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APR 03 2026

DEPARTMENT OF REAL ESTATE
By B. Nicholas

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of :

RENT FRESNO and
PHILLIP JEFFREY TELIHA

Respondents.

No. H-3556 FR

OAH No. 2024120013

STIPULATION AND AGREEMENT AFTER RECONSIDERATION

PROCEDURAL BACKGROUND:

A. Accusation. The Accusation filed on September 26, 2024, alleged cause to suspend or revoke Rent Fresno and Phillip Jeffrey Teliha ("Teliha"), collectively referred to as "Respondents," based on violations found during a routine audit and for failure to supervise the licensed acts of a corporate real estate broker. Respondent Teliha represented himself and Rent Fresno, as its President and Designated Broker Officer.

B. Hearing and Decision. On June 10, 2025, a hearing was held before the Office of Administrative Hearings by videoconference. On July 7, 2025, the Administrative Law Judge ("ALJ") issued a Proposed Decision ("PD") recommending the revocation of Respondents real estate licenses. On July 29, 2025, the Commissioner adopted the PD as the Decision to become effective on August 22, 2025.

C. Request for Reconsideration. On August 14, 2025, Respondents, through counsel,

1 requested that the Decision be reconsidered. On August 19, 2025, the Commissioner stayed the
2 effective date of the Decision until Noon on September 22, 2025. On August 29, 2025, the
3 Commissioner stayed the effective date of the Decision until Noon on October 2, 2025.

4 D. Argument. On September 23, 2025, Respondents submitted their written argument.
5 On September 24, 2025, Complainant submitted their written argument.

6 E. Reconsideration. On September 30, 2025, the Commissioner granted reconsideration
7 and requested additional argument from the parties. Additional argument was submitted by the
8 parties and considered by the Commissioner.

9 STIPULATION AND AGREEMENT

10 It is hereby agreed by and between RENT FRESNO and PHILLIP JEFFREY
11 TELIHA("TELIHA") (collectively referred to as "Respondents"), represented by Frank Buda,
12 and the Complainant, acting by and through Kyle Jones, Counsel for the Department of Real
13 Estate, as follows for the purpose of settling and disposing of the Accusation filed on
14 September 26, 2024, in this Matter:

15 1. The parties stipulate to the Factual Findings and Legal Conclusions contained
16 within the Proposed Decision except for the Determination of Discipline. The parties wish to
17 settle this matter without further litigation and agree that the following Order will replace the
18 Determination of Discipline, Order, and Costs within the Proposed Decision.

19 ORDER

20 I.

21 AS TO RENT FRESNO

22 All licenses and licensing rights of RENT FRESNO, under the Real Estate Law
23 are revoked; provided, however, a restricted real estate broker corporation license shall be issued
24 to RENT FRESNO pursuant to Section 10156.5 of the Code if RENT FRESNO makes
25 application therefor and pays to the Department the appropriate fee for the restricted license
26 within 90 days from the effective date of this Decision and Order. The restricted license issued
27 to RENT FRESNO shall be subject to all of the provisions of Section 10156.7 of the Code and to

1 the following limitations, conditions and restrictions imposed under authority of Section 10156.6
2 of the Code:

3 1. The restricted broker license issued to RENT FRESNO may be suspended prior
4 to hearing by Order of the Commissioner on evidence satisfactory to the Commissioner that
5 RENT FRESNO has violated provisions of the California Real Estate Law, the Subdivided
6 Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the
7 restricted license.

8 2. RENT FRESNO shall not be eligible to apply for the issuance of an
9 unrestricted real estate license nor for removal of any of the conditions, limitations or restrictions
10 of a restricted license until two (2) years have elapsed from the effective date of this Decision
11 and Order. RENT FRESNO shall not be eligible to apply for any unrestricted licenses until all
12 restrictions attaching to the license have been removed.

13 II.

14 AS TO TELIHA

15 All licenses and licensing rights of TELIHA under the Real Estate Law are
16 revoked; provided, however, a restricted real estate broker license shall be issued to TELIHA
17 pursuant to Section 10156.5 of the Code if TELIHA makes application therefore for the
18 restricted license within ninety (90) days from the effective date of this Decision and Order. The
19 restricted license issued to TELIHA shall be subject to all of the provisions of Section 10156.7 of
20 the Code and to the following limitations, conditions and restrictions imposed under authority of
21 Section 10156.6 of that Code:

22 1. The restricted license issued to TELIHA may be suspended prior to hearing by
23 Order of the Commissioner in the event of TELIHA's conviction or plea of nolo contendere to a
24 crime which is substantially related to TELIHA's fitness or capacity as a real estate licensee.

25 2. The restricted license issued to TELIHA may be suspended prior to hearing by
26 Order of the Commissioner on evidence satisfactory to the Commissioner that TELIHA has
27

1 violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of
2 the Real Estate Commissioner or conditions attaching to the restricted license.

3 3. TELIHA shall not be eligible to petition for the issuance of any unrestricted
4 real estate license nor for removal of any of the conditions, limitations or restrictions of a
5 restricted license until two (2) years have elapsed from the effective date of this Decision and
6 Order. TELIHA shall not be eligible to apply for any unrestricted license until all restrictions
7 attaching to the license have been removed.

