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FILED

AUG 02 2022

DEPT. OF REAL ESTATE

By



BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-03434 FR
	)	
INTERCONTINENTAL REALTY INC	)	<u>ACCUSATION</u>
and KRISTA ANN STEVENSON, individually	)	
and as designated officer of Intercontinental	)	
Realty Inc,	)	
	)	
Respondents.	)	
	)	

The Complainant, Brenda Smith, a Supervising Special Investigator of the State of California, for cause of Accusation against INTERCONTINENTAL REALTY INC and KRISTA ANN STEVENSON (collectively "Respondents") alleges as follows:

1.

The Complainant, Brenda Smith, a Supervising Special Investigator of the State of California, 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.

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ACCUSATION

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1 (b) The Department originally issued STEVENSON's REB license on or about
2 January 31, 2003.

3 (c) STEVENSON'S license is scheduled to expire on February 22, 2023, unless
4 renewed.

5 (d) According to the Department's records to date, STEVENSON was formerly
6 licensed as Krista Ann Remedios.

7 (e) According to the Department's records to date, STEVENSON maintains no
8 authorized fictitious business names.

9 (f) According to the Department's records, STEVENSON was the designated
10 officer of IRI from April 21, 2003 to October 31, 2017 and, since January 26, 2022, is currently
11 IRI's designated officer.

12 LICENSED ACTIVITIES

13 5.

14 At all times relevant herein Respondents were engaged in the business of, acted
15 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning
16 of Section 10131 (b) of the Code. Respondents' activities included the leasing or renting of real
17 property and the collection of rents and security deposits for real property on behalf of others
18 for compensation or in expectation of compensation.

19 (AUDIT LA200101)

20 6.

21 On or about December 30, 2021, the Department completed an audit
22 examination of the books and records of Respondents pertaining to the property management
23 activities described in Paragraph 5 above. The audit examination covered the period of time
24 from January 1, 2019 through March 31, 2021 ("audit period"). The primary purpose of the
25 examination was to determine whether Respondents conducted real estate activities complied
26 with the Real Estate Law. The audit examination revealed violations of the Code and the
27

Regulations as set forth in the following paragraphs, and more fully discussed in Audit No. LA200101, and the exhibits and work papers attached to said audit report.

7.

At all times mentioned herein, and in connection with the property management activities described in Paragraph 5, above, Respondents accepted or received funds, including funds in trust ("trust funds") from or on behalf of actual or prospective parties to transactions handled by Respondents and thereafter made deposits and/or disbursements of such funds. According to the documents provided, Respondents maintained four (4) trust/bank accounts for handling of the receipts and disbursements of funds during the audit period in connection with the property management activities. The bank accounts are as follows:

Trust Account 1 ("TA 1")

Bank: Wells Fargo Bank
Account Name: Intercontinental Realty Inc Trust Acct II
Account Number: xxxxxxxx1988
Signatories: Krista Ann Stevenson
Signatures Required: One
Purpose: TA 1 was maintained to handle trust funds in the property management activities for multiple beneficiaries for the Bakersfield Office.

Bank Account 1 ("BA 1")

Bank: Wells Fargo Bank
Account Name: Intercontinental Realty, Inc
Account Number: xxxxxxxx3500
Signatories: Krista Ann Stevenson
Signatures Required: One
Purpose: BA 1 was maintained to handle trust funds in the property management activities for multiple beneficiaries in Ventura.

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Bank Account 2 ("BA 2")

Bank: Union Bank
Account Name: Intercontinental Realty Inc
Account Number: xxxxxxxx1413
Signatories: Krista Ann Stevenson
Signatures Required: One
Purpose: BA 2 was maintained to handle the receipt and disbursement of trust funds in the property management activities for multiple beneficiaries for the Bakersfield Office.

General Account 1 ("GA 1")

Bank: Wells Fargo Bank
Account Name: Intercontinental Realty Inc
Account Number: xxxxxxxx1208
Signatories: Krista Ann Stevenson
Signatures Required: One
Purpose: GA 1 was maintained for the business and other expenses for STEVENSON and IRI. STEVENSON would transfer funds from TA 1 and BA 1 to GA1 for business and other expenses.

Violations of the Real Estate Law

8.

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 No. LA200101, and the exhibits and work papers attached to the audit report:

(a) **Trust Fund Handling For Multiple Beneficiaries (Code section 10145 and Regulations sections 2832.1)**. Based on an examination of TA 1's records, there was a combined minimum trust fund shortage of \$136,529.12 (\$41,287.13 minimum negative property balances, \$1,554.61 bank charges, \$41,687.38 unauthorized disbursements/conversion

1 to GA 1, and \$52,000.00 unauthorized disbursements/transfers to BA 1) as of March 31, 2021 in
2 violation of Code section 10145 and Regulations sections 2832.1. There is no evidence that
3 Respondents were given written consent from the owners of the trust funds to allow
4 Respondents to reduce the balance of the funds in TA 1 to an amount less than the aggregate
5 trust fund liabilities to all owners of the trust funds.

