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DEPT. OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE
9
STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation against) No. H-12779 SF
12)
13 HOLLAND RESIDENTIAL) **ACCUSATION**
(CALIFORNIA) INC.; and)
14 JESSICA DENISE SCHUTZ,)
individually and as a designated)
15 officer for Holland Residential)
(California) Inc.;)
16)
17 Respondents.)
18)
19

The Complainant, Stephanie Yee, a Supervising Special Investigator for the
Department of Real Estate (“Department” or “DRE”) of the State of California, for cause of
Accusation against HOLLAND RESIDENTIAL (CALIFORNIA) INC. and JESSICA DENISE
SCHUTZ, a.k.a. “Jessica Denise Scalisi” and “Jessica Lange,” individually and as a designated
officer for Holland Residential (California) Inc. (collectively “Respondents”), alleges as
follows:

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

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

4.

a. On April 16, 2003, the Department issued a real estate corporation license (DRE license ID no. 01378119) to Respondent HOLLAND RESIDENTIAL (CALIFORNIA) INC. (“HRCI”), which is set to expire on March 20, 2028, unless renewed.

b. According to Department records to date, HRCI has a main office in Long Beach, California and maintains twenty-one (21) branch offices in California.

c. According to Department records to date, HRCI does not have any broker associates nor salespersons under its license.

5.

a. On January 12, 2007, the Department issued a real estate broker license (DRE license ID no. 01235073) to Respondent JESSICA DENISE SCHUTZ (“SCHUTZ”), which is set to expire on January 11, 2027, unless renewed.

b. According to Department records to date, SCHUTZ is the designated officer ("D.O.") for HRCI, pursuant to Code section 10211. As HRCI's D.O., SCHUTZ was, at all times mentioned herein, responsible for the supervision of the activities of the officers, agents, real estate licensees, and employees of HRCI for which a license is required, pursuant to Code section 10159.2.

BROKER ACTIVITIES

6.

At all times relevant herein, HRCI engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of section 10131(b) of the Code. HRCI's activities included collecting rents from tenants, soliciting tenants, advertising rental properties, making payments for property tax, insurance, repairs and maintenance, on behalf of others for compensation or in expectation of compensation.

CAUSE FOR ACCUSATION

(AUDIT LA230018)

7.

On or about March 21, 2024, the Department completed an audit examination of the books and records of HRCI's property management activities, which require a real estate license pursuant to Code section 10131(b). The audit examination covered the period of time from September 1, 2021 to August 31, 2023 ("audit period)." The primary purpose of the examination was to determine whether HRCI conducted its real estate activities in accordance with the Real Estate Law and the Commissioner's Regulations. The audit examination revealed numerous violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report No. LA230018 and the exhibits and work papers attached to said audit report.

8.

Based on the examination of records provided for the audit examination and discussions with SCHUTZ, HRCI maintained a total of seventeen (17) single beneficiary bank accounts related to its property management activity during the audit period. The Department auditor examined four (4) single beneficiary bank accounts at the Bank of the West¹. Each of

¹ In early 2023, Bank of the West was acquired by BMO Financial Group, which merged Bank of the West into BMO's systems as of September 2023. At that time, the four (4) examined Bank of West accounts were converted to BMO accounts with same account numbers.

1 the bank accounts were created under the corporation or entity, HRCI. Each of the four (4)
2 bank accounts had four (4) authorized signers: Joanne Bush, Clyde Holland, Matthew Ellen,
3 and Vyom Agarwal, who were unlicensed HRCI's employees:

<u>Bank account (BA):</u>	<u>Account name:</u>	<u>Account number:</u>
5 BA 1	Alta Laguna, LLC	xxxxx8647
6 BA 2	Alta Laguna, LLC	xxxxx8126
7 BA 3	The Mason Flats Residences, LP	xxxxx3232
8 BA 4	The Mason Flats Residences, LP	xxxxx3224

9 Violations of the Real Estate Law

10 9.

11 The audit examination revealed violations of the Code and the Regulations, as
12 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA230018
13 and the exhibits and work papers attached to the audit report.

14 a. Handling of Trust Funds / Trust Fund Records To Be Maintained (Code
15 sections 10145(a) / Regulation 2831). During the audit period, BA 2 and BA 4 were used for
16 the handling of trust funds related to HRCI's property management activities for Alta Laguna,
17 LLC. and for The Mason Flats Residences, LP, respectively. HRCI failed to maintain complete
18 and accurate records of all trust funds received and disbursed (control records) for BA 2 and
19 BA 4, in that BA 2 and BA 4 failed to reflect accurate trust funds date of deposit and accurate
20 daily balance. Some examples are as follows:

- 21 • On August 7, 2023, an amount of \$732.37 was recorded in HRCI's
22 general ledger as being deposited, but the date that this amount was
23 deposited and cleared at the bank was on July 31, 2023.
- 24 • On August 10, 2023, an amount of \$9,204.56 via check number
25 700042/K1249586 was cleared by the bank, but it was not recorded in
26 HRCI's general ledger.

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1 Due to the poor record keeping, there was an overage of \$4,138.31 as
2 unidentified/unaccounted for funds in BA 2, as of the August 31, 2023 cutoff date. HRCI's
3 failure to maintain complete and accurate records of the control records and the overage of
4 \$4,138.31 during the audit period violated Code section 10145(a) and Regulation section 2831.

