

**FILED**

**FEB 08 2022**

**DEPARTMENT OF REAL ESTATE**  
By           *pdw*          

1 JASON D. LAZARK, Counsel (SBN 263714)  
2 Department of Real Estate  
3 P. O. Box 137007  
4 Sacramento, CA 95813-7007

5 Telephone: (916) 576-8700  
6 (916) 576-7843 (Direct)  
7

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of:	)	NO. H-12548 SF
	)	
12 49 SQUARE REALTY GROUP, INC. and	)	<u>FIRST AMENDED</u>
13 GARY NICHOLAS SAYED,	)	<u>ACCUSATION</u>
	)	
14 Respondents.	)	
	)	

15  
16 The Complainant, STEPHANIE YEE, acting in her official capacity as a  
17 Supervising Special Investigator of the State of California, for cause of First Amended  
18 Accusation against Respondents 49 SQUARE REALTY GROUP, INC. ("49 SQUARE") and  
19 GARY NICHOLAS SAYED ("SAYED"), (collectively referred to herein as "Respondents"),  
20 are informed and allege as follows:

21 PRELIMINARY ALLEGATIONS

22 1.

23 49 SQUARE is presently licensed by the Department of Real Estate ("the  
24 Department") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the  
25 Business and Professions Code ("the Code") as a corporate real estate broker, and at all times  
26 relevant herein was acting by and through SAYED as its designated broker officer.

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2.

At all times herein mentioned, SAYED was licensed and/or had license rights under the Real Estate Law, Part 1 of Division 4 of the Code (“the Real Estate Law”) as a restricted real estate broker and as the designated broker officer of 49 SQUARE.

3.

At all times relevant herein, SAYED acting in the capacity as the designated broker officer of 49 SQUARE 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 49 SQUARE for which a real estate license is required.

4.

Whenever reference is made in an allegation in this First Amended Accusation to an act or omission of 49 SQUARE such allegation shall be deemed to mean that the employees, agents and real estate licensees employed by or associated with 49 SQUARE committed such act or omission while engaged in furtherance of the business or operations of 49 SQUARE and while acting within the course and scope of their authority and employment.

5.

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 on behalf of others, for compensation or in expectation of compensation 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, leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenant, or negotiated for sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rent from real property, or improvements thereon, or from business opportunities.

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1 **FIRST CAUSE OF ACTION**

2 **Audit Violations**

3 (As to Respondents 49 SQUARE and SAYED)

4 6.

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

7 7.

8 Beginning on July 20, 2020, and continuing through February 1, 2021, the  
9 Department conducted an audit at the Department's Oakland office and at Respondents' branch  
10 office located at 933 Geary St. San Francisco, CA, where the auditor examined records for the  
11 period of July 1, 2018, to June 30, 2020 ("the audit period").

12 8.

13 While doing business within the audit period, Respondents accepted or received  
14 funds in trust ("trust funds") from or on behalf of owners and tenants in connection with leasing,  
15 renting and collection of rents on real property or improvements thereon and deposited or  
16 caused to be deposited those funds into bank accounts maintained by Respondents, including:

17

TRUST ACCOUNT # 1	
Bank Name and Location:	Umpqua Bank 3938 24 <sup>th</sup> Street San Francisco, CA 94114
Account No.:	XXXXXX9952
Entitled:	49 Square Realty Group Inc. Jefferson-15 <sup>th</sup> Investments LLC Client Trust Account
Signatories:	Gary Sayed, DO
No. of Signatures Required:	One
Purpose of Account:	Used for deposits and disbursements related to management of properties owned by Jefferson-15 <sup>th</sup> Investments LLC.

23

TRUST ACCOUNT # 2	
Bank Name and Location:	Umpqua Bank 3938 24 <sup>th</sup> Street San Francisco, CA 94114
Account No.:	XXXXXX0026
Entitled:	49 Square Realty Group Inc. Jefferson-15 <sup>th</sup> Investments LLC Client Trust Account

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1	Signatories:	Gary Sayed, DO
2	No. of Signatures Required:	One
3	Purpose of Account:	Used to maintain security deposits of properties owned by Jefferson-15 <sup>th</sup> Investments LLC.

**TRUST ACCOUNT # 3**

4	Bank Name and Location:	Umpqua Bank 3938 24 <sup>th</sup> Street San Francisco, CA 94114
5	Account No.:	XXXXX9945
6	Entitled:	49 Square Realty Group Inc. Larkin De LLC Client Trust Account-Operating Account
7	Signatories:	Gary Sayed, DO
8	No. of Signatures Required:	One
9	Purpose of Account:	Used for deposits and disbursements related to management of a mixed use property owned by Larkin, DE, LLC.

