

FILED

APR 14 2026

DEPT. OF REAL ESTATE

By



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9 BEFORE THE DEPARTMENT OF REAL ESTATE
 10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against) No. H-12790 SF
 13)
 14 MARTELLO MANAGEMENT (CA)) ACCUSATION
 15 INC.; and NICHOLAS JAMES KRAEMER,)
 16 individually and as former designated)
 17 officer for Martello Management (CA))
 18 Inc.;)
 19)
 20 Respondents.)
 21)

22 The Complainant, Stephanie Yee, a Supervising Special Investigator for the
 23 Department of Real Estate ("Department") of the State of California, for cause of Accusation
 24 against MARTELLO MANAGEMENT (CA) INC.; and NICHOLAS JAMES KRAMER,
 25 individually and as former designated officer for Martello Management (CA) Inc. (collectively
 26 "Respondents"), alleges as follows:

27 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

(MARTELLO MANAGEMENT (CA) INC.)

4.

a. On June 8, 2016, the Department initially issued a real estate corporation license, DRE license ID no. 02004319, to Respondent MARTELLO MANAGEMENT (CA) INC. ("MMI").

b. Currently, MMI is licensed as a restricted real estate broker corporation, set to expire on July 2, 2026, unless renewed.

c. On July 3, 2018, pursuant to DRE Case No. H-12105 SF, the real estate broker corporation license of MMI was revoked with a right to a restricted broker corporation license.

d. According to current Department records, MMI maintains one (1) licensed fictitious business name: "Onsite Property Systems," active as of February 9, 2017.

e. According to current Department records, MMI has as its mailing address and main office address the following: 3 East Third Avenue, Suite 200 in San Mateo, California.

f. MMI has used two (2) former names: "Onsite Property Systems" and "Doorman Property Management, Inc."

1 g. During the audit period, NICHOLAS JAMES KRAEMER, a licensed real
2 estate broker with DRE License ID 01887570, was the designated officer of MMI.

3 (NICHOLAS JAMES KRAEMER)

4 5.

5 a. On October 19, 2010, the Department issued a real estate broker license,
6 DRE License ID no. 01887570, to Respondent NICHOLAS JAMES KRAEMER
7 (“KRAEMER”).

8 b. Currently, KRAEMER is licensed as a restricted real estate broker, set to
9 expire on July 2, 2026, unless renewed.

10 c. On January 23, 2015, pursuant to DRE Case No. H-11687 SF, the real estate
11 broker license of KRAEMER was suspended for sixty (60) days, stayed with a monetary
12 penalty and for two (2) years on certain terms and conditions. On March 26, 2015, the
13 suspension was terminated.

14 d. On July 3, 2018, pursuant to DRE Case No. H-12105 SF, the real estate
15 broker license of KRAEMER was revoked with a right to a restricted broker license.

16 e. Pursuant to Code section 10211, KRAEMER was the designated officer
17 (“D.O.”) of MMI during the relevant audit period and until September 12, 2024. As MMI’s
18 former D.O., KRAEMER was responsible, during the relevant period, for the supervision of the
19 licensed activities of MMI’s officers, agents, real estate licensees, and employees, pursuant to
20 Code section 10159.2.

21 BROKER ACTIVITIES

22 6.

23 At all times relevant herein Respondents were engaged in the business of, acted
24 in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of
25 Code section 10131(b), in that Respondents’ activities included, for a compensation or in
26 expectation of a compensation, leasing or renting or offering to lease or rent, or placing for
27 rent, or soliciting listings of places for rent, or soliciting for prospective tenants, or negotiating

1 the sale, purchase or exchanges of leases on real property, or collecting rents from real
2 property, or improvements thereon.

3 FIRST CAUSE OF ACCUSATION

4 (AUDIT OK 23-0046)

5 7.

6 From March 14, 2024 to June 10, 2024, the Department conducted an audit
7 examination of the books and records of MMI. The audit examination was limited to MMI's
8 property management activity only, as described in paragraph 6 above, and covered the period
9 of time from January 1, 2022 to November 30, 2023 ("audit period"). The primary purpose of
10 the examination was to determine whether MMI conducted its real estate activities in
11 accordance with the Real Estate Law and the Commissioner's Regulations.

12 8.

13 During the audit period, the corporate structure of MMI was as follows:

14 <u>Name</u>	<u>Officer Title</u>	<u>License</u>	<u>Shareholder</u>
15 Warren Smithies	CEO/CFO/Secretary	Non-licensee	100%
16 Nicholas J. Kraemer	VP/D.O.	Real Estate Broker	0%

17 9.

18 As of the audit cutoff date of November 30, 2023, MMI maintained two (2)
19 active multiple beneficiaries trust accounts at Enterprise Bank & Trust in St. Louis, Missouri,
20 in connection with its property management activities.

21 Trust Account #1 ("TA 1")

22 Account Name: Martello Management (CA) Inc. As Trustee, Operating Trust
23 Account Number: xxxx8560
24 Signatories: Nicholas J. Kraemer, D.O./V.P.
25 Description: TA 1 was used as a rent operation account. Deposits included rent and
26 security deposits receipts. Disbursements included expenditures related
27 to property operation, security deposit refund, owner distribution, and

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management fees/leasing commissions.

Trust Account #2 ("TA 2")

Account Name: Martello Management (CA) Inc. As Trustee, Security Deposit Trust

Account Number: xxxx8579

Signatories: Nicholas J. Kraemer, D.O./V.P.

