

1 Department of Real Estate
2 P. O. Box 187000
3 Sacramento, CA 95818-7000

FILED

OCT 10 2001

4 Telephone: (916) 227-0789

DEPARTMENT OF REAL ESTATE

By *Laurie G. Zini*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)	
12 JO ANN KRAUSE,)	No. H-2597 SD
13 KFG REAL ESTATE INC.,)	
14 JOHN FRANCIS FORNESS,)	
15 Respondents.)	<u>STIPULATION AND AGREEMENT</u>

16 It is hereby stipulated by and between JO ANN KRAUSE
17 (hereinafter "Respondent KRAUSE") and John J. McCabe, Jr. her
18 attorney of record, and Complainant, acting by and through David
19 A. Peters, Counsel for the Department of Real Estate, as follows
20 for purpose of settling and disposing of the First Amended
21 Accusation filed May 4, 2001 in this matter as to Respondent
22 KRAUSE only:

23 1. All issues which were to be contested and all
24 evidence which was to be presented by Complainant and Respondent
25 at a formal hearing on the Accusation, which hearing was to be
26 held in accordance with the provisions of the Administrative
27 Procedure Act (APA) (Government Code Section 11500 et seq.),

1 shall instead and in place thereof be submitted solely on the
2 basis of the provisions of this Stipulation and Agreement.

3 2. Respondent has received, read and understands the
4 Statement to Respondent, the Discovery Provisions of the APA, and
5 the First Amended Accusation filed by the Department of Real
6 Estate in this proceeding.

7 3. On February 8, 2001, Respondent filed her Notice
8 of Defense pursuant to Section 11505 of the Government Code for
9 the purpose of requesting a hearing on the allegations in the
10 First Amended Accusation. Respondent hereby freely and
11 voluntarily withdraws her Notice of Defense. Respondent
12 acknowledges that by withdrawing said Notice of Defense she will
13 thereby waive her right to require the Commissioner to prove the
14 allegations in the First Amended Accusation at a contested
15 hearing held in accordance with the provisions of the APA and
16 that she will waive other rights afforded to her in connection
17 with the hearing such as the right to present evidence in defense
18 of the allegations in the First Amended Accusation and the right
19 to cross-examine witnesses.

20 4. This Stipulation is based on the factual
21 allegations contained in the Accusation. In the interests of
22 expedience and economy, Respondent chooses not to contest these
23 allegations, but to remain silent and understands that, as a
24 result thereof, these factual allegations, without being admitted
25 or denied, will serve as a prima facie basis for the disciplinary
26 action stipulated to herein. The Real Estate Commissioner shall
27

1 revocation of the real estate license and license rights of
2 Respondent KRAUSE under the provisions of Section 10177(d) of the
3 Business and Professions Code and Section 10130 of the Business
4 and Professions Code.

5 ORDER

6 I

7 A. All licenses and licensing rights of Respondent JO
8 ANN KRAUSE, under the Real Estate Law are suspended for a period
9 of One hundred (100) days from the effective date of this
10 Decision; provided, however, that sixty (60) days of said
11 suspension shall be stayed for two (2) years upon the following
12 terms and conditions:

- 13 1. Respondent shall obey all laws, rules and
14 regulations governing the rights, duties and
15 responsibilities of a real estate licensee in
16 the State of California;
- 17 2. Respondent shall within six months from the
18 effective date of this Decision, take and pass
19 the Professional Responsibility Examination
20 administered by the Department including the
21 payment of the appropriate examination fee. If
22 Respondent fails to satisfy this condition, the
23 Commissioner may order suspension of Respondent's
24 license until Respondent passes the examination.
- 25 3. That no final subsequent determination be made,
26 after hearing or upon stipulation, that cause for
27 disciplinary action occurred within two (2) years

1 of the effective date of this Decision. Should
2 such a determination be made, the Commissioner
3 may, in her discretion, vacate and set aside the
4 stay order and reimpose all or a portion of the
5 stayed suspension. Should no such order vacating
6 the stay be issued in accordance with this
7 condition or any other condition of this Decision,
8 the stay imposed herein shall become permanent.

9 B. The remaining forty (40) days of said suspension
10 shall be stayed for two (2) years upon the following terms and
11 conditions:

- 12 1. Respondent KRAUSE petitions and pays a monetary
13 penalty pursuant to Section 10175.2 of the
14 Business and Professions Code at the rate of
15 \$250.00 for each day of the suspension for a total
16 monetary penalty of \$10,000.00.
- 17 2. Said payment shall be in the form of a cashier's
18 check or certified check made payable to the
19 Recovery Account of the Real Estate Fund. Said
20 check must be delivered to the Department prior to
21 the effective date of the Decision in this matter.
- 22 3. No further cause for disciplinary action against
23 the real estate license of Respondent KRAUSE
24 occurs within two (2) years from the effective
25 date of the Decision in this matter.
- 26 4. If Respondent KRAUSE fails to pay the monetary
27 penalty in accordance with the terms and

1 conditions of the Decision, the Commissioner may,
2 without a hearing, order the immediate execution
3 of all or any part of the stayed suspension in
4 which event Respondent KRAUSE shall not be
5 entitled to any repayment nor credit, prorated or
6 otherwise, for money paid to the Department under
7 the terms of this Decision. Should no order
8 vacating the stay be issued in accordance with
9 this condition or any other condition of this
10 Decision, the stay imposed herein shall become
11 permanent.

12
13 DATED: Sept - 6, 2001



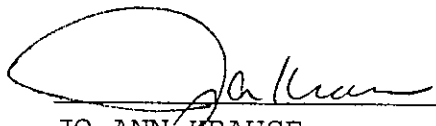
14 DAVID A. PETERS, Counsel
15 DEPARTMENT OF REAL ESTATE

16 * * *

17 I have read the Stipulation and Agreement in
18 Settlement, have discussed it with my counsel, and its terms are
19 understood by me and are agreeable and acceptable to me. I
20 understand that I am waiving rights given to me by the California
21 Administrative Procedure Act (including but not limited to
22 Sections 11506, 11508, 11509, and 11513 of the Government Code),
23 and I willingly, intelligently, and voluntarily waive those
24 rights, including the right of requiring the Commissioner to
25 prove the allegations in the First Amended Accusation at a
26 hearing at which I would have the right to cross-examine
27

1 witnesses against me and to present evidence in defense and
2 mitigation of the charges.


