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DEPT. OF REAL ESTATE
By *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-05159 SD
	)	
DARLENE ALICE HALL,	)	<u>ACCUSATION</u>
	)	
Respondent.	)	
	)	

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against DARLENE ALICE HALL ("Respondent") alleges as follows:

1.

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

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

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1 LICENSE HISTORY

2 (DARLENE ALICE HALL)

3 3.

4 a. Respondent DARLENE ALICE HALL is presently licensed under the Code,
5 as a real estate broker ("REB"), Department license ID 00514404.

6 b. The Department originally issued Respondent's REB license on or about
7 October 17, 1978. RESPONDENT's license is scheduled to expire on October 16, 2022, unless
8 renewed.

9 c. According to the Department's records to date, Respondent employs no
10 salespersons under her real estate license.

11 d. According to the Department's records to date, Respondent maintains "R A
12 Properties" as a fictitious business name.

13 4.

14 At all times relevant herein Respondent was engaged in the business of, acted in
15 the capacity of, advertised or assumed to act as a real estate broker, within the meaning of
16 Section 10131(b) of the Code. Respondent's activities included the leasing or renting of real
17 property and the collection of rents and security deposits for real property on behalf of others
18 for compensation or in expectation of compensation.

19 (AUDIT SD190017)

20 5.

21 On or about January 22, 2020, the Department completed an audit examination
22 of the books and records of Respondent pertaining to the real estate activities described in
23 Paragraph 4 above. The audit examination covered the period of time from January 1, 2018,
24 through October 31, 2019 ("audit period"). The primary purpose of the examination was to
25 determine whether Respondent conducted real estate activities in accordance with the Real
26 Estate Law.

27 ///

1 The audit examination revealed violations of the Code and the Regulations as set forth in the
2 following paragraphs, and more fully discussed in Audit SD190017 and the exhibits and work
3 papers attached to said audit report.

4 6.

5 According to Respondent as well as the documents examined, Respondent was
6 primarily engaged in property management and managed approximately 17 properties for 16
7 property owners. Respondent collected funds in trust ("trust funds") from or on behalf of the
8 owners of the properties in the amount of approximately \$52,000.00 during the audit period.
9 Respondent charged a management fee of 10% of the monthly rents collected or \$130 per unit
10 per month for each property.

11 7.

12 At all times mentioned herein, and in connection with the property management
13 activities described in Paragraph 6, above, Respondent accepted or received funds, including
14 trust funds from or on behalf of the owners of the properties managed by Respondent and
15 thereafter made deposits and/or disbursements of such funds. According to Respondent, she
16 maintained two (2) bank accounts (for multiple beneficiaries) for handling of the receipts and
17 disbursements of rents during the audit period in connection with the property management
18 activities. The bank accounts are as follow:

19 Trust Account 1 ("TA 1")

20 Bank: Wells Fargo Bank
21 Account Name: R A Properties Trust Account
22 Account Number: xxxxxxxx9411
23 Signatories: Darlene Alice Hall, Penelope Piskor
24 Signatures Required: One
25 Purpose: TA 1 was maintained to handle trust funds in the property management
26 activity for multiple beneficiaries. According to TA 1's records, TA 1 was opened in November
27 16, 1993. As of October 31, 2019, TA 1 had a bank balance of \$31,446.75.

1 Trust Account 2 ("TA 2")

2 Bank: Wells Fargo Bank

3 Account Name: R A Properties Trust Account

4 Account Number: xxxxxxxx7082

5 Signatories: Darlene Alice Hall, Penelope Piskor

6 Signatures Required: One

7 Purpose: TA 2 was maintained to handle trust funds in the property management
8 activity for a single beneficiary, property located at 3066 Hawthorn Street, San Diego, CA
9 92104 ("3066 Hawthorn Street"). According to TA 2's records, TA 2 was opened in September
10 5, 2000 and was closed on or about March 1, 2019.

11 Violations of the Real Estate Law

12 8.

13 The audit examination revealed violations of the Code and the Regulations, as
14 set forth in the following paragraphs, and more fully discussed in Audit Report No. SD190017
15 and the exhibits and work papers attached to the audit report:

16 a. **Handling of Trust Funds for Multiple Beneficiaries (Code section 10145**
17 **and Regulations section 2832.1)**. Based on an examination of TA 1's records, there was a
18 minimum trust fund shortage of \$1,860.63 as of October 31, 2019 in violation of Code section
19 10145 and Regulations section 2832.1. There is no evidence that Respondent was given written
20 consent from the owners of the trust funds to allow her to reduce the balance of the funds in TA
21 1 to an amount less than the aggregate trust fund liabilities of Respondent to all owners of the
22 trust funds.

