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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-12806 SF
)
JOSE ANGEL ALBORNOZ JR.,) ACCUSATION
)
Respondent.)
_____)

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 JOSE ANGEL ALBORNOZ JR. ("Respondent"), alleges as follows:

1.

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 "Regulation(s)" are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6, California Code of Regulations.

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3.

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

LICENSE HISTORY

(RESPONDENT JOSE ANGEL ALBORNOZ JR.)

4.

a. On June 9, 2021, the Department issued a real estate broker license, DRE License ID no. 02048704, to Respondent JOSE ANGEL ALBORNOZ JR. ("Respondent").

b. Since August 19, 2021, Respondent has one (1) fictitious business name licensed under his real estate broker license: "Loose Leaf Property Management."

c. During the relevant times of the audit period, Respondent had four (4) salespersons employed under his real estate broker license.

(NON-RESPONDENT LOOSE LEAF PROPERTIES INC.)

5.

a. On January 2, 2023, Loose Leaf Properties Inc. ("LLPI") was incorporated by the California Secretary of State and was given entity number 5406517. According to the Statement of Information filed by LLPI on September 9, 2024, Respondent was, and is, the Chief Executive Officer, Chief Financial Officer, and Secretary of LLPI.

b. On April 16, 2025, the Department issued a real estate broker corporation license, DRE license ID no. 01527824, to LLPI, which is set to expire on April 15, 2029, unless renewed. Since then, Respondent has been the designated officer ("D.O.") of LLPI.

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1 BROKER ACTIVITIES

2 6.

3 At all times relevant herein Respondent was engaged in the business of, acted
4 in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of
5 Code section 10131(b), in that Respondent's activities included, for a compensation or in
6 expectation of a compensation, leasing or renting or offering to lease or rent, or placing for
7 rent, or soliciting listings of places for rent, or soliciting for prospective tenants, or negotiating
8 the sale, purchase or exchanges of leases on real property, or collecting rents from real
9 property, or improvements thereon.

10 CAUSE OF ACCUSATION

11 (AUDIT OK 24-0003)

12 7.

13 From July 23, 2024 to October 30, 2024, the Department conducted an audit
14 examination of the books and records of Respondent ALBORNOZ. The audit examination
15 was limited to Respondent's property management activity only, as described in paragraph 6
16 above, and covered the period of time from May 1, 2023 to June 30, 2024 ("audit period").
17 The primary purpose of the examination was to determine whether Respondent conducted his
18 real estate activities in accordance with the Real Estate Law and the Commissioner's
19 Regulations.

20 8.

21 During the audit period, Respondent maintained three (3) active multiple
22 beneficiaries bank accounts and ninety-nine (99) single beneficiary bank accounts to hold trust
23 funds in connection with his property management activities. One (1) multiple beneficiary
24 bank account and two (2) single beneficiary bank accounts were selected for examination.
25 Each of the selected bank accounts were held at Chase Bank, had as their account name
26 "Loose Leaf Properties Inc.," and assigned ALBORNOZ as the sole signatory.

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Bank Account	Account No.	Description
"BA 1"	xxxxx9760	Used as a rent operation account. Deposits made into BA 1 included rent and security deposit receipts collected from tenants. Disbursements included reimbursements made to ALBORNOZ, property expenditures, security deposits and owner reserve transferred to single beneficiary bank accounts that ALBORNOZ maintained in the name of LLPI, owner distribution, and management fees/leasing commissions. * In May 2023, BA 1 was a replacement bank account for a Union Bank account no. ending in 6633 and an unidentified U.S. Bank account that ALBORNOZ maintained.
"BA 2"	xxxxx0420	A single beneficiary account for property at 1630 Center Ridge Dr., used to hold security deposits and property reserves. Deposits included security deposits and property reserves transferred from BA 1. Disbursements included security deposits transferred to Chase Bank account no. ending in 5938 and property reserves transferred to Chase Bank account no. ending in 5979 in June 2024.
"BA 3"	xxxxx9810	A single beneficiary account for property at 22739 1 st St., used to hold property reserves. Deposits included property reserves transferred from BA 1. Disbursements included property reserves transferred to Chase Bank account no. ending in 5979 in June 2024.

(VIOLATIONS OF THE REAL ESTATE LAW)

9.

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 24-0003 and the exhibits and work 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 June 30, 2024 for BA 1, BA 2, and BA 3. The adjusted bank balance of each account was compared to the sum of balances of their respective separate records ("accountability"). BA 2 and BA 3 were found to be in balance. As of June 30, 2024, there was a shortage found in BA 1 in the amount of <\$1,794.00>, because the adjusted bank balance of \$149,153.38 was not equal to the accountability of \$150,947.38.

