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FILED

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DEPARTMENT OF REAL ESTATE

By S. Krupp

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

12 ALL INCLUSIVE REALTY GROUP, INC.,)
13 ALL INCLUSIVE CAPITAL, INC.,)
14 KEITH ARNOLD KLASSEN)
and MARK ANTHONY ATILANO,)
15 Respondents.)

No. H-6677 SAC

ACCUSATION

16 The Complainant, TRICIA D. PARKHURST, acting in her official capacity as a
17 Supervising Special Investigator of the State of California, for cause of Accusation against ALL
18 INCLUSIVE REALTY GROUP, INC. (AIR), ALL INCLUSIVE CAPITAL, INC (AIC),
19 KEITH ARNOLD KLASSEN (KLASSEN) and MARK ANTHONY ATILANO (ATILANO),
20 sometimes collectively referred to as "Respondents", is informed and alleges as follows:

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22 Respondents are presently licensed and/or have license rights under the Real
23 Estate Law, Part 1 of Division 4 of the Business and Professions Code (Code).

24 2

25 At all times mentioned, AIR was and is licensed by the State of California
26 Bureau of Real Estate (Bureau) as a real estate broker corporation.

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1 3

2 At all times herein mentioned, AIC, was and is presently licensed by the Bureau
3 as a real estate broker corporation. Effective September 18, 2017, AIC's broker corporation
4 license expired.

5 4

6 At all times herein mentioned, KLASSEN was and is presently licensed by the
7 Bureau of Real Estate (the Bureau) as a real estate broker, and as the designated broker officer
8 of AIR. As the designated broker officer, KLASSEN was responsible, pursuant to Section
9 10159.2 of the Code, for the supervision of the activities of officers, agents, real estate licensees
10 and employees of AIR for which a real estate license is required to ensure the compliance of the
11 corporation with the Real Estate Law and Regulations.

12 5

13 At all times herein mentioned, KLASSEN was the designated broker officer of
14 AIC. As the designated broker officer, KLASSEN was responsible, pursuant to Section 10159.2
15 of the Code, for the supervision of the activities of officers, agents, real estate licensees and
16 employees of AIC for which a real estate license is required to ensure the compliance of the
17 corporation with the Real Estate Law and Regulations.

18 6

19 At all times herein mentioned, ATILANO was and is presently licensed by the
20 Bureau as a real estate salesperson. Effective December 19, 2015, ATILANO's salesperson
21 license expired. ATILANO's license was not renewed until September 8, 2016. ATILANO had
22 been employed with AIC, for the time periods of November 2, 2015, through December 18,
23 2015, and September 8, 2016, through January 10, 2017. The Bureau never received information
24 that ATILANO was employed by AIR.

25 7

26 At all times herein mentioned, Respondents engaged in the business of, acted in
27 the capacity of, advertised, or assumed to act as real estate brokers within the State of California

1 within the meaning of Section 10131(b) of the Code, including the operation and conduct of a
2 property management business with the public wherein, on behalf of others, for compensation or
3 in expectation of compensation, Respondents leased or rented or offered to lease or rent, or
4 solicited listings of places for rent or solicited for prospective tenants, or negotiated the sale,
5 purchase or exchange of leases on real property, or on a business opportunity, or collected rent
6 from tenants.

7 FIRST CAUSE OF ACTION

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9 Each and every allegation in Paragraphs 1 through 7, inclusive, is incorporated by
10 this reference as if fully set forth herein.

11 9

12 On or about January 4, 2017, and continuing intermittently through March 8,
13 2017, an audit was conducted of AIR. The auditor examined records for the period of November
14 1, 2015, through November 30, 2016 (the audit period).

15 10

16 While acting as a real estate broker as described in Paragraph 7, above, and
17 within the audit period, AIR accepted or received funds in trust (trust funds) from or on behalf
18 of property owners, lessees and others in connection with property management activities, and
19 deposited or caused to be deposited those funds into a bank account maintained by Respondents,
20 at Folsom Lake Bank, 905 Sutter Street, Suite 100, Folsom, California 95630, including but not
21 limited to the following:

22

TRUST ACCOUNT	
Account No.:	XXXX8550
Entitled:	ALL INCLUSIVE CAPITAL INC.

26

27 and thereafter from time-to-time made disbursement of said trust funds.

In the course of the activities described in Paragraph 7, in connection with the collection and disbursement of trust funds, it was determined that:

(a) AIR failed to designate the Trust Account under the broker's name as required by Section 2832 of Chapter 6, Title 10, California Code of Regulations (Regulations).

The acts and/or omissions described above constitute a violation of Section 2832 (Bank Account Not Properly Designated as Trust Account) of the Regulations and are grounds for discipline under Sections 10177(d) (Willful Disregard of Real Estate Laws) and/or 10177(g) (Negligence/Incompetence Licensee) of the Code.

SECOND CAUSE OF ACTION

Each and every allegation in Paragraphs 1 through 12, inclusive, is incorporated by this reference as if fully set forth herein.

