

1 DEPARTMENT OF REAL ESTATE  
2 P. O. Box 187007  
3 Sacramento, CA 95818-7007  
4 Telephone: (916) 227-0789

**FILED**  
OCT 10 2011

DEPARTMENT OF REAL ESTATE  
By *[Signature]*

5  
6  
7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 ) NO. H-4155 SD  
13 )  
14 PRIME ASSET MANAGEMENT, INC., ) STIPULATION AND AGREEMENT  
15 and JAMIE LOUISE NALLEY, )  
16 Respondents. )

17 It is hereby stipulated by and between Respondents PRIME ASSET  
18 MANAGEMENT, INC., ("PAM"), and JAMIE LOUISE NALLEY, ("NALLEY"),  
19 (collectively "Respondents"), acting by and through Joshua A. Rosenthal, Counsel for  
20 Respondents, and the Complainant, acting by and through John W. Barron, Counsel for the  
21 Department of Real Estate, as follows for the purpose of settling and disposing of the  
22 Accusation filed on November 22, 2010, in this matter:

23 1. All issues which were to be contested and all evidence which was to be  
24 presented by Complainant and Respondents at a formal hearing on the Accusation, which  
25 hearing was to be held in accordance with the provisions of the Administrative Procedure Act  
26 (hereafter "APA"), shall instead and in place thereof be submitted solely on the basis of the  
27 provisions of this Stipulation and Agreement.

///

H-4155 SD

PRIME ASSET MANAGEMENT, INC.  
and JAMIE LOUISE NALLEY

1                   2.       Respondents have received, read and understand the Statement to  
2 Respondent, the Discovery Provisions of the APA and the Accusation filed by the Department  
3 of Real Estate in this proceeding.

4                   3.       On December 3, 2010, Respondents filed a Notice of Defense pursuant  
5 to Section 11505 of the Government Code for the purpose of requesting a hearing on the  
6 allegations in the Accusation. Respondents hereby freely and voluntarily withdraw said Notice  
7 of Defense. Respondents acknowledge that Respondents understand that by withdrawing said  
8 Notice of Defense, Respondents will thereby waive Respondents' right to require the  
9 Commissioner to prove the allegations in the Accusation at a contested hearing held in  
10 accordance with the provisions of the APA and that Respondents will waive other rights  
11 afforded to Respondents in connection with the hearing such as the right to present evidence in  
12 defense of the allegations in the Accusation and the right to cross-examine witnesses.

13                   4.       This Stipulation is based on the factual allegations contained in the  
14 Accusation. In the interest of expedience and economy, Respondents choose not to contest  
15 these factual allegations, but to remain silent and understand that, as a result thereof, these  
16 factual statements will serve as a prima facie basis for the "Determination of Issues" and  
17 "Order" set forth below. The Real Estate Commissioner shall not be required to provide further  
18 evidence to prove such allegations.

19                   5.       This Stipulation and Respondents' decision not to contest the Accusation  
20 are made for the purpose of reaching an agreed disposition of this proceeding and are expressly  
21 limited to this proceeding and any other proceeding or case in which the Department of Real  
22 Estate, the State or the federal government, an agency of this State, or an agency of another state  
23 is involved.

24                   6.       It is understood by the parties that the Real Estate Commissioner may  
25 adopt the Stipulation and Agreement as her decision in this matter, thereby imposing the penalty  
26 and sanctions on Respondents' real estate licenses and license rights as set forth in the "Order"  
27 below. In the event that the Commissioner in her discretion does not adopt the Stipulation and

1 Agreement, it shall be void and of no effect, and Respondents shall retain the right to a hearing  
2 and proceeding on the Accusation under all the provisions of the APA and shall not be bound  
3 by any admission or waiver made herein.

4 7. This Stipulation and Agreement shall not constitute an estoppel, merger  
5 or bar to any further administrative or civil proceedings by the Department of Real Estate with  
6 respect to any matters which were not specifically alleged to be causes for accusation in this  
7 proceeding.

8 8. Respondents understand that by agreeing to this Stipulation and  
9 Agreement, Respondents agree to pay, pursuant to Section 10148 of the California Business  
10 and Professions Code ("the Code"), the cost of the audit which resulted in the determination  
11 that Respondents committed the trust fund violation(s) found in the Determination of Issues.  
12 The amount of such costs is \$12,252.00.

13 9. Respondents further understand that by agreeing to this Stipulation and  
14 Agreement, the findings set forth below in the Determination of Issues become final, and that  
15 the Commission may charge said Respondents for the costs of any audit conducted pursuant to  
16 Section 10148 of the Code to determine if the violations have been corrected. The maximum  
17 cost of said audit shall not exceed \$12,252.00.