8 4. TELIHA shall, within nine (9) months from the effective date of this
9 Order, present evidence satisfactory to the Commissioner that TELIHA has, since the most
10 recent issuance of an original or renewal real estate license, taken and successfully completed the
11 continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal
12 of a real estate license. If TELIHA fails to satisfy this condition, Respondent's real estate license
13 shall automatically be suspended until TELIHA presents evidence satisfactory to the
14 Commissioner of having taken and successfully completed the continuing education
15 requirements. Proof of completion of the continuing education courses must be delivered to the
16 Department of Real Estate, Flag Section at 651 Bannon Street, Suite 504, Sacramento, CA
17 95811.

18 5. Respondent shall, prior to and as a condition of the issuance of the restricted
19 license, submit proof satisfactory to the Commissioner of having taken and successfully
20 completed the continuing education course on trust fund accounting and handling specified in
21 subdivision (a) of Section 10170.5 of the Business and Professions Code. Proof of satisfaction of
22 this requirement includes evidence that respondent has successfully completed the trust fund
23 account and handling continuing education course within 120 days prior to the effective date of
24 the Decision in this matter. Proof of completion of the trust fund accounting and handling course
25 must be delivered to the Department of Real Estate, Flag Section at 651 Bannon Street, Suite
26 504, Sacramento, CA 95811, prior to the effective date of this Order.

27 III.

1 AS TO RENT FRESNO AND TELIHA JOINTLY AND SEVERALLY

2 1. Pursuant to Section 10148 of the Code, Respondents, jointly and severally,
3 shall pay the sum of \$3,287.75 for the Commissioner's cost of the audit which led to this
4 disciplinary action. Respondents shall pay such cost within sixty (60) days of receiving an
5 invoice therefore from the Commissioner. The Commissioner shall indefinitely suspend all
6 licenses and licensing rights of Respondents pending a hearing held in accordance with Section
7 11500, et seq., of the Government Code, if payment is not timely made as provided for herein,
8 or as provided for in a subsequent agreement between Respondents and the Commissioner.
9 The suspension shall remain in effect until payment is made in full or until Respondents enter
10 into an agreement satisfactory to the Commissioner to provide for payment, or until a decision
11 providing otherwise is adopted following a hearing held pursuant to this condition.

12 2. Respondents, jointly and severally, shall pay the Commissioner's costs, not to
13 exceed \$4,109.68, of any audit conducted pursuant to Section 10148 of the Code to determine
14 if Respondents have corrected the violations described in the Determination of Issues, above,
15 and any other violations found in the audit which led to this disciplinary action.
16 In calculating the amount of the Commissioner's reasonable costs, the Commissioner may use
17 the estimated average hourly salary for all persons performing audits of real estate brokers, and
18 shall include an allocation for travel time to and from the auditor's place of work. Respondents
19 shall pay such costs within sixty (60) days of receiving an invoice therefore from the
20 Commissioner detailing the activities performed during the audit and the amount of time spent
21 performing those activities. If Respondents fail to pay such costs within the sixty (60) days,
22 the Commissioner shall indefinitely suspend all licenses and licensing rights of Respondents
23 under the Real Estate Law until payment is made in full or until Respondents enter into an
24 agreement satisfactory to the Commissioner to provide for payment. Upon full payment, the
25 indefinite suspension provided for in this paragraph shall be stayed.

26 3. All licenses and licensing rights of Respondents are indefinitely suspended
27 unless or until Respondents, jointly and severally, pay the sum of \$3,258.60 for the

1 Commissioner's reasonable costs of the investigation and enforcement which led to this
2 disciplinary action. Said payment shall be in the form of a cashier's check or certified check
3 made payable to the Real Estate Fund. The investigative and enforcement costs must be
4 delivered to the Department of Real Estate, Flag Section at 651 Bannon Street, Suite 504,
5 Sacramento, CA 95811, prior to the effective date of this Order.

6 3/12/26

7 DATED

8 
KYLE JONES, Attorney
Department of Real Estate

9 * * *

10 I have read the Stipulation and Agreement in Settlement and Order and its terms
11 are understood by me and are agreeable and acceptable to me. I understand that I am waiving
12 rights given to me by the California Administrative Procedure Act (including but not limited to
13 Sections 11506, 11508, 11509 and 11513 of the Government Code), and I willingly,
14 intelligently, and voluntarily waive those rights, including the right of requiring the
15 Commissioner to prove the allegations in the Accusation at a hearing at which I would have the
16 right to cross-examine witnesses against me and to present evidence in defense and mitigation
17 of the charges.

18 Respondents can signify acceptance and approval of the terms and conditions of
19 this Stipulation and Agreement by faxing a copy of the signature page, as actually signed by
20 Respondent, to the Department at fax number (916) 576-7840 or by e-mail to
21 kyle.jones@dre.ca.gov. Respondents agree, acknowledge, and understand that by
22 electronically sending to the Department a copy of Respondents' actual signatures as they
23 appear on the Stipulation and Agreement, that receipt of the copy by the Department shall be as
24 binding on each Respondent as if the Department had received the original signed Stipulation
25 and Agreement.

