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**DEPT. OF REAL ESTATE**

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BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation Against	)	No. H-05689 SD
	)	
MICHAEL DUDLEY MURRAY,	)	
	)	<u>ACCUSATION</u>
	)	
Respondent.	)	
	)	
	)	

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against MICHAEL DUDLEY MURRAY (“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, of the California Code of Regulations.

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1 LICENSE HISTORY

2 3.

3 a. Respondent MICHAEL DUDLEY MURRAY is presently licensed and/or has  
4 license rights under the Code as a real estate broker with Department of Real Estate  
5 (“Department”) license ID 01237832.

6 b. The Department originally issued Respondent’s broker license on  
7 July 9, 2000. Respondent’s broker license is scheduled to expire on July 8, 2024, unless  
8 renewed.

9 c. According to the Department’s records to date, from June 23, 2015, through  
10 March 10, 2022, Respondent maintained the fictitious business “Idyllwild Property  
11 Management & Realty” with the Department.

12 CAUSE FOR ACCUSATION

13 (AUDIT EXAMINATION – AUDIT NO. SD200027)

14 4.

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

19 5.

20 On or about February 23, 2022, the Department completed an audit examination  
21 of the books and records of Respondent pertaining to the real estate activities described in  
22 Paragraph 4 above. The Department conducted an entrance conference on June 2, 2021, with  
23 Respondent via telephone. Respondent and Mo Jacob (“Jacob”), a non-licensee and sole owner  
24 of the property management business, provided the records for examination. The audit  
25 examination covered the period of time from July 1, 2018, through March 31, 2021 (“audit  
26 period”). The primary purpose of the examination was to determine Respondent’s compliance  
27 with the Real Estate Law and Commissioner’s Regulations. The audit examination revealed

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ACCUSATION

1 violations of the Code and the Regulations as set forth in the following paragraphs, and more  
2 fully discussed in Audit No. SD200027 and the exhibits and work papers attached to said audit  
3 report.

4 6.

5 According to Respondent and the documents examined, Respondent managed  
6 thirty-five (35) one-to-four unit properties for thirty-five (35) property owners during the audit  
7 period. Respondent collected and deposited rents, and made disbursements for compensation.  
8 Respondent charged a property management fee of a percentage of the rents collected.

9 7.

10 At all times mentioned herein, and in connection with the property management  
11 activities described in Paragraph 4, above, Respondent accepted or received funds during the  
12 audit period, including funds in trust ("trust funds") from or on behalf of the owners of the  
13 properties managed by Respondent, and thereafter made deposits and/or disbursements of such  
14 funds. According to Respondent, he maintained two (2) bank accounts for handling of the  
15 receipts and disbursements of rents for multiple beneficiaries during the audit period in  
16 connection with his property management activity. The bank accounts are as follows: (1)  
17 BBVA Bank with Account Number xxxx7506 ("BA1"); and (2) BBVA Bank with Account  
18 Number xxxx3182 ("BA2).

19 Violations

20 8.

21 (a) **Handling of Trust Funds/Trust Fund Handling for Multiple Beneficiaries (Code**  
22 **section 10145 and Regulations section 2832.1).**

23 Based on an examination of the limited records provided to the Department  
24 auditors and discussions with Respondent and Jacob, Respondent maintained two bank  
25 accounts for multiple beneficiaries at BBVA for handling of all trust fund receipts and  
26 disbursements for property management activity during the audit period.

27 ///

1                   (1) BA1 as of March 31, 2021:

2                   As of March 31, 2021, BA1 had a minimum shortage of \$1,127.83, which was  
3 caused by a minimum negative property balance of \$485.33 and a minimum unidentified  
4 shortage of \$642.50. The minimum negative property balance of \$485.33 was caused by  
5 disbursements when there was insufficient funds to do so. The minimum negative property  
6 balance of \$470.00 is related to one property in Idyllwild, while the remaining balance of  
7 \$15.33 is related to two properties in Idyllwild owned by one property owner. According to  
8 Respondent, the minimum unidentified shortage was caused by a withdrawal from BA1 used as  
9 “petty cash” held by Respondent. Respondent did not provide separate records, receipts or  
10 invoices for the audit examination. On June 30, 2021, Respondent made an online banking  
11 transfer deposit of \$470.00 from Respondent’s broker account into BA1 to cure the minimum  
12 shortage of \$470.00 and also deposited \$642.50 from PNC Bank on October 18, 2021 to cure  
13 the minimum shortage of \$642.50 in BA1.

14                   (2) BA2 as of March 31, 2021

15                   As of March 31, 2021, reconciliation of BA2 showed it had a minimum of  
16 \$65,393.06 of unidentified or unaccounted for funds due to poor recordkeeping. During the  
17 audit examination, it was determined that \$15,000.00, belonging to property owner J.B. who is  
18 deceased, was transferred from BA1 into BA2.

19                   (3) Trust Funds belonging to Beneficiary J.B.

