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DEPARTMENT OF REAL ESTATE
By J. Jaggart

8
9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

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12 In the Matter of the Accusation of)
13 RONALD I. MORLEY) No. H-12687 SF
14) ACCUSATION
15 Respondents.)

16 The Complainant, STEPHANIE YEE, a Supervising Special Investigator of the
17 State of California, for Accusation against Respondent RONALD I. MORLEY (MORLEY),
18 sometimes referred to as Respondent, is informed and alleges as follows:

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20 The Complainant makes this Accusation against Respondent in her official
21 capacity.

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23 MORLEY is presently licensed and/or has license rights under the Real Estate
24 Law, Part 1 of Division 4, of the California Business and Professions Code (Code), by the
25 Department of Real Estate (Department) as a real estate broker.

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At all times herein mentioned, Respondent 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 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

Complainant refers to Paragraphs 1 through 3, above, and incorporates the same, herein.

Beginning on October 24, 2022, and continuing intermittently through October 25, 2022, an audit was conducted at MORLEY’s office located at 533 Airport Blvd., #388, Burlingame, California, and at the Department’s district office located at 1515 Clay Street, Oakland, California, where the auditor examined records for the period of August 1, 2020, through September 30, 2022 (the audit period).

While acting as a real estate broker as described in Paragraph 4, above, and within the audit period, Respondent accepted or received funds in trust (trust funds) from or on behalf of property owners, lessees and others in connection with property management activities, and deposited or caused to be deposited those funds into bank accounts maintained by Respondents at First Republic Bank, 1111 Pine Street, San Francisco, California, as described below:

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TRUST ACCOUNT #1	
Account No.:	XXXXXXXX5263
Entitled:	Nest Property (Real Estate Trust Account)

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 failed to deposit trust funds within three days of receipt as required by Section 2832 of the Regulations and Section 10145 of the Code;
- (b) Respondent allowed an unlicensed and un-bonded persons, Anna Lucia Estevez and Diana Elizabeth Galvan, as signers on the bank account, in violation of Section 2834 of the Regulations;
- (c) An accountability was performed on Trust Account #1, and as of August 30, 2022, a shortage of \$52,359.85 was revealed in violation of 10145 of the Code;
- (d) Respondent failed to obtain written permission from owners of trust funds in Trust Account #1, to allow the balances to drop below accountability, in violation of Section 2832.1 of the Regulations;
- (e) Respondent failed to maintain records of all funds received and disbursed (control records) for Trust Account #1, as required by Section 2831 of the Regulations;
- (f) Respondent failed to maintain separate beneficiary records for Trust Account #1, as required by Section 2831.1 of the Regulations;

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1 (g) Respondent failed to perform monthly reconciliations of the separate
2 beneficiary records and control records for Trust Account #1, as required
3 by Section 2831.2 of the Regulations; and

4 (h) Respondent failed to disclose that he received credits to his own bank
5 account, due to the fact that he held a trust account with the bank, in
6 violation of Section 10176(g) of the Code.

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8 The acts and/or omissions described above constitute violations of Sections 2831
9 (control records), 2831.1 (separate beneficiary records), 2831.2 (monthly reconciliations),
10 2832.1 (written permission balance below accountability) and 2834 (trust account signatories)
11 of the Regulations and of Sections 10145 (trust fund handling) and 10176(g) (secret
12 commission) of the Code, and are grounds for discipline under Sections 10176(g), 10177(d)
13 (willful disregard of real estate laws) and 10177(g) (negligence/incompetence licensee) of the
14 Code.

15 SECOND CAUSE OF ACTION

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17 Complainant refers to Paragraphs 1 through 8, above, and incorporates the same
18 herein.

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20 At all times herein above mentioned, MORLEY was responsible, as the supervising
21 broker of Estevez, for the supervision and control of the activities conducted on behalf of his
22 business by its employees to ensure its compliance with the Real Estate Law and Regulations.
23 MORLEY failed to exercise reasonable supervision and control over the property management
24 activities of his business. In particular, MORLEY permitted, ratified and/or caused the conduct
25 described above to occur and failed to take reasonable steps, including but not limited to, the
26 handling of trust funds, supervision of employees, and the implementation of policies, rules, and
27 systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

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The above acts and/or omissions of MORLEY violate Section 2725 (broker supervision) of the Regulations and Section 10177(h) of the Code (broker supervision) and constitute grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g), and 10177(h) (broker supervision) of the Code.

Audit Costs

The acts and/or omissions of Respondent, as alleged above, entitle the Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (audit costs for trust fund handling violations) of the Code.

Costs of Investigation and Enforcement

Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the 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 Respondents under the Real Estate Law 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 26th day of July, 2023.

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DISCOVERY DEMAND

The Department of Real Estate hereby requests discovery pursuant to Section 11507.6 of the California Government Code. Failure to provide discovery to the Department may result in the exclusion of witnesses and/or documents at the hearing, and other sanctions as the Administrative Law Judge deems appropriate.