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FEB - 5 2026

DEPT. OF REAL ESTATE

By- [REDACTED]

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation against) No. H-12783 SF
)
MOLLN PROPERTIES INC.;) ACCUSATION
and)
CAROL ANN MOLLN,)
individually and as a designated)
officer for Molln Properties Inc.;)
)
Respondents.)

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 MOLLN PROPERTIES INC. and CAROL ANN MOLLN, individually and as a designated officer for Molln Properties 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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1 2.

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

6 3.

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

10 LICENSE HISTORY

11 (MOLLN PROPERTIES INC.)

12 4.

13 a. On or about April 17, 1981, the Department issued a real estate corporation
14 license (DRE license ID no. 00812174) to Respondent MOLLN PROPERTIES INC ("MPI"),
15 which is set to expire on June 21, 2029, unless renewed.

16 b. According to Department records to date, MPI does not have any broker
17 associates nor salespersons under its license.

18 (CAROL ANN MOLLN)

19 5.

20 a. On or about April 30, 1982, the Department issued a real estate broker license
21 (DRE license ID no. 00639158) to Respondent CAROL ANN MOLLN ("MOLLN"), which is
22 set to expire on April 29, 2026, unless renewed.

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

1 BROKER ACTIVITIES

2 6.

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

10 CAUSE FOR ACCUSATION

11 (AUDIT OK 23-0019)

12 7.

13 On or about June 27, 2024, the Department completed an audit examination of
14 the books and records of MPI's property management activities, which require a real estate
15 license pursuant to Code section 10131(b). The audit examination covered the period of time
16 from September 1, 2022 to August 31, 2023 ("audit period"). The primary purpose of the
17 examination was to determine whether MPI conducted its real estate activities in accordance
18 with the Real Estate Law and the Commissioner's Regulations. The audit examination
19 revealed numerous violations of the Code and the Regulations as set forth in the following
20 paragraphs, and more fully discussed in Audit Report No. OK 23-0019 and the exhibits and
21 work papers attached to said audit report.

22 Violations of the Real Estate Law

23 8.

24 The audit examination revealed violations of the Code and the Regulations, as
25 set forth in the following paragraphs, and more fully discussed in Audit Report No. OK 23-
26 0019 and the exhibits and work papers attached to the audit report.

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1 **a. Handling of Trust Funds for Multiple Beneficiaries**

2 **(Code section 10145(a) / Regulation section 2832.1).**

3 During the audit period, MPI maintained one (1) multiple beneficiaries trust
4 account ("TA 1") at Summit State Bank, account number xxxxx5787, to handle trust fund
5 receipts and disbursements related to MPI's property management activities. As of the cut-off
6 date of August 31, 2023, TA 1's adjusted bank balance of \$553,886.46 was reconciled to its
7 accountability of \$561,787.09 to reveal a shortage of <\$7,900.63>. The causes of the shortage
8 were due to (1) a negative balance of the Kelly owner ledger in the amount of <\$64.58> and (2)
9 unidentified funds in the amount of <\$7,836.02>.

10 MPI did not provide any evidence that it obtained written consent from all
11 owners of the funds in TA 1 to reduce the balance of the trust funds in TA 1 to an amount less
12 than the existing aggregate trust fund liabilities.

13 **b. Handling of Trust Funds / Commingling (Code section 10176(e)).**

14 Based on an examination of records, the trust fund receipts and disbursements in
15 TA 1 for MPI's property management activities were commingled with broker funds in TA 1,
16 by consistently maintaining more than \$200.00 in TA 1's broker fund ledger during the period
17 from August 15, 2022 to August 31, 2023. As of August 30, 2023, TA 1's broker funds
18 balance was \$3,242.99.

19 **c. Handling of Trust Funds / Trust Account Reconciliation**

20 **(Code section 10145(a) and Regulation section 2831.2)**

21 During the audit period, MPI failed to perform accurate monthly trust account
22 reconciliation comparing its daily transaction reports and end of month working capital balance
23 summary ("control record") to the sum of its transaction summaries and operating statements
24 ("separate records"). During the audit, MPI presented only bank reconciliation documents as
25 evidence of reconciliation.

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1 **d. Trust Fund Handling / Trust Fund Record to be Maintained**

2 **(Code section 10145 and Regulation section 2831).**

3 During the audit period, MPI failed to maintain a complete and accurate records
4 of all trust funds received and disbursed (control records) from TA 1, in violation of Code
5 section 10145 and Regulation 2381. There were transactions that cleared TA 1's bank
6 statements that either (1) were not recorded in MPI's control record, or (2) cleared the bank
7 account for an amount other than the amount recorded in TA 1's control record. MPI failed to
8 enter these transactions accurately into its property accounting software, resulting in inaccurate
9 running balances.

10 MPI also failed to identify and record unidentified funds totaling \$47,773.11 in
11 TA 1 as of August 31, 2023.

12 **e. Handling of Trust Funds / Separate Records Maintained for Each Beneficiary or**

13 **Transaction (Code section 10145 and Regulation section 2831.1)**

14 MPI failed to maintain accurate separate records for TA 1 that accurately
15 presented the running balance of funds in TA 1. There were transactions that cleared TA 1's
16 bank statements that either (1) were not recorded in MPI's separate records, or (2) cleared the
17 bank account for an amount other than the amount recorded in TA 1's separate records. MPI
18 failed to enter these transactions accurately into its property accounting software, resulting in
19 inaccurate running balances in the separate ledgers.

20 MPI's separate records failed to identify the ownership of unidentified funds
21 totaling \$47,773.11.

22 **f. Responsibility of Corporate Officer in Charge / Broker Supervision**

23 **(Code sections 10159.2 and Regulation section 2725).**

24 Based on the violations set forth in Paragraphs 8a through 8e above, MOLLN
25 failed to exercise adequate supervision and control over the activities of MPI's employees and
26 licensees to ensure compliance with the Real Estate Laws and Regulations, in violation of Code
27 section 10159.2. MOLLN failed to establish and/or implement policies, rules, procedures and

1 systems to review, oversee, inspect and manage transactions requiring a real estate license and
2 the handling of trust funds, in violation of Regulation section 2725.

3 The conduct, acts, or omissions of MOLLN, as described in Paragraphs 8a
4 through 8e above, in failing to ensure compliance of the Real Estate Law by MPI, is in
5 violation of Code section 10159.2 and Regulation section 2725, and subjects all the licenses,
6 license endorsements, and/or license rights of MOLLN to suspension or revocation pursuant to
7 Code sections 10177(d), 10177(g), and/or 10177(h).

8 9.

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

<u>Paragraph</u>	<u>PROVISIONS VIOLATED</u>
8a	Code section 10145(a) and Regulation section 2832.1
8b	Code section 10176(e)
8c	Code section 10145(a) and Regulation section 2831.2
8d	Code section 10145 and Regulation section 2831
8e	Code section 10145 and Regulation section 2831.1
8f	Code section 10159.2 and Regulation section 2725

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

21 COSTS

22 (AUDIT COSTS)

23 10.

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

1 section.

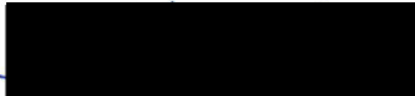
2 (INVESTIGATION AND ENFORCEMENT COSTS)

3 11.

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

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

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16 Dated at Oakland, California, on February 4, 2026.

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20 Stephanie Yee
21 Supervising Special Investigator

22
23 cc: MOLLN PROPERTIES INC
24 CAROL ANN MOLLN
25 Stephanie Yee
26 Sacto.
27 Audits – Sean Thee