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FILED

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DEPARTMENT OF REAL ESTATE
By K. Krapp

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 LATU PARKVIEW PROPERTY MANAGEMENT) No. H-12323 SF
13 INC and STEVEN GUY COULSTON,) ACCUSATION
14 Respondents.)

15 The Complainant, ROBIN S. TANNER, acting in her official capacity as a
16 Supervising Special Investigator of the State of California, for cause of Accusation against
17 Respondents LATU PARKVIEW PROPERTY MANAGEMENT INC (LPPM) and STEVEN
18 GUY COULSTON (COULSTON), sometimes collectively referred to as Respondents, is
19 informed and alleges as follows:

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

23 2

24 At all times herein mentioned, LPPM was and is presently licensed by the State
25 of California Department of Real Estate (Department) as a real estate broker corporation.

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2 At all times herein mentioned, COULSTON was and is presently licensed by the
3 Department, individually, as a real estate broker.

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5 At all times herein mentioned, Respondents conducted real estate activity under
6 LPPM's real estate broker corporation license and the fictitious business name, "Parkview
7 Property Management", registered with the Department. Effective August 28, 2014, LPPM's
8 fictitious business name, "Parkview Property Management", expired.

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10 At all times mentioned herein, COULSTON was and is licensed by the
11 Department individually as a real estate broker, and as the designated broker officer of LPPM.
12 As the designated broker officer, COULSTON was responsible, pursuant to Section 10159.2 of
13 the Code, for the supervision of the activities of officers, agents, real estate licensees and
14 employees of COULSTON for which a real estate license is required to ensure the compliance
15 of the corporation with the Real Estate Law and Regulations.

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

22 7

23 At all times herein mentioned, Respondents engaged in the business of, acted in
24 the capacity of, advertised, or assumed to act as real estate brokers within the State of California
25 within the meaning of Section 10131(b) of the Code, including the operation and conduct of a
26 property management business with the public wherein, on behalf of others, for compensation or
27 in expectation of compensation, Respondents leased or rented or offered to lease or rent, or

1 placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or
2 negotiated the sale, purchase or exchange of leases on real property, or on a business
3 opportunity, or collected rents from real property, or improvements thereon, or from business
4 opportunities.

5 FIRST CAUSE OF ACTION

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7 Each and every allegation in Paragraphs 1 through 7, inclusive, is incorporated by
8 this reference as if fully set forth herein.

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10 On or about February 8, 2018, a broker office survey (BOS) was conducted at
11 LPPM's office located at 530 Oak Grove Avenue, Suite 101, Menlo Park, California.

12 10

13 During the BOS, and in the course of the activities described in Paragraph 15, the
14 Department Special Investigator discovered that:

- 15 (a) Respondents failed to disclose LPPM's license number on the corporation
16 website, as required by Section 10140.6 (b) of the Code and Section 2773 of
17 Chapter 6, Title 10, California Code of Regulations (Regulations);
18 (b) Respondents failed to register the branch office located at 2485 Autumnvale
19 Drive, Suite G, San Jose, California, with the Department, as required by
20 Section 2715 of the Regulations; and
21 (c) LPPM does not have a written company policy manual or established policies,
22 rules, procedures and systems in place, in violation of Section 2725 of the
23 Regulations.

24 11

25 The acts and/or omissions described above constitute violations of Sections 2715
26 (Business Addresses of Licensees), 2725 (Broker Supervision), and 2773 (Disclosure of License
27 Identification Number) of the Regulations and of Section 10140.6 (b) (Disclosure of License

1 Identification Number in Advertising), and are grounds for discipline under Sections 10177 (d)
2 (Willful Disregard of Real Estate Laws) and/or 10177 (g) (Negligence/Incompetence Licensee)
3 of the Code.

4 SECOND CAUSE OF ACTION

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

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9 On or about March 21, 2018, and continuing intermittently through April 2,
10 2018, an audit was conducted at LPPM's main office located at 530 Oak Grove Avenue, Suite
11 101, Menlo Park, California, where the auditor examined records for the period of March 1,
12 2017, through February 28, 2018 (the audit period).

13 14

14 While acting as real estate brokers as described in Paragraph 7, above, and within
15 the audit period, Respondents accepted or received funds in trust (trust funds) from or on behalf
16 of property owners, lessees and others in connection with property management activities, and
17 deposited or caused to be deposited those funds into bank accounts maintained by Respondents,
18 at JP Morgan Chase Bank, 650 Santa Cruz Avenue, Menlo Park, California 94025, including
19 but not limited to the following:

20

BANK ACCOUNT #1	
Account No.:	XXXXXX0517
Entitled:	LATU PARKVIEW PROPERTY MANAGEMENT INC ALAMO #2

21

BANK ACCOUNT #2	
Account No.:	XXXXXX9317

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1	Entitled:	LATU PARKVIEW PROPERTY MANAGEMENT INC
2		J&K

3	BANK ACCOUNT #3	
4	Account No.:	XXXXX0528
5	Entitled:	LATU PARKVIEW PROPERTY MANAGEMENT INC
6		ALAMANOR

7 and thereafter from time-to-time made disbursement of said trust funds.