#### 18 DETERMINATION OF ISSUES

19 By reason of the foregoing stipulations, admissions and waivers and solely for  
20 the purpose of settlement of the pending Accusation without hearing, it is stipulated and agreed  
21 that the acts and omissions of Respondents described in the Accusation are grounds for the  
22 suspension or revocation of the licenses and license rights of Respondent under the provisions  
23 of Sections 10145 (handling of trust funds), 10177(d) (willful disregard of real estate law),  
24 10177(g) (demonstrated negligence or incompetence involving acts for which license is  
25 required) and 10177(h) (reasonable supervision responsibility of broker) of the Business and  
26 Professions Code ("the Code"), and Section 2831 (maintenance of trust fund records) and 2834  
27 (trust fund withdrawal requirements) of Title 10 of the California Code of Regulations.



1           b.    No further cause for disciplinary action against the real estate license of  
2 NALLEY occurs within two (2) years from the effective date of the decision in this matter.

3           c.    If NALLEY fails to pay the monetary penalty in accordance with the  
4 terms and conditions of the Decision, the Commissioner may, without a hearing, order the  
5 immediate execution of all or any part of the stayed suspension, in which event, NALLEY  
6 shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the  
7 Department under the terms of this decision.

8           d.    If NALLEY pays the monetary penalty, and if no further cause for  
9 disciplinary action against the real estate license of NALLEY occurs within two (2) years from  
10 the effective date of the Decision herein, then the stay hereby granted shall become permanent.

11           2.    The remaining thirty (30) days of said suspension shall be stayed for two  
12 (2) years upon the following terms and conditions:

13           a.    NALLEY shall obey all laws, rules and regulations governing the rights,  
14 duties and responsibilities of a real estate licensee in the State of California; and

15           b.    That no final subsequent determination be made, after hearing or upon  
16 stipulation, that cause for disciplinary action occurred within two (2) years from the effective  
17 date of this Order. Should such a determination be made, the Commissioner may, in her  
18 discretion, vacate and set aside the stay order and re-impose all or a portion of the stayed  
19 suspension. Should no such determination be made, the stay imposed herein shall become  
20 permanent.

21           3.    NALLEY shall, within six (6) months from the effective date of this  
22 Order, take and pass the Professional Responsibility Examination administered by the  
23 Department, including the payment of the appropriate examination fee. If NALLEY fails to  
24 satisfy this condition, the Commissioner may order the suspension of all licenses and licensing  
25 rights of NALLEY until NALLEY passes the examination.

26 ///

27 ///

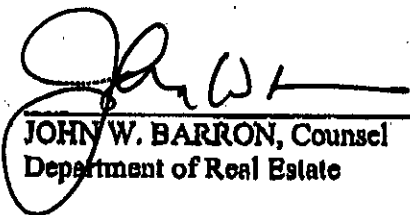


1 shall pay such cost within sixty (60) days of receiving an invoice therefore from the  
 2 Commissioner detailing the activities performed during the audit and the amount of time spent  
 3 performing those activities. If Respondents fail to pay such cost within the sixty (60) days, the  
 4 Commissioner may indefinitely suspend all licenses and licensing rights of Respondents under  
 5 the Real Estate Law until payment is made in full or until Respondents enter into an agreement  
 6 satisfactory to the Commissioner to provide for payment. Upon full payment, the indefinite  
 7 suspension provided for in this paragraph shall be stayed.

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

9/13/11

DATED



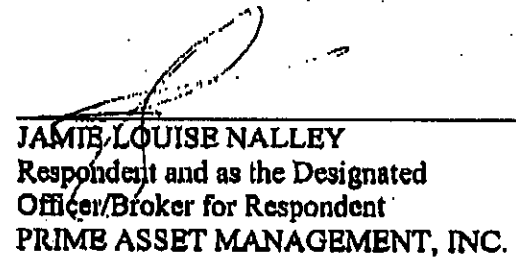
JOHN W. BARRON, Counsel  
 Department of Real Estate

\*\*\*

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

9/19/11

DATED



JAMIE LOUISE NALLEY  
 Respondent and as the Designated  
 Officer/Broker for Respondent  
 PRIME ASSET MANAGEMENT, INC.