Description: TA 2 was used to hold security deposits either collected from tenants or transferred from TA 1.

(VIOLATIONS OF THE REAL ESTATE LAW)

10.

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 23-0046 and the exhibits and working papers attached to the audit report.

(a) Trust Fund Accountability and Balances

(Code section 10145(a) and Regulation section 2832.1)

Bank reconciliations were prepared as of the cutoff date of November 30, 2023 for TA 1 and TA 2. The adjusted bank balance of each account was compared to the sum of balances of their respective separate records ("accountability"). As of November 30, 2023, TA 1 was in balance as of November 30, 2023. However, there was a shortage found in TA 2 in the amount of <\$14,250.00>, because the adjusted bank balance of \$155,305.78 was not equal to the accountability of \$169,555.78.

The cause of the <\$14,250.00> shortage found in TA 2 was attributable to a negative balance of <\$14,250.00> in one (1) owner ledger at 1598 Bay Street ("Bay Street property"). According to KRAEMER, a security deposit of \$14,250.00 was recorded on TA 2's control record on May 2, 2023, although there was no actual amount deposited into TA 2. On June 6, 2023, two (2) disbursements totaling \$14,250.00 were made from TA 2 when there was insufficient funds to do so, which reduced the balance of the Bay Street property to <\$14,250.00>.

1 MMI failed to provide any evidence that the owners of the trust funds in TA 2
2 had given their written consent to allow MMI to reduce the balance of the funds in TA 2 to an
3 amount less than the existing aggregate trust fund liabilities, in violation of Code section
4 10145(a) and Regulation 2832.1.

5 On February 23, 2024, MMI cured the <\$14,250.00> shortage by transferring
6 \$14,250.00 of trust funds from TA 1 into TA 2.

7 **(b) Secret Profits/Undisclosed Compensation: Undisclosed Business Affiliation,**
8 **Unauthorized Disbursements, and Mark-Ups (Code section 10176(g))**

9 During the audit period, MMI received undisclosed compensation or secret
10 profits by failing to disclose a business affiliation, making unauthorized disbursements, and
11 marking up purchases from vendor invoices.

12 (1) Failure to disclose business affiliation: No written disclosure was
13 provided on the property management agreement by MMI that the repair and/or maintenance
14 service rendered on the properties managed by MMI were performed by Respondents, doing
15 business (“dba”) as “Rental Building Maintenance Company” (“RBMC”) and/or “Rental
16 Building Inspection Company” (“RBIC”).

17 (2) Unauthorized disbursements: There were at least five (5)
18 disbursements made from TA 1 to RBMC for the maintenance, repair, inspection, and/or
19 purchase services by RBMC for four (4) properties managed by MMI. There were no written
20 disclosures by MMI that the following repair/maintenance services were performed by
21 KRAEMER, dba RMBC and/or RBIC:

<u>Date</u>	<u>Amount</u>	<u>Property</u>
03/13/23	\$ 5,380.00	303-333 E. Harding Ave., Crescent City
03/01/23	\$ 1,592.05	463 Michigan Ave., Berkeley
01/01/22	\$ 300.00	16 Grove St., Corte Madera
09/07/22	\$ 435.96	16 Grove St., Corte Madera
02/20/22	\$ 1,000.00	1230 La Playa St., San Francisco

1 (3) Mark-Ups: There were at least three (3) disbursements made to
2 MMI, where MMI failed to disclose its thirty percent (30%) mark-up policy on the property
3 management agreements regarding appliance purchases made by MMI on behalf of three (3)
4 property owners. There were no written disclosures by MMI in the property management
5 agreements that MMI would charge 30% mark-up on the appliance purchases.

<u>Date</u>	<u>Vendor Invoice</u>	<u>Payment received</u>	<u>Property</u>
03/06/23	\$ 1,224.65	\$ 1,592.05	463 Michigan Ave., Berkeley
07/17/23	\$ 1,906.77	\$ 2,478.80	435 China Basin St., #109, S.F.
08/08/23	\$ 864.35	\$ 1,123.66	1230 La Playa St., San Francisco

10 (c) Unlicensed Fictitious Business Name

11 (Code section 10159.5 and Regulation section 2731)

12 During the audit period, MMI used an unlicensed fictitious business name
13 “Martello Group” to conduct its property management activities. MMI used “Martello Group”
14 in at least two (2) leases and one (1) property management agreement for the properties at (1)
15 252 Wisteria Drive in Palo Alto, dated August 29, 2023; (2) 116 Beula Street in San Francisco,
16 dated 03/01/2023; and 552-558 Broderick Street in San Francisco, dated July 2, 2023.

17 (d) Responsibility of Corporate Officer in Charge / Broker Supervision

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

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

25 11.

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

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PARAGRAPH PROVISIONS VIOLATED

- 10(a) Code section 10145(a) and Regulation section 2832.1.
- 10(b) Code section 10176(g)
- 10(c) Code section 10159.5 and Regulation section 2731
- 10(d) Code sections 10159.2 and Regulation section 2725

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 10176(g), 10176(i), 10177(d), 10177(g), and/or 10177(h).

COSTS
(AUDIT COSTS)

12.

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)

13.

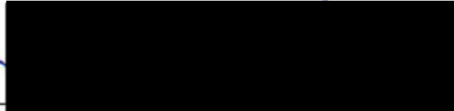
Section 10106 of the Code, provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed 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

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the audit, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Oakland, California, on April 8, 2026


Stephanie Yee
Supervising Special Investigator

cc: Stephanie Yee
Audits – Gina C. King