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DEPT. OF REAL ESTATE

By

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation against) No. H-12777 SF
)
LEGACY LIVING INC.;) ACCUSATION
)
and)
DERRICK KWASHI D'ACOLATSE,)
)
individually and as designated officer for)
Legacy Living Inc.;)
)
Respondents.)

The Complainant, Stephanie Yee, a Supervising Special Investigator for the Department of Real Estate ("Department") of the State of California, for cause of Accusation against LEGACY LIVING INC. and DERRICK KWASHI D'ACOLATSE, a.k.a. "Derrick Kwashi McQuade" and "Derrick Kwashi Acolatse," individually and as designated officer for Legacy Living Inc. (collectively "Respondents"), alleges as follows:

1.

The Complainant, Stephanie Yee, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

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2.

All references to the "Code" are to the California Business and Professions Code, all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references to "Regulations" are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6, California Code of Regulations.

3.

Respondents are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Code). Respondents have renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.

LICENSE HISTORY

(LEGACY LIVING INC.)

4.

a. On December 15, 2020, the Department initially issued a real estate corporation license (DRE license ID no. 02129865) to Respondent LEGACY LIVING INC. ("LLI"), which is set to expire on March 19, 2027, unless renewed.

b. According to Department records to date, LLI maintains three (3) licensed fictitious business names since December 15, 2020: (1) "Legacy Living Realty"; (2) "Legacy Property Group"; and (3) "Legacy Property Management of Silicon Valley."

d. According to Department records to date, LLI currently maintains one (1) branch office located at 1046 W. Taylor Street, Unit 200, in San Jose, California, and employs two (2) broker associates and ten (10) salespersons.

e. During the audit period, the corporate structure of LLI was that Derrick Kwashi D'Acolatse was, and is, the CEO/CFO/SEC and a 100% shareholder of LLI.

(DERRICK KWASHI D'ACOLATSE)

5.

a. On August 28, 2013, the Department issued a real estate broker license (DRE License ID no. 01518929) to Respondent DERRICK KWASHI D'ACOLATSE

(“D’ACOLATSE”).

b. On March 20, 2023, pursuant to DRE Case No. H-12550 SF, the real estate broker license of D'ACOLATSE was revoked with a right to a restricted broker license. D'ACOLATSE timely applied and was issued a restricted broker license. Respondent's restricted broker license is set to expire on March 19, 2027, unless renewed.

c. D'ACOLATSE is currently the D.O. of LLI and was the D.O. of LLI during the audit period.

BROKER ACTIVITIES

6.

At all times relevant herein Respondents were engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of Code section 10131(b), including the operation and conduct of a property management wherein, on behalf of others, for compensation or in expectation of compensation, leasing or renting or offering to lease or rent, or placing for rent, or soliciting listings of places for rent, or soliciting for prospective tenants, or negotiating the sale, purchase or exchanges of leases on real property, or collecting rents from real property, or improvements thereon.

CAUSE FOR ACCUSATION

(AUDIT OK 23-0069)

7.

From March 22, 2024 to April 25, 2024, the Department conducted an audit examination of the books and records of LLI. The audit examination was limited to LLI's property management activity only, as described in paragraph 6 above, and covered the period of time from April 1, 2023 to February 29, 2024 ("audit period"). The primary purpose of the examination was to determine whether LLI conducted its real estate activities in accordance with the Real Estate Law and the Commissioner's Regulations.

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(VIOLATIONS OF THE REAL ESTATE LAW)

8.

Said audit examination, as described above in paragraph 7, revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in Audit Report No. OK 23-0069 and the exhibits and work papers attached to the audit report.

(a) Trust Fund Accountability and Balances

(Code section 10145(a) and Regulation 2832.1)

Among the two (2) active multiple beneficiaries trust accounts of LLI in connection with its property management activities, Trust Account #1 was found to have a shortage during the audit period. According to D'ACOLATSE, Trust Account #1 was opened when he transferred his property management activities under his individual broker license to LLI's corporate license in late 2020 or early 2021.

Trust Account ("TA 1")

Bank: US Bank

Account Name: Legacy Living Inc.

DBA Legacy Property Group

Account Number: xxxxxxxx3457

Signatories: D'Acolatse, D.O./CEO/CFO

Purpose: During the audit period, TA 1 was used as a rent operation account.

Deposits included rent and security deposit receipts. Disbursements included expenditures related to property operation, security deposit refund, owner distribution, and management fees and leasing commissions.

