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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-12817 SF
)
TREEHAVEN INVESTMENT) ACCUSATION
PROPERTIES, INC.; and DAVID E.)
DAVIS, individually and as designated)
officer for TreeHaven Investment)
Properties, 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 TREEHAVEN INVESTMENT PROPERTIES, INC. and DAVID E. DAVIS,
individually and as designated officer for TreeHaven Investment 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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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

(TREEHAVEN INVESTMENT PROPERTIES, INC.)

4.

a. On July 23, 2024, the Department issued a real estate broker corporation license, DRE license ID no. 02243589, to Respondent TREEHAVEN INVESTMENT PROPERTIES, INC. ("TIPI"), which is set to expire on July 22, 2028, unless renewed.

(DAVID E. DAVIS)

5.

a. On March 26, 2014, the Department issued a real estate broker license, DRE License ID no. 01943575, to Respondent DAVID E. DAVIS ("DAVIS"), which is set to expire on March 25, 2026, unless renewed.

b. Pursuant to Code section 10211, DAVIS was the designated officer ("D.O.") of TIPI during the relevant audit period and continuing as of date. As TIPI's D.O. during the audit period, DAVIS was responsible for the supervision of the licensed activities of TIPI's officers, agents, real estate licensees, and employees, pursuant to Code section 10159.2.

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1 BROKER ACTIVITIES

2 6.

3 At all times relevant herein Respondents were 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 Respondents' 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 23-0066)

12 7.

13 From March 26, 2024 to September 10, 2024, the Department conducted an
14 audit examination of the books and records of TIPI. The audit examination was limited to
15 TIPI's property management activity only, as described in paragraph 6 above, and covered the
16 period of time from March 1, 2023 to February 29, 2024 ("audit period"). The primary
17 purpose of the examination was to determine whether TIPI conducted its real estate activities
18 in accordance with the Real Estate Law and the Commissioner's Regulations.

19 8.

20 During the audit period, the corporate structure of TIPI was as follows: DAVIS
21 was, and is, the CEO, CFO and Secretary of TIPI, who owned 100% of TIPI. There was no
22 salesperson, broker associate, or a fictitious business name licensed under TIPI as of date.

23 9.

24 During the audit period, TIPI maintained ten (10) active bank accounts to hold
25 trust funds. The following five (5) bank accounts were selected for examination. Each of the
26 five bank accounts had as its account name "TreeHaven Investment Properties, Inc." and had
27 DAVIS as the sole signatory.

Bank Account	Bank Name and location	Account No.	Description
"BA 1"	Chase Bank Columbus, OH	xxxxxx8609	A single beneficiary account for owner Andreas K., used to hold rents and to disburse owner's proceeds, management fees, and expenses related to property at 4 Anchor Dr. #F333 in Emeryville. BA 1 was opened on March 14, 2023.
"BA 2"	Mechanics Bank Santa Maria, CA	xxxxxx9975	A single beneficiary account for owner Andreas K., used to hold rents and to disburse owner's proceeds, management fees, and expenses related to property at 4 Anchor Dr. #F333 in Emeryville.
"BA 3"	Chase Bank Columbus, OH	xxxxxx2537	A single beneficiary account for owner Andreas K., used to hold rents and to disburse owner's proceeds, management fees, and expenses related to property at 3216 Baker St. in Berkeley. BA 3 was opened on March 14, 2023.
"BA 4"	Mechanics Bank Santa Maria, CA	xxxxxx6155	A single beneficiary account for owner Andreas K., used to hold rents and to disburse owner's proceeds, management fees, and expenses related to property at 3216 Baker St. in Berkeley. BA 4 was closed on July 28, 2023.
"BA5"	Chase Bank Columbus, OH	xxxxxx6389	A single beneficiary account for owner Bishu C., used to hold rents and to disburse owner's proceeds, management fees, and expenses related to property at 207 Vista Heights Rd. in El Cerrito. BA 5 was opened on March 14, 2023.

(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 23-0066 and the exhibits and work papers attached to the audit report.

(a) Unlicensed activity

(Code section 10130)

During the audit period, TIPI conducted activities for which a real estate license is required under the meaning of Code section 10131, while not licensed with the Department,

in that TIPI entered into at least three (3) property management agreements with property owners. On July 23, 2024, subsequent to the audit period, the Department issued a real estate corporate broker license to TIPI.

(b) Trust Account Designation

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

During the audit period, BA 1, BA 2, BA 3, BA 4, and BA 5 were not properly designated in the name of TIPI as trust or as trustee. Instead, these accounts were titled "TreeHaven Investment Properties, Inc." or "TreeHaven Investment Properties Inc."

(c) Trust Fund Handling - Commingling

(Code sections 10145(a) and 10176(e) and Regulation section 2832)

During the audit period, TIPI failed to maintain and deposit trust funds received into a trust account within three (3) business days of receipt, as required. On multiple transactions examined, TIPI received or collected rent through its operating account at Mechanics Bank (account ending in 5035, or "OA 2") or through Venmo. Rents collected via Venmo were manually transferred from Venmo into DAVIS' personal bank account at Wells Fargo (account ending in 3507, or "PA 1"), along with other funds maintained in Venmo. At a later date, the rent amounts were transferred from TIPI's other operating account at Chase Bank (account ending in 2585, or "OA 1") into the appropriate trust account: BA 1, BA 2, BA 3, BA 4, or BA 5. Some examples are as follows:

<i>Trust fund amount</i>	<i>Property</i>	<i>Commingling</i>
\$7,400.00	207 Vista Heights Rd.	<u>Initial collection:</u> \$6,500 deposited into OA 2. \$1,000 collected via Venmo <u>Subsequent transfer on 05/12/2023:</u> \$7,400 from OA 1 to BA 5
\$700.00	207 Vista Heights Rd.	<u>Initial collection:</u> \$700 via Venmo <u>Subsequent transfer on 06/16/2023:</u> \$700 from OA 1 to BA 5
\$3,500.00	207 Vista Heights Rd.	<u>Initial collection:</u> \$3,500 deposited into OA 2 <u>Subsequent transfer on 07/10/2023:</u> \$3,500 from OA 1 to BA 5
		TIPI's operating bank accounts: 1. Chase Bank #-2585 ("OA 1") 2. Mechanics Bank #-5032 ("OA 2")

In addition, TIPI used funds from OA 1 and OA 2 to execute transactions involving invoice payments and owner payments.