20                   J.B., the deceased owner of the funds described in Paragraph (a)(2) above,  
21 entered into a property management agreement with Idyllwild Property Management (“IPM”) to  
22 lease, rent, and maintain the subject property as of July 1, 2007. Per the property management  
23 agreement, IPM was to place the owner’s deposits into a trust account maintained in a trust  
24 account at Guaranty Bank. Respondent became broker of record of IPM in 2015. Y.B. became  
25 the executor of J.B.’s estate and, on February 11, 2020, made a written request to Respondent to  
26 issue a check for the remaining trust funds belonging to her late husband. Respondent failed to  
27 disburse trust funds belonging to J.B.

1 On April 24, 2020, the Estate of J.B., through counsel, canceled the property  
2 management agreement with Respondent, effective May 24, 2020. Respondent did not remit the  
3 funds to the Estate of J.B. On July 29, 2020, the Estate of J.B., again, demanded disbursement  
4 of the funds owed to J.B.

5 Based on an examination of the documents submitted on behalf of J.B. and by  
6 Respondent, the separate record showed an ending balance for J.B. of \$55,567.59 as of March  
7 31, 2021, which was due to J.B. As of February 10, 2022, the trust funds have not been  
8 disbursed to the Estate of J.B.

9 **(b) Handling of Trust Funds/Commingling/Broker Funds Held Longer than 25 Days**  
10 **(Code sections 10145, 10176(e) and Regulations section 2835).**

11 During the audit period, Respondent kept more than \$200.00 of his own funds in  
12 BA1. Respondent's own funds commingled with trust fund receipts and disbursements in BA1.  
13 Based on an examination of outstanding checks from records of reconciliation provided for the  
14 month of March 2021, Respondent issued four (4) checks to "Idyllwild PM" totaling \$921.63  
15 for management fees earned. These fees were not withdrawn from BA1 within 25 days after  
16 they were issued.

17 **(c) Trust Fund Records to be Maintained (Code section 10145 and Regulations 2831).**

18 Respondent's control records or "General Ledger" for BA1 were inaccurate and  
19 incomplete in that they lacked the date of receipt for trust funds and lacked an accurate running  
20 daily balance. Respondent did not maintain control records for BA2.

21 **(d) Handling of Trust Funds/Separate Record for Each Beneficiary of Transaction (Code**  
22 **section 10145 and Regulation section 2831.1).**

23 The separate records or "Owners Statements" maintained for BA1 were  
24 inaccurate and incomplete in that the records lacked check numbers for each related  
25 disbursement and had inaccurate dates of deposit. Respondent failed to maintain separate  
26 records of the receipt and disposition of all trust funds deposited into BA2.

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1 **(d) Trust Account Reconciliation (Code section 10145 and Regulations section 2831.2).**

2           During the audit period, Respondent failed to maintain complete and accurate  
3 monthly reconciliations comparing the balance of all separate beneficiary or transaction records  
4 to the balance of the records of all trust funds received and disbursed for BA1 as required. The  
5 records of reconciliation for BA1 provided to the auditor for the month of March 2021 did not  
6 identify the bank account name and account number and trust fund liabilities of Respondent to  
7 each of the beneficiaries. Respondent failed to perform and maintain monthly reconciliations  
8 comparing the balance of all separate beneficiaries or transaction records to the balance of the  
9 records of all trust funds received and disbursed for BA2.

10 **(e) Trust Fund Handling (Code section 10145 and Regulations section 2832).**

11           Based on an examination of BA1 and BA2's bank statements and bank signature  
12 card provided to the auditor, bank accounts used to hold trust funds related to Respondent's  
13 property management activities were not titled in the name of Respondent or his licensed  
14 fictitious business name as trustee. BA1 was titled in the unlicensed fictitious business name  
15 "Rasel LTD IPM Idyllwild Property Management." BA2 was titled in the unlicensed fictitious  
16 Business name "Olorun Group Inc."

17 **(f) Trust Account Withdrawal (Code section 10145 and Regulation section 2834).**

18           According to the auditor's email communications with Respondent on January  
19 23, 2022, and Jacob (sole owner of dba Idyllwild Property Management & Realty, Rasel LTD,  
20 and Olorun Group Inc), Respondent is the broker of record for Idyllwild Property Management  
21 & Realty. Respondent, Jacob, and June Ann Rockwell, unlicensed Administrative Assistant for  
22 Rasel LTD, were authorized to sign and make withdrawals to BA1 and BA2 bank accounts.

23           Respondent did not maintain Fidelity Bond Coverage or insurance coverage  
24 equal to at least the maximum amount of the trust funds of which the unlicensed employee has  
25 access to any time during the audit period.

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1 enforcement as permitted by law, for the cost of the audit, and for such other and further relief  
2 as may be proper under other applicable provisions of law.

3  
4 Dated at San Diego, California this 15 day of March, 2023.

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6  
7 *Veronica Kilpatrick*

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9 Veronica Kilpatrick  
10 Supervising Special Investigator

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23  
24 cc: MICHAEL DUDLEY MURRAY  
25 Veronica Kilpatrick  
26 Sacto.  
27 Audits – Anna Hartoonian  
David Quek