

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

6 Telephone: (916) 263-8672
7 (916) 263-8676 (Direct)
8 Fax: (916) 263-3767

FILED

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BUREAU OF REAL ESTATE

By B. Nicholas

9 BEFORE THE BUREAU OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of

13 PARKSIDE MANAGEMENT COMPANY, INC.
14 and DEBORAH LYNN NAYLOR,

Respondents.

CalBre No. H- 2971 FR

ACCUSATION

15 The Complainant, BRENDA SMITH, a Supervising Special Investigator of the
16 State of California, for cause of Accusation against PARKSIDE MANAGEMENT COMPANY,
17 INC. and DEBORAH LYNN NAYLOR (collectively "Respondents"), is informed and alleges as
18 follows:

19 PRELIMINARY ALLEGATIONS

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21 The Complainant, BRENDA SMITH, a Supervising Special Investigator of the
22 State of California, makes this Accusation in her official capacity.

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

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At all times mentioned, Respondent PARKSIDE MANAGEMENT COMPANY INC. (PARKSIDE) was and is licensed by the State of California Bureau of Real Estate (Bureau) as a real estate broker corporation.

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At all times mentioned, Respondent DEBORAH LYNN NAYLOR (NAYLOR) was and is licensed by the Bureau individually as a real estate broker, and as the designated broker officer of PARKSIDE. As said designated broker officer, NAYLOR was responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of PARKSIDE for which a license is required.

5

Whenever reference is made in an allegation in this Accusation to an act or omission of PARKSIDE, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with PARKSIDE committed such acts or omissions while engaged in furtherance of the business or operation of PARKSIDE and while acting within the course and scope of their corporate authority and employment.

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers in the State of California, within the meaning of Section 10131(b) of the Code in the operation and conduct of a property management business with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondents leased or rented and offered to lease or rent, and placed for rent, and solicited listings of places for rent, and solicited for prospective tenants of real property or improvements thereon, and collected rents from real property or improvements thereon.

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1 FIRST CAUSE OF ACTION

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3 Each and every allegation in Paragraphs 1 through 6, inclusive, is incorporated by
4 this reference as if fully set forth herein.

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6 On or about May 11, 2015, and continuing intermittently through June 16, 2015,
7 an audit was conducted of the records of PARKSIDE. The auditor herein examined the records
8 for the period of May 1, 2014, through May 31, 2015.

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10 While acting as a real estate broker as described in Paragraph 6, Respondents
11 accepted or received funds in trust (trust funds) from or on behalf of owners and tenants in
12 connection with the leasing, renting, and collection of rents on real property or improvements
13 thereon, as alleged herein, and thereafter from time to time made disbursements of said trust
14 funds.

15 10

16 The trust funds accepted or received by Respondents as described in Paragraph 9
17 were deposited or caused to be deposited by Respondents into trust accounts which were
18 maintained by Respondents for the handling of trust funds, and thereafter from time-to-time
19 Respondents made disbursements of said trust funds, identified as follows:

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ACCOUNT # 1	
21 Bank Name and Location:	F&M Bank 3500 Dale Road 22 Modesto, CA 95354
23 Account No.:	XXXXXX3701
24 Entitled:	Parkside Management Co Inc. Operating Account

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ACCOUNT # 2	
Bank Name and Location:	F&M Bank 3500 Dale Road Modesto, CA 95354
Account No.:	XXXXXXX2401
Entitled:	Parkside Management Co Inc. Security Trust Account

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In the course of the activities described in Paragraph 6, Respondents:

(a) caused, suffered, or permitted the balance of funds in Account #1 to be reduced to an amount which, as of May 31, 2015, was approximately \$47,464.18 less than the aggregate liability of Account #1 to all owners of such funds in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (Regulations);

(b) failed to deposit trust funds into one or more trust funds accounts in the name of PARKSIDE as trustee at a bank or other financial institution, in conformance with Section 10145 of the Code and Section 2832 of the Regulations;

(c) failed to keep accurate separate records for each beneficiary or transaction, accounting therein for all funds which were deposited into Account #1 containing all of the information required by Section 2831.1 of the Regulations; and

(d) caused, permitted, and/or allowed, the possible withdrawal of trust funds from Account #1 by a person who was not licensed by the Bureau and/or an employee not covered by a fidelity bond in violation of Section 2834 of the Regulations.

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The facts alleged in the First Cause of Action are grounds for the suspension or revocation of Respondents' licenses and license rights under the following sections of the Code and Regulations:

As to Paragraph 11(a), under Section 10177(d) of the Code in conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations.

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1 As to Paragraph 11(b), under Section 10177(d) of the Code in conjunction with
2 Section 10145 of the Code and Section 2832 of the Regulations;

3 As to Paragraph 11(c), under Section 10177(d) of the Code in conjunction with
4 Section 2831.1 of the Regulations; and

5 As to Paragraph 11(d), under Section 10177(d) of the Code in conjunction with
6 Section 2834 of the Regulations.

7 SECOND CAUSE OF ACTION

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9 Each and every allegation in Paragraphs 1 through 12, inclusive, is incorporated
10 by this reference as if fully set forth herein.

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12 Respondent NAYLOR failed to exercise reasonable supervision over the acts of
13 PARKSIDE in such a manner as to allow the acts and events described above to occur.

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

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20 The facts described above as to the Second Cause of Action constitute cause for
21 the suspension or revocation of the licenses and license rights of Respondent NAYLOR under
22 Section 10177(g) and/or Section 10177(h) of the Code, and Section 10159.2 of the Code in
23 conjunction with Section 10177(d) of the Code.

24 PRIOR DISCIPLINARY ACTION

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26 On or about July 3, 2013, in Case No. 612-0718-006 the Bureau of Real Estate,
27 issued a Corrective Action Letter to Respondents based on the findings in audit SC10-0136 &

1 SC10-0144, which include, but are not limited to Section 10145 of the Code and Sections
2 2832.1, 2832, 3831.2, and 3831 of the Regulations.

3 COST RECOVERY

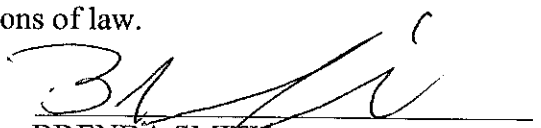
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5 The acts and/or omissions of Respondents as alleged above, entitle the Bureau to
6 reimbursement of the costs of its audit pursuant to Section 10148(b) (audit costs for trust fund
7 handling violation) of the Code.

8 19

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

13 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
14 of this Accusation and that upon proof thereof, a decision be rendered imposing discipline on all
15 licenses and license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the
16 Business and Professions Code), for the cost of the investigation and enforcement of this case as
17 permitted by law, for the cost of the Bureau's audit as permitted by law, and for such other and
18 further relief as may be proper under the provisions of law.

19 
20 BREND A SMITH
21 Supervising Special Investigator

21 Dated at Fresno, California,

22 this 24 day of October, 2015

23 DISCOVERY DEMAND

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