26 ///

27 ///

1 2/28/2026

2 DATED



PHILLIP JEFFREY TELIHA
Designated Officer for Respondent,
RENT FRESNO

4 2/28/2026

5 DATED



PHILLIP JEFFREY TELIHA
Respondent

7 * * *

8 *I have reviewed the Stipulation and Agreement as to form and content and have advised my*
9 *clients accordingly.*

11 2-28-2026

12 DATED



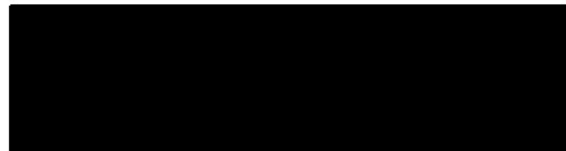
FRANK BUDA,
Attorney for Respondents

15 * * *

16 The foregoing Stipulation and Agreement is hereby adopted as my Decision in
17 this matter and shall become effective at 12 o'clock noon on APR 24 2026.

18 IT IS SO ORDERED 3/28/2026, 2026.

20 CHIKA SUNQUIST
21 Real Estate Commissioner



24 By Marcus L. McCarther
25 Chief Deputy Real Estate Commissioner

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FILED

OCT 01 2025

DEPARTMENT OF REAL ESTATE
By B. Nicholas

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of:) DRE No. H-3556 FR
)
RENT FRESNO AND PHILLIP JEFFREY) OAH No. 2024120013
TELIHA,)
)
Respondents.)
_____)

ORDER GRANTING RECONSIDERATION

On July 29, 2025 a Decision revoking Respondent PHILLIP JEFFREY TELIHA's real estate broker license and revoking Respondent RENT FRESNO's corporate real estate broker license was signed in the above-entitled matter. Said Decision was to become effective on August 22, 2025, and was stayed by separate Order to October 2, 2025.

On August 14, 2025, Respondents petitioned for reconsideration of the Decision of July 29, 2025.

I find that there is good cause to reconsider the Decision of July 29, 2025.
Reconsideration is granted.

Reconsideration is granted for the limited purpose of determining whether the action imposed against Respondents by said Order should be reduced.

///

1 Respondents shall have 15 days from the date of this Order in which to file written
2 argument in further support of their petition for reconsideration. Counsel for the Department of
3 Real Estate shall submit any written reply to said argument within ten (10) days thereafter.

4 IT IS SO ORDERED

9/30/2025

5 Chika Sunquist

6 REAL ESTATE COMMISSIONER

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9 By: Marcus L. McCarther

10 Chief Deputy Real Estate Commissioner

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FILED

AUG 29 2025

DEPARTMENT OF REAL ESTATE
By B. Nicholas

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:) DRE NO. H-3556 FR
RENT FRESNO AND)
PHILLIP JEFFREY TELIHA,) OAH NO. 2024120013
Respondent(s).)

ORDER STAYING EFFECTIVE DATE

On July 29, 2025, a Decision was rendered in the above-entitled matter to become effective August 22, 2025.

On August 19, 2025, the Decision was stayed for 30 days until September 22, 2025.

On August 28, 2025, Respondent's attorney provided good cause to stay the effective date an additional 10 days pursuant to Section 11521 of the Business and Professions code.

IT IS HEREBY ORDERED that the effective date of September 22, 2025, is stayed for an additional period of 10 days.

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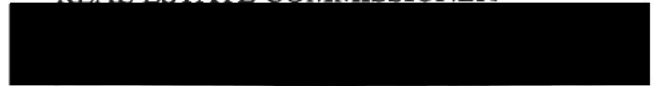
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The Decision of July 29, 2025, shall become effective at 12 o' clock noon on October 2, 2025.

DATED: Aug 29, 2025

CHIKA SUNQUIST
REAL ESTATE COMMISSIONER



By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

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FILED

AUG 19 2025

DEPARTMENT OF REAL ESTATE

By B. Nicholas

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:) DRE NO. H-3556 FR
RENT FRESNO AND) OAH NO. 2024120013
PHILLIP JEFFREY TELIHA,)
Respondent(s).)

ORDER STAYING EFFECTIVE DATE

On July 29, 2025, a Decision was rendered in the above-entitled matter to become effective August 22, 2025.

IT IS HEREBY ORDERED that the effective date of August 22, 2025, is stayed for a period of 30 days to allow Respondents PHILLIP JEFFREY TELIHA and RENT FRESNO to file a petition for reconsideration or consider Respondents' petition for reconsideration.

The Decision of July 29, 2025, shall become effective at 12 o' clock noon on September 22, 2025.

