

FILED

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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-12841 SF
)
PROPERTY FORCE, INC.;) ACCUSATION
and)
JOHN M. WAY JR., as designated)
officer for Property Force, 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 PROPERTY FORCE, INC. and JOHN M. WAY JR., individually and as designated officer for Property Force, 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.

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

(PROPERTY FORCE, INC.)

4.

Since October 12, 2012, Respondent PROPERTY FORCE, INC. ("PFI") has been licensed as a real estate broker corporation (DRE License ID 01919443), set to expire on September 21, 2029, unless renewed.

5.

a. On March 15, 2021, pursuant to DRE Case No. H-12470 SF, the real estate corporation license of PFI was suspended for sixty (60) days and stayed for two (2) years on certain terms and conditions, including monetary penalty and payment of costs, for violation of Code sections 10177(d) and/or 10176(g).

b. The Decision and Order of the Real Estate Commissioner in DRE Case No. H-12470 SF was based on allegations of audit violations by Respondents, which included, but were not limited to, the following: (i) causing a shortage in trust accounts (Code section 10145 and Regulations section 2832.1); (ii) failure to monthly reconcile separate records with the control record and/or to maintain accurate separate records (Code section 10145 and Regulations section 2831.2); (iii) withdrawal of trust funds by a non-licensee who was not covered by adequate fidelity bond (Regulations section 2834); (iv) depositing trust funds into an interest bearing account (Code section 10145(d)); and (v) collecting secret profits from payment for property management maintenance and repair services without disclosing to the homeowners (Code sections 10145(a)(1) and 10176(g)).

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6.

a. On June 21, 2024, pursuant to DRE Case No. H-12690 SF, the real estate corporation license of PFI was suspended for sixty (60) days and stayed for two (2) years on certain terms and conditions, including monetary penalty and payment of costs, for violation of Code section 10177(g).

b. The Decision and Order of the Real Estate Commissioner in DRE Case No. H-12690 SF was based on allegations of audit violations by Respondents, which included, but were not limited to, the following: (i) causing a shortage in a trust account (Code section 10145 and Regulations section 2832.1); (ii) failure to monthly reconcile separate records with the control record and/or to maintain accurate separate records (Code section 10145 and Regulations section 2831.2); and (iii) overcharging management fees (Code sections 10176(i) and 10177(g)).

(JOHN M. WAY JR.)

7.

a. Since October 12, 2012, Respondent JOHN M. WAY JR. ("WAY") has been licensed as an officer for PFI (DRE License ID 01810572), whose officer status will expire on September 21, 2029, unless renewed.

b. At all relevant times herein, and during the audit period, WAY has been the Designated Officer ("D.O.") of PFI.

8.

a. On March 15, 2021, pursuant to DRE Case No. H-12470 SF, the real estate officer license of WAY was suspended for sixty (60) days and stayed for two (2) years on certain terms and conditions, including monetary penalty and payment of costs, for violation of Code sections 10177(d), 10176(g), and/or 10177(h).

b. The Decision and Order of the Real Estate Commissioner in DRE Case No. H-12470 SF was based on allegations of audit violations by Respondents, which included, but were not limited to, the following: (i) causing a shortage in trust accounts (Code section 10145

1 and Regulations section 2832.1); (ii) failure to monthly reconcile separate records with the
2 control record and/or to maintain accurate separate records (Code section 10145 and
3 Regulations section 2831.2); (iii) withdrawal of trust funds by an non-licensee who was not
4 covered by adequate fidelity bond (Regulations section 2834); (iv) depositing trust funds into
5 an interest bearing account (Code section 10145(d)); and (v) collecting secret profits from
6 payment for property management maintenance and repair services without disclosing to the
7 homeowners (Code sections 10145(a)(1) and 10176(g)).

8 9.

9 a. On June 21, 2024, pursuant to DRE Case No. H-12690 SF, the real estate
10 officer license of WAY was suspended for sixty (60) days and stayed for two (2) years on
11 certain terms and conditions, including monetary penalty and payment of costs, for violation of
12 Code section 10177(g) and/or 10177(h).

