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DEPT. OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) No. H-03583 FR
)
HUFF REAL ESTATE, INC. and) **ACCUSATION**
PETER MATTHEW HUFF,)
individually and as designated officer)
for Huff Real Estate, Inc.,)
)
Respondents.)

The Complainant, Ruben Coronado II, a Supervising Special Investigator for the Department of Real Estate ("Department" or "DRE") of the State of California, for cause of Accusation against HUFF REAL ESTATE, INC. and PETER MATTHEW HUFF, individually and as a designated officer for Huff Real Estate, Inc. (collectively "Respondents") alleges as follows:

1.

The Complainant, Ruben Coronado II, a Supervising Special Investigator of the State of California, makes this Accusation in his official capacity.

2.

All references to the "Code" are to the California Business and Professions Code, all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all

1 references to "Regulations" are to the Regulations of the Real Estate Commissioner, Title 10,
2 Chapter 6, California Code of Regulations.

3 3.

4 Respondents are presently licensed and/or have license rights under the Real
5 Estate Law (Part 1 of Division 4 of the Code). Respondents have renewal rights pursuant to
6 Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.

7 LICENSE HISTORY

8 4.

9 a. On October 26, 2018, the Department issued a real estate corporation license
10 (DRE license ID no. 02077847) to Respondent HUFF REAL ESTATE, INC. ("HREI"), which
11 is set to expire on October 25, 2026, unless renewed.

12 b. According to Department records to date, HREI maintains two (2) active
13 licensed fictitious business names, "Huff Property Management" and "Huff Real Estate," both
14 effective as of February 2, 2024.

15 c. According to Department records to date, HREI does not have any broker
16 associates.

17 d. According to Department records to date, HREI is the employing broker to
18 six (6) salespersons.

19 5.

20 a. On October 31, 2012, the Department issued a real estate broker license
21 (DRE license ID no. 01454712) to Respondent PETER MATTHEW HUFF ("HUFF"), which
22 is set to expire on October 30, 2028, unless renewed.

23 b. According to discussions with the Department auditor, HUFF is the President
24 of HREI and has a 100% ownership interest in HREI.

25 d. According to Department records to date, HUFF is the designated officer
26 ("D.O.") for HREI, pursuant to Code section 10211. As HREI's D.O., HUFF was, at all times
27 mentioned herein, responsible for the supervision of the activities of the officers, agents, real

1 estate licensees, and employees of HREI for which a license is required, pursuant to Code
2 section 10159.2.

3 BROKER ACTIVITIES

4 6.

5 At all times relevant herein, Respondent HREI engaged in the business of,
6 acted in the capacity of, advertised or assumed to act as a real estate broker, within the
7 meaning of section 10131(b) of the Code. Respondent HREI's activities included collecting
8 rents from tenants, soliciting tenants, advertising rental properties, making payments for
9 property tax, insurance, repairs and maintenance, on behalf of others for compensation or in
10 expectation of compensation.

11 CAUSE FOR ACCUSATION

12 (AUDIT FR-23-0026)

13 7.

14 On or about September 17, 2024, the Department completed an audit
15 examination of the books and records of HREI's property management activities, which
16 require a real estate license pursuant to Code section 10131(b). The audit examination
17 covered the period of time from November 1, 2022 to October 31, 2023. The primary purpose
18 of the examination was to determine whether HREI conducted its real estate activities in
19 accordance with the Real Estate Law and the Commissioner's Regulations. The audit
20 examination revealed numerous violations of the Code and the Regulations as set forth in the
21 following paragraphs, and more fully discussed in Audit Report No. FR-23-0026 and the
22 exhibits and work papers attached to said audit report.

23 8.

24 Based on the examination of records provided for the audit examination and
25 discussions with HUFF, HREI maintained the following one (1) bank account at Bank of
26 America for multiple beneficiaries, which was used for the handling of trust fund receipts and
27 disbursements for HREI's property management activity during the audit period:

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Bank Account ("BA 1")

Bank: Bank of America

Account Name: Peter M. Huff Sole Prop DBA Huff Real Estate Property Management

Account Number: xxxxxxxx0080

Signatory: Peter M. Huff

Description: During the audit period, BA 1 was used for the handling of trust funds for deposits and disbursements for multiple beneficiaries in connection with HREI's property management activities. Deposits consisted of rents, security deposits, and any property management related fees. Disbursements consisted of payment for repairs and maintenance, management fees, and owner proceeds.