6 Based on an examination of BA 1's records, there was a combined minimum
7 trust fund shortage of \$88,955.48 (\$36,039.70 minimum negative property balances, \$3,419.15
8 bank charges, and \$49,496.63 unauthorized disbursements/conversion to GA 1) as of March 31,
9 2021 in violation of Code section 10145 and Regulations sections 2832.1. There is no evidence
10 that Respondents were given written consent from the owners of the trust funds to allow
11 Respondents to reduce the balance of the funds in BA 1 to an amount less than the aggregate
12 trust fund liabilities to all owners of the trust funds.

13 Based on an examination of BA 2's records, there was a combined minimum
14 trust fund shortage of \$80,480.98 (\$9,484.66 minimum negative property balances, \$2,762.48
15 bank charges, \$29,471.16 unauthorized disbursements/conversion, and \$38,762.68 unidentified
16 shortages) as of March 31, 2021 in violation of Code section 10145 and Regulations sections
17 2832.1. There is no evidence that Respondents were given written consent from the owners of
18 the trust funds to allow Respondents to reduce the balance of the funds in BA 2 to an amount
19 less than the aggregate trust fund liabilities to all owners of the trust funds.

20 (b) **Trust Fund Handling/Trust Fund Records to be Maintained (Code**
21 **section 10145 and Regulations sections 2831).** Based on an examination of TA 1's records,
22 Respondents failed to maintain complete and accurate columnar record for all trust funds
23 received and disbursed (control record) TA 1, which was used for Respondent's property
24 management activities during the audit period in violation of Code section 10145 and
25 Regulations sections 2831. Respondents failed to accurately record disbursement of
26 management fees, bank fees, and other disbursements/transfers from TA 1 to BA 1 or GA 1.

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Based on an examination of BA 1's records, Respondents failed to maintain complete and accurate columnar record for all trust funds received and disbursed (control record) BA 1, which was used for Respondent's property management activities during the audit period in violation of Code section 10145 and Regulations sections 2831. Respondents failed to accurately record disbursement of management fees, bank fees, and other disbursements/transfers from BA 1 to GA 1.

Based on an examination of BA 2's records, Respondents failed to maintain complete and accurate columnar record for all trust funds received and disbursed (control record) BA 2, which was used for Respondent's property management activities during the audit period in violation of Code section 10145 and Regulations sections 2831. Respondents failed to accurately record bank fees and deposits for BA 2.

(c) **Trust Fund Handling/Separate Records for Each Beneficiary (Code section 10145 and Regulations sections 2831.1)**. Respondents failed to maintain complete and accurate separate records for each beneficiary or transaction of all trust fund receipts and disbursements for TA 1 in connection with Respondents' property management activities during the audit period in violation of Code section 10145 and Regulations section 2831.1. Three versions of separate records were provided for TA 1 during the Audit. The separate records had incorrect ending balances.

Respondents failed to maintain complete and accurate separate records for each beneficiary or transaction of all trust fund receipts and disbursements for BA 1 in connection with Respondents' property management activities during the audit period in violation of Code section 10145 and Regulations section 2831.1. Three versions of separate records were provided for BA 1 during the Audit. The separate records had incorrect ending balances.

Respondents failed to maintain complete and accurate separate records for each beneficiary or transaction of all trust fund receipts and disbursements for BA 2 in connection with Respondents' property management activities during the audit period in violation of Code

1 section 10145 and Regulations section 2831.1. Three versions of separate records were
2 provided for BA 2 during the Audit. The separate records had incorrect ending balances.

3 Respondents failed to maintain separate records for trust funds deposited into
4 GA 1 during the audit period. Respondents also failed to maintain separate records of all trust
5 funds transferred between TA 1, BA 1, and GA 1.

6 (d) **Trust Fund Handling/Trust Account Reconciliation (Code section 10145**
7 **and Regulations section 2831.2)**. Based on an examination of TA 1, BA 1, and BA 2 records,
8 Respondents did not maintain monthly reconciliation for TA 1, BA 1, and BA 2 during the
9 audit period Code section 10145 and Regulations section 2831.2.