3
4 DATED: 8-21-01



JO ANN KRAUSE
Respondent

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6
7
8 I have reviewed the Stipulation and Agreement in
9 Settlement as to form and content and have advised my client
10 accordingly.

11
12 DATED: 8/21/01



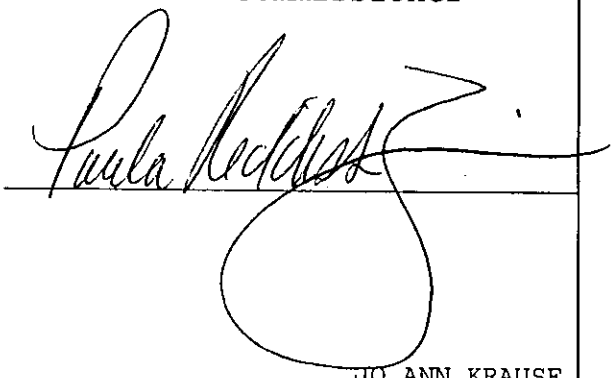
JOHN J. McCABE, JR.
Attorney for Respondent

13 * * *

14
15
16 The foregoing Stipulation and Agreement for Settlement
17 is hereby adopted by the Real Estate Commissioner as her Decision
18 and Order and shall become effective at 12 o'clock noon on
19 OCTOBER 31 , 2001.

20 IT IS SO ORDERED September 25 , 2001.

21
22 PAULA REDDISH ZINNEMANN
Real Estate Commissioner

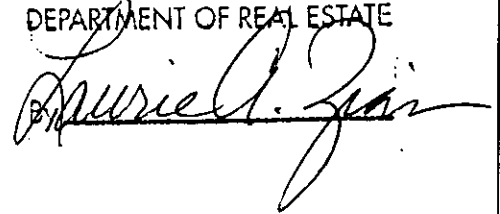


1 Department of Real Estate
2 P. O. Box 187000
3 Sacramento, CA 95818-7000
4
5 Telephone: (916) 227-0789
6
7

FILED

AUG 15 2001

DEPARTMENT OF REAL ESTATE



8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-2597 SD
12)
12 JO ANN KRAUSE,) OAH No. L-2001020331
13 KFG REAL ESTATE INC.,)
13 JOHN FRANCIS FORNESS,) STIPULATION AND AGREEMENT
14 Respondents.)
15)

16 It is hereby stipulated by and between JOHN FRANCIS
17 FORNESS (hereinafter "Respondent FORNESS"), and his attorney of
18 record David S. Bright and Complainant, acting by and through
19 David A. Peters, Counsel for the Department of Real Estate, as
20 follows for purpose of settling and disposing of the First
21 Amended Accusation filed on May 4, 2001 in this matter as to
22 Respondent FORNESS only.

23 1. All issues which were to be contested and all
24 evidence which was to be presented by Complainant and Respondent
25 FORNESS at a formal hearing on the Accusation, which hearing was
26 to be held in accordance with the provisions of the
27 Administrative Procedure Act (APA) (Government Code Section

1 11500 et seq.), shall instead and in place thereof be submitted
2 solely on the basis of the provisions of this Stipulation and
3 Agreement.

4 2. Respondent FORNESS has received, read and
5 understands the Statement to Respondents, the Discovery
6 Provisions of the APA, and the Accusation filed by the
7 Department of Real Estate in this proceeding.

8 3. On May 21, 2001, Respondent FORNESS filed his
9 Notice of Defense pursuant to Section 11505 of the Government
10 Code for the purpose of requesting a hearing on the allegations
11 in the Accusation. Respondent FORNESS freely and voluntarily
12 withdraws his Notice of Defense. Respondent FORNESS acknowledges
13 that by withdrawing said Notice of Defense he will thereby waive
14 his right to require the Commissioner to prove the allegations
15 in the Accusation at a contested hearing held in accordance with
16 the provisions of the APA and that he will waive other rights
17 afforded to him in connection with the hearing such as the right
18 to present evidence in defense of the allegations in the
19 Accusation and the right to cross-examine witnesses.

20 4. This Stipulation is based on the factual
21 allegations contained in the Accusation. In the interests of
22 expedience and economy, Respondent FORNESS chooses not to
23 contest these allegations, but to remain silent and understand
24 that, as a result thereof, these factual allegations, without
25 being admitted or denied, will serve as prima facia basis for
26 the disciplinary action stipulated to herein. The Real Estate

27 ///

1 Commissioner shall not be required to provide further evidence
2 to prove said factual allegations.

3 5. It is understood by the parties that the Real
4 Estate Commissioner may adopt the Stipulation and Agreement as
5 her Decision in this matter, thereby imposing the penalty and
6 sanctions on Respondent's real estate license and license rights
7 as set forth in the below "Order". In the event that the
8 Commissioner in her discretion does not adopt the Stipulation
9 and Agreement, it shall be void and of no effect, and Respondent
10 FORNESS shall retain the right to a hearing and proceeding on
11 the Accusation under all the provisions of the APA and shall not
12 be bound by any admission or waiver made herein.

13 6. The Order or any subsequent Order of the Real
14 Estate Commissioner made pursuant to this Stipulation and
15 Agreement shall not constitute an estoppel, merger or bar to any
16 further administrative or civil proceedings by the Department of
17 Real Estate with respect to any matters which were not
18 specifically alleged to be causes for accusation in this
19 proceeding.

20 7. Respondent understands that by agreeing to this
21 Stipulation and Agreement in Settlement, Respondent agrees to
22 pay, pursuant to Section 10148 of the Business and Professions
23 Code, the cost of the audit which led to this disciplinary
24 action. The amount of said costs is \$3,789.04.

25 8. Respondent has received, read, and understands
26 the "Notice Concerning Costs of Subsequent Audit". Respondent
27 further understands that by agreeing to this Stipulation and

1 Agreement in Settlement, the findings set forth below in the
2 DETERMINATION OF ISSUES become final, and that the Commissioner
3 may charge Respondent for the costs of any subsequent audit
4 conducted pursuant to Section 10148 of the Business and
5 Professions Code to determine if the violations have been
6 corrected. The maximum costs of said audit will not exceed
7 \$3,789.04.