1 The causes of the <\$1,794.00> shortage found in BA 1 were attributable to two
2 factors, as described below:

3 (1) Negative balances in two (2) property ledgers totaling <\$700.00>:

- 4 • On April 2, 2024, a security deposit of \$5,500.00 was made from
5 BA 1 to the single beneficiary bank account (Chase bank account
6 no. ending in 5577) for property at 660 Bayridge Way belonging
7 to property owner Julie B. Only \$5,000.00 was recorded as the
8 transfer in the ledger for owner Julie B.
- 9 • A non-dated non-sufficient funds ("NSF") rent check for the
10 property at 303 Junipero Dr. caused a <\$200.00> shortage in the
11 property ledger.

12 (2) Negative balance of <\$1,094.00> in broker's ledger:

13 Beginning with a balance of \$10.00 for the audit period, two (2)
14 disbursements totaling <\$1,100.00> were made from BA 1 to
15 ALBORNOZ's general bank account ("GA 1," Chase bank account
16 ending in 9737), resulting in a negative balance of <\$1,094.00>¹ as of
17 the cutoff date.

18 Respondent failed to provide any evidence that the owners of the trust funds in
19 BA 1 had given their written consent to allow Respondent to reduce the balance of the funds in
20 BA 1 to an amount less than the existing aggregate trust fund liabilities, in violation of Code
21 section 10145(a) and Regulation 2832.1.

22 In September 2024, Respondent cured the <\$1,794.00> shortage by transferring
23 \$1,294.00 from GA 1 into BA 1 and \$500.00 of owner reserve funds from the second account
24 of Julie B. (Chase Bank account no. ending in 3057).

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27 ¹ During the reconciliation of BA 1, a <\$4.00> shortage was identified and subsequently adjusted by the DRE auditor to the
<\$1,090.00> shortage.

1 **(b) Unlicensed activity**

2 **(Code section 10130)**

3 During the audit period, Respondent conducted property management activities
4 under LLPI, which was an unlicensed entity solely owned by Respondent. At all relevant times,
5 ALBORNOZ was, and is, the CEO, CFO, Secretary, and Director of LLPI. During the audit
6 period, LLPI was identified as the broker in at least two (2) property management agreements
7 with property owners and at least three (3) lease agreements with tenants, despite not being
8 licensed by the Department at that time.

9 On April 16, 2025, subsequent to the audit period, the Department issued a real
10 estate corporate broker license to LLPI.

11 **(c) Trust Account Designation**

12 **(Code section 10145(a) and Regulation section 2832)**

13 During the audit period, BA 1, BA 2, and BA 3 were not properly designated as
14 trust accounts in Respondent's name as trustee. Instead, these accounts were titled in the name
15 of LLPI, or "Loose Leaf Properties, Inc.," an unlicensed entity owned by Respondent.

16 **(d) Trust Fund Handling - Commingling**

17 **(Code sections 10145(a) and 10176(e) and Regulation sections 2832 and 2835)**

18 During the audit period, not all trust funds collected by Respondent were
19 deposited into trust accounts. Some trust funds were deposited into GA 1 and were commingled
20 with Respondent's funds in May 2023:

- 21 • In at least one (1) trust fund deposit examined for May 8, 2023, trust
22 funds in the amount of \$1,763.75 in rents paid via Zelle by tenant Music
23 N Kids Inc were deposited into GA 1. On May 9, 2023, \$1,763.00 was
24 transferred from GA 1 to BA 1.

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- 1 • In at least three (3) trust fund deposits examined, Respondent first
2 deposited trust funds into GA 1 on May 12, 2023 and then transferred
3 those funds from GA 1 into BA 1 on May 15, 2023.

4 Tenant: Amount received:
5 Karen H. \$1,029.00
6 K & A C. \$5,300.00
7 Diana A. \$1,200.00

- 8 • In at least one (1) trust fund deposit examined, Respondent first
9 deposited trust funds of \$1,050.00 collected from tenant Derek F. into
10 GA 1 and then transferred those funds to a Chase Bank account number
11 ending in 6677 on May 15, 2023.

12 Tenant: Amount received:
13 Derek F. \$1,050.00

14 Respondent stated that he transferred the trust funds from GA 1 to BA 1 in order
15 to replace another bank account with BA 1. Respondent stated that he purchased two (2) Union
16 Bank cashier's checks in the amount of \$16,250.00 and \$7,200.00 to move the trust funds out
17 of a Union Bank account ending in 6633. Respondent then deposited these two cashier's checks
18 first into GA 1 on May 12, 2023 before transferring the trust funds from to BA 1 on May 15,
19 2023. The four (4) sampled deposits mentioned above for May 15, 2023 were part of the trust
20 funds transferred from the Union Bank account ending in 6633 to BA 1 and a Chase Bank
21 account ending in 6677.

