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**FILED**

DEC 23 2015

BUREAU OF REAL ESTATE  
By *[Signature]*

BUREAU OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation

No. H-04762 SD

CALIFORNIA REALTY GROUP INC.; )  
STEPHEN P. DONVITO; and THOMAS )  
JERRY COPELAND, )  
)  
)  
Respondents. )  
\_\_\_\_\_ )

ACCUSATION

18 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator, for  
19 cause of Accusation against CALIFORNIA REALTY GROUP INC. ("CALIFORNIA  
20 REALTY"); STEPHEN P. DONVITO ("DONVITO"); and THOMAS JERRY COPELAND  
21 ("COPELAND") is informed and alleges as follows:

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23 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator, makes  
24 this Accusation in her official capacity.

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1 2.

2 Respondent CALIFORNIA REALTY is presently licensed and/or has license  
3 rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code,  
4 "Code") as a real estate corporation.

5 3.

6 Respondent COPELAND is presently licensed and/or has license rights under the  
7 Real Estate Law as a real estate broker, and has been the designated broker-officer of Respondent  
8 CALIFORNIA REALTY since August 22, 2014.

9 4.

10 Respondent DONVITO is presently licensed and/or has license rights under the  
11 Real Estate Law as a real estate broker, and during the period December 27, 2013, to July 22,  
12 2014, was the designated broker-officer of Respondent CALIFORNIA REALTY.

13 5.

14 During the periods alleged in Paragraphs 3 and 4, Respondents COPELAND and  
15 DONVITO, as the officers designated by Respondent CALIFORNIA REALTY pursuant to  
16 Section 10211 of the Code, were responsible for the supervision and control of the activities  
17 conducted on behalf of Respondent CALIFORNIA REALTY by its officers and employees as  
18 necessary to secure full compliance with the Real Estate Law as set forth in Section 10159.2 of  
19 the Code.

20 6.

21 At all times relevant herein each Respondent was engaged in the business of,  
22 acted in the capacity of, advertised or assumed to act as a real estate broker, within the meaning  
23 of Code Section 10131(b). Said activities included offering to negotiate and negotiating leases  
24 and rental agreements on behalf of prospective real property tenants, and offering to perform and  
25 performing the rental and collection of rents and security deposits for real property on behalf of  
26 others for compensation or in expectation of compensation.

1 FIRST CAUSE OF ACCUSATION

2 (Audit Violations)

3 7.

4 Complainant hereby incorporates by reference the allegations set forth in  
5 Paragraphs 1 through 6, above.

6 8.

7 On or about February 24, 2015, the Bureau completed an audit examination of the  
8 books and records of Respondent CALIFORNIA REALTY pertaining to the real estate activities  
9 described in Paragraph 6, above, covering a period from August 27, 2013, to October 31, 2014.

10 9.

11 At all times mentioned herein, and in connection with the property management  
12 activities described in Paragraph 6, above, Respondent accepted or received funds, including  
13 funds in trust (hereafter "trust funds") from or on behalf of owners of the real property managed  
14 by Respondent CALIFORNIA REALTY, and thereafter made deposits and/or disbursements of  
15 such funds. From time-to-time herein mentioned during the audit period, said trust funds were  
16 deposited into accounts maintained by Respondent CALIFORNIA REALTY as follows:

17 "Bank Account #1"

BA 1

18 Bank: Union Bank  
19 26407 Ynez Road  
20 Temecula, CA. 92591  
21 Account Name: California Realty Group Inc.  
22 Account No.: xxxxxx4499  
23 Signatories: Kristin Schlansky (Former D.O./REB)  
24 Thomas Jerry Copeland (Current D.O.)  
25 Signatures Required: One (1) Signatory  
26 Purpose: Receipt and disbursement of rental payments

