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BUREAU OF REAL ESTATE
By *R. Lopez*

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of:)
12 JAMES KUYKENDALL,) No. H-6570 SAC
13 PARADIGM PROPERTIES, and) ACCUSATION
14 PROPERTY MANAGEMENT)
15 SERVICES, INC.,)
16 Respondents.)

17 The Complainant, TRICIA PARKHURST, in her official capacity as a Supervising
18 Special Investigator of the State of California, Bureau of Real Estate ("Bureau"), brings this
19 Accusation against JAMES KUYKENDALL ("KUYKENDALL") and PARADIGM
20 PROPERTIES and PROPERTY MANAGEMENT SERVICES, INC. ("PARADIGM")
21 (collectively "Respondents"), and is informed and alleges as follows:

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23 PARADIGM is presently licensed by the Bureau and/or has license rights under the
24 Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code ("Code"), as
25 a corporate real estate broker.

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KUYKENDALL is presently licensed by the Bureau and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Code, as a real estate broker.

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Starting on or about March 20, 2014, KUYKENDALL became the designated officer for PARADIGM and has been the designated officer thereafter.

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At all times relevant herein, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate licensees within the State of California within the meaning of Section 10131(b) of the Code including the operation and conduct of a property management business with the public, wherein, on behalf of others, for compensation or in expectation of compensation, Respondents leased or rented or offered to lease or rent, and solicited for prospective tenants of real property or improvements thereon, and collected rents from real property or improvements thereon.

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Whenever reference is made in this Accusation to an act or omission of PARADIGM, such allegation shall be deemed to mean that the employees, agents and real estate licensees employed by or associated with PARADIGM committed such act or omission while engaged in furtherance of the business or operations of PARADIGM and while acting within the course and scope of their authority and employment.

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Beginning on or about April 19, 2017, and continuing intermittently through April 27, 2017, an audit was conducted of the real estate business activities of PARADIGM, located at 1924 Springs Road, Vallejo, CA 94591. The auditor examined the business records of PARADIGM for the period of June 1, 2014, through March 31, 2017, ("the audit period").

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While engaging in the real estate activities described in Paragraph 4, above, and within the audit period, Respondents accepted or received funds in trust ("trust funds") and deposited or caused the trust funds to be deposited into a bank account maintained as follows:

Trust Account #1

Bank Name: Bank of the West

4300 Sonoma Blvd., Vallejo, CA 64589

Account Name: Paradigm Properties & Property Management Services, Inc.
DBA Paradime Property Management Client Trust Account

Account No.: Last 4 Digits: 2845

Description: Handle property management activities related to approximately 100 owners.

In the course of the real estate activities described in Paragraph 4, above, and during the audit period, it was discovered:

(a) As of December 31, 2016, Trust Account #1 contained a shortage of \$120,403.12, in violation of Section 10145 of the Code;

(b) Respondents failed to obtain written permission from owners of trust funds in Trust Account #1 to allow the balance to drop below accountability, in violation of Section 2832.1, Title 10, of the California Code of Regulations ("Regulations");

(c) Respondents failed to maintain monthly reconciliations of the separate beneficiary records and control records for Trust Account #1, in violation of Section 2831.2 of the Regulations; and

(d) KUYKENDALL, as the designated officer of Paradigm, failed to exercise reasonable supervision over the handling of trust funds by PARADIGM, in violation of Section 10159.2 of the Code, and Section 2725 of the Regulations.

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Effective on or about December 4, 1996, the Commissioner entered an Order Granting Reinstatement of License to KUYKENDALL.


AUDIT COSTS

The acts and/or omissions of Respondents as alleged above, entitle the Bureau to reimbursement of the costs of its audit pursuant to Section 10148(b) (audit costs for trust fund violations) of the Code.

COST OF INVESTIGATION AND ENFORCEMENT

Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, 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.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered revoking all licenses and license rights of Respondents under the Real Estate Law, for the cost of investigation and enforcement as permitted by law, for the cost of the audit as permitted by law, and for such other and further relief as may be proper under other provisions of law.


TRICIA PARKHURST
Supervising Special Investigator

Dated at Sacramento, California,
this 17th day of November, 2017.

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1 DISCOVERY DEMAND

2 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the
3 Bureau of Real Estate hereby makes demand for discovery pursuant to the guidelines set forth in the
4 *Administrative Procedure Act*. Failure to provide Discovery to the Bureau of Real Estate may result
5 in the exclusion of witnesses and documents at the hearing or other sanctions that the Office of
6 Administrative Hearings deems appropriate.

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