

FILED

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BUREAU OF REAL ESTATE

By

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BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of:

PATRICK DANIEL FARRIS and
ORCE NAUMOVSKI,

Respondents.

NO. H-11984 SF

ACCUSATION

The Complainant, ROBIN S. TANNER, in her official capacity as a Supervising Special Investigator of the State of California, for cause of Accusation against PATRICK DANIEL FARRIS and ORCE NAUMOVSKI (collectively referred to herein as "Respondents"), is informed and alleges as follows:

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At all times relevant herein, PATRICK DANIEL FARRIS ("FARRIS") is presently licensed by the California Bureau of Real Estate ("the Bureau") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code ("the Code"), as a real estate broker.

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From the period beginning on January 17, 2006 and continuing through October 1, 2015, ORCE NAUMOVSKI ("NAUMOVSKI") was licensed by the Bureau and/or had license

1 rights under the Real Estate Law, Part 1 of Division 4 of the Code ("the Real Estate Law"), as a
2 real estate salesperson and was employed by FARRIS. Beginning October 2, 2015, and continuing
3 through the present day, NAUMOVSKI is licensed by the Bureau and/or has license rights under
4 the Real Estate Law as a real estate broker.

5 3

6 At all times relevant herein, Respondents engaged in the business of, acted in the
7 capacity of, advertised, or assumed to act as real estate brokers within the State of California on
8 behalf of others, for compensation or in expectation of compensation within the meaning of:

- 9 (a) Section 10131(a) of the Code, including the operation and conduct of a real estate
10 brokerage that included the sale or offer of sale, purchase or offer of purchase,
11 solicitation of prospective sellers and purchasers of, solicitation or obtaining listings
12 of, or negotiations of the purchase, sale or exchange of real property or a business
13 opportunity; and
14 (b) Section 10131(b) of the Code, including the operation and conduct of a property
15 management business with the public wherein, on behalf of others, for
16 compensation, leased or rented or offered to lease or rent, or placed for rent, or
17 solicited listings of places for rent, or solicited for prospective tenant, or negotiated
18 for sale, purchase or exchanges of leases on real property, or on a business
19 opportunity, or collected rent from real property, or improvements thereon, or from
20 business opportunities.

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

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FIRST CAUSE OF ACTION
Audit Violations
As Against Respondent FARRIS

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Each and every allegation in Paragraphs 1 through 4, inclusive, is incorporated by this reference as if fully set forth herein.

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On or about June 11, 2015, and continuing intermittently until June 17, 2015, an audit was conducted of FARRIS' real estate activities at his offices located at 987 Corporate Way, Fremont, wherein the auditor examined FARRIS' records for the period of January 1, 2014, through May 31, 2015 ("the audit period").

7

While acting as a real estate broker as described above in Paragraph 3, and within the audit period, FARRIS accepted or received funds in trust ("trust funds") and deposited or caused the trust funds to be deposited into bank accounts maintained by FARRIS, and thereafter, from time-to-time, FARRIS made disbursements of said trust funds, identified as follows:

BANK ACCOUNT #1

Bank: Wells Fargo Bank, 1500 Woodside Road,
Redwood City, CA 94061

Account No.: Last 4 Digits: 5038

Account Name: "Discount Plumbing and Rooter Co"

Signatories: Patrick D. Farris (REB)
Orce Naumovski (RES/REB)

Description: Used for deposits and disbursements related to the management of properties under the dba Alpha Property Management & Real Estate Co. Deposits consisted of rents collected from tenants. Disbursements were payments for expenses related to the properties managed, remittances to owners, and payments of management fees to Naumovski.

In the course of the real estate activities described above in Paragraph 3, and during the audit period, Respondents:

(a) caused, suffered, or permitted the balance of funds in Bank Account #1 to contain unidentified and/or unaccounted funds in the amount of \$5,037.24 , in violation of Sections 10145(a) and 10145(g) of the Code and Sections 2831.1 and 2832 of Title 10 of the California Code of Regulations ("the Regulations");

(b) deposited trust funds into Bank Account #1 and failed to designate Bank Account #1 as a trust fund account in the name of FARRIS or his registered fictitious business names, as trustee, in violation of Section 10145 of the Code and Section 2832 of the Regulations;

(c) failed to maintain a separate record for the unidentified and/or unaccounted funds of \$5,037.24 held in Bank Account #1 as of May 31, 2015, in violation of Section 10145(g) of the Code and Section 2831.1 of the Regulations;