DATED: 8/19/2025

CHIKA SUNQUIST
REAL ESTATE COMMISSIONER

By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

FILED

AUG 01 2025

DEPARTMENT OF REAL ESTATE
By B. Nichols

In the Matter of the Accusation of:	)	DRE No. H-3556 FR
	)	
RENT FRESNO AND PHILLIP JEFFREY	)	OAH No. 2024120013
TELIHA,	)	
Respondents.	)	

DECISION

The Proposed Decision dated July 7, 2025, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

Pursuant to Section 11517(c)(2) of the Government Code, the following corrections are made to the Proposed Decision.

- 1) On Page 3, Audit of Rent Fresno’s Property Management Activity, Paragraph 6, “...Rent Fresno collected approximately \$3,525,500 in rents from tenants annually,” is corrected to read “...Rent Fresno collected approximately \$3,523,500 in rents from tenants annually.”

The Decision suspends or revokes one or more real estate licenses.

Pursuant to Government Code Section 11521, the Department of Real Estate 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.

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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 thirty (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.

This Decision shall become effective at 12 o'clock noon on AUG 22 2025

IT IS SO ORDERED

7/29/2025

Chika Sunquist
REAL ESTATE COMMISSIONER



By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

**BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

RENT FRESNO and PHILLIP JEFFREY TELIHA, Respondents.

Agency Case No. H-3556 FR

OAH No. 2024120013

PROPOSED DECISION

Administrative Law Judge Holly M. Baldwin, State of California, Office of Administrative Hearings, heard this matter on June 10, 2025, by videoconference.

Real Estate Counsel Kyle T. Jones represented complainant Ruben Coronado, Supervising Special Investigator, Department of Real Estate, State of California.

Respondent Phillip Jeffrey Teliha represented himself and Rent Fresno, as its president and designated broker officer.

The record closed and the matter was submitted for decision on June 10, 2025.

FACTUAL FINDINGS

1. Respondent Rent Fresno (Rent Fresno) is a corporation licensed by the Department of Real Estate (Department) to act as a corporate real estate broker

(license number C 01522662). Rent Fresno has four licensed fictitious business names (DBAs): Rental Management Company, Rental Management Co, Rentfresno.com, and Rental Mgmt Co. Rent Fresno's license was originally issued on February 22, 2006, was active at all times relevant to this matter, and is scheduled to expire on February 21, 2026. There is no prior history of discipline on Rent Fresno's license.

Respondent Phillip Jeffrey Teliha (respondent) was issued real estate broker's license number B 1377420 on February 22, 2006.¹ Respondent's broker license was active at all times relevant to this matter and is scheduled to expire on February 21, 2026. Respondent has no prior history of license discipline.

Respondent is the designated broker officer for Rent Fresno, and is its president and 50 percent shareholder. Respondent's spouse Linda Teliha, a licensed salesperson, is the secretary/treasurer for Rent Fresno and 50 percent shareholder.

2. On September 18, 2024, complainant Ruben Coronado signed an accusation (it was filed on September 26, 2024), in his official capacity as Supervising Special Investigator for the Department. The accusation alleges that Rent Fresno and respondent are subject to license discipline based on violations of the Real Estate Law and regulations discovered during an audit of their property management activities. Complainant also seeks to recover the Department's costs for conducting the audit, and costs of investigation and enforcement. Respondents filed a notice of defense, and this hearing followed.

¹ He was previously issued a real estate salesperson license on April 23, 2003.

3. Rent Fresno is engaged in the business of acting as a real estate broker as defined by Business and Professions Code section 10131, subdivision (b), including conducting a property management business. As part of this business, Rent Fresno accepts, holds, and disburses funds from and to tenants and owners (trust funds) in connection with renting real property.

Audit of Rent Fresno's Property Management Activity

4. Amanda Byrd (formerly known as Amanda Patterson) is employed as an auditor by the Department, and has performed more than 300 audits. She conducted a routine audit of Rent Fresno's property management records, prepared a report, and testified credibly and persuasively at hearing. Byrd examined Rent Fresno's records for the audit period of August 1, 2022 through July 31, 2023. The audit was performed from August to October 2023, and resulted in a report dated November 20, 2023.

5. The audit report made four noncompliance findings: (1) a shortage of \$36,841.78 was found in Rent Fresno's trust account as of June 30, 2023; (2) respondent failed to maintain an adequate control record of all trust funds received and disbursed for the trust account; (3) respondent failed to maintain adequate separate records for each beneficiary of the trust account; and (4) respondent failed to perform a proper monthly reconciliation for the trust account, comparing the balance of all separate records to the balance of the control record.

6. During the audit period, Rent Fresno managed one-to-four family residences with 175 units, and nine commercial properties with 18 units, for a total of 121 owners. Rent Fresno collected approximately \$3,525,500 in rents from tenants annually. Rent Fresno also charged management fees to owners. Respondent maintained a trust account to handle trust funds for the property management

business, including deposits of rents and disbursements for expenses related to the managed properties, remittances to owners, and payment of management fees to Rent Fresno. The security deposits were held by property owners.

7. Byrd explained that a "control record" is a daily chronological running balance of all activity through the trust account for all properties being managed. A "separate record" should be maintained for each property or beneficiary showing all activity in and out. "Accountability" means how much money the broker is holding in trust for property owners. An "adjusted bank balance" means the ending bank balance, minus pending checks and disbursements, plus pending deposits.

