

At all times herein mentioned, Respondent, acting through MFLLC, engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker 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, Respondent leased or rented or offered to lease or rent, or solicited listings of places for rent or solicited for prospective tenants, or negotiated the sale, purchase or exchange of leases on real property, or on a business opportunity, or collected rent from tenants.

FIRST CAUSE OF ACTION

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

On or about December 15, 2021, an audit was conducted of the records of Respondent. The auditor examined the records for the period of May 1, 2020, through October 31, 2021 (the audit period).

While acting as a real estate broker, as described in Paragraph 3, above, and within the audit period, Respondent, acting through MFLLC, accepted or received funds in trust (trust funds) from or on behalf of owners, lessees and others in connection with property management activities, and deposited those funds into bank accounts maintained by MFLLC, at Chase Bank, P.O. Box 182051, Columbus, OH 43218:

BANK ACCOUNT #1	
Account No.:	XXXXXX2238
Entitled:	MORLEY FREDERICKS LLC

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BANK ACCOUNT #2	
Account No.:	XXXXXX2196
Entitled:	MORLEY FREDERICKS LLC

BANK ACCOUNT #3	
Account No.:	XXXXXX2212
Entitled:	MORLEY FREDERICKS LLC

BANK ACCOUNT #4	
Account No.:	XXXXXX6193
Entitled:	MORLEY FREDERICKS LLC

OPERATING ACCOUNT	
Account No.:	XXXXXX8736
Entitled:	MORLEY FREDERICKS LLC

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

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In the course of the activities described in Paragraph 3, in connection with the collection and disbursement of trust funds, it was determined that:

- (a) Respondent caused, suffered or permitted funds of others which were received and held by Respondent to be commingled with broker funds in Operating Account, in violation of Section 10176 (e) of the Code;
- (b) Respondent failed to properly designate Bank Account #1, Bank Account #2, Bank Account #3, Bank Account #4, and Operating Account as a trust account in the name of the broker as trustee, as required by Section 10145 of the Code

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and Section 2832 of the Regulations;

(c) Respondent failed to maintain an accurate columnar record in chronological sequence of all trust funds received and disbursed (Control Record), containing all required information for Operating Account, in violation of Section 2831 of the Regulations;

(d) Respondent failed to maintain an accurate separate record of the receipt and disposition of all trust funds deposited in Operating Account, in violation of Section 2831.1 of the Regulations; and

(e) Respondent failed to perform and/or maintain records of monthly reconciliations, reconciling the balance of all separate beneficiary or transaction records with the balance of the record of all trust funds received and disbursed for Operating Account, in violation of Section 2831.2 of the Regulations.

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The acts and/or omissions described above constitute violations of Sections 2831 (Control Record), 2831.1 (Separate Record), 2831.2 (Trust Account Reconciliation), 2832 (Bank Account Not Properly Designated as Trust Account), 2832.1 (Written Permission for Balance Below Accountability), and 2834 (Trust Fund Signatories) of the Regulations, and Sections 10145 (Trust Fund Handling) and 10176 (e) (Commingling) of the Code, and are grounds for discipline under Sections 10177 (d) (Willful Disregard of Real Estate Laws) and/or 10177(g) (Negligence/Incompetence Licensee) of the Code.

SECOND CAUSE OF ACTION

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

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In the course of activities described in Paragraph 3, Respondent, acting through MFLLC, negotiated and signed property management agreements, listing MFLLC as the real estate broker, including but not limited to the following:

Date	Property Owner	Property Location
5/8/2020	Sam Z.	226 Morse Street, San Francisco
5/22/2020	Sabrina G.	1404 & 1406 Lyon Street, San Francisco
6/30/2020	Dale and Raymond La Rocca Trust	1414 4 th Street, San Rafael

In the course of activities described in Paragraphs 3 and 6, Respondent, acting through MFLLC, collected rent, in the form of checks or electronic payments/deposits, from or on behalf of property owners, lessees and others in connection with property management activities, during the audit period.

The acts and/or omissions described above constitute grounds for the suspension or revocation of the licenses and license rights of Respondent under Sections 10130 (Unlicensed Activity), 10177 (d) and/or 10177 (g) of the Code.

COST RECOVERY

Audit Costs

The acts and/or omissions of Respondent, as alleged above, entitle the Department to reimbursement of the costs of its audit pursuant to Section 10148 (b) (Audit Costs for Trust Fund Handling Violations) 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 Department, the Real Estate 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.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondent under the Code, for the reasonable cost of investigation and enforcement as permitted by law, for the cost of the audit, and for such other and further relief as may be proper under other provisions of law.



STEPHANIE YEE
Supervising Special Investigator

Dated at Oakland, California,
this 17th day of April, 2023

DISCOVERY DEMAND

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