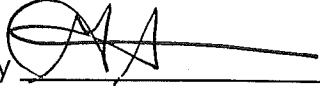


FILED

July 19, 2012

RICHARD K. UNO, Counsel (SBN 98275)
Department of Real Estate
P. O. Box 187007
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DEPARTMENT OF REAL ESTATE

By 

Telephone: (916) 227-0789
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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
 KOOM-BY-YAW, INC., and)
 STEVEN FREDERICK RING,)
)
 Respondents.)

NO. H-4383 SD
ACCUSATION

The Complainant, VERONICA KILPATRICK, a Deputy Real Estate
Commissioner of the State of California, for Accusation against Respondent KOOM-BY-YAW,
INC. (KBY), and Respondent STEVEN FREDERICK RING (RING), is informed and alleges as
follows:

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The Complainant makes this Accusation against Respondents in her official
capacity.

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KBY is presently licensed by the Department of Real Estate (the Department) as a
corporate real estate broker.

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

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At all times during the audit period, RING was licensed by the Department as the designated broker/officer of KBY. As the designated broker/officer, RING was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of KBY for which a real estate license is required to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

5

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131(b) of the Code, including the operation and conduct of a property management business with the public wherein, on behalf of others, for compensation or in expectation of compensation, collected rents from tenants on behalf of landlords, offered to rent and performed other duties regarding property owned by landlords.

6

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

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1 FIRST CAUSE OF ACTION

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3 Beginning on October 7, 2011, continuing intermittently through November 10,
4 2011, an audit was conducted of KBY's property management activities at its main office
5 located on Clairemont Drive, San Diego, California, where the auditor examined records for the
6 period of January 1, 2010, through August 31, 2011, (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, KBY accepted or received funds in trust (trust funds) from tenants on
10 behalf of landlords in connection with the property management activities, deposited or caused
11 to be deposited those funds into bank accounts located at Citibank, 2995 Clairemont Drive, San
12 Diego, California 92117, maintained by KBY as follows:

13 Trust #1, Account No. XXXXX7670, entitled "Koom-by-Yaw, Inc. DBA
14 Century 21-1st Choice Trust Account"; and thereafter from time to time made disbursements of
15 said trust funds.

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

- 19 (a) Failed to maintain a record of trust funds received and paid out regarding,
20 but not limited to, rents in the amount of \$17,451.00 collected on that
21 certain real property known as 1446 Front Street, San Diego, as required
22 by Section 2831 of the Regulations;
- 23 (b) Failed to maintain a record of trust funds received not placed in trust
24 account regarding, but not limited to a \$6,250.00 commission check
25 received on the sale of property commonly known as 8679 Fanita
26 Property, San Diego, as required by Section 2831(a) (6) of the
27 Regulations; and

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(c) Failed to notify the Department that KBY opened a branch office at 845 Garnet Avenue, San Diego as required by Section 10163 of the Codes.

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The acts and/or omissions of KBY as alleged, above, violate Sections 2831 (Control Records), 2831(a) (6) (Record of Funds Received Not Placed in Trust Account) of the Regulations and Section 10163 (Notify Department of Branch Office) of the Code and are grounds for discipline under Sections 10177(d) (Willful Disregard/Violation of Real Estate Law) and 10177(g) (Negligence/Incompetence Real Estate Licensee) of the Code.

SECOND CAUSE OF ACTION

11

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

12

At all times during the audit period, RING was responsible, as the designated broker officer of KBY, for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees to ensure its compliance with the Real Estate Law and the Regulations. RING failed to exercise reasonable supervision and control over the property management brokering activities of KBY. In particular, RING permitted, ratified and/or caused the conduct described in the First Cause of Action, above, to occur, and failed to take reasonable steps, including but not limited to the handling of trust funds, supervision of employees, and the implementation of policies, rules, procedures, and systems to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

13

The above acts and/or omissions of RING violate Section 2725 (Broker Supervision) of the Regulations and Section 10159.2 (Responsibility/Designated Officer) of the Code and are grounds for disciplinary action under the provisions of Sections 10177(d) (Willful Disregard/Violation of Real Estate Law and 10177(h) (Broker Supervision) of the Code.

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

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 (Part 1 of Division 4 of the Business and Professions Code), and for such other and further relief as may be proper under other provisions of law.


VERONICA KILPATRICK
Deputy Real Estate Commissioner

Dated at San Diego, California,
this 5 day of JULY, 2012.