SHORTAGE IN TRUST ACCOUNT

8. As part of the audit, Byrd prepared bank reconciliations and compared Rent Fresno's control record and separate records to the bank statements for the trust account, to determine accountability. Byrd found that these totals did not match, and found a significant "shortage," meaning that the Rent Fresno trust account contained less money than its accountability. As of June 30, 2023, the trust account had a shortage of \$36,841.78. The cause for part of the shortage was identified, with \$9,899.99 being due to negative balances in seven property accounts. The cause of the remaining shortage of \$26,941.79 was unidentified, and not connected to any particular property.

9. Respondent corrected about half of the total shortage, by depositing \$18,559.18 into the trust account in late September 2023. However, the remainder of the shortage (\$18,282.60) had not been cured as of the date of the hearing.

10. Byrd sent respondent an email on October 3, 2023, asking him to specify which properties the \$18,559.18 deposit was intended to cover the shortage for. She

noted that even if the deposit was used to cover the entire identified shortage and part of the unidentified shortage, there was still \$18,282.60 remaining of the unidentified shortage. Respondent did not provide the requested information.

11. On October 3, 2023, respondent emailed Byrd updated separate records for five of the seven negative property accounts. Because entries had been added prior to the cutoff date of June 30, 2023, Byrd requested evidence of those deposits. Respondent sent multiple reports, but they did not provide the information Byrd was requesting.

12. Byrd explained that under California Code of Regulations, title 10, section 2832.1, a broker may obtain written permission from a property owner to reduce the trust account bank balance below accountability. However, respondent did not provide evidence of such written consent.

CONTROL RECORD FOR TRUST ACCOUNT

13. Rent Fresno and respondent did not maintain an adequate control record for the trust account that meets the Department's standards. The control record provided during the audit did not set forth a running daily balance for the trust account. In addition, there were multiple instances where checks listed on the record had different check numbers than those listed on the cancelled checks.

Emails from Byrd to respondent repeatedly told him that the control record needs to be in a single chronological order and include a running balance. On September 28, 2023, Byrd sent respondent an email quoting the language in the Department's regulations about control records (what respondent's software calls General Ledger Activity) and separate records (what respondent's software calls Running Balance Details – Audit Statement). Byrd highlighted the requirements that

the control record include a daily balance (Cal. Code Regs., tit. 10, § 2831, subd. (a)(7)), and that separate records include the check number of each related disbursement (*id.*, § 2831.1, subd. (a)(4)). She told respondent that the highlighted parts are what his records were missing, and asked him to let her know if he had any questions.

SEPARATE RECORDS FOR BENEFICIARIES

14. Rent Fresno and respondent did not maintain complete and accurate separate records for the beneficiaries of the trust account. The separate records did not include a check number for each related disbursement.

RECONCILIATION

15. Byrd reviewed reconciliations performed by respondent for Rent Fresno. Byrd listed the failure to perform monthly reconciliations as an item of noncompliance in the audit report, because if respondent had been doing a proper reconciliation, then the shortage and other inaccuracies would not have occurred.

EXIT CONFERENCE

16. Byrd discussed her findings with respondent during an exit conference on November 9, 2023, and she sent him a copy of her non-compliance summary for his review. Respondent agreed to correct the issues identified. That was the last communication between respondent and Byrd prior to the hearing.

Respondent's Evidence

17. Respondent is frustrated that the audit is still hanging over his head. He stated that he may have made mistakes or errors, but has corrected them. Respondent denied misappropriating any money, and contends he is still trying to find out what is

required for him to be in compliance. Respondent testified that he has tried to comply, he is not seeing any problems, and owners are not asking him for their money.

18. Respondent placed much of the blame for the audit findings on his property management software, PROMAS. This is the only audit Byrd has performed in which the broker used PROMAS software. Respondent contends he did provide the information Byrd requested, but perhaps not by a specific report name.

19. Respondent also stated that his former bookkeeper abruptly quit at the end of 2022. (The audit period was August 2022 through July 2023, and the audit was performed from August to October 2023.) Respondent did not explain why this may have led to any deficiency in his property management records.

SHORTAGE IN TRUST ACCOUNT

20. Respondent disputes the audit finding that he had not obtained written consent from owners to let the trust account balance drop below accountability. Respondent stated that his property management agreement provides that he can make loans or contracts on the owner's behalf. No property management agreement was submitted into evidence at hearing.

21. Respondent testified that he disagreed with the finding of a trust account shortage and that the unidentified shortage is very troubling to him. However, he did not provide any clear explanation for the shortage. Respondent stated that if a tenant makes a payment prior to the rent charge date, it shows as an open credit not yet earned, and he speculated that this may be the source of the discrepancy. He did not point to any specific documentation to corroborate this potential explanation.

22. Respondent also stated that he was not told that any additional money needed to be deposited in order to “make it right.” That testimony was disingenuous, given respondent’s correspondence with Byrd about a shortage of approximately \$36,000; his deposit of approximately \$18,000 into the trust account to cure it; Byrd’s unanswered follow-up questions about the deposit; and the remaining amount of approximately \$18,000 that was never addressed by respondent and was noted as uncured as of the November 30, 2023 audit report (and as of the date of hearing).

