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BUREAU OF REAL ESTATE

By RLaz

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BEFORE THE BUREAU OF REAL ESTATE
STATE OF CALIFORNIA

11 In the Matter of the Accusation of:) NO. H-12109 SF
12)
13 FULL ASSOCIATION BUSINESS) FIRST AMENDED
14 SERVICES, INC. and ROYAL GARDNER,) ACCUSATION
15)
16 Respondents.)
17)

18 The Complainant, ROBIN S. TANNER, in her official capacity as a Supervising
19 Special Investigator of the State of California, for cause of First Amended Accusation against FULL
20 ASSOCIATION BUSINESS SERVICES, INC. ("FULL ASSOCIATION"), and ROYAL
21 GARDNER ("GARDNER"), (collectively referred to as "Respondents"), is informed and alleges as
22 follows:

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23 Respondent FULL ASSOCIATION is presently licensed by the California Bureau
24 of Real Estate ("the Bureau") and/or has license rights under the Real Estate Law, Part 1 of
25 Division 4 of the California Business and Professions Code ("the Code"), as a corporate real estate
26 broker. FULL ASSOCIATION was initially licensed from September 6, 2002, to September 5,
27 2006. FULL ASSOCIATION was re-licensed from June 21, 2012, to June 20, 2016. From June
21, 2016, until September 22, 2016, FULL ASSOCIATION was not licensed. On September 23,

1 2016, FULL ASSOCIATION was re-licensed. FULL ASSOCIATION'S license will expire on or
2 about September 22, 2020, unless it is revoked or renewed beforehand.

3 2

4 From June 21, 2012, to June 20, 2016, former real estate broker Melvin Grodzik
5 served as the designated officer of FULL ASSOCIATION. Melvin Grodzik passed away on July
6 29, 2016. From September 23, 2016, to the present date, GARDNER has served as the designated
7 broker-officer of FULL ASSOCIATION.

8 3

9 GARDNER is presently licensed and/or has license rights under the Real Estate Law,
10 Part 1 of Division 4 of the Code ("the Real Estate Law") as an individual real estate broker and,
11 from September 23, 2016 until the present day, continues to serve as the designated broker officer
12 of FULL ASSOCIATION.

13 4

14 Whenever reference is made in an allegation in this First Amended Accusation to an
15 act or omission of FULL ASSOCIATION, such allegation shall be deemed to mean that the
16 employees, agents, real estate licensees, and others employed by or associated with FULL
17 ASSOCIATION committed such act or omission while engaged in furtherance of the business or
18 operations of FULL ASSOCIATION and while acting within the course and scope of their authority
19 and employment.

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21 At all times herein mentioned, Respondents engaged in the business of, acted in the
22 capacity of, advertised, or assumed to act as a corporate real estate broker within the State of
23 California on behalf of others, for compensation or in expectation of compensation within the
24 meaning of Section 10131(b) of the Code, including the operation and conduct of a property
25 management business with the public wherein, on behalf of others, for compensation, leased or
26 rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or
27 solicited for prospective tenants, or negotiated for sale, purchase or exchange of leases on real

1 property, or on a business opportunity, or collected rent from real property, or improvements
2 thereon, or from business opportunities.

3 COUNT ONE
4 AUDIT VIOLATIONS
(As to Respondent FULL ASSOCIATION)

5 6

6 Each and every allegation in paragraphs 1 through 5, inclusive, above, is
7 incorporated by this reference as if fully set forth herein.

8 7

9 Beginning on March 3, 2016, and continuing intermittently until September 30,
10 2016, the Bureau conducted an audit of the books and records related to the real estate activities of
11 FULL ASSOCIATION at the following locations: FULL ASSOCIATION'S main office located at
12 1156 Ski Run Blvd., Suite D, South Lake Tahoe, CA 96150; an office affiliated with FULL
13 ASSOCIATION located at 2031 Third Street, Livermore, CA 94550; and the Bureau's main office
14 located at 1651 Exposition Blvd., Sacramento, CA 95815. The auditor examined records for the
15 period of December 1, 2014, to January 31, 2016 ("audit period").