9.

As of the cut-off date of October 31, 2023, bank reconciliation was prepared for BA 1. The adjusted bank balances were compared to the sum of the balances of all the separate records for each beneficiary or transaction ("separate records"), which resulted in the following:

Adjusted bank balance		\$10,809.44
Accountability – Identified accountability	\$10,200.00	
Accountability – Unidentified/unaccounted	\$ 609.44	
Funds Total	<u>\$10,809.44</u>	<u>\$10,809.44</u>
	Balanced	

According to Respondent, the \$10,200.00 was the total security deposits due to trust fund owners. There was unidentified and/or unaccounted for funds in the amount of \$609.44 as of October 31, 2023.

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1 Violations of the Real Estate Law

2 10.

3 The audit examination revealed violations of the Code and the Regulations, as
4 set forth in the following paragraphs, and more fully discussed in Audit Report No. FR-23-
5 0026 and the exhibits and work papers attached to the audit report.

6 **a. Handling of Trust Funds / Commingling (Code sections 10145 and**
7 **10176(e)).** During the audit period, BA 1 was used for the handling of trust funds related to
8 HREI's property management activities. Based on an examination of bank statements for BA
9 1, there were certain disbursements made for expenses not related to property management
10 activities. Some of said disbursements include the following:

11 12/08/2022 Payment to GameStop for \$692.76
12 12/09/2022 Payment to Apple.com for \$53.04
13 12/13/2022 Payment to CA DMV for \$279.00
14 01/04/2023 Payment to Discount Tires for \$476.38
15 01/05/2023 Payments to American Express for \$6,000.00, \$748.96, and
16 \$224.05
17 04/11/2023 Payment to Ten Pin Fun Center for \$280.73
18 05/15/2023 Payment to TNSSMART for \$305.99
19 07/19/2023 Payment to Tesla Insurance Service for \$239.76

20 During the audit period, HREI used BA 1 to conduct personal and/or business-
21 related expenses while using BA 1 to handle trust funds for its property management activities,
22 causing commingling of the trust funds, in violation of Code sections 10145 and 10176(e).

23 **b. Trust Fund Handling / Trust Account Designations (Code section 10145**
24 **and Regulation 2832).** During the audit period, HREI deposited trust funds into a Venmo
25 account prior to the subsequent transfer to BA 1, in violation of Code section 10145 and
26 Regulation 2832.

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1 An examination of Venmo statements revealed that certain rents were received
2 by Respondents through Venmo as follows:

- 3 • 02/04/2023 – Rent for 1349 Drakeley \$1,100.00
- 4 • 01/07/2023 – Rent for 1349 Drakeley \$1,100.00
- 5 • 12/22/2022 – Rent and late fee for 147 Barker \$1,950.00
- 6 • 12/02/2022 – Rent for Drakeley \$1,100.00

7 Further, during the audit period, the account title for BA 1 was not designated as
8 a trust account in the name of the broker or the broker's licensed fictitious business name as
9 trustee, in violation of Code section 10145 and Regulation 2832. On December 22, 2023,
10 HREI opened a new trust account in the name of "Huff Real Estate Inc Trust Account."

11 **c. Record of Trust Funds Received and Paid Out (Code section 10145 and**
12 **Regulation 2831).** During the audit period, HREI maintained a Record of Trust Funds
13 Received and Paid Out ("control record") but did not record any disbursements associated with
14 BA 1 to the record, in violation of Code section 10145 and Regulation 2831.

15 **d. Separate Record for Each Beneficiary of Transaction (Code section**
16 **10145 and Regulations section 2831.1).** Review of documents provided by Respondents
17 indicate that HREI used AppFolio, a cloud-based property management software that provides
18 features such as accounting and reporting. HREI maintained its separate records for each
19 beneficiary or transaction for BA 1 in the form of a Trust Account Detail Report from
20 AppFolio. The separate records provided from AppFolio did not record any disbursements
21 associated with BA 1.

22 Another set of separate records for BA 1 was in the form of Monthly Owner
23 Summaries, separate from AppFolio. According to HUFF, HREI only used the Monthly
24 Owner Summaries as separate records for BA 1. Based on the Monthly Owner Summaries
25 obtained for BA 1, HREI did not maintain said records in chronological order and in columnar
26 format during the audit period. HREI also failed to maintain a running balance of funds in the
27 records and failed to disclose the check number for disbursements. According to HUFF, the

1 properties did not keep a running balance, because HREI distributed the remaining rents to
2 owners monthly after the deduction for expenses and property management fees.