CONTROL RECORD

23. Regarding the lack of a daily running balance in the control record, respondent stated he did not understand what was needed in order to extract that information from his software. It appears that now he is able to do so. (See Factual Finding 34.)

24. The instances in which the check numbers listed on the control record were different than the numbers on the cancelled checks were due to checks being inserted the wrong way into the printer, causing them to print out in the wrong order. Respondent stated the dollar amounts were not incorrect, only the check numbers.

SEPARATE RECORDS

25. As an explanation for disbursements not showing check numbers on the separate records, respondent stated he issues batch ACH (Automated Clearing House) electronic payments to owners, which do not have check numbers for each payment. Respondent conceded that ACH batch reports can be provided with transaction numbers, but he just uses the dollar amounts to do his reconciliation.

RECONCILIATIONS

26. Respondent stated that he does perform reconciliations. He hired an outside person recommended by his software company to review the reconciliations, and in the past he hired the software company to perform an annual reconciliation. No further information was provided by respondent about any outside review.

ADDITIONAL REPORTS PROVIDED BY RESPONDENT AT HEARING

27. At hearing, respondent provided 12 additional reports that he had not previously submitted to Byrd. For each of the months of April, May, and June 2023, he provided reports labeled: Bank Activity, Bank Balance Breakdown, Bank Reconciliation, and Balance Sheet. Respondent appeared to contend that these newly produced reports showed corrective measures or proof of compliance. However, the documents, and respondent's testimony about them, raised more questions than they answered.

28. The reports labeled Bank Balance Breakdown include listings for "ledgers with positive balances" and "ledgers with negative balances." Respondent was questioned about the May and June 2023 reports.

For June 2023, the Bank Balance Breakdown report shows four ledgers with negative balances, totaling \$7,952.83. Two of these are for property owners with small negative balances (\$610 and \$466). The remaining two ledgers with negative balances are for "RMC: Rental Mgmt Co" in the amount of \$4,426.83, and Phillip and Linda Teliha in the amount of \$2,450. Respondent explained that he had made a loan from his management company to cover shortages from owners. When asked to show where that transaction was in the bank records, respondent stated that it was a check written from the RMC business account and deposited to the trust account, and that

this financial transaction was not shown in the financial records in evidence at the hearing. Respondent did not provide further documentation.

For May 2023, the Bank Balance Breakdown shows seven ledgers with negative balances, totaling \$11,461.54. Again, the largest portion was attributed to the ledgers for RMC and Teliha.

29. The June 2023 Bank Balance Breakdown report stated that the total for ledgers with positive balances is \$126,868.17 (meaning all separate records have that combined balance) as of June 30, 2023. However, the bank statement for the trust account shows an ending balance of \$84,853.14 as of June 30, 2023. Meanwhile, the audit report reflects \$62,170.88 for the adjusted bank balance as of June 30, 2023. When asked why these numbers were different, respondent stated that the adjusted bank balance did not include credits owed to owners for pre-paid rents. According to respondent, the figure of \$126,868.17 for ledgers with positive balances on his Bank Balance Breakdown report included unearned "open credit" in his software program, for example if a tenant had paid rent on the 30th of the month but it was not due until the 1st of the following month.

30. The Bank Activity reports provided by respondent list beginning balances that do not match the bank statements. For example, the bank statement for the trust account shows a beginning balance of \$76,307.84 as of June 1, 2023. In contrast, the Bank Activity report for June 2023 shows a beginning balance of \$71,077.10 on June 1, 2023. As another example, the bank statement for the trust account shows a beginning balance of \$48,165.36 as of May 1, 2023, but the Bank Activity report for May 2023 shows a beginning balance of \$38,823.16 on May 1, 2023. Respondent did not explain why these figures do not match.

Byrd's Additional Testimony

31. In response to respondent's questions about issues with his software program, Byrd explained she can only tell a broker what information the Department requires, and it appeared that respondent's software was not providing it. She asks every broker for control records and separate records. The names of the reports do not matter, only the information they contain. It is up to the broker to find adequate software, or to work with the software provider to generate adequate reports. The Department does not approve or disapprove any particular property management software for use in California. Byrd stated there are many available programs, and she has encountered about 10 software programs that are mainly used by brokers. If she is familiar with the software used by a broker, she can ask for names of specific reports. Otherwise she simply tells the broker what information she needs.

32. Byrd did not recall that ACH batch payments was respondent's explanation for the lack of check numbers on the records. However, Byrd also noted that there are check numbers for payments that she highlighted as not matching. Byrd conceded the dollar figures for amounts disbursed matched the check numbers but stated the check numbers also need to match. Respondent did not provide a report correcting the check numbers. Byrd also explained that for ACH payments, an e-check number is frequently generated and it should then be listed in the control record and separate record.

33. Byrd reviewed respondent's additional reports that were submitted at hearing. If respondent had provided these during the audit, she would also have asked for his updated General Ledger Activity reports.