23 b. **Trust Fund Records to be Maintained (Code section 10145 and**
24 **Regulations section 2831)**. Based on an examination of TA 1's records, as of October 31,
25 2019, Respondent failed to maintain accurate control records for TA 1 during the audit period.
26 The control records did not show an accurate daily balance.

27
ACCUSATION

1 **c. Separate Records for Each Beneficiary (Code section 10145 and**
2 **Regulations section 2831.1).** Based on an examination of TA 1's records, as of October 31,
3 2019, Respondent failed to maintain accurate separate records for TA 1 during the audit period.
4 Trust funds date of deposit and date of disbursements were not properly recorded, which led to
5 an inaccurate balance.

6 **d. Handling of Trust Funds/Trust Account Reconciliation (Code section**
7 **10145 and Regulations section 2831.2).** Based on an examination of TA 1's records, as of
8 October 31, 2019, Respondent failed to accurately perform monthly reconciliation for TA 1
9 during the audit period, which led to an inaccurate monthly balance.

10 **e. Handling of Trust Funds/Unauthorized Compensation of Management**
11 **Fees (Code sections 10145 and 10176(g)).** Based on an examination of TA 2's records,
12 Respondent raised the management fee for the property located at 3066 Hawthorn Street
13 without the agreement of owner. Respondent was co-owner of the 3066 Hawthorn Street.
14 Respondent collected an extra \$750.00 from October 2018 to December 2018 without the
15 owner's agreement.

16 **f. Handling of Trust Funds (Code sections 10145(a)).** Based on an
17 examination of TA 2's records, Respondent disbursed \$750.00 from October 2018 to December
18 2018 without the owner's agreement. Further, as of January 31, 2019, TA 2 had a minimum
19 trust fund discrepancy of \$750.00 in violation of Code section 10145(a).

20 **g. Trust Account Withdrawals (Code section 10145 and Regulations section**
21 **2834).** Based on an examination of TA 1's records and the Department's records, PISKOR was
22 a signatory of TA 1, from November 16, 1993 to June 4, 2018. During that time, PISKOR was
23 not a licensee of the Department, but was authorized to sign and make withdrawal from TA 1
24 without adequate fidelity bond coverage or insurance coverage.

25 Based on an examination of TA 2's records and the Department's records,
26 PISKOR was a signatory of TA 2, from September 5, 2000 to June 4, 2018. During that time,
27

1 PISKOR was not a licensee of the Department, but was authorized to sign and make withdrawal
2 from TA 2 without adequate fidelity bond coverage or insurance coverage.

3 Further, PISKOR has been a signatory on both TA 1 and TA 2 without notifying
4 the Department of her affiliation with Respondent and/or R A Properties.

5 h. **Broker Supervision (Code section 10177(h) and Regulations section**
6 **2725)**. Based on the violations in Paragraph 8 a – g above, Respondent failed to exercise
7 adequate supervision and control over the property management activities conducted by
8 RESPONDENT's employees in violation of Code sections 10177(h). Respondent failed to
9 establish policies, rules, procedures, and systems to review, oversee, inspect, and manage
10 transactions requiring a real estate license and the handling of trust funds in violation of
11 Regulations section 2725.

12 9.

13 **Additional Violations of the Real Estate Law**

14 The overall conduct of Respondents violates the Real Estate Law and constitutes
15 cause for the suspension or revocation of their real estate license and license rights under the
16 provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful
17 disregard of the Real Estate Law.

18 10.

19 Each of the foregoing violations in Paragraphs 8 a – h above constitute cause for
20 the suspension or revocation of the real estate license and/or license rights of Respondent under
21 the provisions of Code sections 10177(d), 10177(g), and 10177(h).

22 **COSTS**

23 **(AUDIT COSTS)**

24 11.

25 Section 10148(b) of the Code, 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 12.

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 part
8 to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

9 PRAYER

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 DARLENE
13 ALICE HALL under the Real Estate Law, for the costs of investigation and enforcement as
14 permitted by law, for the cost of the audit, and for such other and further relief as may be proper
15 under other applicable provisions of law.

16
17 Dated at San Diego, California this 20 day of May, 2020.

18
19
20 V. Kilpatrick
21 Veronica Kilpatrick
22 Supervising Special Investigator

23
24 cc: DARLENE ALICE HALL
25 Veronica Kilpatrick
26 Sacto.
27 Audits – Chambers Tse