Bank reconciliations were prepared as of February 29, 2024 for TA 1 and TA 2, where the adjusted bank balance of each account was compared to the sum of balances of their respective separate records ("accountability"). As of the February 29, 2024 cutoff date, TA 1's

1 adjusted bank balance of \$568,259.91 and its accountability of \$601,688.29 showed a shortage
2 of <\$33,428.38>. TA 1's total shortage of <\$33,428.38> was caused by (1) one owner ledger
3 (3798 Colet Terrace) that had a negative balance of <\$14.00> and (2) unidentified shortage of
4 <\$33,414.38>.

5 LLI failed to provide any evidence that the owners of the trust funds had given
6 their written consent to allow LLI to reduce the balance of the funds in TA 1 to an amount less
7 than the existing aggregate trust fund liabilities, in violation of Code section 10145(a) and
8 Regulation 2832.1.

9 **(b) Trust Fund Handling / Trust Fund Record to be Maintained / Inaccurate**
10 **Accounting Practices (Code section 10145(a) and Regulations 2831).**

11 During the audit period, LLI failed to maintain a complete and accurate records
12 of all trust funds received and disbursed (control records) from TA 1, in violation of Code
13 section 10145 and Regulation 2381. TA 1's control record was a combined control records for
14 the trust funds related to both LLI's property management activities and LLI's Homeowner
15 Association ("HOA") management activities. As of February 29, 2024, the trust fund balances
16 of TA 1's control record and TA 1's February 2024 reconciliation record were \$666,515.48 and
17 \$569,364.91, respectively, although these two balances should have been equal. TA 1's control
18 record was also inaccurate due to incorrect disbursement postings on TA 1's control record.
19 Check numbers for some disbursements were missing, and some February 2024 disbursements
20 were not found in the February 2024 bank statements, reconciliation report, or control record.

21 **(c) Handling of Trust Funds / Separate Records Maintained for Each Beneficiary or**
22 **Transaction / Inaccurate Separate Record (Code section 10145(a) and Regulation 2831.1)**

23 LLI failed to maintain accurate separate records for the trust fund handled for
24 TA 1. The incorrect balances on TA 1's separate records were caused by LLI's incorrect
25 accounting practices that contributed to the violation described above in paragraph 8(b) above.

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(d) Handling of Trust Funds / Trust Account Reconciliation

(Code section 10145 and Regulation 2831.2)

During the audit period, LLI failed to perform accurate monthly trust account reconciliation comparing the balance of the separate records to the balance of the control record for TA 1. The inaccurate monthly trust account reconciliation was due to LLI's incorrect accounting practices of having incorrect check dates of February 2024 outstanding checks, as described in paragraph 8(b) above.

(e) Responsibility of Corporate Officer in Charge / Broker Supervision

(Code sections 10159.2 and 10177(h) and Regulation 2725)

Based on the above findings, D.O. D'ACOLATSE failed to exercise reasonable and/or adequate supervision and control over the real estate activities conducted on behalf of LLI by its licensees and/or employees as necessary to secure full compliance with the real estate laws. D'ACOLATSE failed to establish policies, rules, procedures, and systems to review, oversee, inspect, and manage transactions requiring a real estate license and the handling of trust funds, in violation of Code sections 10159.2 and 10177(h) and Regulation 2725.

9.

The conduct of Respondents described in Paragraph 8 above, violated the Code and Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
8(a)	Code section 10145(a) and Regulation 2832.1
8(b)	Code section 10145(a) and Regulation 2831
8(c)	Code section 10145(a) and Regulation 2831.1
8(d)	Code section 10145(a) and Regulation 2831.2
8(e)	Code sections 10159.2 and 10177(h) and Regulation 2725

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Each of the foregoing violations constitute cause for the suspension or revocation of the real estate license and/or license rights of Respondents under the provisions of Code sections 10177(d), 10177(g), and/or 10177(h).

COSTS

(AUDIT COSTS)

10.

Code section 10148(b) provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code section.

(INVESTIGATION AND ENFORCEMENT COSTS)

11.

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 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 the licenses and/or license rights of Respondents under the Real Estate Law, for the costs 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 applicable

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1 provisions of law.

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3 Dated at Oakland, California, on October 24, 2025

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Stephanie Yee
Supervising Special Investigator

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10 Cc: Stephanie Yee
11 Sacto.
Audits – Gina C. King

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