

1 DIANE LEE, Counsel (SBN 247222)  
2 Bureau of Real Estate  
3 320 West 4th Street, Suite 350  
4 Los Angeles, California 90013  
5 Telephone: (213) 576-6982  
6 (Direct) (213) 576-6907  
7

**FILED**  
**FEB 27 2018**  
**BUREAU OF REAL ESTATE**  
By 

8 **BEFORE THE BUREAU OF REAL ESTATE**  
9 **STATE OF CALIFORNIA**

10 \* \* \*

11 In the Matter of the Accusation of ) No. H-04978 SD  
12 )  
13 PROPERTY MANAGEMENT )  
14 CONSULTANTS, INC.; and ) ACCUSATION  
15 and RICHARD LEE GRANT, )  
16 individually and as designated )  
17 officer of Property Management )  
Consultants, Inc., )  
Respondents. )

18 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the  
19 State of California, acting in her official capacity, for cause of Accusation against PROPERTY  
20 MANAGEMENT CONSULTANTS, INC. ("PMCI") and RICHARD LEE GRANT  
21 ("GRANT"), individually and as designated officer of Property Management Consultants, Inc.,  
22 is informed and alleges as follows:

23 1.

24 The Complainant, Veronica Kilpatrick, acting in her official capacity as  
25 Supervising Special Investigator of the State of California, makes this Accusation.

26 ///

1 2.

2 All references to the "Code" are to the California Business and Professions  
3 Code, and all references to "Regulations" are to Title 10, Chapter 6, California Code of  
4 Regulations unless otherwise specified.

5 3.

6 A. PROPERTY MANAGEMENT CONSULTANTS, INC.: Respondent  
7 PMCI is presently licensed and/or has license rights issued by the Bureau of Real Estate as a  
8 real estate corporate broker (license no. 00794119). PMCI was originally licensed as a  
9 corporate real estate broker on or about July 20, 1985, and was so licensed from on or about  
10 July 20, 1985 to July 19, 2017 and from on or about September 22, 2017 through the present.  
11 From on or about July 20, 1985, GRANT has been the designated officer of PMCI. PMCI  
12 currently has had the registered DBA of "P M C." From on or about November 16, 1989 to  
13 February 13, 2008, PMCI had the registered DBA of "Apartment Finders & Condominium  
14 Finders of San Diego." PMCI has had no other DBA registered with the Bureau of Real Estate.

15 Prior License Discipline: On or about July 18, 2012, an Accusation, in case no.  
16 H-04382 SD, was filed against Respondent PMCI alleging various audit violations during the  
17 audit period of January 1, 2002 through December 31, 2011. On or about June 5, 2013, a  
18 Stipulation and Agreement in Settlement and Order, effective June 25, 2013, was filed ordering  
19 the suspension of Respondent PMCI's license and license rights for sixty (60) days potentially  
20 stayed pursuant to certain terms and conditions.

21 B. RICHARD LEE GRANT: Respondent GRANT is presently licensed  
22 and/or has license rights issued by the Bureau of Real Estate as a real estate officer. Previously,  
23 from on or about October 29, 1999 to October 28, 2003, GRANT was licensed as a real estate  
24 broker (license no. 00609121).

25 ///

26 ///

1 4.

2 Whenever reference is made in an allegation in this Accusation to an act or  
3 omission of "Respondents," such allegation shall be deemed to mean that the officers, directors,  
4 employees, agents, and real estate licensees employed by or associated with Respondents  
5 committed such act or omission while engaged in the furtherance of the business or operations  
6 of Respondents and while acting within the course and scope of their corporate authority and  
7 employment, including, but not limited to, PMCI and GRANT.

8 5.

9 At all times mentioned, in San Diego County, PMCI and GRANT engaged in the  
10 business of real estate brokers conducting licensed activities within the meaning of Code  
11 section 10131(b). PMCI and GRANT engaged in operating a real property management  
12 company by leasing, renting, and/or offering to rent places for rent, soliciting for prospective  
13 tenants, and/or collecting rents from real property.

14  
15 (Trust Fund Audit)

16 6.