**TRUST ACCOUNT # 4**

11	Bank Name and Location:	Umpqua Bank 3938 24 <sup>th</sup> Street San Francisco, CA 94114
12	Account No.:	XXXXX0018
13	Entitled:	49 Square Realty Group Inc. Larkin De LLC Client Trust Account-Security Deposit Account
14	Signatories:	Gary Sayed, DO
15	No. of Signatures Required:	One
16	Purpose of Account:	Used to maintain security deposits for a mixed use property owned by Larkin, DE, LLC.

**TRUST ACCOUNT # 5**

18	Bank Name and Location:	Umpqua Bank 3938 24 <sup>th</sup> Street San Francisco, CA 94114
19	Account No.:	XXXXX9994
20	Entitled:	49 Square Realty Group Inc. 1550 Steiner De LLC Client Trust Account
21	Signatories:	Gary Sayed, DO
22	No. of Signatures Required:	One
23	Purpose of Account:	Used to hold funds for the owner of 1550 Steiner DE, LLC for managing 1550 Steiner Street property

<b>BANK ACCOUNT # 1</b>	
Bank Name and Location:	Wells Fargo Bank P.O. Box 63020 San Francisco, CA 94163
Account No.:	XXXXXX7689
Entitled:	Lem Ray Properties I De, LLC Lem Ray Properties I De, LLC Loancore
Signatories:	No Signers
Purpose of Account:	Used to deposit rents for four LLC owners, who owned six apartment/commercial/missed use buildings and jointly borrowed \$23 million on loan.

<b>BANK ACCOUNT # 2</b>	
Bank Name and Location:	Wells Fargo Bank P.O. Box 63020 San Francisco, CA 94163
Account No.:	XXXXXX1226
Entitled:	Lem Ray Properties I De, LLC Lem Ray Properties I De, LLC Loancore
Signatories:	No Signers
Purpose of Account:	Used for servicing a \$23 million loan jointly borrowed by four LLC owners.

From time-to-time, Respondents made collections to, and disbursement from, said accounts.

9.

In the course of the activities described above in Paragraph 5, in connection with the collection and disbursement of trust funds, Respondents:

(a) failed to maintain separate records for each beneficiary in Trust Account #5 in violation of Section 10145 of the Code and Section 2831.1 of Title 10, California Code of Regulations ("the Regulations");

(b) failed to maintain separate records for each beneficiary in Bank Account #1 and Bank Account #2, in violation of Section 10145 of the Code and Section 2831.1 of the Regulations;

(c) failed to maintain a complete and accurate record of all trust funds received

1 and disbursed for Bank Account #1 and for Bank Account #2, in violation of Section 10145 of  
2 the Code and Section 2831 of the Regulations;

3 (d) failed to designate Bank Account #1 and Bank Account #2, used to hold trust  
4 funds, as a trust accounts in violation of Section 10145 of the Code and Section 2832 of the  
5 Regulations;

6 (e) failed to reconcile at least once a month, the balance of all separate  
7 beneficiary or transaction records with the balance of the control records for Bank Accounts #5  
8 in violation Section 10145 of the Code and Section 2831.2 of the Regulations; and

9 (f) caused, suffered or permitted funds of others which were received and  
10 held by Respondents in Trust Account #1, Trust Account #2, and Trust Account #3 to be  
11 commingled with Respondents' own money, in violation of Section 10176(e) of the Code and  
12 Section 2835 of the Regulations.

13 10.

14 The acts and/or omissions of Respondents as alleged in Paragraph 9, above,  
15 constitute grounds for the suspension or revocation of all licenses and license rights of  
16 Respondents pursuant to the following provisions of the Code and Regulations:

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

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

21 As to Paragraph 9(c), under Section 10177(d) and/or 10177(g) of the Code, in  
22 conjunction with Section 10145 of the Code and Section 2831 of the Regulations;

23 As to Paragraph 9(d), under Section 10177(d) and/or 10177(g) of the Code, in  
24 conjunction with Section 10145 of the Code and Section 2832 of the Regulations;

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

27 As to Paragraph 9(f), under Section 10176(e) of the Code.

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**SECOND CAUSE OF ACTION**

**Fraud and Dishonest Dealing**

(As to Respondents 49 SQUARE and SAYED)

11.