8 DETERMINATION OF ISSUES

9 By reason of the foregoing stipulations, admissions
10 and waivers, and solely for the purpose of settlement of the
11 pending Accusation without a hearing, it is stipulated and
12 agreed that the following determination of issues shall be made:

13 I

14 The conduct of Respondent FORNESS, as described in the
15 First Amended Accusation, constitutes cause for the suspension
16 of revocation of the real estate license and license rights of
17 Respondent FORNESS under the provisions of Section 10177(h) of
18 the Business and Professions Code and Section 10177(d) of the
19 Business and Professions Code in conjunction with Sections 2725,
20 2832, 2831, 2831.2, 2834, 2731, and 2752 of Title 10, California
21 Code of Regulations and Sections 10163 and 10161.8(b) of the
22 Business and Professions Code.

23 ORDER

24 A. All licenses and licensing rights of Respondent
25 JOHN FRANCIS FORNESS, under the Real Estate Law are suspended
26 for a period of One hundred (100) days from the effective date
27 of this Decision; provided, however, that sixty (60) days of

1 said suspension shall be stayed for two (2) years upon the
2 following terms and conditions:

3 (1) Respondent shall obey all laws, rules and
4 regulations governing the rights, duties and
5 responsibilities of a real estate licensee in the
6 State of California.

7 (2) Respondent shall within six (6) months from the
8 effective date of this Decision, take and pass
9 the Professional Responsibility Examination
10 administered by the Department including the
11 payment of the appropriate examination fee. If
12 Respondent fails to satisfy this condition, the
13 Commissioner may order suspension of Respondent's
14 license until Respondent passes the examination.

15 (3) That no final subsequent determination be made,
16 after hearing or upon stipulation, that cause for
17 disciplinary action occurred within two (2) years
18 of the effective date of this Decision. Should
19 such a determination be made, the Commissioner
20 may, in her discretion, vacate and set aside the
21 stay order and reimpose all or a portion of the
22 stayed suspension. Should no such order vacating
23 the stay be issued in accordance with this
24 condition or any other condition of this
25 Decision, the stay imposed herein shall become
26 permanent.

27 ///

1 B. The remaining forty (40) days of said suspension
2 shall be stayed for two (2) years upon the following terms and
3 conditions:

- 4 (1) Respondent FORNESS petitions and pays a monetary
5 penalty pursuant to Section 10175.2 of the
6 Business and Professions Code at the rate of
7 \$250.00 for each day of the suspension for a
8 total monetary penalty of \$10,000.00.
- 9 (2) Said payment shall be in the form of a cashier's
10 check or certified check made payable to the
11 Recovery Account of the Real Estate Fund. Said
12 check must be delivered to the Department prior
13 to the effective date of the Decision in this
14 matter.
- 15 (3) No further cause for disciplinary action against
16 the real estate license of Respondent FORNESS
17 occurs within two (2) years from the effective
18 date of the Decision in this matter.
- 19 (4) If Respondent FORNESS fails to pay the monetary
20 penalty in accordance with the terms and
21 conditions of the Decision, the Commissioner may,
22 without a hearing, order the immediate execution
23 of all or any part of the stayed suspension in
24 which event Respondent FORNESS shall not be
25 entitled to any repayment nor credit, prorated or
26 otherwise, for money paid to the Department under

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the terms of this Decision. Should no order vacating the stay be issued in accordance with this condition or any other condition of this Decision, the stay imposed herein shall become permanent.

7/19/01

DATED

Larry Alonzo

for DAVID A. PETERS, Counsel
DEPARTMENT OF REAL ESTATE

* * *

I have read the Stipulation and Agreement, have discussed it with my counsel, and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509, and 11513 of the Government Code), and I willingly, intelligently, and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges.

7/12/01

DATED

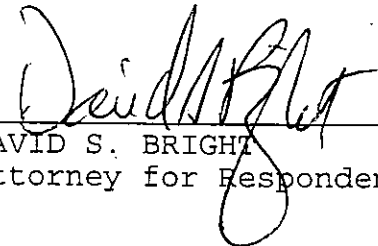
[Signature]
JOHN FRANCIS FORNESS
Respondent

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1 I have reviewed the Stipulation and Agreement as to
2 form and content and have advised my client accordingly.

3
4 7-15-01

5 DATED

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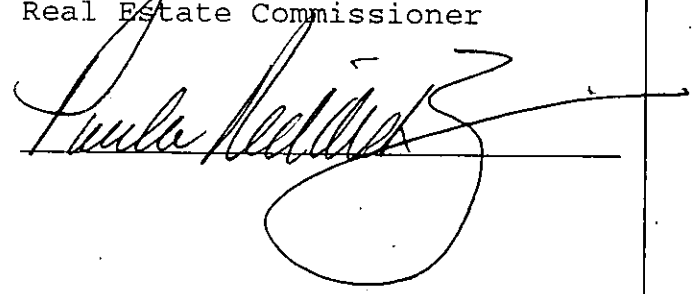
7 DAVID S. BRIGHT
8 Attorney for Respondent

9 * * *

10 The foregoing Stipulation and Agreement for
11 Settlement is hereby adopted by the Real Estate Commissioner as
12 her Decision and Order and shall become effective at 12 o'clock
13 noon on September 5, 2001.

14 IT IS SO ORDERED August 6, 2001.

15 PAULA REDDISH ZINNEMANN
16 Real Estate Commissioner

17 

FILED

AUG 15 2001

DEPARTMENT OF REAL ESTATE

Laurie A. Ginn

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-2597 SD
JO ANN KRAUSE,)	OAH No. L-2001020331
KFG REAL ESTATE INC.,)	
JOHN FRANCIS FORNESS,)	
Respondents.)	

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On May 4, 2001, an Accusation was filed in this matter against Respondents.

On July 12, 2001, Respondent KFG REAL ESTATE INC. only petitioned the Commissioner to voluntarily surrender its real estate corporation license pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent KFG REAL ESTATE INC.'s petition for voluntary surrender of its real estate corporation license is accepted as of the effective date of this Order as set forth below, based upon the understanding and agreement expressed in Respondent KFG REAL ESTATE INC.'s Declaration dated July 12, 2001 (attached as Exhibit "A" hereto).