1 "Bank Account #2" BA 2

2 Bank: Union Bank  
3 26407 Ynez Road  
4 Temecula, CA. 92591

5 Account Name: California Realty Group Inc.

6 Account No.: xxxxxx4465

7 Signatories: Kristin Schlansky (Former D.O./REB)  
8 Thomas Jerry Copeland (Current D.O.)

9 Signatures Required: One (1) Signatory

10 Purpose: Receipt and disbursement of tenant security deposits

11 "Bank Account #3" BA 3

12 Bank: Union Bank  
13 26407 Ynez Road  
14 Temecula, CA. 92591

15 Account Name: California Realty Group Inc.

16 Account No.: xxxxxx3426

17 Signatories: Kristin Schlansky (Former D.O./REB)  
18 Jeffery Schlansky (Surrendered RES)

19 Signatures Required: One (1) Signatory

20 Purpose: General business account (not used to handle trust funds)

21 "Bank Account #4" BA 4

22 Bank: Union Bank  
23 26407 Ynez Road  
24 Temecula, CA. 92591

25 Account Name: California Realty Group Inc.

26 Account No.: xxxxxx4648

27

1 Signatories: Kristin Schlansky (Former D.O./REB)  
2 Jeffery Schlansky (Surrendered RES)  
3 Signatures Required: One (1) Signatory  
4 Purpose: General business account (not used to handle trust funds)  
5 "Bank Account #5" BA 5  
6 Bank: Union Bank  
7 26407 Ynez Road  
8 Temecula, CA. 92591  
9 Account Name: Jeffrey Schlansky  
10 DBA CA-Realty  
11 DBA California Realty Group  
12 Account No.: xxxxxx0538  
13 Signatories: Kristin Schlansky (Former D.O./REB)  
14 Jeffery Schlansky (Surrendered RES)  
15 Signatures Required: One (1) Signatory  
16 Purpose: Receipt and disbursement of application screening fees for multiple  
17 beneficiaries received and disbursed (trust funds)  
18 "Bank Account #6" BA 6  
19 Bank: Union Bank  
20 26407 Ynez Road  
21 Temecula, CA. 92591  
22 Account Name: California Realty Group Inc.  
23 Account No.: xxxxxx3087  
24 Signatories: Kristin Schlansky (Former D.O./REB)  
25 Thomas Jerry Copeland (current D.O.)  
26 Signatures Required: One (1) Signatory

1 Purpose: Receipt and disbursement of single beneficiary<sup>1</sup> rent (trust funds)  
2 "Bank Account #7" BA 7  
3 Bank: Union Bank  
4 26407 Ynez Road  
5 Temecula, CA. 92591  
6 Account Name: California Realty Group Inc.  
7 Account No.: xxxxxx4630  
8 Signatories: Kristin Schlansky (Former D.O./REB)  
9 Thomas Jerry Copeland (current D.O.)  
10 Signatures Required: One (1) Signatory  
11 Purpose: Receipt and disbursement of single beneficiary<sup>2</sup> security deposits (trust  
12 funds)

13 10.

14 The audit examination revealed violations of the Code and the Regulations, as set  
15 forth in the following paragraphs, and more fully discussed in Audit Report No. SD 140026 and  
16 the exhibits and work papers attached to the audit report:

17 (a) During the period when Respondent COPELAND was the responsible broker,  
18 the trust fund accountability and balances showed that as of October 31, 2014, in BA 1 there  
19 were unidentified/unaccounted for funds totaling \$23,301.74 and funds of Respondent  
20 CALIFORNIA REALTY totaling \$75,450.33.

21 (b) During the period when Respondent COPELAND was the responsible broker,  
22 the trust fund accountability and balances showed that as of October 31, 2014, in BA 2 there  
23 were unidentified/unaccounted for funds totaling \$833.11 and funds of Respondent

24  
25 \_\_\_\_\_  
26 <sup>1</sup>42081-3<sup>rd</sup> Street, Temecula, CA  
27 <sup>2</sup>42081-3<sup>rd</sup> Street, Temecula, CA

1 CALIFORNIA REALTY totaling \$7,850.00.

2 (c) During the period when Respondent DONVITO was the responsible broker,  
3 the trust fund accountability and balances showed that as of July 22, 2014, in BA 1 there were  
4 unidentified/unaccounted for funds totaling \$18,743.03 and funds of Respondent CALIFORNA  
5 REALTY totaling \$10,262.42.

6 (d) During the period when Respondent DONVITO was the responsible broker,  
7 the trust fund accountability and balances showed that as of July 22, 2014, in BA 2 there were  
8 unidentified/unaccounted for funds totaling \$64.11 and funds of Respondent CALIFORNA  
9 REALTY totaling \$7,850.00.

