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FILED

DEC 27 2022

DEPARTMENT OF REAL ESTATE
By B. A. C. M. / M

7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of:) NO. H-3463 FR
12)
13 CONNOLLY PROPERTIES, INC. and) ACCUSATION
14 BERNARD F. CONNOLLY,)
15 Respondents.)

16 The Complainant, RUTH CORRAL, acting in her official capacity as a
17 Supervising Special Investigator of the State of California, for cause of Accusation against
18 Respondents CONNOLLY PROPERTIES, INC. ("CONNOLLY INC.") and BERNARD F.
19 CONNOLLY ("Mr. CONNOLLY"), (collectively referred to herein as "Respondents"), are
20 informed and allege as follows:

21 PRELIMINARY ALLEGATIONS

22 1.

23 CONNOLLY INC. is presently licensed by the Department of Real Estate ("the
24 Department") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the
25 Business and Professions Code ("the Code") as a corporate real estate broker, and at all times
26 relevant herein was acting by and through Mr. CONNOLLY as its designated broker officer.

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2.

At all times herein mentioned, Mr. CONNOLLY was licensed and/or had license rights under the Real Estate Law, Part 1 of Division 4 of the Code (“the Real Estate Law”) as an individual real estate broker and as the designated broker officer of CONNOLLY INC..

3.

At all times relevant herein, Mr. CONNOLLY acting in the capacity as the designated broker officer of CONNOLLY INC. 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 CONNOLLY INC. for which a real estate license is required.

4.

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

5.

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

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1 **FIRST CAUSE OF ACTION**

2 **Audit Violations**

3 (As to Respondents CONNOLLY INC. and Mr. CONNOLLY)

4 6.

5 Each and every allegation contained above in Paragraphs 1 through 5, inclusive,
6 is incorporated by this reference as if fully set forth herein.

7 7.

8 On or about April 12, 2022, the Department completed an audit at Respondents'
9 main office located at 765 Tucker Rd., Tehachapi, California, where the auditor examined
10 records for the period of January 1, 2020, to December 31, 2021 ("the audit period").

11 8.

12 While doing business within the audit period, Respondents accepted or received
13 funds in trust ("trust funds") from or on behalf of owners and tenants in connection with leasing,
14 renting and collection of rents on real property or improvements thereon and deposited or
15 caused to be deposited those funds into bank accounts maintained by Respondents, including:
16

17 BANK ACCOUNT # 1	
18 Bank Name and Location:	Union Bank 19 665 Tucker Rd. 20 Tehachapi, CA 93561
21 Account No.:	XXXXXXX7083
22 Entitled:	CV Associates Coldwell Banker Best Realty
23 Signatories:	Bernard F. Connolly – Broker 24 Dottie J. Connolly – Licensed NBA 25 Jeanette Pauer – Salesperson 26 Ruthanne Jennings – Unlicensed 27 Susan J. Chandler – Salesperson

No. of Signatures Required:	One
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From time-to-time, Respondents made collections to, and disbursement from, said accounts.

9.

In the course of the activities described above in Paragraph 5, in connection with the collection and disbursement of trust funds, Respondents:

(a) caused, suffered, or permitted the balance of funds in Bank Account #1 to be reduced to an amount which, as of December 31, 2021, was approximately \$16,550.28 less than the aggregate liability of Bank Account #1 to all owners of such funds, without the prior written consent of each and every owner of such funds, in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (“the Regulations”);

(b) failed to reconcile at least once per month, the balance of all separate beneficiary or transaction records to the balance of the control records for Bank Account #1, in violation of 10145 of the Code and Section 2831.2;

(c) failed to designate Bank Account #1, used to hold trust funds, as a trust accounts in violation of Section 10145 of the Code and Section 2832 of the Regulations;

(d) allowed, authorized, and/or permitted Ruthanne Jennings, who was unlicensed, to serve as a signatory on Bank Account #1, without fidelity bond coverage, in violation of Section 10145 of the Code and Section 2834 of the Regulations;

(e) allowed, authorized, and/or permitted Dottie Connolly, who was licensed but not registered as a salesperson under CONNOLLY INC., and who did not have fidelity bond coverage, to serve as a signatory on Bank Account #1 in violation of Section 10145 of the Code and Section 2834 of the Regulations.

10.

The acts and/or omissions of Respondents as alleged in paragraph 9, above, constitute grounds for the suspension or revocation of all licenses and license rights of Respondents pursuant to the following provisions of the Code and Regulations:

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1 As to Paragraph 9(a), under Section 10177(d) and/or 10177(g) of the Code, in
2 conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations;

3 As to Paragraph 9(b), under Section 10177(d) and/or 10177(g) of the Code, in
4 conjunction with Section 10145 of the Code, and Section 2831.2 of the Regulations;

5 As to Paragraph 9(c), under Section 10177(d) and/or 10177(g) of the Code, in
6 conjunction with Section 10145 of the Code and Section 2832 of the Regulations; and

7 As to Paragraph 9(d), under Section 10177(d) and/or 10177(g) of the Code, in
8 conjunction with Section 10145 of the Code and Section 2834 of the Regulations; and

9 As to Paragraph 9(e), under Section 10177(d) and/or 10177(g) of the Code, in
10 conjunction with Section 10145 of the Code and Section 2834 of the Regulations.

11 **SECOND CAUSE OF ACTION**

12 Failure to Supervise

13 (As Against Mr. CONNOLLY Only)

14 11.

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

17 12.

18 Mr. CONNOLLY, as the designated officer broker of CONNOLLY INC., was
19 required to exercise reasonable supervision and control over the activities of CONNOLLY INC.
20 Mr. CONNOLLY failed to exercise reasonable supervision over the acts and/or omissions of
21 CONNOLLY INC. in such a manner as to allow the acts and/or omissions as described in
22 Paragraphs 1 through 10, above, to occur, in violation of Section 10159.2 of the Code and
23 Section 2725 of the Regulations.

24 13.

25 The facts described above as to the First Cause of Action are grounds for the
26 discipline of all licenses and license rights of Mr. CONNOLLY under section 10177(d) and/or

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1 Section 10177(g), 10177(h), and 10159.2 of the Code, in conjunction with Section 2725 of the
2 Regulations.

3 **COST RECOVERY**

4 Audit Costs

5 14.

6 The acts and/or omissions of Respondents as alleged in the First Cause of Action,
7 above, entitle the Department to reimbursement of the costs of its audit pursuant to Section
8 10148(b) of the Code.

9 Investigation and Enforcement Costs

10 15.

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

15 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
16 of this Accusation and that upon proof thereof, a decision be rendered revoking all licenses and
17 license rights of all Respondent named herein under the Real Estate Law (Part 1 of Division 4 of
18 the Business and Professions Code), for the cost of investigation and enforcement as permitted
19 by law, for the cost of the audit as permitted by law, and for such other and further relief as may
20 be proper under other provisions of law.

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23 _____
24 RUTH CORRAL
25 Supervising Special Investigator

26 Dated at Sacramento, California,
27 this 27 day of December, 2022.