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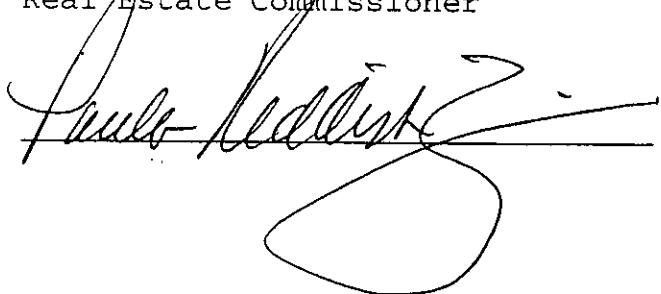
Respondent KFG REAL ESTATE INC.'s license certificate
and pocket card shall be sent to the below-listed address so that
they reach the Department on or before the effective date of this
Order:

DEPARTMENT OF REAL ESTATE
Attention: Licensing Flag Section
P. O. Box 187000
Sacramento, CA 95818-7000

This Order shall become effective at 12 o'clock
noon on September 5, 2001.

DATED: August 6, 2001

PAULA REDDISH ZINNEMANN
Real Estate Commissioner



1 Department of Real Estate
P. O. Box 187000
2 Sacramento, CA 95818-7000
3 Telephone: (916) 227-0789
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7

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-2597 SD
12 JO ANN KRAUSE,) OAH No. L-2001020331
13 KFG REAL ESTATE INC.,)
14 JOHN FRANCIS FORNESS,)
Respondents.)

15
16 **DECLARATION**

17 My name is JOHN FRANCIS FORNESS, and I am currently
18 and have been an officer of KFG REAL ESTATE INC., which is
19 licensed as a real estate broker and/or has license rights with
20 respect to said license. I am authorized to sign this
21 declaration on behalf of KFG REAL ESTATE INC. Respondent
22 KFG REAL ESTATE INC. is represented in this matter by David S.
23 Bright, Attorney at Law.

24 In lieu of proceeding in this matter in accordance
25 with the provisions of the Administrative Procedure Act
26 (Sections 11400 et seq., of the Business and Professions Code)
27 ///



1 KFG REAL ESTATE INC. wishes to voluntarily surrender its real
2 estate license issued by the Department of Real Estate
3 ("Department"), pursuant to Business and Professions Code
4 Section 10100.2.

5 I understand that KFG REAL ESTATE INC., by so
6 voluntarily surrendering its license, can only have it
7 reinstated in accordance with the provisions of Section 11522 of
8 the Government Code. I also understand that by so voluntarily
9 surrendering its license, KFG REAL ESTATE INC. agrees to the
10 following:

11 The filing of this Declaration shall be deemed as its
12 petition for voluntary surrender. It shall also be deemed to be
13 an understanding and agreement by KFG REAL ESTATE INC. that, it
14 waives all rights KFG REAL ESTATE INC. has to require the
15 Commissioner to prove the allegations contained in the First
16 Amended Accusation filed in this matter at a hearing held in
17 accordance with the provisions of the Administrative Procedures
18 Act (Government Code Sections 11400 et seq.), and that KFG REAL
19 ESTATE INC. also waives other rights afforded to it in
20 connection with the hearing such as the right to discovery, the
21 right to present evidence in defense of the allegations in the
22 First Amended Accusation and the right to cross examine
23 witnesses. I further agree on behalf of KFG REAL ESTATE INC.
24 that upon acceptance by the Commissioner, as evidenced by an
25 appropriate order, all affidavits and all relevant evidence
26 obtained by the Department in this matter prior to the
27

1 Commissioner's acceptance, and all allegations contained in the
2 First Amended Accusation filed in the Department Case No.
3 H-2597 SD, may be considered by the Department to be true and
4 correct for the purpose of deciding whether or not to grant
5 reinstatement of KFG REAL ESTATE INC.'s license pursuant to
6 Government Code Section 11522.

7 I declare under penalty of perjury under the laws of
8 the State of California that the above is true and correct and
9 that I am acting freely and voluntarily on behalf of KFG REAL
10 ESTATE INC. to surrender its license and all license rights
11 attached thereto.

12 DATED: 7/12/01



13
14
15 KFG REAL ESTATE INC.,
Respondent
16 By: John Francis Forness
Designated Officer
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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED

MAY 16 2001

DEPARTMENT OF REAL ESTATE

By Laurie P. Zorn

In the Matter of the Accusation of

JO ANN KRAUSE,
KFG REAL ESTATE, INC.,
JOHN FRANCIS FORNESS,

}

Case No. H-2597 SD

OAH No. L-2001020331

Respondent

FIRST AMENDED
NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at THE OFFICE OF ADMINISTRATIVE HEARINGS, 1350 FRONT STREET, SUITE 6022, SAN DIEGO, CA 92101 on AUGUST 27 & 28, 2001, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: MAY 16, 2001

By David A. Peters
DAVID A. PETERS Counsel

1 DAVID A. PETERS, Counsel (SBN 99528)
2 Department of Real Estate
3 P. O. Box 187000
4 Sacramento, CA 95818-7000
5 Telephone: (916) 227-0789
6 -or- (916) 227-0781 (Direct)
7

FILED
MAY -4 2001

DEPARTMENT OF REAL ESTATE

By *Laurie A. Jan*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-2597 SD
12 JO ANN KRAUSE,) FIRST AMENDED
13 KFG REAL ESTATE INC.,) ACCUSATION
14 JOHN FRANCIS FORNESS,)
15 Respondents.)

16 The Complainant, Charles W. Koenig, a Deputy Real
17 Estate Commissioner of the State of California, for cause of
18 accusation against JO ANN KRAUSE (hereinafter "Respondent
19 KRAUSE"), KFG REAL ESTATE INC. (hereinafter "Respondent KFG"),
20 and JOHN FRANCIS FORNESS (hereinafter "Respondent FORNESS"), is
21 informed and alleges as follows:

22 FIRST CAUSE OF ACCUSATION

23 I

24 The Complainant, Charles W. Koenig, a Deputy Real
25 Estate Commissioner of the State of California, makes this
26 accusation in his official capacity.

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II

Respondents KRAUSE, KFG, and FORNESS, are licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter "the Code") as follows:

JO ANN KRAUSE - as a real estate salesperson.

KFG REAL ESTATE INC. - as a real estate broker corporation acting by and through Respondent FORNESS as designated broker-officer.

JOHN FRANCIS FORNESS - as a real estate broker and as designated broker-officer for Respondent KFG.

III

Beginning on or about September 27, 1998 and continuing through on or about July 13, 1999, Respondent KRAUSE's real estate salesperson license was expired.