5 b. **Trust Fund Handling / Trust Account Designations (Code section 10145**
6 **and Regulation 2832)**. During the audit period, HRCI had one corporate account at BMO
7 Bank, which was previously Bank of the West. Under the said corporate account, there were
8 multiple bank accounts for HRCI. According to the BMO Bank master signature card of
9 HRCI, the entity name for the corporate customer was "Holland Residential California Inc."
10 The account name was the same, "Holland Residential California Inc.," and did not include the
11 words "Trust Account" with HRCI as trustee of the account. Said master signature card
12 showed that under HRCI's corporate account at BMO Bank, there were about seventeen (17)
13 client trust accounts relating to property management activities. Upon information and belief,
14 the Department alleges there were other bank accounts, under HRCI's BMO Bank corporate
15 account, that were not related to HRCI's property management activities.

16 During the audit period, BA 1, BA 2, BA 3, and BA 4 were not designated as
17 trust accounts in the name of HRCI as trustee, in violation of Code section 10145 and
18 Regulation 2832. BA 1, BA 2, BA 3, BA 4 are officially titled in the names of different LLC's
19 and not in the name of HRCI. Further, the account names of BA 1, BA 2, BA 3, and BA 4 did
20 not include the words "Trust Account" with HRCI as trustee of those accounts.

21 c. **Trust Fund Handling / Trust Account Withdrawals (Code section 10145**
22 **and Regulations section 2834)**. Based on the bank signature cards for BA 1, BA 2, BA 3, and
23 BA 4, there were four (4) unlicensed HRCI employees who were allowed to make withdrawals
24 from said accounts without sufficient insurance/fidelity bond to cover at least equal to the
25 maximum amount of the trust funds to which the employee has access at any time.
26 Respondents provided a copy of the Certificate of Liability of Insurance to show compliance,
27 but it did not apply to BA 1, BA 2, BA 3, and BA 4, because the insured was not HRCI and the

1 policy was not effective during the audit period. Said Certificate of Liability of Insurance from
2 Berkley Insurance Company dated February 14, 2024 shows the insured as Holland Holdings,
3 LLC., effective September 1, 2023 to September 1, 2024.

4 During the audit period, SCHUTZ was not a signer on BA 1, BA 2, BA 3, or BA
5 4, and only became a signer for said accounts as of January 9, 2025.

6 **d. License Required / Unlawful Retention or Payment of Compensation**
7 **(Code sections 10130 and 10137).** During the audit period, Rose G., an unlicensed property
8 manager/residential manager, acted in the capacity of a salesperson by offering to lease,
9 negotiating the lease, and signing, on behalf of HRCI, HRCI's lease agreements and rental
10 agreements with tenants, without first obtaining a license from the Department. Some
11 examples of lease or rental agreements signed by Rose G. on behalf of HRCI during the audit
12 period are ones signed between The Mason Flats Residences, LP and tenant Benjamin R. dated
13 February 14, 2023 and between The Mason Flats Residences, LP and tenants Manickalakshmi
14 P. and Saravanan P. dated September 10, 2022.

15 Rose G., who was and is not licensed by the Department, received compensation
16 in the capacity of a salesperson under a company sales commission plan. An offer of
17 employment letter dated January 10, 2023 indicates that Rose G. would receive salary, bonus,
18 commission rate, and housing discount for her services and that Rose G. was eligible for a sales
19 commission of 1% in addition to her regular salary.

20 **e. Responsibility of Corporate Officer in Charge / Broker Supervision**
21 **(Code sections 10159.2 and Regulations section 2725).** Based on the violations set forth in
22 Paragraphs 9(a) through 10(d) above, SCHUTZ failed to exercise adequate supervision and
23 control over the activities of HRCI's employees and licensees to ensure compliance with the
24 Real Estate Laws and Regulations, in violation of Code section 10159.2. SCHUTZ failed to
25 establish and/or implement policies, rules, procedures and system to review, oversee, inspect
26 and manage transactions requiring a real estate license and the handling of trust funds, in
27 violation of Regulations section 2725.

The conduct, acts, or omissions of SCHUTZ, as described in Paragraphs 9(a) through 9(D) above, in failing to ensure compliance of the Real Estate Law by HRCI, is in violation of Code section 10159.2 and Regulations section 2725, and subjects all the licenses, license endorsements, and/or license rights of SCHUTZ to suspension or revocation pursuant to Code sections 10177(d), 10177(g), and/or 10177(h).

10.

The conduct of Respondents described in Paragraph 9, above, violated the Code and Regulations as set forth below:

	<u>Paragraph</u>	<u>PROVISIONS VIOLATED</u>
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10	10a	Code section 10145(a) and Regulations section 2831
11	10b	Code section 10145 and Regulations section 2832
12	10c	Code section 10145 and Regulations section 2834
13	10d	Code sections 10130 and 10137
14	10e	Code section 10159.2 and Regulations section 2725

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

COSTS

(AUDIT COSTS)

11.

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

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1 (INVESTIGATION AND ENFORCEMENT COSTS)
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12.

3 Code section 10106 provides, in pertinent part, that in any order issued in
4 resolution of a disciplinary proceeding before the Department, the Commissioner may request
5 the administrative law judge to direct a licensee found to have committed a violation of this
6 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
7 case.

8 WHEREFORE, Complainant prays that a hearing be conducted on the
9 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
10 disciplinary action against all the licenses and/or license rights of Respondents under the Real
11 Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of
12 the audit, and for such other and further relief as may be proper under other applicable
13 provisions of law.

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15 Dated at Oakland, California, on October 24, 2025.

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Stephanie Yee
Supervising Special Investigator

cc: Stephanie Yee
Sacto.
Audits – Guadalupe Barragan