16 8

17 While acting as real estate brokers as described above in paragraph 5, and within the
18 audit period, FULL ASSOCIATION accepted or received funds in trust ("trust funds") and
19 deposited or caused the trust funds to be deposited into bank accounts maintained by FULL
20 ASSOCIATION, and thereafter, from time-to-time, FULL ASSOCIATION made disbursements of
21 said trust funds, identified as follows:

22 Trust Account #1

23 Bank Name: Bank of America
24 Account No.: Last 4 Digits: xxxxxxxx2286
25 Account Name: Melvin W. Grodzik
Real Estate Broker
Trust Account – Tahoe Management
26 Signatories: Melvin W. Grodzik (REB)
27 Purpose: Used for handling trust funds from property management
activities.

1
2 In the course of the real estate broker activities described above in paragraph 5, and
3 during the audit period, FULL ASSOCIATION:

4 (a) caused, suffered, or permitted the balance of funds in Trust Account #1 to
5 contain unidentified and/or unaccounted funds in the amount of \$356.09, in violation of Sections
6 10145(a) and 10145(g) of the Code and Sections 2831.1 and 2832 of Chapter 6, Title 10, California
7 Code of Regulations ("the Regulations");

8 (b) failed to maintain and/or keep accurate and complete separate records for
9 each beneficiary or property of trust funds accepted or received in Trust Account #1, in that as of
10 January 31, 2016, Trust Account #1 contained unaccounted for or unidentified funds in the amount
11 of \$356.09, in violation of Section 10145(g) of the Code, and Section 2831.1 of the Regulations;

12 (c) failed to reconcile at least once per month, the balance of all separate
13 beneficiary or transaction records to the balance of the control records for Trust Account #1, in
14 violation of Section 10145 of the Code and Section 2831.2 of the Regulations;

15 (d) provided repair and maintenance services under the name "RJ General
16 Contractor" without first disclosing to its beneficiaries that the owners of FULL ASSOCIATION
17 also own "RJ General Contractor," in violation of Section 10176(g) of the Code;

18 (e) failed to register with the Bureau a branch office located at 2031 Third
19 Street, Livermore, CA 94550, in violation of Section 10163 of the Code;

20 (f) failed to obtain a real estate license bearing the fictitious business name
21 "FABS Group Inc." before conducting in that name activities for which a license was required, in
22 violation of Section 10159.5 of the Code, and Section 2731 of the Regulations;

23 (g) conducted real estate activities under the unlicensed corporation FABS
24 Group Inc., in violation of Section 10130 of the Code; and

25 (h) employed and/or compensated unlicensed individuals including, but not
26 limited to Linda Gomez and Connie Taber, to perform real estate activities on behalf of FULL
27 ASSOCIATION within the meaning of Section 10130(b) of the Code, in violation of section

1 10137 of the Code. Specifically, Gomez and/or Taber entered into at least 4 property management
2 agreements on behalf of FULL ASSOCIATION from October 13, 2015, through March 29, 2016,
3 and was/were compensated by FULL ASSOCIATION for performing such real estate activities.

4 10

5 In the course of the real estate broker activities described above in paragraph 5, and
6 during the audit period, FULL ASSOCIATION conducted activities requiring a real estate license
7 during the period June 21, 2016, through September 22, 2016, when FULL ASSOCIATION'S
8 license with the Bureau had expired, in violation of Section 10130 of the Code.

9 11

10 The acts and/or omissions of FULL ASSOCIATION as alleged above in paragraph
11 9, constitute grounds for the suspension or revocation of all licenses and license rights of FULL
12 ASSOCIATION pursuant to the following provisions of the Code and Regulations:

13 As to Paragraph 9(a), under Section 10177(d) and/or 10177(g) of the Code, in
14 conjunction with Sections 10145(a) and 10145(g) of the Code and Sections 2831.1 and 2832 of the
15 Regulations;

16 As to Paragraph 9(b), under Section 10177(d) and/or 10177(g) of the Code, in
17 conjunction with Section 10145(g) of the Code and Section 2831.1 of the Regulations;

18 As to Paragraph 9(c), under Section 10177(d) and/or 10177(g) of the Code, in
19 conjunction with Section 10145 of the Code, and Section 2831.2 of the Regulations;

20 As to Paragraph 9(d), under Section 10177(d) and/or 10177(g) of the Code, in
21 conjunction with Section 10176(g) of the Code;

22 As to Paragraph 9(e), under Section 10177(d) and/or 10177(g) of the Code, in
23 conjunction with Section 10163 of the Code;

24 As to Paragraph 9(f), under Section 10177(d) and/or 10177(g) of the Code, in
25 conjunction with Section 10159.5 of the Code, and Section 2731 of the Regulations;

26 As to Paragraph 9(g), under Section 10177(d) and/or 10177(g) of the Code, in
27 conjunction with Section 10130 of the Code; and

1 As to Paragraph 9(h), under Section 10177(d) and/or 10177(g) of the Code, in
2 conjunction with Section 10137 of the Code.

