case in which the Department of Real Estate is a party and shall not otherwise be admissible or relied upon by any third parties for any purpose.

I further agree on behalf of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY to pay the Commissioner's reasonable cost for the audit which led to this action. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average

hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. I will pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

I am aware that if CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY petitions for reinstatement in the future, that payment of the audit costs will be a condition of reinstatement.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct and that I am acting freely and voluntarily on behalf of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY to surrender their licenses and all license rights attached thereto.

Manhattan Beach, June 28, 2011
Date and Place

BY: WILLIAM WARREN GEARY JR.
Designated Officer of
Carlsberg Realty (Maryland) Inc.
and Carlsberg Management Company

FILED

AUG - 8 2011

DEPARTMENT OF REAL ESTATE

BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CARLSBERG REALTY (MARYLAND) INC. dba Coldwell Banker Commercial Carlsberg and Coldwell Banker Town & Country; CARLSBERG MANAGEMENT COMPANY dba Cannery Village Sales and Rancho Carlsbad Home Sales; and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty Inc. and Carlsberg Management Company, Respondents.	No. H-36932 LA

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On November 22, 2010, an Accusation was filed in this matter against Respondent WILLIAM WARREN GEARY JR.

On June 28, 2011, Respondent petitioned the Commissioner to voluntarily surrender his real estate broker license rights pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent WILLIAM WARREN GEARY JR.'s petition for voluntary surrender of his real estate broker license rights is accepted as of the effective date of this Order as set forth below, based upon the understanding and agreement expressed in Respondent's Declaration dated June 28, 2011, (attached as Exhibit "A" hereto). Respondent's license certificate, pocket card and any branch office license certificate shall be sent to the below listed address so that they reach the Department on or before the effective date of this Order:

Department of Real Estate
Atten: Licensing Flag Section
P.O. Box 187000
Sacramento, CA 95818-7000

This Order shall become effective at 12 o'clock noon on August 29, 2011.

DATED: 7/29, 2011

BARBARA J. BIGBY
Acting Real Estate Commissioner

EXHIBIT "A"

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CARLSBERG REALTY (MARYLAND) INC. dba Coldwell Banker Commercial Carlsberg and Coldwell Banker Town & Country; CARLSBERG MANAGEMENT COMPANY dba Cannery Village Sales and Rancho Carlsbad Home Sales; and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty Inc. and Carlsberg Management Company, Respondents.	No. H-36932 LA

DECLARATION

My name is WILLIAM WARREN GEARY JR. and I am currently licensed as a real estate broker and/or have license rights with respect to said license. I am represented by Mary E. Work, Esq.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedure Act (Sections 11400 et seq., of the Government Code), I wish to voluntarily

surrender my real estate license(s) issued by the Department of Real Estate ("Department"), pursuant to Business and Professions Code Section 10100.2.

I understand that by so voluntarily surrendering my license(s), I may be relicensed as a broker or as a salesperson only by petitioning for reinstatement pursuant to Section 11522 of the Government Code. I also understand that by so voluntarily surrendering my license(s), I agree to the following:

1. The filing of this Declaration shall be deemed as my petition for voluntary surrender.

2. It shall also be deemed to be an understanding and agreement by me that I waive all rights I have to require the Commissioner to prove the allegations contained in the Accusation filed in this matter at a hearing held in accordance with the provisions of the Administrative Procedure Act (Government Code Sections 11400 et seq.), and that I also waive other rights afforded to me in connection with the hearing such as the right to discovery, the right to present evidence in defense of the allegations in the Accusation and the right to cross-examine witnesses.

3. I further agree that upon acceptance by the Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence obtained by the Department in this matter prior to the Commissioner's acceptance, and all allegations contained in the Accusation filed in the Department Case No. H-36932 LA, may be considered by the Department to be true and correct for the purpose of deciding whether to grant

relicensure or reinstatement pursuant to Government Code Section 11522.

4. This Declaration is not an admission by WILLIAM WARREN GEARY JR. as to the allegations in the Accusation. This Declaration is made for the purpose of reaching a resolution of allegations contained in the DRE Case number H-36932 LA, and is expressly limited to this proceeding and any other proceeding or case in which the Department of Real Estate is a party and shall not otherwise be admissible or relied upon by any third parties for any purpose.

5. I further agree on behalf of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY to pay the Commissioner's reasonable cost for the audit which led to this action. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. I will pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

I am aware that if CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY petitions for reinstatement in the future, that payment of the audit costs will be a condition of reinstatement.

