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FILED

MAR 20 2017

BUREAU OF REAL ESTATE
By B. Nicholas

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

11 In the Matter of the Accusation of)
12 KENCO INVESTMENTS, INC. and KENNETH)
13 ROBERT BOYD,)
14 Respondents.)

CalBre No. H- 3080 FR
ACCUSATION

15 The Complainant, BRENDA SMITH, a Supervising Special Investigator of the
16 State of California, for cause of Accusation against KENCO INVESTMENTS, INC. and
17 KENNETH ROBERT BOYD (collectively "Respondents"), is informed and alleges as follows:

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 KENCO INVESTMENTS, INC. (KENCO) was and is licensed by the State of California Bureau of Real Estate (Bureau) as a restricted real estate broker corporation.

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At all times mentioned, Respondent KENNETH ROBERT BOYD (BOYD) was and is licensed by the Bureau individually as a restricted real estate broker, and as the designated broker officer of KENCO. As said designated broker officer, BOYD 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 KENCO for which a license is required.

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Whenever reference is made in an allegation in this Accusation to an act or omission of KENCO, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with KENCO committed such acts or omissions while engaged in furtherance of the business or operation of KENCO 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 a real estate broker in the State of California within the meaning of Sections 10131(d) and 10131(e) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondent solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business opportunity, and wherein such loans were arranged, negotiated, processed, and consummated by Respondents on behalf of others and wherein promissory notes or interests therein were sold or purchased on behalf of another or others for compensation or in expectation of a compensation.

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 August 4, 2016, and continuing through August 5, 2016, an audit was
7 conducted of the records of KENCO. The auditor herein examined the records for the period of
8 August 1, 2015, through July 31, 2016.

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10 In the course of the activities described in Paragraph 6, Respondents, for the
11 following transactions:

Borrower	Lender	Property Address
Gerado C. & Tiffany M.	Timothy Carlson	2158 North Blyth, Fresno
Arvinder K. & Harjit B.	Petar Kupina	342 North 6 th Avenue, Kingsburg
Filogonio S.	Paula Dragoo	925 Sierra Street, Madera

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16 (a) Failed to provide and/or provided incomplete and/or inaccurate
17 Mortgage Loan Disclosure Statements (MLDS) to borrowers containing all of the information
18 required by Section 10241 of the Code, in violation of Section 10240(a) of the Code and Section
19 2840 of the Regulations, including, but not limited to the MLDS provided by Respondents was
20 not the most current Bureau MLDS form (RE 882).

21 (b) Failed to provide completed and signed Lender Purchaser
22 Disclosure Statement (LPDS) to lenders as required by Section 10232.5 of the Code and Section
23 2846 of the Regulations. Respondents used a custom LPDS form to conduct mortgage loan
24 activities during the audit period. Said LPDS was not approved by the Bureau and did not
25 contain all information found on the Bureau's LPDS (RE 851).

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Respondents, real estate brokers, who engaged in escrow activities for five or more transactions in a calendar year pursuant to the exemption from the Escrow Law contained in Section 17006 of the Financial Code, failed to timely file with the Bureau within sixty (60) days of the completion of the calendar year an Escrow Activity Report as required by Section 10141.6 of the Code. Between August 1, 2015, and December 31, 2015, Respondents conducted eight (8) broker controlled escrows.

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 9(a), under Section 10177(d) and/or 10177(g) of the Code in conjunction with Sections 10241 and 10240 of the Code and Section 2840 of the Regulations;

As to Paragraph 9(b), under Section 10177(d) and/or 10177(g) of the Code in conjunction with Sections 10232.3 and 10232.5 of the Code and Section 2846 of the Regulations; and

As to Paragraph 10, under Section 10177(d) and/or 10177(g) of the Code in conjunction with Section 10141.6 of the Code.

SECOND CAUSE OF ACTION

Each and every allegation in Paragraphs 1 through 11, inclusive, is incorporated by this reference as if fully set forth herein.

Respondent BOYD failed to exercise reasonable supervision over the acts of KENCO in such a manner as to allow the acts and events described above to occur.

The acts and/or omissions of BOYD as described in Paragraph 13, constitutes failure on the part of BOYD, as designated broker-officer for KENCO, to exercise reasonable supervision and control over the licensed activities of KENCO as required by Section 10159.2 of the Code and Section 2725 of the Regulations.

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

COST RECOVERY

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

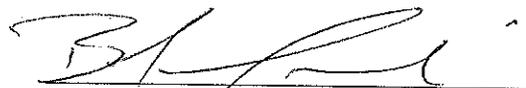
Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the Administrative Law Judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the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

PRIOR DISCIPLINARY ACTION

Effective May 7, 2014, in Case No. H-2700 FR before the Bureau, the Real Estate Commissioner revoked the real estate broker license of Respondents, for violation of Sections 10177(g) and 10177(d) of the Code, but granted the right to a restricted real estate broker license, on terms, conditions, and restrictions set forth in the Order.

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

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9 BREANDA SMITH
10 Supervising Special Investigator

11 Dated at Fresno, California,
12 this 15 day of March, 2017

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14 DISCOVERY DEMAND

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