

1 Department of Real Estate
2 320 West Fourth Street, Suite 350
3 Los Angeles, California 90013-1105

4 Telephone: (213) 576-6982
5 -or- (213) 576-6910 (Direct)

FILED
DEC 19 2000
DEPARTMENT OF REAL ESTATE

By 63

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 TELOK MANAGEMENT, INC.,) NO. H-28539 LA
13 a corporation and) L-2000050461
14 DANNY K. CHAN, individually)
15 and as designated officer of) STIPULATION AND AGREEMENT
16 Telok Management, Inc., and)
17 dba Chan & Co. and Homekee)
18 Realty Co.,)
19 Respondents.)

20 It is hereby stipulated by and between TELOK
21 MANAGEMENT, INC., a corporation (hereinafter "TELOK"), and
22 DANNY K. CHAN, individually and as designated officer of Telok
23 Management, Inc., and dba Chan & Co. and Homekee Realty Co.
24 (hereinafter "CHAN") (hereinafter sometimes referred to as
25 "Respondents"), acting by and through Frank M. Buda, Counsel for
26 Respondents, and the Complainant, acting by and through Chris
27 Leong, Counsel for the Department of Real Estate, as follows for
the purpose of settling and disposing of the Accusation filed on
May 9, 2000.

1 1. All issues which were to be contested and all
2 evidence which was to be presented by Complainant and
3 Respondents at a formal hearing on the Accusation, which hearing
4 was to be held in accordance with the provisions of the
5 Administrative Procedure Act, shall instead and in place thereof
6 be submitted solely on the basis of the provisions of this
7 Stipulation and Agreement ("Stipulation").

8 2. Respondents have received, read and understand the
9 Statement to Respondent, the Discovery Provisions of the
10 Administrative Procedure Act and the Accusation, filed by the
11 Department of Real Estate in this proceeding.

12 3. On May 25, 2000, Respondents filed Notices of
13 Defense pursuant to Section 11505 of the Government Code for the
14 purpose of requesting a hearing on the allegations in the
15 Accusation. Respondents hereby freely and voluntarily withdraw
16 said Notices of Defense. Respondents acknowledge that they
17 understand that by withdrawing said Notices of Defense they will
18 thereby waive their right to require the Commissioner to prove
19 the allegations in the Accusation at a contested hearing held in
20 accordance with the provisions of the Administrative Procedure
21 Act and that Respondents will waive other rights afforded to
22 them in connection with the hearing, such as the right to
23 present evidence in defense of the allegations in the Accusation
24 and the right to cross-examine witnesses.

25 4. This Stipulation is based on the factual
26 allegations contained in Paragraphs 1 through 11 of the
27 Accusation filed in this proceeding. In the interest of

1 expedience and economy, Respondents choose not to contest the
2 factual allegations, but to remain silent and understand that,
3 as a result thereof, these factual statements, without being
4 admitted or denied, will serve as a prima facie basis for the
5 disciplinary action stipulated to herein. This Stipulation and
6 Respondents' decision not to contest the Accusation are hereby
7 expressly limited to this proceeding and made for the sole
8 purpose of reaching an agreed disposition of this proceeding.
9 Respondents' decision not to contest the factual allegations is
10 made solely for the purpose of effectuating this Stipulation and
11 is intended by Respondents to be non-binding upon them in any
12 actions against Respondents by third parties. The Real Estate
13 Commissioner shall not be required to provide further evidence
14 to prove such allegations.

15 5. This Stipulation and any Order made pursuant to
16 this Stipulation shall have no collateral estoppel or res
17 judicata effect in any proceedings in which the Respondents and
18 the Department are not parties. This Stipulation is made by
19 Respondents and received by the Commissioner and the Department,
20 with the express understanding and agreement that it is for the
21 purpose of settling these proceedings only, and that this
22 Stipulation is not intended as, and shall not be deemed, used,
23 or accepted as an acknowledgment or admission of fact in any
24 other judicial, administrative, or other proceeding to which the
25 Department is not a party.

26 6. It is understood by the parties that the Real
27 Estate Commissioner may adopt the Stipulation as her Decision in

1 this matter, thereby imposing the penalty and sanctions on
2 Respondents' real estate licenses and license rights as set
3 forth in the "Order" below. In the event that the Commissioner
4 in her discretion does not adopt the Stipulation, it shall be
5 void and of no effect, and Respondents shall retain the right to
6 a hearing and proceeding on the Accusation under all the
7 provisions of the Administrative Procedure Act and shall not be
8 bound by any admission or waiver made herein.

9 7. The Order or any subsequent Order of the Real
10 Estate Commissioner made pursuant to this Stipulation shall not
11 constitute an estoppel, merger or bar to any further
12 administrative or civil proceeding by the Department of Real
13 Estate with respect to any matters which were not specifically
14 alleged to be causes for accusation in this proceeding.

15 DETERMINATION OF ISSUES

16 By reason of the foregoing stipulations, admissions
17 and waivers and solely for the purpose of settlement of the
18 pending Accusation without a hearing, it is stipulated and
19 agreed that the following Determination of Issues shall be made:

20 The acts and omissions of Respondents, described in
21 Paragraphs 1 through 11 of the Accusation, are cause for the
22 suspension or revocation of all real estate licenses and license
23 rights of Respondents under the provisions of Sections 10145 and
24 10177(d) of the Business and Professions Code and Sections
25 2831.2 and 2832.1 of Title 10, Chapter 6, California Code of
26 Regulations.