I freely and voluntarily surrender all my licenses and license rights under the Real Estate Law.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct and that this declaration was executed on June 28, 2011, at Manhattan Beach, California.

WILLIAM WARREN GEARY JR.

ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6911 (direct)
-or- (213) 576-6982 (office)

FILED

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DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CARLSBERG REALTY (MARYLAND) INC. dba Coldwell Banker Commercial Carlsberg and Coldwell Banker Town & Country; CARLSBERG MANAGEMENT COMPANY dba Cannery Village Sales and Rancho Carlsbad Home Sales; and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty Inc. and Carlsberg Management Company, Respondents.	No. H-36932 LA ACCUSATION

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against CARLSBERG REALTY (MARYLAND) INC., CARLSBERG MANAGEMENT COMPANY and WILLIAM WARREN GEARY JR., as designated officer of Carlsberg Realty (Maryland) Inc. and Carlsberg Management Company alleges as follows:

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1.

The Complainant, Robin Trujillo, makes this Accusation in her 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.

3.

A. At all times mentioned, CARLSBERG REALTY (MARYLAND) INC. ("CRMI") was licensed or had license rights issued by the Department of Real Estate ("Department") as a corporate real estate broker. On December 5, 2005, CRMI was originally licensed as a corporate real estate broker.

B. At all times mentioned, CARLSBERG MANAGEMENT COMPANY ("CMC") was licensed or had license rights issued by the Department as a corporate real estate broker. On August 11, 1975, CMC was originally licensed as a corporate real estate broker.

C. At all times mentioned, WILLIAM WARREN GEARY JR. ("GEARY") was licensed or had license rights issued by the Department as a real estate broker. On December 5, 1977, GEARY was originally licensed as a real estate broker.

D. At all times material herein, CRMI and CMC were licensed by the Department as a corporate real estate broker by and through GEARY, as the designated officer and broker responsible, pursuant to Code Sections 10159.2 and 10211 of the Business and Professions Code for supervising the activities

requiring a real estate license conducted on behalf CRMI and CMC by their officers, agents and employees, including GEARY, as herein set forth.

E. CRMI and CMC are owned by WILLIAM WARREN GEARY JR., who is their president and treasurer.

Brokerage

4.

A. CARLSBERG REALTY (MARYLAND) INC. At all times mentioned, in the City and County of Los Angeles, Respondents CRMI and GEARY engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers within the meaning of Code Section 10131(A), including the operation and conduct of a commercial and residential resale brokerage with the public wherein, for or in expectation of compensation, for another or others, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others.

B. CARLSBERG MORTGAGE COMPANY. At all times mentioned, in the City and County of Los Angeles, Respondents CMC and GEARY engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers within the meaning of Code Section 10131(b), including the operation and conduct of a property management brokerage with the public wherein, for or in expectation of compensation, for another or others, Respondents 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 collected rents from real property, or improvements thereon; and

C. In addition, CRMI conducted broker-controlled escrows through its escrow division under the exemption set forth in California Financial Code Section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate transaction where the broker is a party and where the broker is performing acts for which a real estate license is required.

FIRST CAUSE OF ACCUSATION

CARLSBERG REALTY (MARYLAND) INC.

Audit

5.

On September 2, 2010, the Department completed an audit examination of the books and records of CRMI pertaining to the real estate resales and broker-controlled escrow activities described in Paragraph 4, that require a real estate license. The audit examination covered a period of time beginning on April 1, 2007 to February 28, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 090208 & LA 090228 and the exhibits and work papers attached to said audit report.

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Trust Accounts

6.

At all times mentioned, in connection with the activities described in Paragraph 4, above, CRMI accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties to transactions handled by CRMI including property owners and tenants. CRMI maintained two trust accounts:

"Carlsberg Realty, Inc.,
Town & Country Escrow Division Trust Account
776020613"
First Regional Bank
Santa Monica, CA 90405 (T/A #1)

"Carlsberg Realty, Inc.,
Town & Country Escrow Division Trust Account
776020591"
First Regional Bank
Santa Monica, CA 90405 (T/A #2)

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Violations of the Real Estate Law

7.

In the course of activities described in Paragraphs 4 and 6, above, and during the examination period described in Paragraph 5, Respondents CRMI and GEARY, acted in violation of the Code and the Regulations in that Respondents:

(a)(1) Permitted, allowed or caused the disbursement of trust funds from T/A #1, where the disbursement of funds reduced the total of aggregate funds in T/A #1, to an amount which, on February 28, 2010, the cutoff date of the audit examination, was $100,606.22, less than the existing aggregate trust fund liability to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, in violation of Code Section 10145 and Regulations 2832.1, 2950(g) and 2951.