<i>Trust fund amount</i>	<i>Property</i>	<i>Commingling</i>
\$557.44	3216 Baker	Initial disbursement on 05/01/2023: \$557.44 (\$523.68 + \$33.76) transferred from BA 4 to OA 2 Subsequent payment on 05/24/2023: \$523.68 paid to City of Berkeley for garbage bill via broker's credit card (Chase Visa #-1192)
\$1,500.00	4 Anchor Dr. #333	Initial disbursement on 04/11/2023: \$1,500 transferred from BA 2 to OA 2 Subsequent disbursement on 04/21/2023: \$1,500 disbursement from OA 1 to owner
\$7,000.00	3216 Baker	Initial disbursement on 05/05/2023: \$7,000 transferred from BA 4 to OA 2 Subsequent disbursement on 05/08/2023: \$7,000 disbursement from OA 1 to owner
		TIPI's operating bank accounts: 1. Chase Bank #-2585 ("OA 1") 2. Mechanics Bank #-5032 ("OA 2")

TIPI mixed trust funds with broker funds in OA 1, OA 2, and PA 1. TIPI did not maintain trust funds in BA 2 and BA 4.

(d) Failure to maintain accurate and/or complete control record

(Code section 10145(a) and Regulation section 2831)

Reconciliations comparing the adjusted bank balances to the control records could not be performed for BA 1, BA 2, BA 3, and BA 5 as of February 29, 2024. BA 4 was closed on July 28, 2023.

A single control record was maintained for BA 1 and BA 2, which were used to handle trust funds for the property located at 4 Anchor Dr. #333 in Emeryville. TIPI's monthly bank reconciliations were provided for BA 2, but they were not provided for BA 1. Therefore, the combined adjusted bank balance for BA 1 and BA 2 could not be determined, nor could it be verified whether it agreed with the broker's control record balance as of the February 29, 2024 cutoff date.

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1 A single control record was maintained for BA 3 and BA 4, which were used to
2 handle trust funds for the property at 3216 Baker St. in Berkeley. As of February 29, 2024, the
3 ending balance of BA 3 and BA 4 combined, which was <\$3,425.84>, did not agree with the
4 broker's bank reconciliation report of \$708.34.

5 BA 5 was used to handle trust funds for the property at 207 Vista Heights in El
6 Cerrito. The ending balance of the control record for BA 5 was \$9,505.06, which did not agree
7 with the broker's bank reconciliation report of \$318.00 as of the February 29, 2024 cutoff date.

8 In addition, various trust fund deposits and disbursements were found to be
9 either not recorded or recorded incorrectly.

10 **(e) Secret Profits/Undisclosed Compensation: Undisclosed Mark-Ups**

11 **(Code section 10176(g))**

12 During the audit period, TIPI received undisclosed compensation or secret
13 profits by failing to disclose mark-ups to vendor costs for repairs. In the property management
14 agreement for the property at 4 Anchor Dr., #333, a disclosure was made under Item 8 that
15 labor rate was a minimum of \$88.00 per hour and that "TreeHaven Investment Properties, Inc."
16 was the maintenance company responsible for most repairs. However, there was no such
17 affiliated maintenance company, and TIPI itself provided maintenance or repair services. When
18 TIPI used outside vendors for certain repair or maintenance work, TIPI created its own invoices
19 for owners instead of providing the invoices from the vendors for the work performed. There
20 were at least two (2) instances when TIPI charged \$70.00 mark-ups for work performed by
21 outside vendors for the property at 4 Anchor Dr. #333, without disclosing the markup in the
22 property management agreement.

23 **(f) Responsibility of Corporate Officer in Charge / Broker Supervision**

24 **(Code sections 10159.2 and 10177(h) and Regulation section 2725)**

25 Based on the above findings, D.O. DAVIS failed to exercise reasonable and/or
26 adequate supervision and control over the real estate activities conducted on behalf of TIPI
27 regarding the handling of trust funds, in violation of Code sections 10159.2 and 10177(h) and

1 Regulation 2725.

2 11.

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

5 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
6 10(a)	Code section 10130
7 10(b)	Code section 10145(a) and Regulation section 2832
8 10(c)	Code sections 10145(a) and 10176(e) and Regulation section 2832
9 10(d)	Code section 10145(a) and Regulation section 2831
10 10(e)	Code section 10176(g)
11 10(f)	Code sections 10159.2 and 10177(h) and Regulation section 2725

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

15 COSTS

16 (AUDIT COSTS)

17 12.

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

23 (INVESTIGATION AND ENFORCEMENT COSTS)

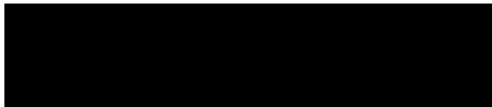
24 13.

25 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
26 resolution of a disciplinary proceeding before the Department, the Commissioner may request
27 the administrative law judge to direct a licensee found to have committed a violation of this

1 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
2 case.

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

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10 Dated at Oakland, California, on March 23, 2026

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14 Stephanie Yee
15 Supervising Special Investigator

16 cc: Stephanie Yee
17 Audits – Na Lin
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