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FILED

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BUREAU OF REAL ESTATE

By B. Nicholas

8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of)
12) NO. H-12118 SF
13 FERDINAND MANGABAT PIANO and)
14 G2 PROPERTIES,)
Respondents.)
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The Complainant, ROBIN S. TANNER, acting in her official capacity as a Supervising Special Investigator of the State of California, for cause of Accusation against FERDINAND MANGABAT PIANO (hereinafter "PIANO") and G2 PROPERTIES (hereinafter "G2P"), collectively, Respondents, is informed and alleges as follows:

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At all times herein mentioned, G2P was and is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereinafter "the Code") by the Bureau of Real Estate (hereinafter "the Bureau") as a corporate real estate broker doing business as Golden Gate Properties.

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At all times herein mentioned, PIANO was and is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Code by the Bureau as a real estate broker.

At all times herein mentioned, PIANO was licensed by the Bureau as the designated broker/officer of G2P. As the designated broker/officer, PIANO was 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 G2P for which a real estate license is required.

Whenever reference is made to an allegation in this Accusation to an act or omission of G2P, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with G2P committed such acts or omissions while engaged in furtherance of the business or operation of G2P and while acting within the course and scope of their corporate authority and employment.

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 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 or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

FIRST CAUSE OF ACTION

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

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On or about August 7, 2014, PIANO, on behalf of G2P, met with the owner, Karri D., to discuss employing G2P to rent, lease, operate and manage the property known as 146A Highland Avenue, San Francisco, CA 94110 (hereinafter "unit").

Karri D. told PIANO that she wanted to rent her unit for 11 months starting September 1, 2014. Karri D. told PIANO she expected to return before the end of August 2015. Karri D. expressed concerns regarding San Francisco's rental laws. PIANO, on behalf of G2P, assured Karri D. that she was exempt and there would be no difficulties in regaining possession of the unit upon her return.

On or about August 12, 2014, in reliance upon Respondents' representations, Karri D. agreed to have Respondents, in connection with the activities described in Paragraph 5, above, represent her as the broker to rent, lease, operate and manage her unit.

Subsequently, Respondents found tenants for the term of September 15, 2014 through September 14, 2015. However, Karri D. did not want to sign a 12 month lease that started after September 1, 2014. PIANO, on behalf of G2P, assured Karri D. that because Respondents would issue a 60-day notice of eviction to the tenants, she would not have a problem being back in the unit in August 2015.

In reliance upon Respondents' representations, Karri D. signed a lease for the term of September 15, 2014 through September 14, 2015.

Respondents also made numerous representations to Karri D. that they would cover her rent or the cost of temporary housing until September 15, 2015 if the tenants did not vacate early enough.

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Upon learning of the tenants, intention of not moving out of the unit, Respondents denied making any such representations and refunded to Karri D. the leasing and management fees which amounted to \$3,400.00.

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The representations made by Respondents in Paragraph 8, above, were untrue and Respondents either knew them to be untrue at the time they were made or should have known them to be untrue. Respondents made the representations in order to induce Karri D. to hire Respondents. The true facts were:

- 1) The unit was subject to eviction control;
- 2) Regaining possession of the unit would require payment of relocation fees to the tenants.

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The representations made by Respondents in Paragraph 10, above, were untrue and Respondents either knew them to be untrue at the time they were made or should have known them to be untrue. Respondents made the representations in order to induce Karri D. to sign the lease. The true facts were that a 60-day notice of eviction would be insufficient to regain possession of the unit.

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Respondents' acts and or omissions identified above constitute grounds for the suspension or revocation of the license and license rights of Respondents pursuant to Sections 10176 (a) (Substantial Misrepresentations), 10176 (b) (False Promises), 10176 (i) (Fraud or Dishonest Dealing), 10177 (d) (Willful Disregard of Real Estate Laws), (10177 (j) (Fraud or Dishonest Dealing), 10177 (g) (Negligence/Incompetence of Licensee) of the Code.

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Each and every allegation in Paragraphs 1 through 15, inclusive, is incorporated by this reference as if fully set forth herein.

PIANO failed to exercise reasonable supervision and control over the property management activities of G2P. In particular, PIANO permitted, ratified and/or caused the conduct described above to occur, and failed to take reasonable steps, including but not limited to, the handling of trust funds, supervision of employees, and the implementation of policies, rules and systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

The above acts and/or omissions of PIANO violate Section 2725 (Broker Supervision) of the California Code of Regulations (hereinafter "Regulations") and Section 10159.2 (Responsibility/Designated Officer) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d) (Willful Disregard of Real Estate Laws), 10177(g) (Negligence/Incompetence of Licensee) and 10177(h) (Broker Supervision) of the Code.

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Effective August 24, 2015, in Case No. H-11812 SF, before the Bureau of Real Estate of the State of California, the Real Estate Commissioner suspended the license and licensing rights of PIANO for a period of 45-days and that suspension was stayed pursuant to terms and conditions for the following violations: Sections 2832.1 (Written Permission for Balance Below Accountability), 2831.2 (Trust Account Reconciliation), 2832 (Bank Account Not Properly Designated as Trust Account) of the Regulations and Sections 10145 (Trust Fund

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1 Handling), 10177 (d) (Willful Disregard of Real Estate Laws) and (g) (Negligence/Incompetence
2 of Licensee) of the Code.

3 COST RECOVERY

4 Section 10106 of the Code provides, in pertinent part, that in any order issued in
5 resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the
6 Administrative Law Judge to direct a licensee found to have committed a violation of this part to
7 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

8 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
9 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
10 action against all licenses and license rights of Respondent under the Code, for the reasonable
11 cost of investigation and agency attorney's fees in this matter, and for such other and further
12 relief as may be proper under other provisions of law.

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14 ROBIN S. TANNER
15 Supervising Special Investigator

16 Dated at Oakland, California,
17 this 14th day of July, 2017.

18 DISCOVERY DEMAND

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