(a)(2) Permitted, allowed or caused the disbursement of trust funds from T/A #2, where the disbursement of funds reduced the total of aggregate funds in T/A #1, to an amount which, on February 28, 2010, was $36,596.90, less than the existing aggregate trust fund liability to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, in violation of Code Section 10145 and Regulations 2832.1, 2950(g) and 2951.

(b) Failed to maintain an accurate and complete control record in the form of a columnar record in chronological order of all "Trust Funds Received - Not Placed In Broker's Trust Account, in violation of Code Section 10145 and Regulations 2831, 2950(d)

and 2951.

(c) Failed to place trust funds, including security deposits and tenant rents, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulation 2832(d), 2950(d) and 2951.

(d) Misrepresented to sellers Jones, Luna and Engelhard that CRMI held their earnest money deposits, in violation of Code Section 10176(a).

(e) Failed to place trust funds from borrowers into a trust account in the name of the broker as trustee at a bank or other financial institution in connection with CRMI's escrow activities, in violation of Code Section 10145 and Regulations 2832(a), 2950(d) and 2951.

(f) Permitted Esther Cordero, an unlicensed and unbonded employee of CRMI, to be an authorized signatory on the trust accounts, into which were deposited trust funds for buyers and sellers, in violation of Code Section 10145 and Regulations 2834(a), 2950(d) and 2951.

(g) Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all trust funds received, deposited and disbursed for the trust accounts, in violation of Code Section 10145 and Regulations 2831.1, 2950(d) and 2951.

(h) While acting in the capacity of an escrow holder in two purchase and sale transactions (escrow Numbers 3055 and 1458), failed to place trust funds, including earnest money deposits, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the broker at a bank or other financial institution not later than the next business day following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulations 2832(e), 2950(f) and 2951.

(i) CRMI mixed and commingled trust funds and personal funds and made unauthorized disbursals of beneficiary trust funds by transferring trust funds to and from T/A #1 and T/A #2, and vice-versa, then transferring said trust funds to CMC's B/A #1, CMC's main bank account for its property management activities issuing checks therefrom GEARY's operating expenses for several entities owned by him, in violation of Code Sections 10145, 10176(e), 10176(i) and/or 10177(g) and Regulation 2950(g).

(j) CRMI Failed to disclose in writing to all parties of GEARY's financial interest and ownership of CRMI's escrow division, in violation of Code Sections 10145, 10176(g) and Regulation 2950(h).

(k) Used the fictitious name of "Town & Country Escrow Division", to conduct licensed activities including realty resales and broker-controlled escrows without holding a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731.

Disciplinary Statutes And Regulations

8.

The conduct of Respondents CRMI and GEARY, as alleged and described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
7(a)	Code Section 10145 and Regulations 2832.1, 2950(g) and 2951
7(b)	Code Section 10145 and Regulations 2831, 2950(d) and 2951
7(c)	Code Section 10145 and Regulations 2832(d), 2950(d) and 2951
7(d)	Code Section 10176(a)
7(e)	Code Section 10145 and Regulation 2832(a), 2950(d) and 2951
7(f)	Code Section 10145 and Regulations 2834(a), 2950(d) and 2951
7(g)	Code Section 10145 and Regulation 2831.1, 2950(d) and 2951

7(h)	Code Section 10145 and Regulations 2832(e), 2950(f) and 2951
7(i)	Code Sections 10145, 10176(e), 10176(i) and/or 10177(g)
7(j)	Code Section 10145, 10176(g) and Regulation 2950(h)
7(k)	Code Section 10159.5 and Regulation 2731

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of CRMI and GEARY under the provisions of Code Sections 10176(a), 10176(e), 10176(g), 10176(i), 10177(d) and/or 10177(g).

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SECOND CAUSE OF ACCUSATION

CARLSBERG MANAGEMENT COMPANY

Audit

9.

On September 30, 2010, the Department completed an audit examination of the books and records of CMC pertaining to the property management activities described in Paragraph 4, that require a real estate license. The audit examination covered a period of time beginning on July 1, 2007 to April 30, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 090257 and the exhibits and work papers attached to said audit report.

Trust Accounts

10.

