

FILED

OCT 14 2021

DEPARTMENT OF REAL ESTATE
By J. Taggart

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:)	DRE No. H-3363 FR
)	
RED DOOR REALTY AND MANAGEMENT, INC.)	
JOHN FREDERICK DEBETZ II, and <u>SUSAN LYNN</u>)	
<u>PAZDAN</u>)	
)	
Respondents.)	

DECISION

This Decision is being issued as to Respondent **SUSAN LYNN PAZDAN** ("**PAZDAN**"), in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on October 7, 2021, and the Findings of Fact set forth herein, which are based on one or more of the following: (1) Respondent's express admissions; (2) affidavits; and (3) other evidence.

This Decision revokes one or more real estate license and/or license rights pursuant to the Real Estate Law, Part I of Division 4, of the Business and Professions Code ("Code") Sections 10177(f) and 10177(g).

Pursuant to Government Code section 11521, the California Department of Real Estate ("Department") may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Department's power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license, or to the reduction of a penalty, is controlled by Section 11522 of the Government Code. A copy of Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

FINDINGS OF FACT

1.

On June 3, 2021, Brenda Smith, acting in her official capacity as a Supervising Special Investigator of the State of California, made Accusation No. H-3363 FR against RED DOOR REALTY AND MANAGEMENT, INC., ("RED DOOR"), JOHN FREDERICK DEBETZ II ("DEBETZ"), and PAZDAN (collectively referred to herein as "Respondents"), is informed and alleges as follows:

2.

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

3.

At all times herein mentioned, RED DOOR was and is licensed by the State of California Department of Real Estate ("Department") as a real estate broker corporation.

4.

On or about April 23, 2019, the corporate powers, rights, and privileges of RED DOOR were suspended by the California Secretary of State.

5.

At all times herein mentioned, PAZDAN was and is licensed by the Department individually as a real estate salesperson. At all times herein mentioned, RED DOOR served as PAZDAN's supervising broker.

6.

At all times mentioned, PAZDAN 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(a) of the Code, including the operation and conduct of a real estate resale brokerage with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondents sold and offered to sell, bought and offered to buy, solicited prospective sellers and purchasers of, solicited and obtained listings of, and negotiated the purchase and resale of real property; and

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, Respondent 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.

7.

While doing business within the audit period, PAZDAN accepted or received funds in trust ("trust funds") from or on behalf of owners and tenants in connection with leasing, renting and collection of rents on real property or improvements thereon and deposited or caused to be deposited those funds into a bank accounts maintained by Respondents, including PAZDAN.

8.

On or about July 20, 2018, Respondents, including PAZDAN, entered into a property management agreement with Grand Avenue Properties, LLC ("Complainant #1") for Respondents, including PAZDAN, to manage property owned by Complainant #1 located in Arroyo Grande, California ("Arroyo Grande Property"). Complainant #1 agreed to pay a property management fee in the amount of five percent of the collected monthly rent in exchange for the management of the Arroyo Grande Property.

9.

Beginning on July 20, 2018, PAZDAN provided property management services for Complainant #1 regarding the Arroyo Grande Property, including, but not limited to, soliciting the Arroyo Grande Property for rent, soliciting tenants, collecting rent, making distributions, and providing services on behalf of Complainant #1.

10.

Beginning in or about August 1, 2019, PAZDAN failed to respond to numerous inquiries from Complainant #1 regarding late owner rent distributions, late or missing monthly owner's statements, and lease negotiations with a tenant at the Arroyo Grande Property.

11.

On or about October 8, 2019, counsel for Complainant #1 provided notice to PAZDAN that Complainant #1 was terminating the property management agreement and requested the return of complete lease files, accounting records, invoices, correspondence, property keys, and all trust funds held by PAZDAN belonging to Complainant #1. PAZDAN acknowledged receipt of the termination notice and responded that they would comply.

12.

Shortly thereafter, PAZDAN turned over some documentation to Complainant #1's new property manager but PAZDAN failed to turn over complete lease files, invoices, correspondences, keys, and accounting records and trust funds belonging to Complainant #1.

13.