\*\*\*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

*I have reviewed this Stipulation and Agreement and Order as to form and content and have advised my client accordingly.*

9/12/11

DATED

  
JOSHUA A. ROSENTHAL  
Attorney for Respondents, PRIME  
ASSET MANAGEMENT, INC. and  
JAMIE LOUISE NALLEY

\*\*\*

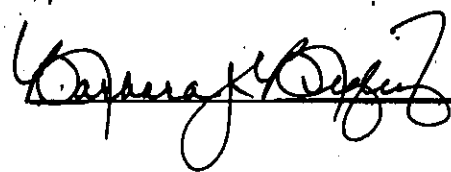
The foregoing Stipulation and Agreement is hereby adopted by me as my Decision in this matter as to Respondents PRIME ASSET MANAGEMENT, INC. and JAMIE LOUISE NALLEY and shall become effective at 12 o'clock noon on

NOV - 9 2011

IT IS SO ORDERED

10/13/11

BARBARA J. BIGBY  
Acting Real Estate Commissioner



1 JOHN W. BARRON, Counsel (SBN 171246)  
2 Department of Real Estate  
3 P. O. Box 187007  
4 Sacramento, CA 95818-7007

5 Telephone: (916) 227-0789 (main)  
6 (916) 227-0792 (direct)

FILED

NOV 22 2010

DEPARTMENT OF REAL ESTATE

By H. Max

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

10 \*\*\*

11  
12 In the Matter of the Accusation of )  
13 PRIME ASSET MANAGEMENT, INC. ) No. H-4155 SD  
14 and JAMIE LOUISE NALLEY, ) ACCUSATION  
15 Respondents. )  
16

17 The Complainant, JOSEPH AIU, a Deputy Real Estate Commissioner of the  
18 State of California, for cause of Accusation against PRIME ASSET MANAGEMENT, INC.  
19 (hereafter "PRIME ASSET"), and JAMIE LOUISE NALLEY (hereafter "NALLEY"), (hereafter  
20 collectively "Respondents"), is informed and alleges as follows:

21 1

22 The Complainant makes this Accusation in his official capacity.

23 2

24 At all times relevant herein, PRIME ASSET was and is licensed by the  
25 Department of Real Estate (hereafter "the Department") as a corporate real estate broker.

26 ///

27 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

3

At all times relevant herein, NALLEY was and is licensed by the Department as a real estate broker.

4

At all times relevant herein, NALLEY was and is licensed by the Department as the designated broker/officer of PRIME ASSET. As the designated broker/officer, NALLEY is responsible, pursuant to Section 10159.2 (supervision responsibility of corporate officer in charge) of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of PRIME ASSET for which a real estate license is required.

5

At all times relevant herein, 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 (broker defined – property management/collection of rent), 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 and offered to lease or rent, and solicited for prospective tenants of real property or improvements thereon, and collected rents from real property or improvements thereon.

6

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

///  
///

1 FIRST CAUSE OF ACTION

2 7

3 On or about the period of June 8, 2010, and continuing intermittently through  
4 August 9, 2010, an audit was conducted of the records of PRIME ASSET at its main office  
5 located at 4411 Morena Boulevard, #230, San Diego, California. The auditor herein examined  
6 the records for the period of July 1, 2008, through May 31, 2010 (the audit period).

7 8

8 While acting as a real estate broker as described in Paragraph 5, above, and  
9 within the audit period, Respondents accepted or received funds in trust (trust funds) from or on  
10 behalf of tenants, property owners and others in connection with property management activities,  
11 and deposited or caused to be deposited those funds into a bank account maintained by  
12 Respondents, including:

13 1. Trust Account #1

14 Wells Fargo Bank  
15 P. O. Box 6995  
16 Portland, Oregon 97228

17 Account No. 3316177363

18 Account Name: "Prime Asset Management Inc Client Trust"

19 Signatories: Jamie Nalley (D.O./REB)  
20 James Purdy (RES)

21 2. Trust Account #2

22 Wells Fargo Bank  
23 P. O. Box 6995  
24 Portland, Oregon 97228

25 Account No. 1889187355

26 Account Name: "Prime Asset Management Inc Client Trust"

27 Signatories: Jamie Nalley (D.O./REB)  
James Purdy (RES)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

3. Trust Account #3

Wells Fargo Bank  
P. O. Box 6995  
Portland, Oregon 97228

Account No. 7156302510

Account Name: "Prime Asset Management ITF Las Palmas on 35<sup>th</sup> LLC"

4. Trust Account #4

Wells Fargo Bank  
P. O. Box 6995  
Portland, Oregon 97228

Account No. 2247213966  
(Opened December 2009 to replace Trust Account #5)

Account Name: "Prime Asset Management ITF H&B One LLC Rainwalk"

5. Trust Account #5

Wells Fargo Bank  
P. O. Box 6995  
Portland, Oregon 97228

Account No. 8684745675  
(Closed March 2010, replaced by Trust Account #4)

Account Name: "Prime Asset Management ITF H&B V, LLC Rainwalk"

Thereafter, from time to time, Respondents made disbursements of said trust funds.