At all times mentioned, in connection with the activities described in Paragraph 4, above, CMC accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties to transactions, handled by CMC including property owners and tenants, buyers and sellers. CMC maintained eight trust accounts of which four are scheduled below:

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"CMC Realty Inc.,
776032115"
First Regional Bank
Santa Monica, CA 90405 (B/A #1)

"Carlsberg Management Company
CMC-Ocean Walk Shoppes
76012033"
First Regional Bank
Santa Monica, CA 90405 (B/A #2)

"Carlsberg Management Company/
AAF Rancho Carlsbad Golf Course
776028398"
First Regional Bank
Santa Monica, CA 90405 (B/A #3)

"Carlsberg Management Company
CMC-Price/O'Brien Apartments
776014079"
First Regional Bank
Santa Monica, CA 90405 (B/A #4)

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Violations of the Real Estate Law

11.

In the course of activities described in Paragraphs 4 and 10, above, and during the examination period described in Paragraph 9, Respondents CMC and GEARY, acted in violation of the Code and the Regulations in that Respondents:

(a)(1) Permitted, allowed or caused the disbursement of trust funds from B/A #1, where the disbursement of funds reduced the total of aggregate funds in B/A #1, to an amount which, on April 30, 2010, the cutoff date of the audit examination, was $2,588,107.37, less than the existing aggregate trust fund liability to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, in violation of Code Sections 10145, 10176(i) and/or 10177(g) and Regulation 2832.1.

(a)(2) Caused a $1,931,000.00 discrepancy to exist in B/A #2, the CMC-Ocean Walk Shoppes trust account, where such discrepancy was caused by the disbursement of trust funds from B/A #2 to B/A #1, without first obtaining the prior written consent of the owners of said trust funds in B/A #2, in violation of Code Sections 10145, 10176(i) and/or 10177(g).

(a)(3) Caused a $11,000.00 discrepancy to exist in B/A #3, the AAF Rancho Carlsbad Gold Course trust account, where such discrepancy was caused by the disbursement of trust funds from B/A #3 to B/A #1, without first obtaining the prior written consent of the owners of said trust funds in B/A #3, in violation of Code Sections 10145, 10176(i) and/or 10177(g) and Regulations

2950(g) and 2951.

(a)(4) Caused a $1,100.00 discrepancy to exist in B/A #3, CMC-Price/O'Brien Apartments trust account, where such discrepancy was caused by the disbursement of trust funds from B/A #3 to B/A #1, without first obtaining the prior written consent of the owners of said trust funds in B/A #4, in violation of Code Sections 10145, 10176(i) and/or 10177(g).

(b) Failed to maintain an accurate and complete control record in the form of a columnar record in chronological order of all trust funds received, deposited and disbursed by B/A #1 through B/A #4, in violation of Code Sections 10145, 10176(i) and/or 10177(g) and Regulation 2831.

(c) Failed to perform a monthly reconciliation of the balance of all separate beneficiary or transaction records maintained pursuant to Regulation 2831.1 with the record of all trust funds received, deposited and disbursed by B/A #1, in violation of Code Section 10145 and Regulation 2831.2.

(d) Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all trust funds received, deposited and disbursed for the trust accounts, in violation of Code Section 10145 and Regulation 2831.1.

(e) Failed to place trust funds into a trust account in the name of the broker as trustee at a bank or other financial institution in connection with CMC's property management activities, in violation of Code Section 10145 and Regulation 2832(a). B/A #1 through B/A 4 were not designated as trust

accounts. B/A #1 was not in the name of the broker.

(f) Permitted Esther Cordero and Kathryn Schiebel, unlicensed and unbonded employees of CMC, to be an authorized signatory on the trust accounts and permitted Gerald Cockrell, an unlicensed and unbonded person, into which were deposited trust funds for property owners and tenants, in violation of Code Section 10145 and Regulation 2834(a).

(g) Trust funds, including but not limited to rents, that had been deposited into CRMI's T/A #1 and T/A #2, and CMC's B/A #2 through B/A #4, and subsequently transferred to B/A #1, CMC's and GEARY's operating account, it appeared that the banks, American Patriot Bank (Acct. #6623512) and First Community Bank (Acct. #2011294) were located in the states of Tennessee and Kansas respectively and the investors for the corresponding out-of-state banks were not the exempt institutional investors, in violation of the trust fund handling procedures of Code Section 10145(a).

(h) Failed to disclose that CMC charged property owners service fees and charges for which no agreement or authorization existed. CMC charged property owner Price Apt LLC a maintenance fee in the amount of $350.00 for use of CMC's computer. CMC also charged property owner Ocean Walk Shoppes a $5,000.00 administration fee for at the end of year where the administration fee was neither authorized nor contained in the management agreement between CMC and Ocean Walk Shoppes, in violation of Code Section 10176(g).

