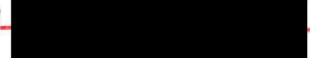


FILED

APR 14 2026

DEPT. OF REAL ESTATE

By



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9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against) No. H-07502 SAC
13)
14 CHRISTOPHER KELLY SMITH,) ACCUSATION
15)
16 Respondent.)

17 The Complainant, Heather Nishimura, a Supervising Special Investigator for the
18 Department of Real Estate (“Department” or “DRE”) of the State of California, for cause of
19 Accusation against CHRISTOPHER KELLY SMITH, a.k.a. “Kelly Smith” (“Respondent”),
20 alleges as follows:

21 1.

22 The Complainant, Heather Nishimura, a Supervising Special Investigator of the
23 State of California, makes this Accusation in her official capacity.

24 2.

25 All references to the “Code” are to the California Business and Professions
26 Code, all references to the “Real Estate Law” are to Part 1 of Division 4 of the Code, and all
27 references to “Regulations” are to the Regulations of the Real Estate Commissioner, Title 10,

1 Chapter 6, California Code of Regulations.

2 3.

3 Respondent is presently licensed and/or has license rights under the Real Estate
4 Law (Part 1 of Division 4 of the Code). Respondent has renewal rights pursuant to Code
5 section 10201. The Department retains jurisdiction pursuant to Code section 10103.

6 LICENSE HISTORY

7 4.

8 a. On January 7, 2020, the Department issued a real estate broker license, DRE
9 License ID no. 01100871, to Respondent, which is set to expire on January 6, 2028, unless
10 renewed.

11 b. According to current Department records, Respondent has two (2) fictitious
12 business names under his real estate license: "Century 21 Tahoe North Realtors" and "Tahoe
13 North Rentals." "Tahoe North Rentals" was authorized by the Department to operate as a
14 fictitious business name under Respondent's real estate license on December 18, 2024.

15 c. According to current Department records, there are six (6) salespersons
16 employed under Respondent's real estate license.

17 BROKER ACTIVITIES

18 5.

19 At all times relevant herein Respondent was engaged in the business of, acted
20 in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of
21 Code section 10131(b), in that Respondent's activities included, for a compensation or in
22 expectation of a compensation, leasing or renting or offering to lease or rent, or placing for
23 rent, or soliciting listings of places for rent, or soliciting for prospective tenants, or negotiating
24 the sale, purchase or exchanges of leases on real property, or collecting rents from real
25 property, or improvements thereon.

26 ///

27 ///

1 CAUSE OF ACCUSATION

2 (AUDIT OK 24-0074)

3 6.

4 From March 26, 2025 to September 26, 2025, the Department conducted an
5 audit examination of Respondent's books and records. The audit examination was limited to
6 Respondent's property management activity only, as described in paragraph 5 above, and
7 covered the period of time from January 1, 2023 to December 31, 2024 ("audit period"). The
8 primary purpose of the examination was to determine whether Respondent conducted his real
9 estate activities in accordance with the Real Estate Law and the Commissioner's Regulations.

10 7.

11 During the audit period, Respondent maintained the following bank account
12 ("BA 1") for the handling of trust funds from his property management activities.

13 Bank name and location: Placer Bank in Quincy, California

14 Account No.: xxxxx6213

15 Title: Carnelian Bay Rentals, Inc DBA Tahoe North Rentals

16 Description: BA 1 was used to hold and disburse trust funds in connection
17 with the management of approximately forty-one (41) residential
18 properties. Deposits into BA 1 included application fees, rents,
19 security deposits, and owner contributions. Withdrawals from
20 BA 1 included payment for repairs, maintenance, returns of
21 security deposits, owner distributions, management fees, and
22 broker markups to repair and maintenance invoices.

23 (VIOLATIONS OF THE REAL ESTATE LAW)

24 8.

25 Said audit examination, as described above in paragraph 6, revealed violations of the
26 Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in
27 Audit Report No. OK SC-24-0074 and the exhibits and work papers attached to the audit

1 report.

2 (a) **Unlicensed activity**

3 (Code section 10130)

4 During the audit period, Respondent operated an unlicensed property
5 management company, Carnelian Bay Rentals, Inc., and conducted activities requiring a real
6 estate license within the meaning of Code section 10131, in violation of Code section 10130.
7 Carnelian Bay Rentals, Inc. was incorporated on November 6, 2024 and identified Respondent
8 as the Chief Executive Officer, Secretary, and Chief Financial Officer.

