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FILED

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DEPARTMENT OF REAL ESTATE
By B. M. Chullos

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of:)
12) No. H-3555 FR
13 DOBBS REALTY GROUP & ASSOCIATES INC.)
14 and RAYMOND EDWARD DOBBS,) ACCUSATION
Respondents.)

15 The Complainant, RUBEN CORONADO, acting in his official capacity as a
16 Supervising Special Investigator of the State of California, for this Accusation against DOBBS
17 REALTY GROUP & ASSOCIATES INC. ("DRGA") and RAYMOND EDWARD DOBBS
18 ("DOBBS"), sometimes collectively referred to as Respondents, is informed and alleges as
19 follows:

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21 DRGA is presently licensed and/or has license rights under the Real Estate Law,
22 Part 1 of Division 4 of the Business and Professions Code ("Code"), by the Department of Real
23 Estate ("Department") as a corporate real estate broker.

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25 DOBBS is presently licensed and/or has license rights under the Code as a real
26 estate broker.

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At all times mentioned, DOBBS was the designated broker-officer of DRGA. As the designated broker-officer, DOBBS 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 DRGA for which a real estate license is required to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

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 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 exchange of leases on real property, or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

Whenever acts referred to below are attributed to Respondents, those acts are alleged to have been done by Respondents, acting by themselves, or by and/or through one or more known or unknown agents, associates, and/or co-conspirators.

On or about April 10, 2024, the Department completed its audit (FR23-0033) of the books and records of DRGA's property management activities described above in Paragraph 4. The auditor examined property management records for the period of July 1, 2022, through December 31, 2023 ("the audit period").

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1 FIRST CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 6, above, and incorporates the same,
4 herein.

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6 While acting as a real estate broker as described in Paragraph 4, above, and within
7 the audit period, Respondents accepted or received funds in trust ("trust funds") from or on
8 behalf of property owners, lessees and others in connection with property management activities,
9 and deposited or caused to be deposited those funds into bank accounts maintained by
10 Respondents at Chase Bank, 5660 Stockdale Highway, Bakersfield, CA 93309, as described
11 below:

12 TRUST ACCOUNT #1 ("T/A1")	
13 Account No.:	XXXXXX1320
14 Entitled:	15 Dobbs Realty Group & Associates, Inc. DBA Dobbs Property Management

16 And thereafter from time to time made disbursements of said trust funds.

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

- 20 (a) An accountability was performed on account T/A1, and as of
21 November 30, 2023, a shortage of \$366,837.82 was revealed in
22 violation of Section 10145(a) (handling of trust funds) of the Code;
23 (b) Respondents failed to obtain written permission from the owners of the
24 trust funds in account T/A1, to allow the balances to drop below
25 accountability, in violation of Section 2832.1 (trust fund handling for
26 multiple beneficiaries) of Title 10, Chapter 6, California Code of
27

1 Regulations ("Regulations"); and

2 (c) Respondents failed to designate T/A1 as a trust account in violation of
3 Section 10145(a) of the Code and Section 2832 (trust fund handling)
4 of the Regulations.

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6 The act and/or omissions described above constitute violations of Sections
7 2832 and 2832.1 of the Regulations and Section 10145 of the Code and are grounds for
8 discipline under the aforementioned Section and/or Sections 10165 (penalties), 10177(d)
9 (willful disregard of real estate laws) and 10177(g) (negligence/incompetence licensee) of
10 the Code.

11 SECOND CAUSE OF ACTION

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13 Complainant refers to Paragraphs 1 through 10, above, and incorporates the
14 same, herein.

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16 During the audit period, Respondents performed licensed activities at an office
17 location that was not registered as Respondent's main office address or a branch office.
18 Respondent's main office address was listed as 841 Mohawk Street, Suite 230, Bakersfield, CA
19 93309. Respondents performed licensed activities at 5405 Stockdale Highway, Suite 100,
20 Bakersfield, CA 93309. Respondents changed main office locations and failed to notify the
21 Department of the move within 30 days of making the change in violation of Section 10162 of
22 the Code.

23 13

24 The acts and/or omissions as described above constitute grounds for the
25 suspension or revocation of the license and license rights of Respondents pursuant to Sections
26 10177(d) and/or 10177(g) of the Code.

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1 THIRD CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 13, above, and incorporates the
4 same, herein.

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

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16 The above acts and/or omissions of DOBBS violate Section 2725 (broker
17 supervision) of the Regulations and Section 10159.2 (responsibility/designated officer) of the
18 Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d),
19 10177(g) and 10177(h) (broker supervision) of the Code.

20 COSTS OF INVESTIGATION AND ENFORCEMENT

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

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

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 license rights of Respondents under the Real Estate Law, for the cost of investigation and enforcement as permitted by law, and for such other and further relief as may be proper under other provisions of law.


RUBEN CORONADO
Supervising Special Investigator

Dated at Fresno, California,
this 18th day of September, 2024.

DISCOVERY DEMAND

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