9

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

(a) On or about April 30, 2010, there was a \$300,150.71 shortage for Trust Account #1. PRIME ASSET did not provide evidence that the owners of the trust funds had given their written consent allowing it to reduce the balance of the funds in Trust Account #1 to an amount less than the existing aggregate trust fund liabilities. Such acts and/or omissions by

1 PRIME ASSET violate Section 10145 (handling of trust funds) of the Code and Section 2832.1  
2 (trust fund handling for multiple beneficiaries) of Title 10 of the California Code of Regulations  
3 (hereafter "the Regulations").

4 (b) PRIME ASSET failed to maintain accurate and complete records of trust  
5 funds it received and disbursed. Specifically, PRIME ASSET's deposit detail reports provided  
6 to the Department during the audit did not match the original deposit detail reports. In addition,  
7 the deposit register did not identify the properties involved for which check disbursements and  
8 electronic debits were made. Such acts and/or omissions by PRIME ASSET violate Section  
9 10145 of the Code and Section 2831 (maintenance of trust fund records) of the Regulations.

10 (c) PRIME ASSET failed to maintain separate records of each beneficiary of  
11 funds held in its trust accounts. Such acts and/or omissions by PRIME ASSET violate Section  
12 10145 of the Code and Section 2831.1 (requirement of separate records for each beneficiary or  
13 transaction) of the Regulations.

14 (d) PRIME ASSET failed to reconcile the total of separate  
15 beneficiary/property records with a control record on a monthly basis. Such acts and/or  
16 omissions by PRIME ASSET violate Section 10145 of the Code and Section 2831.2 (trust fund  
17 reconciliation requirement) of the Regulations.

18 (e) On or about June 9, 2010, NALLEY was added as a signatory to Trust  
19 Account #1 and Trust Account #2. Prior to June 9, 2010, the sole signatories on Trust Account  
20 #1 and Trust Account #2 were James Purdy and Minnie Farr. PRIME ASSET failed to provide  
21 evidence that Minnie Farr was properly authorized to make withdrawals from its trust accounts.  
22 Such acts and/or omissions by PRIME ASSET violate Section 10145 of the Code and Section  
23 2834 (trust fund withdrawal requirements) of the Regulations.

24 10

25 The acts and/or omissions of PRIME ASSET, as alleged in Paragraphs 8 and 9,  
26 above, are grounds for discipline under Sections 10177(d) (willful disregard or violation of real

27 ///

1 estate law) and 10177(g) (demonstrated negligence or incompetence involving acts for which  
2 license is required) of the Code.

3 SECOND CAUSE OF ACTION

4 11

5 PRIME ASSET failed to retain records of security deposit disposition statements,  
6 tenant agreements and invoices related to the real property located at 1452 Grand Avenue, San  
7 Diego, California. Such acts and/or omissions by PRIME ASSET violate Section 10148  
8 (records retention requirements) of the Code.

9 12

10 The acts and/or omissions of PRIME ASSET, as alleged in Paragraph 11, above,  
11 are grounds for discipline under Sections 10177(d) and 10177(g) of the Code.

12 THIRD CAUSE OF ACTION

13 13

14 At all times relevant herein, NALLEY was responsible, as the designated  
15 broker/officer for PRIME ASSET, for the supervision and control of the activities conducted on  
16 behalf of the corporation by its officers and employees. NALLEY failed to exercise reasonable  
17 supervision and control over the property management brokering activities of PRIME ASSET.  
18 In particular, NALLEY permitted, ratified and/or caused the conduct described in the First and  
19 Second Causes of Action, above, to occur, and failed to take reasonable steps, including, but not  
20 limited to, the handling of trust funds, supervision of employees and the implementation of  
21 policies, rules, procedures and systems to ensure the compliance of the corporation with the  
22 Real Estate Law and the Regulations. Such acts and/or omissions of NALLEY violate Section  
23 10159.2 of the Code and Section 2725 of the Regulations (broker supervision requirement).

24 14

25 The acts and/or omissions of NALLEY, as set forth in Paragraph 13, above,  
26 constitute grounds for disciplinary action under Sections 10177(d), 10177(g) and 10177(h)  
27 (reasonable supervision responsibility of broker) of the Code.