On October 30, 2019, counsel for Complainant #1 sent PAZDAN another request for all accounting records and all trust funds belonging to Complainant #1. On November 12, 2019, PAZDAN responded by apologizing for having not fully complied with the previous request and promised to provide "everything" to the new property manager.

14.

To date, Respondents, including PAZDAN, have failed to provide Complainant #1 or their new property manager with all accounting records and trust funds belonging to Complainant #1.

15.

On or about November 1, 2018, Respondents, including PAZDAN, entered into a property management agreement with Margaret Q. and Ernie Q. ("Complainant #2") for the management of property owned by Complainant #2 located in Pismo Beach, California ("Pismo Beach Property"). Complainant #2 agreed to pay a property management fee in the amount of eight percent of the collected monthly rent in exchange for the management of the Pismo Beach Property.

16.

Beginning on November 1, 2018, PAZDAN provided property management services for Complainant #2 regarding the Pismo Beach Property soliciting the Pismo Beach Property for rent, soliciting tenants, collecting rent, making distributions, and providing services on behalf of Complainant #2.

17.

Beginning in or about August 1, 2019, PAZDAN failed to respond to numerous inquiries from the Complainant #2 regarding late owner rent distributions and late or missing monthly owner's statements.

18.

On or about October 9, 2019, counsel for the Complainant #2 provided notice to PAZDAN that Complainant #2 were terminating the property management agreement and requested the return of complete lease files, accounting records, invoices, correspondence, property keys, and all trust funds held by PAZDAN belonging to Complainant #2. PAZDAN acknowledged receipt of the termination notice and responded that they would comply.

19.

Shortly thereafter, PAZDAN turned over some documentation to Complainant #2's new property manager but PAZDAN failed to turn over complete lease files, invoices, correspondences, keys, accounting records, and trust funds belonging to Complainant #2.

20.

On October 30, 2019, counsel for Complainant #2 sent PAZDAN another request for all accounting records and all trust funds belonging to Complainant #2. On November 12, 2019, PAZDAN responded by apologizing for having not fully complied with the previous request and promised to provide "everything" to the new property manager.

21.

To date, Respondents, including PAZDAN, have failed to provide Complainant #2 or their new property manager with all accounting records and trust funds belonging to Complainant #2.

DETERMINATION OF ISSUES

22.

As set out above in Paragraphs 6 through 21, PAZDAN's representations, actions, and/or omissions were substantially fraudulent, misleading, dishonest and deceitful, and were known by PAZDAN to be substantially fraudulent, misleading, dishonest and deceitful at all relevant times.

23.

The acts and/or omissions of PAZDAN, as alleged above in Paragraphs 6 through 22, are grounds for the revocation or suspension of PAZDAN's real estate licenses and license rights under Sections 10176(i), 10177(d), 10177(g) and/or 10177(j) of the Code.

24.

The standard of proof applied was clear and convincing evidence to a reasonable certainty.

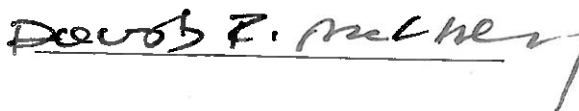
ORDER

All licenses and licensing rights of Respondent **SUSAN LYNN PAZDAN** under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on NOV 03 2021.

DATED: 10-11-21.

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER



1 Department of Real Estate
2 1651 Exposition, Blvd.
3 Sacramento, CA, 95815

FILED

OCT 07 2021

DEPARTMENT OF REAL ESTATE
By K. Knapp

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of:

12 RED DOOR REALTY AND MANAGEMENT, INC.
13 JOHN FREDERICK DEBETZ II, and SUSAN LYNN
14 PAZDAN,

15 Respondents.

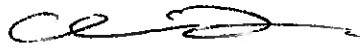
) DRE NO. H-3363-FR
)
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) DEFAULT ORDER
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16 Respondent **SUSAN LYNN PAZDAN**, having failed to file a Notice of
17 Defense within the time required by Section 11506 of the Government Code, is now in
18 default. It is, therefore, ordered that a default be entered on the record in this matter.

19 IT IS SO ORDERED OCT 07 2021

20
21 DOUGLAS R. McCAULEY
22 REAL ESTATE COMMISSIONER

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24 By: 
25 CHIKA SUNQUIST
26 Assistant Commissioner, Enforcement
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