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FILED

AUG 14 2018

DEPARTMENT OF REAL ESTATE

By S. Krapp

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 MENDO REALTY PROPERTY)
13 MANAGEMENT, INC., and JOHN LEE)
14 LAZARO,)
15 Respondents.)

CalBre No. H-12286 SF

ACCUSATION

16 The Complainant, ROBIN S. TANNER, a Supervising Special Investigator of the
17 State of California, Department of Real Estate ("Department"), for cause of Accusation against
18 MENDO REALTY PROPERTY MANAGEMENT, INC., and JOHN LEE LAZARO
19 (collectively "Respondents"), is informed and alleges as follows:

20 PRELIMINARY ALLEGATIONS

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

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25 Respondents are presently licensed and/or have license rights under the Real
26 Estate Law, Part 1 of Division 4 of the Business and Professions Code (Code).

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At all times mentioned, Respondent MENDO REALTY PROPERTY MANAGEMENT, INC. (MRPM) was and is licensed by the State of California Department of Real Estate (Department) as a real estate broker corporation.

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At all times mentioned, Respondent JOHN LEE LAZARO (LAZARO) was and is licensed by the Department individually as a real estate broker, and as the designated broker officer of MRPM. As said designated broker officer, LAZARO 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 MRPM for which a license is required.

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

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers 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, Respondents 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.

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1 FIRST CAUSE OF ACTION

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3 Each and every allegation in Paragraphs 1 through 6, inclusive, is incorporated by
4 this reference as if fully set forth herein.

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6 On or about January 23, 2018, and continuing intermittently through April 9,
7 2018, an audit was conducted of the records of MRPM. The auditor herein examined the records
8 for the period of July 1, 2016, through December 31, 2017.

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10 While acting as a real estate broker as described in Paragraph 6, Respondents
11 accepted or received funds in trust (trust funds) from or on behalf of owners and tenants in
12 connection with the leasing, renting, and collection of rents on real property or improvements
13 thereon, as alleged herein, and thereafter from time-to-time made disbursements of said trust
14 funds.

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16 The trust funds accepted or received by Respondents as described in Paragraph 9
17 were deposited or caused to be deposited by Respondents into trust accounts which were
18 maintained by Respondents for the handling of trust funds, and thereafter from time-to-time
19 Respondents made disbursements of said trust funds, identified as follows:

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ACCOUNT # 1	
21 Bank Name and Location:	Savings Bank of Mendocino County
22	200 N School Street
23	Ukiah, CA 95482
24 Account No.:	XXX6276
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26 Entitled:	Mendo Realty Property Management, Inc.
27	Management Trust

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ACCOUNT # 2	
Bank Name and Location:	Savings Bank of Mendocino County 200 N School Street Ukiah, CA 95482
Account No.:	XXX6284
Entitled:	Mendo Realty Property Management, Inc. Security Deposit Trust

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In the course of the activities described in Paragraph 6, Respondents:

- (a) caused, suffered, or permitted the balance of funds in Account #1 to be reduced to an amount which, as of November 30, 2017, was approximately \$28,775.79 less than the aggregate liability of Account #1 to all owners of such funds in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (Regulations);
- (b) caused, suffered, or permitted the balance of funds in Account #2 to be reduced to an amount which, as of November 30, 2017, was approximately \$6,949.50 less than the aggregate liability of Account #2 to all owners of such funds in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the Regulations;
- (c) commingled with its own money or property, the money or property of others which was received or held by Respondents in trust in violation of Section 10176(e) of the Code; and
- (d) caused, permitted, and/or allowed, the possible withdrawal of trust funds from Account # 1 and Account #2 by persons, Kerri Vau and Marcia Morgan Lazaro, who were not licensed to the broker, MRPM, and not covered by a fidelity bond in violation of Section 2834 of the Regulations.

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1 The facts alleged in the First Cause of Action are grounds for the suspension or
2 revocation of Respondents' licenses and license rights under the following Sections of the Code
3 and Regulations:

4 As to Paragraphs 11(a) and (b), under Sections 10177(d) and/or 10177(g) of the
5 Code in conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations;

6 As to Paragraph 11(c), under Section 10176(e) of the Code; and

7 As to Paragraph 11(d), under Sections 10177(d) and/or 10177(g) of the Code in
8 conjunction with Section 10145 of the Code and Section 2834 of the Regulations;

9 SECOND CAUSE OF ACTION

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

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14 Respondent LAZARO failed to exercise reasonable supervision over the acts of
15 MRPM in such a manner as to allow the acts and events described above to occur.

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17 The acts and/or omissions of LAZARO as described in Paragraph 14, constitutes
18 failure on the part of LAZARO, as designated broker-officer for MRPM, to exercise reasonable
19 supervision and control over the licensed activities of MRPM as required by Section 10159.2 of
20 the Code and Section 2725 of the Regulations.

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22 The facts described above as to the Second Cause of Action constitute cause for
23 the suspension or revocation of the licenses and license rights of Respondent LAZARO under
24 Section 10177(g) and/or Section 10177(h) of the Code, and Section 10159.2 of the Code in
25 conjunction with Section 10177(d) of the Code.

26 COST RECOVERY

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