(i) CMC mixed and commingled trust funds and personal funds and made unauthorized disbursals of beneficiary trust funds by transferring trust funds to and from T/A #1 and T/A #2, and vice-versa, then transferring said trust funds to CMC's B/A #1, CMC's main bank account for its property management activities issuing checks therefrom GEARY's operating expenses for several entities owned by him, in violation of Code Sections 10145, 10176(e), 10176(i) and/or 10177(g).

Disciplinary Statutes and Regulations

12.

The conduct of Respondents CMC and GEARY, as alleged and described in Paragraph 11, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
11(a)	Code Sections 10145, 10176(i) and/or 10177(g) and Regulation 2832.1
11(b)	Code Section 10145, 10176(i) and/or 10177(g) and Regulation 2831
11(c)	Code Section 10145, 10176(i) and/or 10177(g) and Regulation 2831.2

11(d)	Code Sections 10145, 10176(a) and Regulation 2831.1
11(e)	Code Sections 10145, 10176(i) and/or 10177(g) and Regulation 2832(a)
11(f)	Code Section 10145 and Regulations 2834(a)
11(g)	Code Section 10145(a)
11(h)	Code Section 10176(g)
11(i)	Code Sections 10145, 10176(e), 10176(i) and/or 10177(g)

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of CMC and GEARY under the provisions of Code Sections 10176(e), 10176(g), 10176(i), 10177(d) and 10177(g).

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THIRD CAUSE OF ACTION

Slush Fund

13.

The conduct of Respondents CARSLBERG REALTY (MARYLAND) INC., CARLSBERG MANAGEMENT COMPANY and WILLIAM WARREN GEARY JR., of making unauthorized transfers trust funds from protected beneficiary trust accounts to fund Respondents' personal, business and investment ventures, accompanied by falsification of trust funds records to deceive the trust fund owner-beneficiaries as to the true status of their defalcated trust funds, constitutes the use of client trust funds as a slush fund, is in violation of Code Sections:

1. 10176(a) for substantial misrepresentation.

2. 10176(b) for making false promises of a character likely to influence, persuade or induce buyers and sellers, property owners and renters into believing their escrowed funds, deposits and rents maintained in bona fide trust accounts.

3. 10176(e) for commingling beneficiary trust funds.

4. 10176(i) for fraud and dishonest dealing in connection with the ongoing systematic scheme to convert client-beneficiary trust funds for use as a private banking reserve fund for Respondents' own purposes.

5. 10176(i) for conversion of trust funds.

6. 10176(i) for concealment of trust fund status by falsification of trust fund accounting records.

7. 10176(i) for fraud in concealment the conversion of trust funds by classifying $1,931,000.00 as a loan to Respondents.

8. 10177(i) for breach of fiduciary for the slush fund defalcation scheme; and

9. 10177(g) for negligence or incompetence in exposing client trust funds to seizure for by federal and California tax authorities and general creditors by Respondents, transfer to unprotected non trust fund accounts.

Negligence

14.

The overall conduct of Respondents CARSLBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY and WILLIAM WARREN GEARY JR. constitutes negligence and is cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to Code Section 10177(g).

Fiduciary Duty

15.

The overall conduct of Respondents CARSLBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY and WILLIAM WARREN GEARY JR. constitutes a breach of fiduciary duty with respect to the said Respondent's real estate consumers and clientele. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to Code Section 10176(i).

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THIRD CAUSE OF ACTION

Failure to Supervise

16.

The overall conduct of Respondent WILLIAM WARREN GEARY JR. constitutes a failure on his part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of CARLSBERG REALTY (MARYLAND) INC. and CARLSBERG MANAGEMENT COMPANY, as required by Code Section 10159.2. This conduct is cause for the discipline of the real estate license and license rights of Respondent pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

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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 Respondents CARLSBERG REALTY (MARYLAND) INC., CARLSBERG MANAGEMENT COMPANY and WILLIAM WARREN GEARY JR., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law., including but not limited to 1) Restorral of converted trust funds in the amount of $2,588,107.37, 2) Restitution to trust fund beneficiaries, and 3) audit costs for LA 090257 (property management audit) and LA 090208 and LA 090228 (realty resales audit).

Dated at Los Angeles, California
this 19th day of November 2010.

R. Trujillo
Deputy Real Estate Commissioner

cc: Carlsberg Realty (Maryland) Inc.
Carlsberg Management Company
c/o William Warren Geary Jr. D.O.
Robin Trujillo
Enforcement - Kimberly Wessler
Sacto
Audits - Manijeh Khazrai