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JUN 12 2023  
DEPARTMENT OF REAL ESTATE  
By J. Taggart

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of )

12 WATSON REALTY SERVICES, INC. and )  
13 WILLIAM STANLEY REDMOND, JR., )

14 Respondents. )

No. H-3502 FR

ACCUSATION

15 \_\_\_\_\_  
16 The Complainant, RUBEN CORONADO, a Supervising Special Investigator of  
17 the State of California, for Accusation against Respondents WATSON REALTY SERVICES,  
18 INC. (WRS) and WILLIAM STANLEY REDMOND (REDMOND), sometimes collectively  
19 referred to as Respondents, is informed and alleges as follows:

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21 The Complainant makes this Accusation against Respondents in his official  
22 capacity.

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24 WRS is presently licensed and/or has license rights under the Real Estate Law,  
25 Part 1 of Division 4, of the California Business and Professions Code (Code), by the Department  
26 of Real Estate (Department) as a corporate real estate broker.

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REDMOND is presently licensed and/or has license rights by the Department as a real estate broker.

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At all times mentioned herein, REDMOND was the designated broker-officer of WRS. As the designated broker-officer, REDMOND was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of officers, agents, real estate licensees and employees of WRS for which a real estate license is required to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

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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 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 or in expectation of compensation, Respondents leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

FIRST CAUSE OF ACTION

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Complainant refers to Paragraphs 1 through 5, above, and incorporates the same, herein, by reference.

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Beginning on May 17, 2022, and continuing intermittently through October 14, 2022, an audit was conducted at WRS's main office located at 9101 Camino Media, Bakersfield, California, and at the Department's district office located at 2550 Mariposa Mall,

1 Fresno, California, where the auditor examined records for the period of April 1, 2021, through  
2 March 31, 2022 (the audit period).

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4 While acting as a real estate broker as described in Paragraph 5, above, and  
5 within the audit period, Respondents accepted or received funds in trust (trust funds) from or on  
6 behalf of property owners, lessees and others in connection with property management  
7 activities, and deposited or caused to be deposited those funds into bank accounts maintained by  
8 Respondents, at Citizens Business Bank, 5060 California Ave., Ste. 100, Bakersfield, California  
9 as described below:

TRUST ACCOUNT #1	
Account No.:	XXXX5617
Entitled:	Watson Realty Services, Inc. DBA Watson Property Management Kenneth P. Carter Broker/Trustee-OP Trust

14 and thereafter from time-to-time made disbursement of said trust funds.

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16 In the course of the activities described in Paragraph 4, in connection with the  
17 collection and disbursement of trust funds, it was determined that:

- 18 (a) An accountability was performed on Trust Account #1, and as of  
19 March 31, 2022, a shortage of \$7,320.36 was revealed, in violation  
20 of Section 10145 of the Code;
- 21 (b) Respondents failed to obtain written permission from owners of trust  
22 funds in Trust Account #1 to allow the balance to drop below  
23 accountability, in violation of Section 2832.1 of the Regulations;
- 24 (c) Respondents failed to deposit trust funds in a timely manner, in violation  
25 of Section 2832 of the regulations; and

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(d) Respondents failed to keep accurate separate beneficiary records for Trust Account #1, in violation of Section 2831.1 of the regulations.

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The acts and/or omissions described above constitute violations of Sections 2831.1 (separate beneficiary records), 2832.1 (written permission balance below accountability) and 2832 (deposit trust funds) of the Regulations and of Section 10145 (trust fund handling) of the Code and are grounds for discipline under Sections 10177(d) (willful disregard of real estate laws) and 10177(g) (negligence/incompetence licensee) of the Code.

SECOND CAUSE OF ACTION

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Complainant refers to Paragraphs 1 through 10, above, and incorporates the same, herein, by reference.

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At all times herein above mentioned, REDMOND was responsible as the supervising designated broker/officer for WRS, for the supervision and control of the activities conducted on behalf of WRS's business by its employees to ensure its compliance with the Real Estate Law and Regulations. REDMOND failed to exercise reasonable supervision and control over the property management activities of WRS. In particular, REDMOND permitted, ratified and/or caused the conduct described above to occur, and failed to take reasonable steps, including but not limited to, the handling of trust funds, supervision of employees, and the implementation of policies, rules, and systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

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The above acts and/or omissions of REDMOND violate Section 2725 of the Regulations and Section 10159.2 (responsibility/designated officer) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g) and 10177(h) (broker supervision) of the Code.

1 Audit Costs

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3 The acts and/or omissions of Respondents, as alleged above, entitle the  
4 Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (audit costs  
5 for trust fund handling violations) of the Code.

6 Costs of Investigation and Enforcement

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

13 WHEREFORE, Complainant prays that a hearing be conducted on the  
14 allegations of this Accusation and that, upon proof thereof, a decision be rendered imposing  
15 disciplinary action against all licenses and license rights of Respondents under the Real Estate  
16 Law, and for such other and further relief as may be proper under other provisions of law.

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19 RUBEN CORONADO  
Supervising Special Investigator

20 Dated at Fresno, California,

21 this 6<sup>th</sup> day of June, 2023.

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23 DISCOVERY DEMAND

24 The Department of Real Estate hereby requests discovery pursuant to Section  
25 11507.6 of the California Government Code. Failure to provide discovery to the Department  
26 may result in the exclusion of witnesses and/or documents at the hearing, and other sanctions as  
27 the Administrative Law Judge deems appropriate.