10 (e) **Trust Fund Handling/Handling of Trust Funds (Code section 10145 and**
11 **Regulations section 2832)**. Based on an examination of TA 1's records, TA 1 was not set up as
12 a trust account under STEVENSON's name, and did not name STEVENSON as trustee.
13 Instead, the TA 1 was set up under IRI's name while IRI was not a licensed REC, during the
14 audit period, in violation of Code section 10145 and Regulations section 2832.

15 Based on an examination of BA 1's records, BA 1 was not set up as a trust
16 account and did not name STEVENSON as trustee in violation of Code section 10145 and
17 Regulations section 2832.

18 Based on an examination of BA 2's records, BA 2 was not set up as a trust
19 account and did not name STEVENSON as trustee in violation of Code section 10145 and
20 Regulations section 2832.

21 Based on an examination of GA 1's records, trust funds were deposited into GA
22 1, even though it was not set up as a trust account and did not name STEVENSON as trustee in
23 violation of Code section 10145 and Regulations section 2832.

24 Respondents also failed to deposit trust funds received within three (3) business
25 days in violation of Code section 10145 and Regulations section 2832.

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1 (f) **Handling Of Trust Fund /Commingling (Code sections 10145 and**
2 **10176(e) and Regulations section 2835)**. Based on an examination of TA 1, BA 1, and GA 1's
3 records, Respondents made unauthorized transfers between the three (3) accounts in violation
4 of Code sections 10145 and 10176(e) and Regulations section 2835. During the audit period,
5 Respondents made unauthorized disbursements/transfers from TA 1 to BA 1 a minimum of
6 \$52,000.00. During the audit period, Respondents also made a net transfer of \$190,641.88 of
7 trust funds from BA 1 to GA 1 and \$41,687.38 from TA 1 to GA 1.

8 (g) **Handling Of Trust Fund /Unauthorized Disbursements/Conversion of**
9 **Funds (Code sections 10145 and 10176(i))**. Based on an examination of TA 1, BA 1, and GA
10 1's records, Respondents made unauthorized transfers between the three (3) accounts in
11 violation of Code sections 10145 and 10176(i). During the audit period, Respondents also made
12 a net transfer of \$190,641.88 of trust funds from BA 1 to GA 1 and \$41,687.38 from TA 1 to
13 GA 1. The ending balances of TA 1 and BA 1 went below the trust funds received by
14 Respondents.

15 (h) **Use of False or Unlicensed Fictitious Name (Code section 10130 and**
16 **10159.5 and Regulations section 2731)**. During the audit period, STEVENSON used the name
17 IRI and Diamond Management Real Estate in connection with her property management
18 activities in violation of Code section 10159.5 and Regulations section 2731. Further, IRI
19 conducted real estate activities without having a valid real estate license in violation of Code
20 section 10130.

21 (i) **Responsibility of Corporate Office in Charge/Broker Supervision (Code**
22 **sections 10159.2 and 10177(h) and Regulations section 2725)**. Based on the violations in
23 Paragraphs 8 (a)-(h) above, Respondent STEVENSON failed to exercise adequate supervision
24 and control over her and IRI's property management activities in violation of Code section
25 10159.2. Respondent STEVENSON failed to provide established policies, rules, procedures,
26 and systems to review, oversee, inspect, and manage transactions requiring a real estate license
27 and the handling of trust funds in violation of Regulations section 2725.

Additional Violations of the Real Estate Law

9.

The overall conduct of Respondents violates the Real Estate Law and constitutes cause for the suspension or revocation of their real estate license and license rights under the provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful disregard of the Real Estate Law.

10.

Each of the foregoing violations in Paragraphs 8 (a)-(i) above constitute cause for the suspension or revocation of the real estate license and/or license rights of Respondents under the provisions of Code sections 10177(d), 10177(g), and 10177(h) (as to STEVENSON).

COSTS

(AUDIT COSTS)

11.

Section 10148(b) of the Code, provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code section.

(INVESTIGATION AND ENFORCEMENT COSTS)

12.

Section 10106 of the Code, provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, 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 investigation and enforcement of the case.

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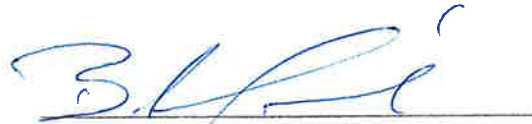
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PRAYER

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 all licenses and/or license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) of Respondent INTERCONTINENTAL REALTY INC and KRISTA ANN STEVENSON, for the cost of investigation and enforcement as permitted by law, and for such other and further relief as may be proper under applicable provisions of law.

Dated at Fresno, California this 27 day of July, 2022.



Brenda Smith
Supervising Special Investigator

cc: INTERCONTINENTAL REALTY INC
KRISTA ANN STEVENSON
Brenda Smith
Sacto.
Audits – Shirley Tan