(d) failed to maintain complete and accurate records of all trust funds received and disbursed (control records) for Bank Account #1, in violation of Section 10145 of the Code and Section 2831 of the Regulations;

(e) failed to keep a separate record for each beneficiary or transaction for Bank Account #1 containing all the information required by Section 10145 of the Code and Section 2831.1 of the Regulations;

(f) failed to reconcile at least once a month, the balance of all beneficiary or transaction records for each trust fund account separately in Bank Account #1, in violation of Section 10145 of the Code and Section 2831.2 of the Regulations;

(g) failed to maintain a broker-salesperson relationship agreement between FARRIS and his salesperson, NAUMOVSKI, in violation of Section 2726 of the Regulations;

(h) operated a real estate brokerage business at 1330 Valota Road, Redwood City, California, a branch office and location which requires a real estate license, without first

1 procuring a real estate license for that branch office location, in violation of Section 10163 of the
2 Code and Section 2715 of the Regulations;

3 (i) conducted real estate activities using the fictitious business name "Alpha
4 Property Management & Real Estate Co." without first registering this fictitious business name with
5 the Bureau, as required by Section 10159.5 of the Code and Section 2731 of the Regulations;

6 (j) failed to disclose the real estate license identification numbers of FARRIS
7 and NAUMOVSKI on the company website <http://alphareco.com> which was used to solicit real
8 estate business, in violation of Section 10140.6 of the Code and Section 2773 of the Regulations;
9 and

10 (k) conducted real estate activities under the unlicensed corporation Patrick
11 Farris Realtors, Inc., in violation of Section 10130 of the Code.

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13 The acts and/or omissions of Respondents as alleged above in Paragraph 8, constitute
14 grounds for the suspension or revocation of all licenses and license rights of FARRIS pursuant to
15 the following provisions of the Code and Regulations:

16 As to Paragraph 8(a), under Section 10177(d) and/or 10177(g) of the Code, in
17 conjunction with Sections 10145(a) and 10145(g) of the Code and Sections 2831.1 and 2832 of the
18 Regulations;

19 As to Paragraph 8(b), under Sections 10177(d) and/or 10177(g) of the Code, in
20 conjunction with Section 10145 of the Code and Section 2832 of the Regulations;

21 As to Paragraph 8(c), under Sections 10177(d) and/or 10177(g) of the Code, in
22 conjunction with Section 10145(g) of the Code and Section 2831.1 of the Regulations;

23 As to Paragraph 8(d), under Sections 10177(d) and/or 10177(g) of the Code, in
24 conjunction with Section 10145 of the Code and Section 2831 of the Regulations;

25 As to Paragraph 8(e), under Sections 10177(d) and/or 10177(g) of the Code, in
26 conjunction with Section 10145 of the Code and Section 2831.1 of the Regulations;

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1 As to Paragraph 8(f), under Sections 10177(d) and/or 10177(g) of the Code, in
2 conjunction with Section 10145 of the Code and Section 2831.2 of the Regulations;

3 As to Paragraph 8(g), under Sections 10177(d) and/or 10177(g) of the Code, in
4 conjunction with Section 2726 of the Regulations;

5 As to Paragraph 8(h), under Sections 10177(d) and/or 10177(g) of the Code, in
6 conjunction with Section 10163 of the Code and Section 2715 of the Regulations;

7 As to Paragraph 8(i), under Sections 10177(d) and/or 10177(g) of the Code, in
8 conjunction with Section 10159.5 of the Code and Section 2731 of the Regulations;

9 As to Paragraph 8(j), under Sections 10177(d) and/or 10177(g) of the Code, in
10 conjunction with Section 10140.6 of the Code and Section 2773 of the Regulations; and

11 As to Paragraph 8(k), under Sections 10177(d) and/or 10177(g) of the Code, in
12 conjunction with Section 10130 of the Code.

13 **SECOND CAUSE OF ACTION**
14 **Secret Profits and Dishonest Dealings**
As Against Respondents FARRIS and NAUMOVSKI

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

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19 At all times relevant herein, NAUMOVSKI owned maintenance companies named
20 Discount Services ("DS") and Discount Plumbing & Rooter Co. ("DP&RC"). During the audit
21 period, the following repairs and maintenance expenses totaling \$31,844.12 were paid to DS and
22 DP&RC by owners of properties managed by Respondents:

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Check # /Date	Invoice # /Property Address	Amt. paid to DS	Amt. paid to DP&RC	Total Amt.
9201 1/16/2015	17590, 550, 624, 600 Multiple properties	\$3,895.00	-	\$3,895.00
9209 1/27/2015	33554 2251 Princeton Ave.	-	\$2,297.00	\$2,297.00