3 During the audit period, and in connection with the collection and disbursement
4 of said trust funds, Respondents failed to maintain accurate separate records of the receipt and
5 disposition of all trust funds deposited into BA 1, in violation of Code section 10145(g) and
6 Regulations section 2831.1, in that BA 1 had an unidentified and/or unaccounted for funds in
7 the amount of \$609.44.

8 **e. Trust Account Reconciliation (Code section 10145 and Regulations**
9 **section 2831.2).** During the audit period, HREI failed to perform and maintain an accurate
10 monthly reconciliation comparing the balance of all the separate beneficiary or transaction
11 records (separate records) to the balance of all trust funds received and disbursed
12 (control record) for BA 1, in violation of Code section 10145 and Regulations section 2831.2.

13 **f. Fictitious Business Name (Code section 10159.5 and Regulation 2731).**
14 During the audit period, HREI used the fictitious business name, "Huff Property Management,"
15 without first registering said name as a DBA with the Department. The unlicensed fictitious
16 business name was found on the following documents for the following properties:

- 17 • Property Management Agreement – 906 Pipit Street, Lathrop, California;
- 18 • Property Management Agreement and Lease Agreement – 1146
19 Calesetta Place, Manteca, California

20 On February 2, 2024, when HREI registered the name "Huff Property
21 Management" as a DBA with the Department.

22 **g. Responsibility of Corporate Officer in Charge / Broker Supervision**
23 **(Code sections 10159.2 and Regulations section 2725).** Based on the violations set forth in
24 Paragraphs 10(a) through 10(f) above, HUFF failed to exercise adequate supervision and
25 control over the activities of HREI's employees and licensees to ensure compliance with the
26 Real Estate Laws and Regulations, in violation of Code section 10159.2. HUFF failed to
27 establish and/or implement policies, rules, procedures and system to review, oversee, inspect

1 and manage transactions requiring a real estate license and the handling of trust funds, in
2 violation of Regulations section 2725.

3 The conduct, acts, or omissions of HUFF, as described in Paragraphs 10(a)
4 through 10(f) above, in failing to ensure compliance of the Real Estate Law by HREI, is in
5 violation of Code section 10159.2 and Regulations section 2725, and subjects all the licenses,
6 license endorsements, and/or license rights of HUFF to suspension or revocation pursuant to
7 Code sections 10177(d), 10177(g), and/or 10177(h).

8 11.

9 The conduct of Respondents described in Paragraph 10 above, violated the Code
10 and Regulations as set forth below:

<u>Paragraph</u>	<u>PROVISIONS VIOLATED</u>
10a	Code sections 10145 and 10176(e)
10b	Code section 10145 and Regulations section 2832
10c	Code section 10145 and Regulations section 2831
10d	Code section 10145 and Regulations section 2831.1
10e	Code section 10145 and Regulations section 2831.2
10f	Code section 10145 and Regulations section 2731
10g	Code section 10159.2 and Regulations section 2725

19 Each of the foregoing violations constitute cause for the suspension or
20 revocation of the real estate license and/or license rights of Respondents under the provisions of
21 Code sections 10177(d), 10177(g), and/or 10177(h).

22 COSTS

23 (AUDIT COSTS)

24 12.

25 Code section 10148(b) provides, in pertinent part, that the Real Estate
26 Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner
27 has found in a final decision, following a disciplinary hearing, that the broker has violated

1 Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code
2 section.


3 (INVESTIGATION AND ENFORCEMENT COSTS)

4 13.

5 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
6 resolution of a disciplinary proceeding before the Department, the Commissioner may request
7 the administrative law judge to direct a licensee found to have committed a violation of this
8 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
9 case.

10 WHEREFORE, Complainant prays that a hearing be conducted on the
11 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
12 disciplinary action against all the licenses and/or license rights of Respondents under the Real
13 Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of
14 the audit, and for such other and further relief as may be proper under other applicable
15 provisions of law.

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17 Dated at Fresno, California, on March 28th, 2025.

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21 Ruben Coronado II
22 Supervising Special Investigator

23
24 cc: HUFF REAL ESTATE, INC.
25 PETER MATTHEW HUFF
26 Ruben Coronado II
27 Sacto.
Audits – Alvin Samareta