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MAR 27 2017

BUREAU OF REAL ESTATE

By B. Nicholas

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BEFORE THE BUREAU OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of

STEVEN ARTHUR BROWN,

Respondent.

No. H-12082 SF

ACCUSATION

The Complainant, ROBIN S. TANNER, a Supervising Special Investigator of the State of California, for cause of Accusation against STEVEN ARTHUR BROWN (Respondent), is informed and alleges as follows:

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The Complainant, ROBIN S. TANNER, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

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Respondent is presently licensed and/or has 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 was and is licensed by the Bureau individually as a real estate broker.

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

On or about June 9, 2016, and continuing intermittently through February 27, 2017, an audit was conducted of the records of Respondent. The auditor herein examined the records for the period of April 1, 2014, through November 30, 2014.

While acting as a real estate broker as described in Paragraph 4, Respondent 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 Respondent as described in Paragraph 7 were deposited or caused to be deposited by Respondent into trust accounts which were maintained by Respondent for the handling of trust funds, and thereafter from time-to-time Respondent made disbursements of said trust funds, identified as follows:

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ACCOUNT # 1	
Bank Name and Location:	Mission National Bank 3060 16 <sup>th</sup> Street San Francisco, CA 94103
Account No.:	XXXXXX8270
Entitled:	Better Property Management Trust

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In the course of the activities described in Paragraph 4, Respondent:

(a) Caused, suffered, or permitted the balance of funds in Account #1 to be reduced to an amount which, as of November 30, 2014, was approximately \$894,963.91 less than the aggregate liability of Account #1 to all owners of such funds in violation of Sections 10176(i) and 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (Regulations).

(b) Failed to reconcile the balance of separate beneficiary or transaction records with the control record of trust funds received and disbursed at least once a month, and/or failed to maintain a record of such reconciliations for Account #1, as required by Section 2831.2 of the Regulations.

(c) Failed to keep accurate separate records for each beneficiary or transaction, accounting therein for all funds which were deposited into Account #1 containing all of the information required by Section 2831.1 of the Regulations.

(d) Collected and retained unearned fees, compensation, profit, and/or failed to disclose failed to reveal the full amount of compensation from homeowners in connection with collection of management fees from rents collected, in violation of Section 10176(g) of the Code. Specifically, for the month of May 2014, the management fee collected for the property located at 39-41 6<sup>th</sup> Street, San Francisco, was 6 percent of the rental income. The property management agreement specified the management fee to be 5 percent of the monthly rental income.

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The facts alleged above are grounds for the suspension or revocation of Respondent's license and license rights under the following sections of the Code and Regulations:

As to Paragraph 8(a), under Sections 10176(i), 10177(d) and/or 10177(g) of the Code in conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations;

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

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

As to Paragraph 8(d), under Section 10176(g) of the Code.

#### COST RECOVERY

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

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 imposing disciplinary action against all licenses and license rights of Respondent under the Code, for the cost of

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3 investigation and enforcement as permitted by law, for the cost of the audit, and for such other  
4 and further relief as may be proper under other provisions of law.  
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7 ROBIN S. TANNER  
8 Supervising Special Investigator

9 Dated at Oakland, California,  
10 this 24<sup>th</sup> day of March, 2017.

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