IV

Beginning on or after September 27, 1998 and continuing through on or about July 13, 1999, at a time when Respondent KRAUSE's real estate salesperson license had expired as described in Paragraph III above, Respondent KRAUSE while in the employ of Respondent KFG, engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker in the State of California within the meaning of Section 10131(a) of the Code, including the operation and conduct of a real estate sales business with the public wherein, on behalf of others and for compensation or in expectation of a compensation, Respondent KRAUSE sold or offered to sell, bought

1 or offered to buy, solicited prospective sellers or purchasers
2 of, solicited or obtained listings of, or negotiated the
3 purchase, sale or exchange of real property.

4 V

5 Said real estate sales activities conducted by
6 Respondent KRAUSE as described in Paragraph IV above, included,
7 but are not limited to, the following transactions:

8	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
9	10/01/98	Fred Mills	6613 Corte Real San Diego, California
10			
11	10/05/98	Matt Foster	1765 Avenida Vista Labera San Diego, California
12	10/20/98	Patrick Mullins	12086 Little Silver Court San Diego, California
13			
14	10/22/98	Randall & Nancy Cunningham	580 Camino De La Reina San Diego, California
15	10/23/98	Carol Beauchat	6780 Clear Sky Terrace San Diego, California
16			
17	10/26/98	Kaufman & Broad	1043 Via Vera Cruz San Diego, California
18	10/27/98	Paul & Barbara Arenson	5297 Hewlett San Diego, California
19			
20	11/04/98	Francine Stevenson	2067 Lakeridge #102 San Diego, California
21	11/04/98	Mr. & Mrs. Bornstein	12349 Briardale San Diego, California
22			
23	11/16/98	Relo Action	4221 Appleton San Diego, California
24	11/24/98	Michael Brown	10159 Buena Vista San Diego, California
25			
26	12/01/98	Mark Carnihan	6533 Delbarton San Diego, California

27 ///

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	12/01/98	Bill & Jackie Anderson	2812 Walker San Diego, California
3			
4	12/21/98	James Yee	17458 Fairlie San Diego, California
5	12/21/98	Susan & Doris Fung	7225 Calabrdia Court #86 San Diego, California
6			
7	12/24/98	Pat & Jill Davis	11590 Cypress Canyon Park San Diego, California
8	12/30/98	Fred Castro	315 Whispering Willow San Diego, California
9			
10	12/30/98	Cendant Mobility	11722 Angelique San Diego, California
11	12/31/98	Keiko Kirby	7700 Parkway Drive, #18 San Diego, California
12			
13	01/06/99	Juan Hernandez	1825-27 Felton Street San Diego, California
14	02/01/99	Douglas & Duetta Bellemly	12107 Travertine Court San Diego, California
15			
16	02/12/99	RRI	10252 Rancho Carmel Drive San Diego, California
17	02/17/99	George & Thelma Greenberg	8383 Suntree Place San Diego, California
18			
19	03/01/99	Jim Ferrari	1649 Walbollen San Diego, California
20	03/03/99	Noel Martinez	3309 Vista Loma Circle San Diego, California
21			
22	03/09/99	Bob & Debra Tuckett	10449 El Comal San Diego, California
23	03/11/99	Dennis & Peggy Melilli	3833 Lamont Street, #1-A San Diego, California
24			
25	03/12/99	Davy Aker	4211 Madison San Diego, California
26	03/19/99	Robert L. Feuge	1834 Diamond Street San Diego, California
27			

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	03/22/99	Henry & Jackie Wolmarans	15594 Raparian Road San Diego, California
3			
4	03/22/99	Marion Diebold	9415 Stoyer Drive San Diego, California
5	03/25/99	Nancy Cadena	5435 Oakleaf Point San Diego, California
6			
7	04/05/99	Cendant Mobility	13501 Tiverton San Diego, California
8	04/08/99	Michael Tofflemire	747 Wichita San Diego, California
9			
10	04/20/99	Rose Littmann	745 El Rancho Drive San Diego, California
11	04/20/99	Mark & Pam Wilson	3483 Mission Mesa San Diego, California
12			
13	04/23/99	Robert & Eva McConnell	1747 Primera San Diego, California
14	05/03/99	Steven Lazarchik	11763 Fantasia Court San Diego, California
15			
16	05/04/99	Sandra Breylinger	3958 60th Street, #75 San Diego, California
17	05/11/99	Chris Peterson	3061 Quince Street San Diego, California
18			
19	05/14/99	Manual & Pauline Reyes	8617 Arminda, #18 San Diego, California
20	05/14/99	Sarah Bullock	6052 Rancho Mission Road San Diego, California
21			
22	05/18/99	Franklin Dougherty	7006 Melody Lane San Diego, California
23	05/27/99	Pinnacle Medtronic Relo	2010 Sequoia San Diego, California
24			
25	06/01/99	Dan & Renee Tillwick	13393 Gabilan Road San Diego, California
26	06/01/99	Amy R. Friedman	10534 Bandell San Diego, California
27			

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	06/01/99	Mark Moeller	6131 Rancho Mission Road San Diego, California
3			
4	06/02/99	Associates Relo Management	2520 Quail Run Road San Diego, California
5	06/11/99	B of A Nations Bank	3922 Coldwell Lane San Diego, California
6			
7	06/14/99	Joe Dennison	12328 Linroe San Diego, California
8	06/14/99	Relocation Resources	11089 Caminito Arcada San Diego, California
9			
10	06/14/99	Shaun & Vatta Baker	10921 Caminito Arcada San Diego, California
11	06/21/99	John & Wassena Perkins	11228 Sirias Road San Diego, California
12			
13	06/28/99	Green Valley Associates	1062 Cottage Way San Diego, California
14	07/01/99	Bonnie Nack	12630 Springbrook, Unit D San Diego, California
15			
16	07/09/99	Dennis & Denise Gunthaus	10101 Country Scenes Ct. San Diego, California

VI

18 Beginning on or after September 27, 1998 and
19 continuing through on or before July 13, 1999, in connection
20 with the real estate activities described in Paragraphs IV and V
21 above, Respondent KFG employed or compensated, directly or
22 indirectly Respondent KRAUSE to perform acts requiring a real
23 estate license at a time when Respondent KRAUSE's real estate
24 salesperson license was expired.