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9 15

10 In the course of the activities described in Paragraph 7, in connection with the
11 collection and disbursement of trust funds, it was determined that:

- 12 (a) Respondents failed to properly designate Bank Account #1 and Bank Account
13 #2 as trust fund accounts in the name of a holder of a license as trustee, in
14 violation of Section 10145 of the Code and Section 2832 of the Regulations;
- 15 (b) Respondents failed to place trust funds received into the hands of the
16 principal, into a neutral escrow depository, or into a trust fund account within
17 three days of receipt, in violation of Section 10145 of the Code and Section
18 2832 of the Regulations;
- 19 (c) Respondents failed to maintain a separate record of the receipt and disposition
20 of all trust funds deposited into Bank Account #1, in violation of Section
21 10145 (g) of the Code and Section 2831.1 of the Regulations;
- 22 (d) Respondents allowed a salesperson who was not licensed to LLPM to be a
23 signatory on Bank Account #1 and Bank Account #2, in violation of Section
24 10145 of the Code and Section 2834 of the Regulations;
- 25 (e) Respondents conducted real estate activities using the expired fictitious
26 business name "Parkview Property Management", without first registering
27 with the Department, in violation of Section 2731 of the Regulations;

- 1 (f) Respondents failed to maintain a written broker-salesperson relationship
2 agreement between LPPM and each salesperson employed by LPPM, in
3 violation of Section 2726 of the Regulations; and
4 (g) COULSTON was not an authorized signer on Bank Account #1 and Bank
5 Account #2, in violation of Section 2725 of the Regulations.

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7 The acts and/or omissions described above constitute violations of Sections 2725
8 (Broker Supervision), 2726 (Broker-Salesperson Relationship Agreements), 2731 (Use of
9 False/Fictitious Name), 2831.1 (Separate Beneficiary Records), 2832 (Trust Fund
10 Handling/Bank Account Not Properly Designated as Trust Account), and 2834 (Trust Fund
11 Signatories) of the Regulations and of Section 10145 (Trust Fund Handling) of the Code, and
12 are grounds for discipline under Sections 10177(d) (Willful Disregard of Real Estate Laws)
13 and/or 10177(g) (Negligence/Incompetence Licensee) of the Code.

14 THIRD CAUSE OF ACTION

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

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19 During the investigation, it was revealed that LPPM was employing a
20 salesperson, Joan Elizabeth Latu (LATU), who was not listed on LPPM's license. LATU was
21 employed by LPPM to perform property management activities, as described in Paragraph 7.

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23 In the course of activities described in Paragraph 7, LATU negotiated and signed
24 property management agreements under the license of LPPM, including but not limited to the
25 following:

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Date	Property Owner	Property Location
08/22/2017	Granite Ridge Management, LLC	1602 Fairway, Belmont 1606 Fairway, Belmont
08/22/2017	J & K Residential Management, LLC	900-920 O'Neill, Belmont 1933 Arroyo Avenue, San Carlos 1265 6 th Avenue, Belmont
08/22/2017	K & J Residential Management, LLC	876 Cedar, San Carlos 685 Kellogg, Palo Alto

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In the course of activities described in Paragraph 7, LATU negotiated and signed lease agreements under the license of LPPM, including but not limited to the following:

Date	Tenant	Property Location
10/13/2017	Mary Alicia M.	620 Creek Drive, Menlo Park
11/17/2017	Sang N. and Rachel H.	616 Creek Drive, Menlo Park
12/21/2017	Cody R. G. and Mary Ellen K.	661 Harvard Avenue, Menlo Park
01/02/2018	Travis B.	625 Harvard Avenue, Menlo Park

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The acts and/or omissions described above constitute violations of Section 2752 (Notice of Change of Broker) of the Regulations, and Sections 10137 (Unlawful Employment), and 10161.8 (Salesperson Employment) of the Code, and are grounds for discipline under Sections 10177 (d) and 10177 (g) of the code.

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1 FOURTH CAUSE OF ACTION

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3 Each and every allegation in Paragraphs 1 through 21, inclusive, is incorporated
4 by this reference as if fully set forth herein.

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

12 24

13 The above acts and/or omissions of COULSTON violate Section 2725 of the
14 Regulations and Section 10159.2 (Responsibility/Designated Officer) of the Code, and constitute
15 grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g) and/or
16 10177(h) (Broker Supervision) of the Code.

17 COST RECOVERY

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19 Audit Costs

20 The acts and/or omissions of Respondents, as alleged above, entitle the
21 Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (Audit Costs
22 for Trust Fund Handling Violations) of the Code.

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24 Costs of Investigation and Enforcement

25 Section 10106 of the Code provides, in pertinent part, that in any order issued in
26 resolution of a disciplinary proceeding before the Department, the Commissioner may request the

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1 Administrative Law Judge to direct a licensee found to have committed a violation of this part to
2 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

3 WHEREFORE, Complainant prays that a hearing be conducted on the
4 allegations of this Accusation and that upon proof thereof a decision be rendered imposing
5 disciplinary action against all licenses and license rights of Respondents under the Real Estate
6 Law, for the cost of the investigation and enforcement as permitted by law, for the cost of the
7 audit as permitted by law, and for such other and further relief as may be proper under other
8 provisions of law.

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11 ROBIN S. TANNER
12 Supervising Special Investigator

12 Dated at Oakland, California,
13 this 24th day of October, 2018.

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15 DISCOVERY DEMAND

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

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