10 (e) During the periods when Respondents COPELAND and DONVITO were  
11 responsible brokers, Respondent CALIFORNIA REALTY failed to maintain a control record for  
12 trust funds (application screening fees) received and disbursed in connection with the property  
13 management activity for BA 4 and BA 5. Also the control record maintained for BA 2 was  
14 incomplete. The foregoing is in violation of Code Section 10145 and Section 2831, Title 10,  
15 Chapter 6, Code of Regulations ("Regulations").

16 (f) During the periods when Respondents COPELAND and DONVITO were the  
17 responsible brokers, Respondent CALIFORNIA REALTY did not maintain a separate record for  
18 each beneficiary of the trust funds (application screening fees) received and disbursed for BA 4  
19 and BA 5. The separate records for BA 1 were inaccurate and incomplete. Additionally,  
20 Respondent CALIFORNIA REALTY failed to maintain a separate record for the  
21 unidentified/unaccounted for funds totaling \$23,301.74 (October 31, 2014) and \$18,743.03 (July  
22 22, 2014) held in BA 1. Respondent CALIFORNIA REALTY did not maintain a separate record  
23 for each beneficiary for BA 2 and for the unidentified/unaccounted for funds totaling \$833.211  
24 (October 31, 2014) and \$64.11 (July 22, 2014) held in BA 2. The foregoing is in violation of  
25 Code Section 10145 and Section 2831.1 of the Regulations.

26 (g) During the periods when Respondents COPELAND and DONVITO were the  
27

1 responsible brokers, Respondent CALIFORNIA REALTY did not maintain the monthly  
2 reconciliation of all the separate records to the control record of all trust funds received and  
3 disbursed for BA 1, BA 2 and BA 5. Also there were unidentified/unaccounted for funds for  
4 October 31, 2014 and July 22, 2014, held in BA 1 and BA 2. All of the foregoing is in violation  
5 of Code Section 10145 and Section 2831.2 of the Regulations.

6 (h) During the periods when Respondents COPELAND and DONVITO were the  
7 responsible brokers, Respondent CALIFORNIA REALTY failed to designate BA 1, BA 2, BA 6  
8 and BA 7 as trust accounts during the period December 26, 2013, to October 31, 2014. BA 5 was  
9 not set up in the name of Respondent CALIFORNIA REALTY as trustee. The foregoing is in  
10 violation of Code Section 10145 and Section 2832 of the Regulations.

11 (i) During the periods when Respondents COPELAND and DONVITO were the  
12 responsible brokers, Respondent DONVITO was not a signatory on BA 1, BA 2, BA 6 and BA 7.  
13 Respondent COPELAND was not a signatory on BA 1, BA 2, BA 6 and BA 7 during the period  
14 from August 22, 2014, until he became a signatory on December 12, 2014. Kristin Marie  
15 Schlansky, a former D.O., was the signer on said accounts without written authorization from  
16 Respondents COPELAND and DONVITO. As to BA 5 Respondents DONVITO and  
17 COPELAND allowed Jeffrey Schlansky, who was not licensed under the license of Respondent  
18 CALIFORNIA REALTY and whose real estate salesperson license expired on February 4, 2014,  
19 to be a signer on the account without fidelity bond coverage. Also, Respondents DONVITO and  
20 COPELAND were not signers on BA 5. The foregoing is in violation of Code Section 10145 and  
21 Section 2834 of the Regulations.

22 (j) During the periods when Respondents COPELAND and DONVITO were the  
23 responsible brokers, from August 27, 2013, until September, 2014, trust funds were deposited  
24 into BA 5 (Jeffrey Schlansky account), resulting in the commingling of trust funds with Jeffrey  
25 Schlansky's funds. Trust funds were also deposited to BA 4, a business expense account, in  
26 October, 2014, resulting in the commingling of trust funds with the general funds of Respondent  
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1 CALIFORNIA REALTY and Jeffrey Schlansky. Further commingling occurred when  
2 Respondent CALIFORNIA REALTY retained more than \$200 of its own funds in BA 1 and BA  
3 2 as is alleged in Paragraph 10(a), (b), (c) and (d), above. The foregoing commingling is in  
4 violation of Code Section 10145 and Section 10176(e).