34. The Bank Activity reports show daily running balances. Byrd noted the only remaining problem with the Bank Activity reports is that they show disbursements to maintenance vendors without listing check numbers, which could be resolved if check numbers were obtained from the software (such a report was not provided by respondent at hearing).

35. Bank Balance Breakdown is a common report, but these reports were not given to Byrd during the audit. Upon her review of the newly provided Bank Balance Breakdown reports, Byrd is concerned that, if the reports are accurate, they actually increase the amount of the trust account shortage. Byrd had determined that the total accountability was \$99,012.66 as of June 30, 2023, and based on the records reviewed during the audit she identified a shortage of \$36,841.78. The June 2023 Bank Balance Breakdown report states that the total of all ledgers (separate records) with positive balances is \$126,868.17 as of June 30, 2023, significantly higher than the previously calculated accountability.

36. Byrd also is concerned that, as described in Factual Finding 30, the figures for beginning balance on the monthly Bank Activity reports do not match the amounts shown in the bank statements for the same dates.

37. Byrd stated that if respondent can get proper check numbers listed on the control record and separate records, and if he actually is performing monthly reconciliations, she would consider those issues resolved. However, in Byrd's opinion, respondent has not yet shown proof of correction of the noncompliance findings.

Costs

38. The Department incurred \$3,287.75 in audit costs, \$2,209.20 in investigation costs, and \$1,049.40 in enforcement costs to prosecute this action, for a

total costs claim of \$6,546.35. All of the above costs are supported by certifications that describe the tasks performed, time spent on each task, and method of calculating the cost, in compliance with California Code of Regulations, title 1, section 1042. In the absence of any evidence to the contrary, the above costs are found to be reasonable.

LEGAL CONCLUSIONS

1. The burden of proof is on the Department to show cause for discipline, by clear and convincing evidence. (*Small v. Smith* (1971) 16 Cal.App.3d 450, 457; Evid. Code, § 500.) The burden is on respondent to show rehabilitation, by a preponderance of the evidence. (Evid. Code, §§ 115, 500.)

Causes for Discipline

2. Business and Professions Code section 10177 authorizes the Commissioner to suspend or revoke the license of a real estate licensee² who has: willfully disregarded or violated the Real Estate Law or its regulations (*id.*, subd. (d)); demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license (*id.*, subd. (g)). A broker license may be suspended or revoked, as the officer designated by a corporate broker licensee, for failing to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required. (*Id.*, subd. (h).)

² In the case of a corporate license, the Commissioner may take disciplinary action where the corporation's officer, director, or 10 percent or more shareholder has committed any of the proscribed acts. (Bus. & Prof. Code, § 10177.)

SHORTAGES IN TRUST ACCOUNTS

3. Business and Professions Code section 10145 describes the obligations of a real estate broker who accepts trust funds belonging to others. All funds deposited by the broker into a trust fund account shall be maintained there until disbursed by the broker in accordance with instructions from the person entitled to the funds. (*Id.*, subd. (a)(1).) A broker must obtain written consent from the owner of trust funds prior to each disbursement, if the disbursement will reduce the balance of funds in the account to an amount less than the existing aggregate trust fund liability of the broker to all owners of the funds. (Cal. Code Regs., tit. 10, § 2832.1.)

An audit of Rent Fresno's property management business records found a large and unexplained shortage in its trust account. (Factual Findings 8-11, 21.) The evidence did not establish that respondent had obtained written consent from owners of the trust funds to allow the balance of funds to drop below accountability. (Factual Findings 12, 20.) Cause for discipline against Rent Fresno and respondent exists under Business and Professions Code sections 10145, subdivision (a), and 10177, subdivision (d), and California Code of Regulations, title 10, section 2832.1.

The shortage, and respondent's inability to adequately explain it, also demonstrates negligence or incompetence in conducting property management activities as a real estate broker. Cause for discipline against Rent Fresno and respondent exists under Business and Professions Code section 10177, subdivision (g).

FAILURE TO MAINTAIN ADEQUATE CONTROL RECORD

4. Rent Fresno failed to maintain an adequate control record for its trust account, including a running daily balance (Factual Finding 13), in violation of California Code of Regulations, title 10, section 2831, which requires the broker to

maintain a record in chronological order including, among other things, a daily balance. Cause for discipline against Rent Fresno and respondent exists under Business and Professions Code sections 10145, subdivision (a) (trust fund handling), and 10177, subdivisions (d) (violation of laws/regulations), and (g) (negligence or incompetence).

FAILURE TO MAINTAIN COMPLETE AND ACCURATE SEPARATE RECORDS

5. Rent Fresno failed to maintain complete and accurate separate records for each beneficiary of its trust account (Factual Findings 14, 32), in violation of California Code of Regulations, title 10, section 2831.1, which requires the broker to maintain a record in chronological order including, among other things, a check number for each related disbursement. Cause for discipline against Rent Fresno and respondent exists under Business and Professions Code sections 10145, subdivision (a) (trust fund handling), and 10177, subdivisions (d) (violation of laws/regulations), and (g) (negligence or incompetence).