Each and every allegation contained above in Paragraphs 1 through 10, inclusive, is incorporated by this reference as if fully set forth herein.

12.

At all relevant times, Respondents managed six commercial/mixed-use properties in San Francisco (referred to collectively herein as "the Six Properties") that were owned by four limited liability companies (referred to collectively herein as "the Four LLC Property Owners"). The following is a table of The Six Properties and their LLC owners:

<b>Name of the LLC Owners</b>	<b>Address of San Francisco Property</b>	<b>Names of individual owners and their percentages</b>
1550 Steiner DE, LLC	1550 Steiner Street	David Raynal – 50% Billie Salevouris – 50%
Jefferson-15 <sup>th</sup> Investments, LLC	1895 Jefferson Street	Billie Salevouris – 100%
Jefferson-15 <sup>th</sup> Investments, LLC	2037-2039 15 <sup>th</sup> Street	Billie Salevouris – 100%
Larkin DE, LLC	500-510 Larkin Street	RMSJ Equities LLC – 50% David Raynal – 37.50% Billie Salevouris – 12.50%
Geary-Ninth DE, LLC (formerly named LEM-Ray Properties I DE, LLC)	935 Geary Street	RMSJ Equities LLC – 12.50% David Raynal – 50% Billie Salevouris – 37.50%
Geary-Ninth DE, LLC (formerly named LEM-Ray Properties I DE, LLC)	79-83 9 <sup>th</sup> Street	RMSJ Equities LLC – 12.50% David Raynal – 50% Billie Salevouris – 37.50%

13.

On or about July 26, 2013, the Four LLC Property Owners entered into a \$23 million dollar loan agreement with lender Jefferies Loancore, LLC and borrowed against the Six Properties described above in Paragraph 12. According to the loan agreement, rents received from the Six Properties were deposited into Bank Account #1. After the rent proceeds cleared into Bank Account #1, funds were transferred into Bank Account #2. Monthly loan servicing

1 payments were then transferred from Bank Account #2. The monthly remaining balance (after  
2 servicing payments were made) was then transferred to Trust Account #5 to meet the operating  
3 expenses of the Six Properties. Funds received monthly into Trust Account #5 were  
4 subsequently transferred to Trust Account #1 and Trust Account #3, which served as the  
5 individual entity's operating trust accounts.

6 14.

7 On or about August 1, 2013, a Cash Flow Distribution Agreement was entered  
8 into between: Billie Z. Salevouris, individually and as trustee of the Billie Z. Salevouris  
9 Revocable Trust; David M. Raynal, individually and as trustee of the David M. Raynal  
10 Revocable Trust; and Ralph Dayan, individually and as Managers of the RSMJ Equities, LLC.  
11 The Cash Flow Distribution Agreement detailed the priority of payments to be made after the  
12 payment of all expenses and reasonable reserves. It also detailed the cash flow to occur from a  
13 sale or refinance. The Cash Flow Distribution Agreement was signed by Billie Z. Salevouris,  
14 David M. Raynal, and Ralph Dayan, and was binding upon the successors, assignees and heirs of  
15 the parties.

16 15.

17 In or about 2017, Billie Z. Salevouris passed away making her daughter, Sofia  
18 Medeiros, trustee of the Billie Z. Salevouris Revocable Trust.

19 16.

20 On or about November 12, 2019, a meeting regarding the Six Properties was held  
21 at the Lake Merced Gold Club. The meeting was attended by, among other people, David  
22 Raynal, SAYED, Ms. Medeiros, and their representatives. At the meeting, David Raynal  
23 admitted that, without the knowledge or approval of the Four LLC Property Owners, he had  
24 withdrawn \$488,901 for "loans" from the Six Properties. Upon hearing this information, Ms.  
25 Medeiros, and/or her representatives, objected to these prior "loan" payments and demanded that  
26 David Raynal not collect any further unauthorized "loan" payments of this nature. Despite being  
27 made aware of the objections to the purported "loans," Respondents continued to make



1 unauthorized distributions to David Raynal of \$18,000 per month for purported "loan" payments  
2 until on or about April 29, 2021.

3 17.