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1 VII

2 At various times beginning on or about September 27,
3 1998 and continuing through on or before July 13, 1999,
4 Respondent FORNESS, as designated broker-officer for Respondent
5 KFG, failed to exercise reasonable supervision and control over
6 the licensed activities of Respondent KFG required by Section
7 10159.2 of the Code in that Respondent FORNESS permitted
8 Respondent KRAUSE, a real estate salesperson with an expired
9 real estate license, to conduct the real estate sales activities
10 described in Paragraphs IV and V above. Respondent FORNESS
11 failed to exercise reasonable supervision over the activities of
12 Respondent KFG's salespersons by failing to establish adequate
13 policies, rules, procedures and systems to review, oversee,
14 inspect and manage said activities.

15 VIII

16 The acts and/or omissions of Respondents KRAUSE, KFG
17 and FORNESS described above in this First Cause of Accusation
18 are grounds for the suspension or revocation of the licenses
19 and/or license rights of Respondents KRAUSE, KFG and FORNESS
20 under the following sections of the Code and of Title 10,
21 California Code of Regulations (hereinafter "Regulations").

22 (1) As to Paragraphs IV and V, under Section 10177(d)
23 of the Code in conjunction with Section 10130 of the Code as to
24 Respondent KRAUSE;

25 (2) As to Paragraph VI, under Section 10137 of the
26 Code as to Respondent KFG;

27 ///

1 (3) As to Paragraph VII, under Section 10177(h) of
2 the Code and Section 10177(d) of the Code in conjunction with
3 Section 2725 of the Regulations as to Respondent FORNESS. In
4 the alternative, the acts and/or omissions of Respondent FORNESS
5 described in Paragraph VII are grounds for the suspension or
6 revocation of Respondent FORNESS' license and/or license rights
7 under Section 10177(g) of the Code.

8 SECOND CAUSE OF ACCUSATION

9 IX

10 There is hereby incorporated in this second, separate
11 and distinct cause of Accusation all of the allegations
12 contained in Paragraphs I and II of the First Cause of
13 Accusation with the same force and effect as if herein fully set
14 forth.

15 X

16 Beginning on or before June 1, 1998 and continuing
17 through on or about June 30, 1999, Respondents KFG and FORNESS,
18 engaged in the business of, acted in the capacity of,
19 advertised, or assumed to act as a real estate broker in the
20 State of California within the meaning of Section 10131(a) of
21 the Code, including the operation and conduct of a real estate
22 sales business with the public wherein, on behalf of others and
23 for compensation or in expectation of a compensation,
24 Respondents KFG and FORNESS sold or offered to sell, bought or
25 offered to buy, solicited prospective sellers or purchasers of,
26 solicited or obtained listings of, or negotiated the purchase
27 sale or exchange of real property.

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XI

During the course of the real estate sales activities described in Paragraph X above, Respondents KFG and FORNESS received and disbursed funds held in trust on behalf of another or others.

XII

Beginning on or before June 1, 1998 through on or about June 30, 1999, Respondents KFG and FORNESS maintained the following trust fund account:

<u>TITLE AND ACCOUNT NUMBER</u>	<u>BANK</u>
KFG Real Estate Inc DBA Century 21 Able Account No. 0260030361 (hereinafter "Trust Account")	Union Bank of California San Diego, California

The Trust Account was not in the name of Respondent KFG as trustee at a bank or other financial institution as required by Section 2832 of the Regulations.

XIII

In connection with the receipt and disbursement of trust funds described in Paragraph XI above, Respondents KFG and FORNESS failed to maintain adequate columnar records of all trust funds received and disbursed in the manner required by Section 2831 of the Regulations.

XIV

In connection with the receipt and disbursement of trust funds described in Paragraph XI above, Respondents KFG and FORNESS failed to adequately maintain and perform a reconciliation with the records of all trust funds received and

1 disbursed as required by Section 2831.1 of the Regulations, at
2 least once per month, in conformance with Section 2831.2 of the
3 Regulations.

4 XV

5 In connection with the receipt and disbursement of
6 trust funds described in Paragraph XI above, Respondents KFG and
7 FORNESS permitted withdrawals to be made from the Trust Account,
8 by someone other than a corporate officer, or a salesperson
9 licensed to Respondents and authorized in writing by Respondents
10 to withdraw said funds, or an authorized unlicensed employee
11 covered by a fidelity bond indemnifying against loss in an
12 amount sufficient to cover the maximum amount of funds to which
13 the employee had access at any time, in violation of Section
14 2834 of the Regulations.

15 XVI

16 Within the three-year period immediately preceding the
17 filing of this Accusation, Respondents KFG and FORNESS operated
18 their real estate sales business as described in Paragraph X
19 above, under the fictitious business name of "Corporate Moves of
20 San Diego" without Respondents obtaining a license bearing said
21 fictitious business name as required by Section 2731 of the
22 Regulations.

23 XVII

24 Within the three-year period immediately preceding the
25 filing of this Accusation, Respondents KFG and FORNESS conducted
26 their real estate activities from branch offices without having
27 obtained an additional real estate license for each branch so

1 maintained as required by Section 10163 of the Code. Said branch
2 offices included the following:

3 7439 Jackson Drive, San Diego, California;

4 9370 Sky Park Court #170, San Diego, California;

5 14757 Pomerado Road, Poway, California;

6 3202 Governor Drive #100, San Diego, California; and

7 1820 Marron Road #102, Carlsbad, California.

8 XVIII

9 Within the three-year period immediately preceding the
10 filing of this Accusation and continuing through on or about
11 June 28, 1999, Respondents KFG and FORNESS failed to immediately
12 notify the Commissioner in writing of salespersons entering
13 Respondents' employ as required by Section 10161.8(a) of the
14 Code and Section 2752 of the Regulations. Said salespersons
15 included but are not limited to the following: Wanda
16 deRenouard, Edward Rason, Linda R. Rice, Maria DiLorenzo, and
17 Nasrin Salehyan.

18 XIX

19 Within the three-year period immediately preceding the
20 filing of this Accusation and continuing through on or about
21 June 28, 1999, Respondents KFG and FORNESS failed to immediately
22 notify the Commissioner in writing of salespersons terminated
23 from Respondents' employ as required by Section 10161.8(b) of
24 the Code. Said salespersons included but are not limited to the
25 following Keith Arnett and Lynn D. Eskelson.

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1 XX

2 The acts and/or omissions of Respondents KFG and
3 FORNESS described above in this Second Cause of Accusation are
4 grounds for the suspension or revocation of the licenses and/or
5 license rights of Respondents KFG and FORNESS under the
6 following sections of the Code and Regulations.