22 **(e) Trust Fund Handling / Trust Fund Record to be Maintained**
23 **(Code section 10145 and Regulation section 2831).**

24 During the audit period, Respondent failed to maintain an accurate control
25 record for the trust funds handled through BA 1, in violation of Code section 10145 and
26 Regulation 2381. Respondent also failed to record trust funds handled through BA 1 in its
27 control record. For example, Respondent failed to record at least two (2) deposits and four (4)

disbursements related to the properties at 2317 Flores St., #1, and 1580 Himmel Ave.

<i>Date</i>	<i>Payor/Payee</i>	<i>Property</i>	<i>Description</i>	<i>Amount</i>
03/18/2024	Ruvalcaba & Alvarez	2317 Flores St. #1	Rents	\$3,500.00
03/18/2024	Loose Leaf lease fee	2317 Flores St. #1	Lease fees	(\$2,500.00)
03/18/2024	Crystal K.	2317 Flores St. #1	Balance to owner	(\$1,000.00)
08/28/2023	F. T.	1580 Himmel Ave.	Rents	\$84,933.00
08/30/2023	Loose Leaf lease fee	1580 Himmel Ave.	Less fees	(\$2,400.00)
08/30/2023	Carrie M.	1580 Himmel Ave.	Balance to owner	(\$82,533.00)

In at least two (2) disbursements examined, Respondent recorded the incorrect amount on BA 1's control record.

- On March 2, 2024, a \$2,000.00 payment was made from BA 1 to Respondent's employee, Deryck B. (DRE salesperson license ID xxxx3343), via Zelle for Deryck B. to replace a water heater for the property at 39628 Kinglet Terrace. From the \$2,000.00 received, Deryck B. paid a total of \$1,546.00 for the water heater replacement and labor. On March 5, 2024, Deryck B. returned the \$450.00 left over via Zelle to GA 1. On the same day, Respondent transferred \$450.00 from GA 1 to BA 1. The \$2,000.00 disbursed via Zelle on March 2, 2024 and the \$450.00 transferred from GA 1 into BA 1 on March 5, 2024 were not recorded in BA 1's control record. Instead, the two disbursements totaling \$1,546.000 for the heater replacement were recorded in BA 1's control record on March 11, 2024. Although the difference of \$4.00 was noted, the \$4.00 was not recorded in BA 1's control record, and the Department auditor made a \$4.00 adjustment on ALBORNOZ's ledger.
- On April 2, 2024, \$5,500.00 was transferred from BA 1 to a Chase Bank account ending in 5577, an owner reserve account for owner Basu.

However, only \$5,000.00 was recorded in BA 1's control record and separate record for Basu for the \$5,500.00 disbursement, and the Department auditor made a \$500.00 adjustment for owner Basu's accountability.

(f) Handling of Trust Funds / Separate Records Maintained for Each Beneficiary or Transaction (Code section 10145 and Regulation sections 2831.1 and 2831.2)

During the audit period, Respondent failed to maintain the following:

- (1) Accurate separate records for BA 1 in connection with the tenant replacement services;
- (2) Accurate separate records for trust funds handled through BA 1; and
- (3) Separate records for the unidentified/unaccounted for funds of \$1,068.83 maintained in BA 1.

In addition, Respondent failed to reconcile, at least once a month, the sum of the separate records for each beneficiary with the record of trust funds received and disbursed for BA 1, in violation of Code section 10145 and Regulation sections 2831.1 and 2831.2. As of the June 30, 2024 cutoff date, BA 1 had \$1,568.83 of unidentified/unaccounted for funds.

10.

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

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
10(a)	Code section 10145(a) and Regulations section 2832.1
10(b)	Code section 10130
10(c)	Code section 10145(a) and Regulation section 2832
10(d)	Code sections 10145(a) and 10176(e) and Regulation sections 2832 and 2835
10(e)	Code section 10145 and Regulation section 2831
10(f)	Code section 10145 and Regulation sections 2831.1 and 2831.2

1 Each of the foregoing violations constitute cause for the suspension or
2 revocation of the real estate license and/or license rights of Respondent under the provisions of
3 Code sections 10176(e), 10177(d), 10177(g), and/or 10177(h).

4 COSTS

5 (AUDIT COSTS)

6 11.

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

12 (INVESTIGATION AND ENFORCEMENT COSTS)

13 12.

14 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
15 resolution of a disciplinary proceeding before the Department, the Commissioner may request
16 the administrative law judge to direct a licensee found to have committed a violation of this
17 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
18 case.

19 WHEREFORE, Complainant prays that a hearing be conducted on the
20 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
21 disciplinary action against all the licenses and/or license rights of Respondent under the Real
22 Estate Law, for the costs of investigation and enforcement as permitted by law, for the cost of
23 the audit, and for such other and further relief as may be proper under other applicable

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provisions of law.

Dated at Oakland, California, on April 10, 2026



Stephanie Yee
Supervising Special Investigator

cc: Stephanie Yee
Gina C. King - Audits