9 In at least three (3) property management, lease, and rental agreements for the
10 property at 7639 Forest Glen Drive, Carnelian Bay Rentals, Inc. dba Tahoe North Rentals was
11 set forth as “Agent” or “Landlord.”

- 12 • Long-Term Rental Management Contract dated October 14, 2021 shows
13 Carnelian Bay Rentals, Inc. dba Tahoe North Rentals as “Agent.”
- 14 • Residential Lease dated April 15, 2023 shows Carnelian Bay Rentals,
15 Inc. dba Tahoe North Rentals as “Agent.”
- 16 • Month to Month Rental Agreement dated April 28, 2024 shows
17 Carnelian Bay Rentals, Inc. dba Tahoe North Rentals as “Agent” or
18 “Landlord.”

19 In addition, BA 1, an account used to hold trust funds, was an account of
20 Carnelian Bay Rentals, Inc., further evidenced by the bank statements and the Deposit Account
21 Agreement.

22 (b) **Unlicensed Fictitious Business Names**

23 (Code section 10159.5 and Regulation section 2731)

24 During the audit period, Respondent conducted property management using the
25 unlicensed fictitious business names “Tahoe North Rentals” and “Carnelian Bay Rentals Inc.”
26 Respondent entered into at least three (3) property management agreement(s), lease, and rental
27 agreement(s) for the property at 7639 Forest Glen Drive, showing Carnelian Bay Rentals, Inc.

1 dba Tahoe North Rentals as “Agent” or “Landlord.” BA 1 was an account of Carnelian Bay
 2 Rentals, Inc. Respondent was not licensed to use the name Carnelian Bay Rentals, Inc.
 3 Respondent did not obtain the real estate license bearing the fictitious business name of “Tahoe
 4 North Rentals” until December 18, 2024.

5 **(c) Trust Account Designation**

6 **(Code section 10145(a) and Regulation section 2832)**

7 During the audit period, BA 1 was not properly designated in the name of broker
 8 as trustee. Bank statements and the Deposit Account Agreement for BA 1 set forth the name or
 9 title of the account as Carnelia Bay Rentals Inc.

10 **(d) Secret Profits/Undisclosed Compensation: Undisclosed Mark-Ups**

11 **(Code section 10176(g))**

12 During the audit period, Respondent failed to disclose broker markups on repair
 13 and maintenance invoices to the property owners. Broker markups in the audit examination
 14 were calculated as 10%, 15%, or 20% of the vendor invoice amounts. In selected management
 15 agreements reviewed, broker markups were described as “modest markup added to each
 16 invoice billed to Owner.” The trust fund records for BA 1 indicate the full amount of the repair,
 17 the maintenance invoice that was paid to the vendor, and a percentage of the invoice that was
 18 paid to the broker. The Owner Statements reviewed indicate the amount of the broker markup
 19 that was added to the invoice amount and set forth as one (1) payment to the vendor. The
 20 broker markup was not separately disclosed.

<i>Vendor Name</i>	<i>Invoice Amount</i>	<i>Payment to vendor</i>	<i>Check no.</i>	<i>Markup to Broker</i>	<i>Owner Statement</i>
Advanced Chimney Services	\$195.00	\$195.00	1494	\$29.25 (via check no. 1496)	\$224.75 (via check no. 1494)
Incline Tahoe Glass	\$541.24	\$541.24	1540	\$54.12 (via check no. 1542)	\$595.36 (via check no. 1540)
Incline Tahoe Glass	\$655.95	\$655.95	1941	\$98.39 (via check no. 1947)	\$754.34 (via check no. 1941)
Aspen Home Improvements	\$436.08	\$436.08	1940	\$65.41 (via check no. 1947)	\$501.49 (via check no. 1940)

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11.

The conduct of Respondent described in Paragraph 10 above, violated the Code and Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
10(a)	Code section 10130
10(b)	Code section 10159.5 and Regulation section 2731
10(c)	Code sections 10145(a) and Regulation section 2832
10(d)	Code section 10176(g)

Each of the foregoing violations constitute cause for the suspension or revocation of the real estate license and/or license rights of Respondent under the provisions of Code sections 10177(d), 10177(g), and/or 10177(h).

COSTS
(AUDIT COSTS)

12.

Code section 10148(b) provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code section.

(INVESTIGATION AND ENFORCEMENT COSTS)

13.

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 investigation and enforcement of the case.

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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 the licenses and/or license rights of Respondent under the Real Estate Law, for the costs 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 other applicable provisions of law.

Dated at Sacramento, California, on April 13, 2026



Heather Nishimura
Supervising Special Investigator

cc: Heather Nishimura
Audits – Karan Dogra