4 As a result of learning of the unauthorized conduct of David Raynal and  
5 Respondents, Ms. Medeiros hired the law firm of Finkelstein & Fujii, LLP to represent her  
6 interests and those of the Billie Z. Salevouris Revocable Trust. In or about July 2020, attorney  
7 Irene Y. Fujii notified Respondents that the management agreement dated March 1, 2015, by and  
8 between 49 SQUARE and Jefferson-15<sup>th</sup> Investments LLC, was to terminate within 30 days of  
9 the notice. To date, Respondents continue to manage the properties owned by Jefferson-15<sup>th</sup>  
10 Investments, LLC.

11 18.

12 Respondents made approximately \$306,000 in unauthorized "loan" payments  
13 from Trust Account #1 and Trust Account #5 to David Raynal after Respondents were notified  
14 by Ms. Medeiros and/or her representative on November 12, 2019 to stop all such unauthorized  
15 "loan" payments. Respondents made approximately \$144,000 in unauthorized "loan" payments  
16 from Trust Account #1 and Trust Account #5 to David Raynal after Respondents were notified  
17 by Irene Y. Fujii in July 2020 that Respondents' services had been terminated.

18 19.

19 The acts and/or omissions of Respondents, as set forth above in Paragraphs 11  
20 through 18, were substantially fraudulent, misleading, dishonest, and deceitful, and were known  
21 by Respondents to be substantially fraudulent, misleading, dishonest, and deceitful during the  
22 transaction of the Subject Property.

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1 20.

2 The acts and/or omissions of Respondents, as alleged above in Paragraphs 11  
3 through 19, are grounds for the revocation or suspension of Respondents' real estate licenses or  
4 license rights under Sections 10145 (trust fund handling), 10176(a) (misrepresentation), 10176(c)  
5 (a continued and flagrant course of misrepresentation), 10176(i) (fraud or dishonest dealing),  
6 10177(j) (fraud or dishonest dealing), and/or 10177(g) (negligence/incompetence) of the Code.

7 **THIRD CAUSE OF ACTION**

8 **Failure to Supervise**

9 (As to Respondent SAYED Only)

10 21.

11 Each and every allegation contained above in Paragraphs 1 through 20, inclusive,  
12 is incorporated by this reference as if fully set forth herein.

13 22.

14 SAYED, as the designated officer broker of 49 SQUARE, was required to  
15 exercise reasonable supervision and control over the activities of 49 SQUARE. SAYED failed  
16 to exercise reasonable supervision over the acts and/or omissions of 49 SQUARE in such a  
17 manner as to allow the acts and/or omissions as described in Paragraphs 1 through 10, above, to  
18 occur, in violation of Section 10159.2 of the Code and Section 2725 of the Regulations.

19 23.

20 The facts described above as to the First and Second Causes of Action are  
21 grounds for the discipline of all licenses and license rights of sayed under section 10177(d)  
22 and/or Section 10177(g), 10177(h), and 10159.2 of the Code, in conjunction with Section 2725  
23 of the Regulations.

24 **PRIOR DISCIPLINE**

25 24.

26 Effective April 17, 2001, in Case No. H-7888 SF, the Real Estate Commissioner  
27 revoked SAYED's real estate broker license, and granted him the right to a restricted real estate  
broker license, for sustaining a conviction for bank larceny in violation of Title 18, United State

1 Code, Section 2113 that served as grounds for suspension or revocation of his broker license  
2 pursuant to section 490 and 10177(b) of the Code.

3 **COST RECOVERY**

4 **Audit Costs**

5 25.

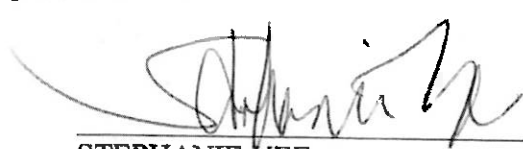
6 The acts and/or omissions of Respondents as alleged in the First Cause of Action,  
7 above, entitle the Department to reimbursement of the costs of its audit pursuant to Section  
8 10148(b) of the Code.

9 **Investigation and Enforcement Costs**

10 26.

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

15 WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
16 of this First Amended Accusation and that upon proof thereof, a decision be rendered revoking  
17 all licenses and license rights of all Respondents named herein under the Real Estate Law (Part 1  
18 of Division 4 of the Business and Professions Code), for the cost of investigation and  
19 enforcement as permitted by law, for the cost of the audit as permitted by law, and for such other  
20 and further relief as may be proper under other provisions of law.

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22   
23 STEPHANIE YEE  
24 Supervising Special Investigator

25 Dated at Oakland, California,  
26 this 7th day of February, 2022.

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DISCOVERY DEMAND

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