5 (k) During the periods when Respondents COPELAND and DONVITO were the  
6 responsible brokers, Respondent CALIFORNIA REALTY used the unlicensed fictitious business  
7 name "CA-Realty Group" without obtaining a license from the Bureau. Also the fictitious  
8 business name "CA-Realty" was used before Respondent registered it under its license on April  
9 2, 2014. The foregoing is in violation of Code Section 10159.5 and Section 2731 of the  
10 Regulations.

11 (l) During the period when Respondent COPELAND was the responsible broker,  
12 commencing in or around October 13, 2014, Respondent CALIFORNIA REALTY performed  
13 real estate activity at a location that was not registered with the Bureau as its main office address  
14 in violation of Code Section 10162.

15 (m) During the periods when Respondents COPELAND and DONVITO were the  
16 responsible broker, each failed to exercise reasonable control and supervision over the handling  
17 of trust funds and supervision over the licensed activity of Respondent CALIFORNIA REALTY  
18 to secure compliance with the Real Estate Law and regulations in violation of Code Sections  
19 10159.2 and 10177(h) and Section 2725 of the Regulations.

20 DISCIPLINE STATUTES AND REGULATIONS

21 11.

22 The conduct of Respondent CALIFORNIA REALTY described in Paragraph 10,  
23 above, violated the Code and the Regulations as set forth below:

24 PARAGRAPH

PROVISIONS VIOLATED

25 10(e)

Code Section 10145; Section 2831 of the  
26 Regulations

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- 10(f) Code Section 10145; Section 2831.1 of the Regulations
- 10(g) Code Section 10145; Section 2831.2 of the Regulations
- 10(h) Code Section 10145; Section 2832 of the Regulations
- 10(i) Code Section 10145; Section 2834 of the Regulations
- 10(j) Code Sections 10145 and 10176(e)
- 10(k) Code Section 10159.5 and Section 2731 of the Regulations
- 10(l) Code Section 10162
- 10(m) 10159.2 and 10177(h); Section 2725 of the Regulations

12.

The foregoing violations constitute cause for the suspension or revocation of the real estate licenses and license rights of Respondents under the provisions of Code Sections 10177(d) for violation of the Real Estate Law, 10177(g) for negligence or incompetence and 10176(e) for commingling.

SECOND CAUSE OF ACCUSATION

(Failure to Supervise)

13.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 12, above.

1 14.

2 Respondents COPELAND and DONVITO ordered, caused, authorized or  
3 participated in the conduct of Respondent CALIFORNIA REALTY, during the periods alleged in  
4 Paragraphs 3 and 4, above.

5 15.

6 The conduct, acts and/or omissions, of Respondents COPELAND and DONVITO  
7 in allowing Respondent CALIFORNIA REALTY to violate the Real Estate Law, as set forth  
8 above, constitutes a failure by Respondents COPELAND and DONVITO, as the officers  
9 designated by a corporate broker licensee, to exercise the supervision and control over the  
10 activities of Respondent CALIFORNIA REALTY, as required by Code Section 10159.2, and is  
11 cause to suspend or revoke the real estate licenses and license rights of Respondents  
12 COPELAND and DONVITO under Code Sections 10177(d), 10177(g) and/or 10177(h).

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

17 Code Section 10148(b) provides, in pertinent part, that in the event that  
18 respondent has violated Code Section 10145, or a regulation interpreting said section, the  
19 respondent shall pay the Commissioner's reasonable costs for (a) the audit which led to the  
20 disciplinary action, and (b) a subsequent audit to determine if the respondent has corrected the  
21 violations found in the original audit,

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1                   WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary  
3 action against all the licenses and license rights of Respondents CALIFORNIA REALTY  
4 GROUP INC., THOMAS JERRY COPELAND and STEPHEN P. DONVITO under the Real  
5 Estate Law, for the cost of investigation and enforcement as permitted by Code Section 10106,  
6 for audit costs pursuant to Code Section 10148(b) and for such other and further relief as may be  
7 proper under other applicable provisions of law.

8 Dated at San Diego, California

9 this 15<sup>th</sup> day of December, 2015.

10   
11 Veronica Kilpatrick  
12 Supervising Special Investigator  
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22 cc: CALIFORNIA REALTY GROUP INC.  
23 THOMAS JERRY COPELAND  
24 STEPHEN P. DONVITO  
25 Veronica Kilpatrick  
26 Sacto.  
27