17 On or about October 28, 2016, the Bureau of Real Estate completed a follow-up  
18 property management audit examination of the books and records of PMCI to determine  
19 whether PMCI handled and accounted for trust funds and conducted its real estate activities in  
20 accordance with the Real Estate Law and Regulations. This audit, Audit Report SD150048,  
21 was completed on or about October 28, 2016, and was conducted as a follow-up to Audit  
22 Report SD11-0041<sup>1</sup> and BRE case no. H-04382 SD. The audit examination (Audit Report  
23 SD150048) covered a period of time beginning on June 25, 2013 and ended on May 31, 2016.  
24 The audit examination (Audit Report SD150048) revealed violations of the Code and the  
25

26  
27 <sup>1</sup> This prior audit, Audit Report SD11-0041, was completed on April 10, 2012, and covered an  
audit examination period of January 1, 2002 to December 31, 2011.

1 Regulations set forth in the following paragraphs, and more fully discussed in Audit Report  
2 SD150048 and the exhibits and work papers attached to said audit report.

3  
4 Bank Accounts/Trust Accounts

5 7.

6 At all times mentioned, in connection with the activities described in Paragraph  
7 5, above, PMCI accepted or received funds including funds in trust ("trust funds") from or on  
8 behalf of actual or prospective parties, such as owners of real property, involved in property  
9 management services, and thereafter made deposits and/or disbursements of such funds. From  
10 time to time herein mentioned, during the audit period, said trust funds were deposited and/or  
11 maintained by PMCI in the bank accounts as follows:

12 \*\*\*\*\*1457  
13 Union Bank  
14 P.O. Box 513840  
Los Angeles, CA 90051-3840 (TA 1)

15 \*\*\*\*\*8473  
16 Union Bank  
17 P.O. Box 513840  
Los Angeles, CA 90051-3840 (TA 2)

18 \*\*\*\*\*3840  
19 Union Bank  
20 P.O. Box 513840  
Los Angeles, CA 90051-3840 (TA 3)

21 \*\*\*\*\*3832  
22 Union Bank  
23 P.O. Box 513840  
Los Angeles, CA 90051-3840 (TA 4)

24 ///  
25 ///  
26 ///

In the course of activities described in Paragraphs 5 and 7, above, and during the audit examination period in Paragraph 6, above, Respondents PMCI and GRANT acted in violation of the Code and the Regulations as set forth below:

(a)(1) Permitted, allowed, or caused the disbursement of trust funds from the trust account TA 1 where the disbursement of funds reduced the total of aggregate funds in TA 1, to an amount which, on May 31, 2016, was at least \$1,562.56 less than the existing aggregate trust fund liability to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, in violation of Code section 10145 and Regulations section 2832.1. This shortage was cured on November 3, 2016.

(a)(2) Permitted, allowed, or caused the disbursement of trust funds from the trust account TA 4 where the disbursement of funds reduced the total of aggregate funds in TA 4, to an amount which, on May 31, 2016, was at least \$515.85 less than the existing aggregate trust fund liability to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, in violation of Code section 10145 and Regulations section 2832.1. This shortage was cured on November 3, 2016.

(b) Failed to maintain accurate and complete control records in the form of a columnar record in chronological order of all trust funds received, deposited, and disbursed from TA 1, TA 2, and TA 4, in violation of Code section 10145 and Regulations section 2831.

(c) Failed to maintain an accurate and complete separate record for each beneficiary or transaction, thereby failing to account for all trust funds received, deposited, and disbursed from TA 1, TA 2, and TA 4, in violation of Code section 10145 and Regulations section 2831.1.

(d) Failure to perform and maintain a monthly reconciliation comparing the balance of all separate records to the balance of the record of all trust funds received and

1 disbursed (control record) for TA 1, TA 2, and TA 4, in violation of Code section 10145 and  
2 Regulations section 2831.2.

3 (e) Failed to deposit trust funds received in connection with property  
4 management activities were not deposited within three (3) business days for TA 1, in violation  
5 of Code section 10145 and Regulations section 2832.

6 (f)(1) Permitted unlicensed and unbonded person, Hugh Maynard (President,  
7 CEO, and employee of PMCI), to be an authorized signatory for TA 1, TA 2, TA 3, and TA 4,  
8 into which were deposited trust funds, in violation of Code section 10145 and Regulations  
9 section 2834.

10 (f)(2) Permitted unlicensed and unbonded persons, Bonnie Grant (GRANT's  
11 spouse) and Greg Grant (GRANT's son), to be authorized signatories for TA 2, into which were  
12 deposited trust funds, in violation of Code section 10145 and Regulations section 2834.