7 (1) As to Paragraph XII, under Section 10177(d) of
8 the Code in conjunction with Section 2832 of the Regulations;

9 (2) As to Paragraph XIII, under Section 10177(d) of
10 the Code in conjunction with Section 2831 of the Regulations;

11 (3) As to Paragraph XIV, under Section 10177(d) of
12 the Code in conjunction with Section 2831.2 of the Regulations;

13 (4) As to Paragraph XV, under Section 10177(d) of the
14 Code in conjunction with Section 2834 of the Regulations;

15 (5) As to Paragraph XVI, under Section 10177(d) of
16 the Code in conjunction with Section 2731 of the Regulations;

17 (6) As to Paragraph XVII, under Section 10177(d) of
18 the Code in conjunction with Section 10163 of the Code;

19 (7) As to Paragraph XVIII, under Section 10177(d) of
20 the Code in conjunction with Section 10161.8(a) of the Code and
21 Section 2752 of the Regulations; and

22 (8) As to Paragraph XIX, under Section 10177(d) of
23 the Code in conjunction with Section 10161.8(b) of the Code.

24 In the alternative the acts and/or omissions of
25 Respondent FORNESS, as described in this Second Cause of
26 Accusation, constitute failure on the part of Respondent
27 FORNESS, as designated broker-officer for Respondent KFG, to

1 exercise reasonable supervision and control over the licensed
2 activities of Respondent KFG required by Section 10159.2 of the
3 Code, and is cause for the suspension or revocation of
4 Respondent FORNESS's licenses and/or license rights under
5 Section 10177(h) of the Code.

6 WHEREFORE, Complainant prays that a hearing be
7 conducted on the allegations of this Accusation and that upon
8 proof thereof a decision be rendered imposing disciplinary
9 action against all licenses and license rights of Respondents
10 under the Real Estate Law (Part 1 of Division 4 of the Business
11 and Professions Code) and for such other and further relief as
12 may be proper under other provisions of law.

13
14 
15 CHARLES W. KOENIG
16 Deputy Real Estate Commissioner

17 Dated at Sacramento, California,
18 this 3rd day of May, 2001.
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FILED

BEFORE THE DEPARTMENT OF REAL ESTATE MAR - 8 2001
STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

By *Lauriel J. Zain*

In the Matter of the Accusation of

JO ANN KRAUSE,
KFG REAL ESTATE, INC.,
JOHN FRANCIS FORNESS,

}

Case No. H-2597 SD

OAH No. L-2001020331

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at THE OFFICE OF ADMINISTRATIVE HEARINGS, 1350 FRONT STREET, SUITE 6022, SAN DIEGO, CA 92101 on JUNE 27, 28 & 29, 2001, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

By *David A. Peters*
DAVID A. PETERS Counsel

Dated: MARCH 8, 2001

1 DAVID A. PETERS, Counsel (SBN 99528)
2 Department of Real Estate
3 P. O. Box 187000
4 Sacramento, CA 95818-7000

FILED

JAN 25 2001

5 Telephone: (916) 227-0789
6 -or- (916) 227-0781 (Direct)

DEPARTMENT OF REAL ESTATE

By *Laurie G. Jones*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)	No. H-2597 SD
)	
12 JO ANN KRAUSE,)	<u>ACCUSATION</u>
13 KFG REAL ESTATE INC.,)	
14 JOHN FRANCIS FORNESS,)	
)	
15 Respondents.)	

16 The Complainant, J. Chris Graves, a Deputy Real Estate
17 Commissioner of the State of California, for cause of accusation
18 against JO ANN KRAUSE (hereinafter "Respondent KRAUSE"), KFG
19 REAL ESTATE INC. (hereinafter "Respondent KFG"), and JOHN
20 FRANCIS FORNESS (hereinafter "Respondent FORNESS"), is informed
21 and alleges as follows:

22 I

23 The Complainant, J. Chris Graves, a Deputy Real Estate
24 Commissioner of the State of California, makes this accusation
25 in his official capacity.

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II

Respondents KRAUSE, KFG, and FORNESS, are licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter "the Code") as follows:

JO ANN KRAUSE - as a real estate salesperson.

KFG REAL ESTATE INC. - as a real estate broker corporation acting by and through Respondent FORNESS as designated broker-officer.

JOHN FRANCIS FORNESS - as a real estate broker and as designated broker-officer for Respondent KFG.

III

Beginning on or about September 27, 1998 and continuing through on or about July 13, 1999, Respondent KRAUSE's real estate salesperson license was expired.

IV

Beginning on or after September 27, 1998 and continuing through on or about July 13, 1999, at a time when Respondent KRAUSE's real estate salesperson license had expired as described in Paragraph III above, Respondent KRAUSE while in the employ of Respondent KFG, engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker in the State of California within the meaning of Section 10131(a) of the Code, including the operation and conduct of a real estate sales business with the public wherein, on behalf of others and for compensation or in expectation of a compensation, Respondent KRAUSE sold or offered to sell, bought

1 or offered to buy, solicited prospective sellers or purchasers
2 of, solicited or obtained listings of, or negotiated the
3 purchase, sale or exchange of real property.

4 V

5 Said real estate sales activities conducted by
6 Respondent KRAUSE as described in Paragraph IV above, included,
7 but are not limited to, the following transactions:

8	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
9	10/01/98	Fred Mills	6613 Corte Real San Diego, California
10			
11	10/05/98	Matt Foster	1765 Avenida Vista Labera San Diego, California
12	10/20/98	Patrick Mullins	12086 Little Silver Court San Diego, California
13			
14	10/22/98	Randall & Nancy Cunningham	580 Camino De La Reina San Diego, California
15	10/23/98	Carol Beauchat	6780 Clear Sky Terrace San Diego, California
16			
17	10/26/98	Kaufman & Broad	1043 Via Vera Cruz San Diego, California
18	10/27/98	Paul & Barbara Arenson	5297 Hewlett San Diego, California
19			
20	11/04/98	Francine Stevenson	2067 Lakeridge #102 San Diego, California
21	11/04/98	Mr. & Mrs. Bornstein	12349 Briardale San Diego, California
22			
23	11/16/98	Relo Action	4221 Appleton San Diego, California
24	11/24/98	Michael Brown	10159 Buena Vista San Diego, California
25			
26	12/01/98	Mark Carnihan	6533 Delbarton San Diego, California