13 b. The Decision and Order of the Real Estate Commissioner in DRE Case No.
14 H-12690 SF was based on allegations of audit violations by Respondents, which included, but
15 were not limited to, the following: (i) causing a shortage in a trust account (Code section 10145
16 and Regulations section 2832.1); (ii) failure to monthly reconcile separate records with the
17 control record and/or to maintain accurate separate records (Code section 10145 and
18 Regulations section 2831.2); and (iii) overcharging management fees (Code sections 10176(i)
19 and 10177(g)).

20 BROKER ACTIVITIES

21 10.

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

rents from real property, or improvements thereon.

CAUSE FOR ACCUSATION

(AUDIT OK 24-0064)

11.

From June 4, 2025 to November 18, 2025, the Department conducted a follow-up audit examination of the books and records of PFI. The audit examination was limited to PFI's property management activity only, as described in paragraph 10 above, and covered the period of time from July 1, 2024 to April 30, 2025 ("audit period"). The primary purpose of the examination was to determine whether PFI conducted its real estate activities in accordance with the Real Estate Law and the Commissioner's Regulations.

12.

While acting as a real estate broker as described in paragraph 10 above, Respondents maintained the following two (2) trust fund accounts for the handling of trust funds from property management activities during the audit period:

Trust Account ("TA 1")

Bank: Enterprise Bank & Trust
Account Name: Property Force Inc., As Trustee, Client Trust
Account Number: xxx2502
Signatory: John M. Way Jr.
Status: Active

Trust Account ("TA 2")

Bank: Wells Fargo Bank
Account Name: Property Force Inc., Real Estate Trust Account, Rent Trust Account
Account Number: xxxxxx4096
Signatory: John M. Way Jr.
Status: Inactive from July 2024

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(VIOLATIONS OF THE REAL ESTATE LAW)

13.

Said audit examination, as described above in paragraph 11, revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in Audit Report No. OK-24-0064 and the exhibits and work papers attached to the audit report.

(a) Trust Fund Balance and Accountability

(Code section 10145(a) and Regulation 2832.1)

As of the cutoff date of April 30, 2025, there was a shortage of <\$12,543.19> in TA 1. The total shortage of <\$12,543.19> in TA 1 was caused by (i) a negative property ledger balance of <\$46.25> of 414 Laurel Ave., (ii) a negative property ledger balance of <\$87.44> of "SUSPENSE" ledger, which was maintained as a temporary placeholder for items to be researched for reconciliation, and (iii) four (4) trust fund receipts totaling <\$12,409.50> that were not deposited into TA 1.

PFI failed to provide any evidence that the owners of the trust funds had given their written consent to allow PFI to reduce the balance of the funds in TA 1 to an amount less than the existing aggregate trust fund liabilities, in violation of Code section 10145(a) and Regulation 2832.1. After the audit period, PFI cured all the shortage in TA 1.

(b) Handling of Trust Funds / Failure to Timely Deposit Trust Funds

(Code section 10145 and Regulations 2832).

During the audit period, PFI failed to deposit trust funds into TA 1 within three (3) business days after receipt in at least six (6) deposits examined: 539-545 Harrison, Redwood City; 2 deposits for 143 Buckeye Street, Redwood City; 262 Ramsell St, San Francisco; 460 Clinton St., Redwood City; and 4131 California St., San Francisco.

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1 **(c) Responsibility of Corporate Officer in Charge / Broker Supervision**

2 **(Code sections 10159.2 and 10177(h) and Regulation 2725)**

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

9 14.

10 The conduct of Respondents described in Paragraph 13 above, violated the Code
11 and Regulations as set forth below:

12 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
13 13(a)	Code section 10145(a) and Regulation 2832.1.
14 13(b)	Code section 10145 and Regulation 2832
15 13(c)	Code sections 10159.2 and 10177(h) and Regulation 2725

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

19 COSTS

20 (AUDIT COSTS)

21 15.

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

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(INVESTIGATION AND ENFORCEMENT COSTS)

16.

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

Dated at Oakland, California, on August 17, 2026

Stephanie Yee
Supervising Special Investigator

cc: Audits – Gina King