13 (f)(3) Permitted unlicensed and unbonded employees, Marci Haywood, Jessica  
14 Senske, and Marie Matos, to be authorized signatories for TA 1, into which were deposited  
15 trust funds, in violation of Code section 10145 and Regulations section 2834.

16 (f)(4) Permitted unlicensed and unbonded employee, Susan Mahoney, to be  
17 authorized signatory for TA 2, into which were deposited trust funds, in violation of Code  
18 section 10145 and Regulations section 2834.

19 (f)(5) Failed to authorize GRANT as a signatory for TA 1, into which were  
20 deposited trust funds, in violation of Code section 10145 and Regulations section 2834.

21 (g) Failed to disclose PMCI's BRE license number on its website and  
22 business cards as its first point of contact with consumers, in violation of Code section 10140.6  
23 and Regulations section 2773.

24 (h) Failed to have signed Property Management Agreements ("PMAs") with  
25 property owners whom PMCI and GRANT charged property management fees, in violation of  
26 Code section 10145(a).

27

1 (i) Used to fictitious business name, "Property Management Consultants,"  
2 without obtaining a license from the Bureau of Real Estate bearing such fictitious business  
3 name, in violation of Code section 10159.5 and Regulations section 2731. This fictitious  
4 business name was used on, but not limited to, its website, lease agreements, and PMAs.

5 (j) GRANT failed to exercise reasonable control and supervision over the  
6 activities conducted on behalf of PMCI as necessary to secure full compliance with the Real  
7 Estate Laws, including, but not limited to, establishing policies, rules, procedures, and systems  
8 to review, oversee, and inspect the handling of trust funds, in violation of Code sections  
9 10159.2 and 10177(h) and Regulations section 2725.

10 9.

11 The conduct of Respondents PMCI and GRANT described in Paragraph 8,  
12 above, violated the Code and the Regulations as set forth below:

13 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
14 8(a)	Code section 10145 and Regulations section 2832.1
15 8(b)	Code section 10145 and Regulations section 2831 <sup>2</sup>
16 8(c)	Code section 10145 and Regulations section 2831.1 <sup>2</sup>
17 8(d)	Code section 10145 and Regulations section 2831.2 <sup>2</sup>
18 8(e)	Code section 10145 and Regulations section 2832 <sup>2</sup>
19 8(f)	Code section 10145 and Regulations section 2834 <sup>2</sup>
20 8(g)	Code section 10140.6 and Regulations section 2773
21 8(h)	Code section 10145(a)
22 8(i)	Code section 10159.5 and Regulations section 2731
23 8(j)	Code sections 10159.5 and 10177(h) and Regulations section 24 2725

25  
26  
27 <sup>2</sup> PMCI was also in violation of these Code and Regulations sections in the prior Bureau of  
Real Estate audit, Audit Report SD11-0041, and BRE case no. H-04382 SD.

1 The foregoing violations constitute cause for discipline of the real estate license and license  
2 rights of PMCI and GRANT under the provisions of Code sections 10177(d), 10177(g), and/or  
3 10177(j) and Regulations section 2725.

4  
5 COSTS

6 10.

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

11 Code section 10148(b) provides, in pertinent part, the Commissioner shall  
12 charge a real estate broker for the cost of any audit, if the Commissioner has found in a final  
13 decision following a disciplinary hearing that the broker has violated Code section 10145 or a  
14 regulation or rule of the Commissioner interpreting said section.

15 ///

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27



1 WHEREFORE, Complainant prays that a hearing be conducted on the  
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing  
3 disciplinary action against all licenses and/or license rights under the Real Estate Law (Part 1 of  
4 Division 4 of the California Business and Professions Code) of Respondents PROPERTY  
5 MANAGEMENT CONSULTANTS, INC. and RICHARD LEE GRANT, individually and as  
6 designated officer of Property Management Consultants, Inc., for the cost of investigation and  
7 enforcement as permitted by law, audit costs as permitted by law, and for such other and further  
8 relief as may be proper under applicable provisions of law.

9 Dated at San Diego, California: February 12, 2018.

11 V. Kilpatrick  
12 Veronica Kilpatrick  
13 Supervising Special Investigator

14  
15  
16  
17  
18  
19  
20 cc: Property Management Consultants, Inc.  
21 Richard Lee Grant  
22 Veronica Kilpatrick  
23 Sacto  
24 Enforcement  
25 Audits – Linda Davies  
26  
27