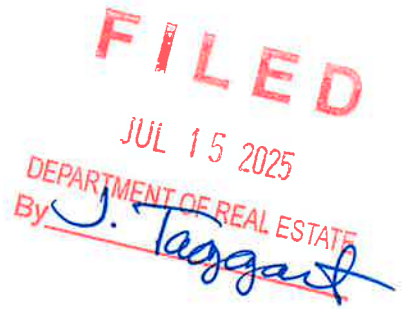


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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

ALL INCLUSIVE REALTY GROUP, INC.

and

KEITH ARNOLD KLASSEN, individually
and as designated officer of All Inclusive
Realty Group, Inc.,

Respondents.

No. H-7424 SAC

ACCUSATION

The Complainant, HEATHER NISHIMURA, a Supervising Special
Investigator of the State of California, for cause of Accusation against ALL
INCLUSIVE REALTY GROUP, INC. and KEITH ARNOLD KLASSEN (collectively
referred to as "Respondents"), is informed and alleges as follows:

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

PRELIMINARY ALLEGATIONS

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

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At all times mentioned, Respondent ALL INCLUSIVE REALTY GROUP, INC. ("AIRG") was and is licensed by the Department as a real estate broker corporation, License ID 02005619. Unless renewed, AIRG's restricted corporate broker license will expire July 1, 2027.

At all times mentioned, KEITH ARNOLD KLASSEN ("KLASSEN") was and is licensed by the Department as the designated officer-broker of AIRG. As said designated officer-broker, KLASSEN was and is responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of AIRG for which a license is required.

At all times mentioned, Respondent KLASSEN was and is licensed by the Department individually as a real estate broker, License ID 01509214. Unless renewed, KLASSEN's restricted broker license will expire June 26, 2027.

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

AUDIT SC24-0001

On or about November 19, 2024, the Department completed its audit (SC24-0001) of the books and records of AIRG's property management activities described in Paragraph 7. The auditor herein examined the records for the period of January 1, 2022, through June 30, 2024 ("audit period").

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California within the meaning of Sections 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 and 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.

While acting as a real estate broker as described in Paragraph 7, Respondents accepted or received funds in trust ("trust funds") from or on behalf of owners and tenants in connection with the leasing, renting, and collection of rents on real property or improvements thereon, as alleged herein, and thereafter from time-to-time made disbursements of said trust funds.

The trust funds accepted or received by Respondents were deposited or caused to be deposited by Respondents into accounts which were maintained by Respondents for the handling of trust funds, and thereafter from time-to-time Respondents made disbursements of said trust funds, identified as follows:

TRUST ACCOUNT # 1	
Bank Name and Location:	Central Valley Community Bank/Folsom Lake Bank 7100 N. Financial Drive, Suite 101, Fresno, CA 93720
Account No.:	XXXX2361
Account Name:	All Inclusive Realty Group Inc Trust Account

Purpose:	Trust Account #1 was maintained for the receipt and disbursement of trust funds from property management activities. Deposits consisted of both rental and security deposits made by tenants. Disbursements consisted of repairs, maintenance bills, owner proceeds, and management fees.
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In the course of the property management activities described in Paragraph 7, and during the audit period described in Paragraph 6, Respondents violated the Code and various sections of the California Code of Regulations, Title 10, Chapter 6 ("Regulations") described below:

Trust Account Accountability and Balances

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Trust Account #1

Based on the records provided during the audit, a bank reconciliation for Trust Account #1 was prepared for as of June 30, 2024. The adjusted bank balance of Trust Account #1 was compared to the total balances of the beneficiary records for Trust Account #1.

Adjusted Bank Balance	\$89,691.45
Accountability	<u>\$179,660.06</u>
Trust Fund Shortage	<u>(\$89,968.61)</u>

A shortage of \$89,968.61 was found in Trust Account #1 as of June 30, 2024. The cause of the shortage was due to identified negative balances.

Respondents provided no evidence that the owners of the trust funds had given their written consent to allow Respondents to reduce the balance of the funds in Trust Account #1 to an amount less than its existing aggregate trust fund liabilities, in violation of Section 10145(a) of the Code and Section 2832.1 of the Regulations.

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1 Undisclosed Profits

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3 Respondents failed to disclose profit earned by AIRG in the form of vendor
4 discounts for repairs and maintenance services provided by third party vendors for several
5 properties managed by Respondents. Respondents' failure to disclose vendor profits to the
6 property owners under management is a violation of Code Sections 10176(c), (g) and (i) and
7 10177(j).

8 FAILURE TO SUPERVISE

9 12

10 Respondent KLASSEN failed to exercise reasonable supervision over the acts of
11 AIRG. KLASSEN permitted, ratified and/or caused the conduct described above, to occur, and
12 failed to take reasonable steps, including, but not limited to, the handling of trust funds,
13 supervision of employees, and the implementation of policies, rules, procedures, and systems to
14 ensure the compliance of the corporation with the Real Estate Law and the Regulations.

15 13

16 The acts and/or omissions of KLASSEN as described in Paragraph 12, constitutes
17 failure on the part of KLASSEN, as designated officer-broker for AIRG, to exercise reasonable
18 supervision and control over the licensed activities of AIRG as required by Section 10159.2 of
19 the Code and Section 2725 of the Regulations.

20 PRIOR ADMINISTRATIVE ACTIONS

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22 Case No. H-5449 SAC

23 Effective October 27, 2011, in Department Case No. H-5449 SAC, the Real
24 Estate Commissioner suspended the broker license and licensing rights of KLASSEN for a
25 period of sixty (60) days and that suspension was stayed pursuant to terms and conditions for the
26 following violations: Sections 10145 (trust fund handling) and 10177(d) of the Code, and
27 Sections 2726 (requirement of broker-salesperson relationship agreement), 2831 (control

1 records), 2831.2 (trust fund reconciliation), 2832 and 2834 (trust fund signatories) of the
2 Regulations.

3 Case No. H-6677 SAC

4 Effective May 15, 2019, in Department Case No. H-6677 SAC, the Real Estate
5 Commissioner revoked the broker license and licensing rights of AIRG and KLASSEN, but
6 granted the right to restricted broker licenses for the following violations by AIRG and
7 KLASSEN:

- 8 • AIRG: 10137 (unlawful employment and payment of compensation) and
9 10161.8 (failure to notify a salesperson termination/salesperson employment)
10 of the Code, and 2752 (failure to notice change of broker) and 2832 (failure to
11 properly designate the trust fund), of the Regulations.
- 12 • KLASSEN: 10159.2 (responsibility of designated officer) of the Code and
13 2725 (broker supervision) of the Regulations.

14 GROUND FOR DISCIPLINE

15 15

16 The acts and/or omissions of Respondents as alleged in the above constitute
17 grounds for the suspension or revocation of all licenses and license rights of Respondents under
18 sections 10176(c) (flagrant course of misrepresentation), (g) (undisclosed profits) and (i) (fraud
19 or dishonest dealing), 10177(d) (violations of real estate law), 10177(g) (negligence or
20 incompetence) and 10177(j) (fraud or dishonest dealing) of the Code.

21 16

22 The acts and/or omissions of KLASSEN as alleged in Paragraphs 12 and 13
23 constitute grounds for the suspension or revocation of all licenses and license rights of
24 KLASSEN under Sections 10177(d) (violations of real estate law), 10177(g) (negligence or
25 incompetence) and 10177(h) (failure to reasonably supervise) of the Code.

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COST RECOVERY

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

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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.

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



HEATHER NISHIMURA

Supervising Special Investigator

Dated at Sacramento, California,

This 14th day of July, 2025

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