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FILED
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DEPARTMENT OF REAL ESTATE
By R. Mar

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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

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12 In the Matter of the Accusation of)
13 KLINE MANN REALTY GROUP, INC.) No. H-5909 SAC
14 and JENNIFER SUE KLINE,) ACCUSATION
15 Respondents.)
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17 The Complainant, TRICIA D. SOMMERS, in her official capacity as a Deputy
18 Real Estate Commissioner of the State of California, for cause of Accusation against KLINE
19 MANN REALTY GROUP, INC. ("KMRG") and JENNIFER SUE KLINE ("KLINE"),
20 individually and doing business as "The Short Sale Specialists", (collectively "Respondents"),
21 is informed and alleges as follows:

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23 At all times relevant, KMRG was licensed and/or had license rights under the
24 Real Estate Law, Part 1 of Division 4 of the Business and Professions Code ("the Code"), as a
25 corporate real estate broker.

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At all times relevant, KLINE, was licensed and/or had license rights under the Code as a real estate broker and was licensed by the Department as the designated broker/officer of KMRG. As the designated broker/officer, KLINE was responsible, pursuant to Section 10159.2 (responsibility of corporate officer in charge) of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of KMRG for which a real estate license is required.

FIRST CAUSE OF ACTION

On or about June 17, 2011, KLINE, as the agent for KMRG, executed a Residential Listing Agreement with Gordon G. to obtain a short sale of Gordon G.'s real property located at 37308 Spruce Terrace, Fremont, California.

On or about June 20, 2011, KLINE and Gordon G. executed an "Agreement to Select Short Sale Processor" ("the Agreement"), which would also require a signature of the buyer of the Spruce Terrace property. The Agreement identified The Short Sale Specialists as the entity that would attempt to get the short sale of the Spruce Terrace property approved. In addition, the Agreement required the buyer to pay \$2,995 or 1% of the final contract price to The Short Sale Specialists at the close of escrow.

According to KLINE, The Short Sale Specialists was a fictitious business name for Sierra Building Consultants, LLC, a Nevada LLC owned by KLINE and her husband. Sierra Building Consultants, LLC has never been licensed to conduct business in California and has never been licensed by the Department to conduct real estate activity in California.

On or about August 2, 2011, Lei W. submitted an offer to purchase the Spruce Terrace property. Along with the purchase offer, Lei W. signed and submitted the Agreement

1 to Select Short Sale Processor. At no point did Respondents disclose to Lei W. or his agent that
2 KLINE had an interest in The Short Sale Specialists. In addition, Lei W. was led to believe by
3 Respondents that the short sale processor fee set out in the Agreement was a condition of his
4 purchase of the Spruce Terrace Property. However, The Short Sale Specialists never performed
5 any services for Lei W. and he never spoke to an employee of The Short Sale Specialists during
6 the purchase process.

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8 On or about September 15, 2011, GMAC Mortgage, the mortgage holder on the
9 Spruce Terrace property, approved the short sale, accepting less than what was due on the note
10 as full and final satisfaction on the first mortgage. GMAC Mortgage approved a \$4,680
11 commission to KMRG and specifically stated that the commission to KMRG could not exceed
12 that amount.

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14 On or about October 4, 2011, escrow closed on the Spruce Terrace property and
15 a check for \$2,995 was issued to The Short Sale Specialist out of the funds Lei W. had placed
16 into escrow for the purchase of the property. The escrow holder also issued a check for \$4,680
17 to KMRG.

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19 The acts and/or omissions of Respondents described in Paragraphs 3 through 8,
20 above, violate Sections 10176(a) (misrepresentation), 10176(g) (undisclosed compensation –
21 affiliated company) 10176(i) (fraud/dishonest dealing) of the Code, and are grounds for the
22 revocation or suspension of Respondents' licenses and/or license rights under Sections 10176(a)
23 (misrepresentation), 10176(i), and 10177(d) (willful disregard/violation of real estate law)
24 and/or 10177(g) (negligence) of the Code.

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SECOND CAUSE OF ACTION

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As the designated broker officer for KMRG, KLINE was responsible for the supervision and control of the activities conducted on behalf of KMRG by its officers and employees. KLINE failed to exercise reasonable supervision and control over the property management activities of KMRG. In particular, KLINE 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.

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The acts and/or omissions of KLINE set forth in Paragraphs 10, above, violate Section 10159.2 of the Code and Section 2725 (broker supervision) of the Regulations, and constitute grounds for disciplinary action under Sections 10177(d) and/or 10177(g), and 10177(h) (reasonable broker supervision) of the Code.


COST RECOVERY

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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.

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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 license rights of Respondents under the Code, for
4 the reasonable cost of investigation and prosecution of this case, including agency attorney's
5 fees, and for such other and further relief as may be proper under other provisions of law.

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8 TRICIA D. SOMMERS
9 Deputy Real Estate Commissioner

10 Dated at Sacramento, California,
11 this 5th day of November, 2012.