FAILURE TO PERFORM MONTHLY RECONCILIATION OF TRUST ACCOUNT

6. Respondent failed to perform an adequate monthly reconciliation comparing the balance of all separate records to the balance of the control record (Factual Finding 15), in violation of California Code of Regulations, title 10, section 2831.2. Cause for discipline against Rent Fresno and respondent exists under Business and Professions Code sections 10145, subdivision (a) (trust fund handling), and 10177, subdivisions (d) (violation of laws/regulations), and (g) (negligence or incompetence).

DESIGNATED OFFICER'S FAILURE TO EXERCISE REASONABLE SUPERVISION AND CONTROL

7. The officer designated by a corporate broker licensee is responsible for the supervision and control of all activities conducted by the corporation, as necessary to secure full compliance with the Real Estate Law. (Bus. & Prof. Code, § 10159.2, subd. (a).) The responsible broker shall exercise reasonable supervision, including establishment of policies, rules, procedures and systems for overseeing, among other things, the handling of trust funds. (Cal. Code Regs., tit. 10, § 2725.) The violations described in Legal Conclusions 3 through 6 demonstrate that respondent Teliha, as the designated broker officer for Rent Fresno, failed to exercise reasonable supervision and control over its property management activities. Cause for discipline against respondent Teliha exists under Business and Professions Code sections 10159.2, subdivision (a) (broker supervision), and 10177, subdivisions (d) (violation of laws/regulations), (g) (negligence or incompetence), and (h) (broker supervision).

Determination of Discipline

8. The purpose of administrative proceedings regarding professional licenses is not to punish the applicant or licensee, but to protect the public. (*Hughes v. Board of Architectural Examiners* (1998) 17 Cal.4th 763, 785-786; *Griffiths v. Superior Court* (2002) 96 Cal.App.4th 757, 768.) Having found cause for discipline in this matter, the issue is what level of discipline is required to protect the public.

9. An audit of Rent Fresno's business records revealed a large shortage in its client trust account that remains unexplained more than one and a half years after the completion of the audit. Respondent has not provided a convincing explanation for the shortage, and his newly provided documents raise additional questions and

suggest an even greater shortage. Respondent cured half of the shortage identified by the auditor, but has offered no convincing explanation for his failure to cure the remaining portion. Respondent places most of the blame for the audit violations on his property management software; but it is his choice what software to use, and it is his responsibility to be able to provide sufficient documentation to the Department to demonstrate his compliance with the real estate laws and regulations. Respondent has provided little evidence of corrective actions or rehabilitation.

Public protection requires revocation of Rent Fresno's and respondent Teliha's licenses.

Costs

10. Under Business and Professions Code section 10148, subdivision (b), the Commissioner is entitled to charge a real estate broker for the cost of an audit, if the broker is found to have violated the trust fund handling requirements of Business and Professions Code section 10145 or a regulation interpreting section 10145. As set forth in Legal Conclusions 3 through 6, Rent Fresno and respondent violated section 10145 and its implementing regulations. As set forth in Factual Finding 38, complainant has established that the Department incurred \$3,287.75 in reasonable audit costs.

11. Business and Professions Code section 10106 authorizes the Department to recover its reasonable costs of investigation and enforcement in disciplinary proceedings, if the licensee is found to have violated the Real Estate Law. Rent Fresno and respondent violated the Real Estate Law and regulations. (Legal Conclusions 3-7.) As set forth in Factual Finding 38, the Department has reasonably incurred \$3,258.60 in costs in connection with the investigation and enforcement of this matter (\$2,209.20 in investigation costs and \$1,049.40 in prosecution costs).

12. In *Zuckerman v. State Board of Chiropractic Examiners* (2002) 29 Cal.4th 32, 45, the California Supreme Court set forth standards for determining whether costs should be assessed in the particular circumstances of each case, to ensure that licensees with potentially meritorious claims are not deterred from exercising their right to an administrative hearing. Those standards include whether the licensee has been successful at hearing in getting the charges dismissed or reduced, the licensee's good faith belief in the merits of his or her position, whether the licensee has raised a colorable challenge to the proposed discipline, the financial ability of the licensee to pay, and whether the scope of the investigation was appropriate to the alleged misconduct. None of these considerations support a reduction in the Department's cost recovery in this case.

ORDER

1. All licenses and licensing rights of respondent Rent Fresno under the Real Estate Law are revoked.

2. All licenses and licensing rights of respondent Phillip Jeffrey Teliha under the Real Estate Law are revoked.

3. Respondent Rent Fresno and Phillip Jeffrey Teliha shall, jointly and severally, pay the Department's audit costs pursuant to Business and Professions Code section 10148, subdivision (b), in the amount of \$3,287.75.

4. Respondent Rent Fresno and Phillip Jeffrey Teliha shall, jointly and severally, pay the Department's investigation and enforcement costs pursuant to Business and Professions Code section 10106, in the amount of \$3,258.60.

DATE: 07/07/2025



HOLLY M. BALDWIN

Administrative Law Judge

Office of Administrative Hearings