In the course of activities described in Paragraph 7, ATILANO, negotiated and signed lease agreements under the license of AIR, including but not limited to the following:

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Date	Tenant	Property Location
5/27/2016	Elijah O.	785 Carro Dr. #3, Sacramento
5/27/2016	Kim Etta J.	5770 Village Ridge Way, Sacramento
5/31/2016	Micheal H. and Demetha H.	5470 Wardell Way, Sacramento
6/10/2016	Ana H., Sara C. and Matthew C.	8845 Woodman Way, Sacramento
6/24/2016	Jesse B.	3950 ½ 69 th Street, Sacramento
6/29/2016	Malcolm B. and Jonnisha Nicole A.	2295 Craig Avenue, Sacramento
7/2/2016	Brian V. and Siobhan V.	6384 14 th Avenue, Sacramento
7/8/2016	Robert H.	6601 Mercedes Avenue, Citrus Heights
7/22/2016	Stephani M. and Derrik F.	3208 2 nd Avenue Apt. 2, Sacramento

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At the time, ATILANO had an expired license and was not licensed under AIR, and was still employed and affiliated with another broker, AIC.

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The acts and/or omissions described above constitute grounds for the suspension or revocation of the licenses and license rights of Respondents under Sections 10130 (Unlicensed Activity), 10177 (d) and/or (g) of the Code.

THIRD CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 16, inclusive, is incorporated by this reference as if fully set forth herein.

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On or about May 27, 2016, through July 22, 2016, ATILANO performed property management activities on behalf of AIR, as described in Paragraphs 7 and 14.

Additionally, in the course of activities described in Paragraph 7, ATILANO negotiated and signed lease agreements under the license of AIR, including but not limited to the following:

Date	Tenant	Property Location
9/21/2016	Jamie Anne D.	2788 Riverside Boulevard, Sacramento
9/28/2016	Nicholas B. and Jennifer C.	2065 15 th Avenue #1, Sacramento
12/6/2016	Robert A. K. and Shar E. K.	2635 Alhambra Boulevard #C, Sacramento

At the time, ATILANO was not licensed under AIR, and was still employed and affiliated with another broker, AIC.

ATILANO received compensation from AIR, in connection with licensed activities he performed. At the time, ATILANO was not licensed under AIR, and was still employed and affiliated with another broker, AIC.

The acts and/or omissions described above constitute grounds for the suspension or revocation of the licenses and license rights of Respondents under Sections 10137 (Unlawful Employment and Payment of Compensation), 10177 (d) and/or (g) of the Code.

FOURTH CAUSE OF ACTION

Each and every allegation in Paragraphs 1 through 22, inclusive, is incorporated by this reference as if fully set forth herein.

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During the investigation, it was revealed that AIR had employed two salespersons. The two salespersons AIR were employing included ATILANO and Gary Scott Burmaster (BURMASTER).

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The Bureau did not receive information that ATILANO or BURMASTER was employed by AIR within 5 days of employment.

26

The acts and/or omissions described above, constitute violations of Section 2752 (Notice of Change of Broker) of the Regulations, and Section 10161.8 (a) (Salesperson Employment) of the Code, and are grounds for discipline under Sections 10177(d) and/or 10177(g) of the Code.

FIFTH CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 26, inclusive, is incorporated by this reference as if fully set forth herein.

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During the investigation, it was revealed that ATILANO performed property management activities for AIR on or about May 27, 2016, through December 6, 2016, as discussed in Paragraphs 7, 14, and 19, above.

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The Bureau did not receive information that ATILANO was terminated by AIC until January 11, 2017.

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The acts and/or omissions described above, constitute violations of 10161.8 (b) (Salesperson Termination) of the Code, and are grounds for discipline under Sections 10177(d) and/or 10177(g) of the Code.

The above acts and/or omissions of KLASSEN violate Section 2725 (Broker Supervision) of the Regulations and Section 10159.2 (Responsibility/Designated Officer) of the Code, and constitute grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g) and/or 10177(h) (Broker Supervision) of the Code.

PRIOR ADMINISTRATIVE ACTION

Effective October 27, 2011, in Case No. H-5449 SAC, before the Department of Real Estate of the State of California, the Real Estate Commissioner suspended the license and licensing rights of KLASSEN for a period of 60 days and that suspension was stayed pursuant to terms and conditions for the following violations: Sections 10145 (Trust Fund Handling) and 10177 (d) of the Code, and Sections 2726 (Requirement of Broker-Salesperson Relationship Agreement), 2831 (Control Records), 2831.2 (Trust Fund Reconciliation), 2832 and 2834 (Trust Fund Signatories) of the Regulations.

COST RECOVERY

Audit Costs

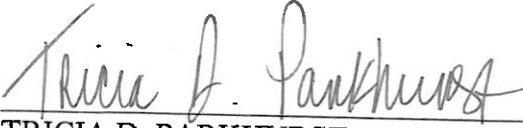
The acts and/or omissions of Respondents, as alleged above, entitle the Bureau to reimbursement of the costs of its audits pursuant to Section 10148(b) (Audit Costs for Trust Fund Handling Violations) of the Code.

Costs 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.

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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 Real Estate
4 Law, for the cost of the investigation and enforcement as permitted by law, for the cost of the
5 audit as permitted by law, and for such other and further relief as may be proper under other
6 provisions of law.

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9 TRICIA D. PARKHURST
Supervising Special Investigator

10 Dated at Sacramento, California,
11 this 10th day of July, 2018.

12
13 DISCOVERY DEMAND
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15 Pursuant to Sections 11507.6, *et seq.* of the *Government Code*, the Bureau of Real Estate hereby
16 makes demand for discovery pursuant to the guidelines set forth in the *Administrative Procedure*
17 *Act*. Failure to provide Discovery to the Bureau of Real Estate may result in the exclusion of
18 witnesses and documents at the hearing or other sanctions that the Office of Administrative
19 Hearings deems appropriate.