27 ///

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	12/01/98	Bill & Jackie Anderson	2812 Walker San Diego, California
3			
4	12/21/98	James Yee	17458 Fairlie San Diego, California
5	12/21/98	Susan & Doris Fung	7225 Calabrdia Court #86 San Diego, California
6			
7	12/24/98	Pat & Jill Davis	11590 Cypress Canyon Park San Diego, California
8	12/30/98	Fred Castro	315 Whispering Willow San Diego, California
9			
10	12/30/98	Cendant Mobility	11722 Angelique San Diego, California
11	12/31/98	Keiko Kirby	7700 Parkway Drive, #18 San Diego, California
12			
13	01/06/99	Juan Hernandez	1825-27 Felton Street San Diego, California
14	02/01/99	Douglas & Duetta Bellemey	12107 Travertine Court San Diego, California
15			
16	02/12/99	RRI	10252 Rancho Carmel Drive San Diego, California
17	02/17/99	George & Thelma Greenberg	8383 Suntree Place San Diego, California
18			
19	03/01/99	Jim Ferrari	1649 Walbollen San Diego, California
20	03/03/99	Noel Martinez	3309 Vista Loma Circle San Diego, California
21			
22	03/09/99	Bob & Debra Tuckett	10449 El Comal San Diego, California
23	03/11/99	Dennis & Peggy Melilli	3833 Lamont Street, #1-A San Diego, California
24			
25	03/12/99	Davy Aker	4211 Madison San Diego, California
26	03/19/99	Robert L. Feuge	1834 Diamond Street San Diego, California
27			

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	03/22/99	Henry & Jackie Wolmarans	15594 Raparian Road San Diego, California
3			
4	03/22/99	Marion Diebold	9415 Stoyer Drive San Diego, California
5	03/25/99	Nancy Cadena	5435 Oakleaf Point San Diego, California
6			
7	04/05/99	Cendant Mobility	13501 Tiverton San Diego, California
8	04/08/99	Michael Tofflemire	747 Wichita San Diego, California
9			
10	04/20/99	Rose Littmann	745 El Rancho Drive San Diego, California
11	04/20/99	Mark & Pam Wilson	3483 Mission Mesa San Diego, California
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13	04/23/99	Robert & Eva McConnell	1747 Primera San Diego, California
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16	05/04/99	Sandra Breylinger	3958 60th Street, #75 San Diego, California
17	05/11/99	Chris Peterson	3061 Quince Street San Diego, California
18			
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20	05/14/99	Sarah Bullock	6052 Rancho Mission Road San Diego, California
21			
22	05/18/99	Franklin Dougherty	7006 Melody Lane San Diego, California
23	05/27/99	Pinnacle Medtronic Relo	2010 Sequoia San Diego, California
24			
25	06/01/99	Dan & Renee Tillwick	13393 Gabilan Road San Diego, California
26	06/01/99	Amy R. Friedman	10534 Bandell San Diego, California
27			

	<u>CLOSE DATE</u>	<u>SELLER</u>	<u>PROPERTY</u>
1			
2	06/01/99	Mark Moeller	6131 Rancho Mission Road San Diego, California
3			
4	06/02/99	Associates Relo Management	2520 Quail Run Road San Diego, California
5	06/11/99	B of A Nations Bank	3922 Coldwell Lane San Diego, California
6			
7	06/14/99	Joe Dennison	12328 Linroe San Diego, California
8	06/14/99	Relocation Resources	11089 Caminito Arcada San Diego, California
9			
10	06/14/99	Shaun & Vatta Baker	10921 Caminito Arcada San Diego, California
11	06/21/99	John & Wassena Perkins	11228 Sirias Road San Diego, California
12			
13	06/28/99	Green Valley Associates	1062 Cottage Way San Diego, California
14	07/01/99	Bonnie Nack	12630 Springbrook, Unit D San Diego, California
15			
16	07/09/99	Dennis & Denise Gunthaus	10101 Country Scenes Ct. San Diego, California

VI

18 Beginning on or after September 27, 1998 and
19 continuing through on or before July 13, 1999, in connection
20 with the real estate activities described in Paragraphs IV and V
21 above, Respondent KFG employed or compensated, directly or
22 indirectly Respondent KRAUSE to perform acts requiring a real
23 estate license at a time when Respondent KRAUSE's real estate
24 salesperson license was expired.

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VII

At various times beginning on or about September 27, 1998 and continuing through on or before July 13, 1999, Respondent FORNESS, as designated broker-officer for Respondent KFG, failed to exercise reasonable supervision and control over the licensed activities of Respondent KFG required by Section 10159.2 of the Code in that Respondent FORNESS permitted Respondent KRAUSE, a real estate salesperson with an expired real estate license, to conduct the real estate sales activities described in Paragraphs IV and V above. Respondent FORNESS failed to exercise reasonable supervision over the activities of Respondent KFG's salespersons by failing to establish adequate policies, rules, procedures and systems to review, oversee, inspect and manage said activities.

VIII

The acts and/or omissions of Respondents KRAUSE, KFG and FORNESS described above are grounds for the suspension or revocation of the licenses and/or license rights of Respondents KRAUSE, KFG and FORNESS under the following sections of the Code and of Title 10, California Code of Regulations (hereinafter "Regulations").

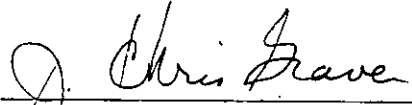
(1) As to Paragraphs IV and V, under Section 10177(d) of the Code in conjunction with Section 10130 of the Code as to Respondent KRAUSE;

(2) As to Paragraph VI, under Section 10137 of the Code as to Respondent KFG;

///

1 (3) As to Paragraph VII, under Section 10177(h) of
2 the Code and Section 10177(d) of the Code in conjunction with
3 Section 2725 of the Regulations as to Respondent FORNESS. In
4 the alternative, the acts and/or omissions of Respondent FORNESS
5 described in Paragraph VII are grounds for the suspension or
6 revocation of Respondent FORNESS' license and/or license rights
7 under Section 10177(g) of the Code.

8 WHEREFORE, Complainant prays that a hearing be
9 conducted on the allegations of this Accusation and that upon
10 proof thereof a decision be rendered imposing disciplinary
11 action against all licenses and license rights of Respondents,
12 under the Real Estate Law (Part 1 of Division 4 of the Business
13 and Professions Code) and for such other and further relief as
14 may be proper under other provisions of law.

15
16 
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J. CHRIS GRAVES
Deputy Real Estate Commissioner

18 Dated at San Diego, California,
19 this 18th day of January, 2001.