3 12

4 The acts and/or omissions of FULL ASSOCIATION as alleged above in paragraph
5 10, constitute grounds for the suspension or revocation of all licenses and license rights of FULL
6 ASSOCIATION pursuant to Section 10177(d) and/or 10177(g) of the Code, in conjunction with
7 Section 10130 of the Code.

8 **COUNT TWO**
9 **ADDITIONAL PROPERTY MANAGEMENT VIOLATIONS**
10 (As to Respondents FULL ASSOCIATION and GARDNER)

11 13

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

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15 While acting as a real estate broker as described above in paragraph 5, FULL
16 ASSOCIATION opened a bank account with US Bank on February 24, 2017, and thereafter
17 deposited or caused trust funds to be deposited into the US Bank account maintained by FULL
18 ASSOCIATION, and thereafter, from time-to-time, FULL ASSOCIATION made disbursements of
19 said trust funds, from the US Bank account identified as follows:

20 **US BANK TRUST ACCOUNT**

21 Bank Name: US BANK
22 Account No.: Last 4 Digits: xxxxxxxx9474
23 Account Name: FULL ASSOCIATION BUSINESS SERVICES, INC.
CLIENT REAL ESTATE TRUST ACCOUNT
ROYAL M. GARDNER TRUSTEE
24 Signatories: Linda Gomez
25 Purpose: Used for handling trust funds from property management
activities.

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2 From the time the US Bank account was opened on February 24, 2017, until May
3 23, 2017, GARDNER did not serve as a signatory on the US Bank account, in violation of Section
4 10145 of the Code and Section 2834 of the Regulations.

5 16

6 From September 23, 2016, until February 21, 2017, FULL ASSOCIATION
7 operated a branch office at 2031 Third Street, Livermore, CA, 94550, without first registering said
8 branch office with the Bureau in violation of Section 10163 of the Code.

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10 The acts and/or omissions of FULL ASSOCIATION and GARDNER, as alleged in
11 COUNT TWO of the First Amended Accusation, constitute grounds for the suspension or
12 revocation of all licenses and license rights of FULL ASSOCIATION and GARDNER pursuant to
13 the following provisions of the Code and Regulations:

14 As to Paragraphs 14 and 15, under Section 10177(d) and/or 10177(g) of the Code,
15 in conjunction with Sections 10145 of the Code and Section 2834 of the Regulations; and

16 As to Paragraph 16, under Section 10177(d) and/or 10177(g) of the Code, in
17 conjunction with Sections 10163 of the Code.

18 **COUNT THREE**
19 **FAILURE TO SUPERVISE**
20 **(As to Respondent GARDNER)**

21 18

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

24 19

25 GARDNER, as the designated officer of FULL ASSOCIATION, was required to
26 exercise reasonable supervision and control over the activities of FULL ASSOCIATION, its
27 employees, and the real estate activities being conducted by FULL ASSOCIATION.

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GARDNER failed to exercise reasonable supervision over the acts and/or omissions of FULL ASSOCIATION, and its employees, in such a manner as to allow the acts and/or omissions, as described above in COUNT TWO of the First Amended Accusation to occur, which constitutes cause for the suspension or revocation of the license(s) and license rights of GARDNER under Sections 10177(d) and/or 10177(g), 10177(h) and 10159.2 of the Code, in conjunction with Section 2725 of the Regulations.

COST RECOVERY

Audit Costs

The acts and/or omissions of Respondents, as alleged above in the First Cause of Action, 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.

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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of
2 this First Amended Accusation and that upon proof thereof, a decision be rendered revoking all
3 licenses and license rights of all Respondents named herein under the Real Estate Law, for the cost
4 of investigation and enforcement as permitted by law, for the cost of the audit as permitted by law,
5 and for such other and further relief as may be proper under other provisions of law.

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8 ROBIN S. TANNER
9 Supervising Special Investigator

10 Dated at Oakland, California,
11 this 15th day of March, 2018.

12 DISCOVERY DEMAND

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