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1	9210	17630	\$165.00	-	\$165.00
2	1/27/2015	199 Burns Ave.			
3	9216	17623	\$1,220.00	-	\$1,220.00
4	1/27/2015	319 Howland St.			
5	9217	33533	-	\$2,400.00	\$2,400.00
6	1/27/2015	1646 Hampton Ave.			
7	9247	33533	-	\$550.00	\$550.00
8	1/29/2015	1646 Hampton Ave			
9	9255	17550, 17632, 33, 34	\$1,450.00	-	\$1,450.00
10	2/3/2015	Multiple properties			
11	9260	33579	-	\$160.00	\$160.00
12	2/6/2015	1001-1003 Junipero Ave.			
13	9262	33558, 33554	-	\$1,803.00	\$1,803.00
14	2/6/2015	2271 Princeton Ave.			
15	9277	33561	-	\$210.00	\$210.00
16	2/10/2015	1045 Siskiyou Dr.			
17	9278	17590	-	\$2,000.00	\$2,000.00
18	2/10/2015	351-359 Encina Ave.			
19	9283	17635, 636, 637, 638	\$1,795.00	-	\$1,795.00
20	2/18/2015	Multiple properties			
21	9284	33452	-	\$1,150.00	\$1,150.00
22	2/18/2015	1646 Hampton Ave.			
23	9315	17639, 17640, 17641	\$1,934.12	-	\$1,934.12
24	2/26/2015	Multiple Properties			
25	9333	17642	\$150.00	-	\$150.00
26	3/3/2015	2880334 Bryant St.			
27	9343	17644, 17645	\$1,135.00	-	\$1,135.00
	3/5/2015	Multiple Properties			
	9362	17550	\$2,150.00	-	\$2,150.00
	3/10/2015	Multiple Properties			
	9377	17643	\$1,200.00	-	\$1,200.00
	3/19/2015	249 4 th Ave.			

9390 3/27/2015	17649 338 Bryant Street	\$120.00	-	\$120.00
9458 4/21/2015	17645 640 N. El Camino R.	\$160.00	-	\$160.00
9515 5/7/2015	17590, 17643, 17653 Multiple Properties	\$4,160.00	-	\$4,160.00
9535 5/26/2015	17663 420 Pope Street	\$180.00	-	\$180.00
9572 5/29/2015	17661 548 Vera Ave.	\$1,560.00	-	\$1,560.00
Total Amount		\$21,274.12	\$10,570.00	\$31,844.12

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At no time relevant herein did property management agreements for the above listed properties disclose that NAUMOVISKI was affiliated with maintenance companies DS and DP&RC.

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By failing to disclose the profits made by DS and DP&RC, as set forth above in Paragraphs 11 and 12, Respondents violated Sections 10176(g) and/or 10176(i) of the Code which are grounds for the suspension or revocation of the licenses and license rights of Respondents under Sections 10176(g) and/or 10176(i) of the Code.

THIRD CAUSE OF ACTION
Broker Supervision
As Against Respondent FARRIS

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Each and every allegation in Paragraphs 1 through 13, inclusive, is incorporated by this reference as if fully set forth herein.

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At all times relevant herein, FARRIS was required to exercise reasonable supervision and control over the activities of his employees, agents and others, including but not limited to NAUMOVSKI, pursuant to Section 10159.2 of the Code and Section 2725 of the Regulations.

FARRIS failed to exercise reasonable supervision over the acts and/or omissions of his employees, agents and others, including but not limited to NAUMOVSKI, in such a manner as to allow the acts and/or omissions to occur, as described in the Second Cause of Action, which constitutes cause for the suspension or revocation of the licenses and license rights of FARRIS under Sections 10177(g) and/or 10177(h) of the Code, in conjunction with Section 2725 of the Regulations.

COST RECOVERY

Audit Costs


The acts and/or omissions of FARRIS, as alleged in the First Cause of Action, to occur, entitle the Bureau to reimbursement of the costs of its audit pursuant to Section 10148(b) of the Code.

Investigation and Enforcement Costs

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 all Respondents named herein under the Real Estate Law (Part 1 of Division 4 of the

1 Business and Professions Code), for the costs of investigation and enforcement as permitted by law,
2 for the cost of the audit as permitted by law, and for such other and further relief as may be proper
3 under other provisions of law.
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7 ROBIN S. TANNER
Supervising Special Investigator

8 Dated at Oakland, California,
9 this 22nd day of June, 2016.
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11 DISCOVERY DEMAND

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