27

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

All licenses and licensing rights of Respondents TELOK and CHAN under the Real Estate Law are suspended for a period of sixty (60) days from the effective date of this Decision; provided, however, that if Respondents petition, thirty (30) days of said suspension shall be stayed upon condition that:

1. Respondents each pay a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of \$50.00 for each day of said suspension stayed, for a total monetary penalty of \$1,500.00.

2. Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be delivered to the Department prior to the effective date of the Decision in this matter.

3. No further cause for disciplinary action against the real estate license of Respondents occurs within two (2) years from the effective date of the Decision in this matter.

4. If Respondents fail to pay the monetary penalty in accordance with the terms and conditions of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any part of the stayed suspensions in which event the Respondents shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the Department under the terms of this Decision.

1 5. If Respondents pay the monetary penalty and if no
2 further cause for disciplinary action against the real estate
3 license of Respondents occurs within two (2) years from the
4 effective date of the Decision, the stay hereby granted shall
5 become permanent.

6 The remaining thirty (30) days of said suspensions
7 shall be stayed for two (2) years upon the following terms and
8 conditions:

9 1. Pursuant to Section 10148 of the Business and
10 Professions Code, Respondents shall pay the Commissioner's
11 reasonable cost for: (a) the audit which led to this
12 disciplinary action and, (b) a subsequent audit to determine if
13 Respondents have corrected the trust fund violations found in
14 the Determination of Issues. The cost of the audit which led to
15 this disciplinary action is \$2,951.74. In calculating the
16 amount of the Commissioner's reasonable cost for the subsequent
17 audit, the Commissioner may use the estimated average hourly
18 salary for all persons performing audits of real estate brokers,
19 and shall include an allocation for travel time to and from the
20 auditor's place of work. Said amount for the subsequent audits
21 shall not exceed \$2,951.74.

22 Respondents shall pay the cost of both audits within
23 sixty (60) days of receiving an invoice from the Commissioner
24 detailing the activities performed during the audit and the
25 amount of time spent performing those activities. The
26 Commissioner may in her discretion, vacate and set aside any
27 stay order, if payment is not timely made as provided for

1 herein, or as provided for in a subsequent agreement between the
2 Respondents and the Commissioner. The vacation and set aside of
3 the stay shall remain in effect until payment is made in full,
4 or until Respondents enter into an agreement satisfactory to the
5 Commissioner to provide for payment. Should no order vacating
6 the stay be issued, the stay imposed herein shall become
7 permanent.

8 2. Respondents shall obey all laws, rules and
9 regulations governing the rights, duties and responsibilities of
10 a real estate licensee in the State of California; and

11 3. That no final subsequent determination be made
12 after hearing or upon stipulation, that cause for disciplinary
13 action occurred within two (2) years of the effective date of
14 this Decision. Should such a determination be made, the
15 Commissioner may, in her discretion, vacate and set aside the
16 stay order and reimpose all or a portion of the stayed
17 suspension.

18 No part of the sixty (60) day suspension shall be
19 stayed unless Respondents provide proof to the satisfaction of
20 the Real Estate Commissioner that the September 30, 1999
21 shortage is cured.

22
23 DATED: 11/6/00

CHRIS LEONG

CHRIS LEONG, ESQ.
Counsel for Complainant

24
25 * * *

26 We have read the Stipulation and Agreement, have
27 discussed it with our Counsel, and its terms are understood by

1 us and are agreeable and acceptable to us. We understand that
2 we are waiving rights given to us by the California
3 Administrative Procedure Act (including but not limited to
4 Sections 11506, 11508, 11509 and 11513 of the Government Code),
5 and we willingly, intelligently and voluntarily waive those
6 rights, including the right of requiring the Commissioner to
7 prove the allegations in the Accusation at a hearing at which we
8 would have the right to cross-examine witnesses against us and
9 to present evidence in defense and mitigation of the charges.

10 Respondents can signify acceptance and approval of the
11 terms and conditions of this Stipulation and Agreement by faxing
12 a copy of the signature page, as actually signed by Respondents,
13 to the Department at the following telephone/fax number
14 (213) 576-6917. Respondents agree, acknowledge and understand
15 that by electronically sending to the Department a fax copy of
16 their actual signatures as they appear on the Stipulation and
17 Agreement, that receipt of the faxed copy by the Department
18 shall be as binding on Respondents as if the Department had
19 received the original signed Stipulation and Agreement.

20
21
22 DATED: 10 - 31 - 00


DANNY K. CHAN
Respondent

23
24
25 DATED: 10 - 31 - 00


TELOK MANAGEMENT, INC., a
corporation by Danny K. Chan
designated officer of
Telok Management, Inc.
Respondent

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

DATED: 11-2-00

Frank M. Buda
FRANK M. BUDA, ESQ.
Counsel for Respondents

* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision in this matter and shall become effective
at 12 o'clock noon on January 9, 2001

IT IS SO ORDERED December 13, 2000

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

Paula Reddish Zinnemann

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

) Case No. H-28539 LA

)
TELOK MANAGEMENT, INC., a corporation,
and DANNY K. CHAN, individually and as
designated officer of Telok Management,
Inc., and dba Chan & Co. and Homekee
Realty Co.,

) OAH No. L-2000050461

FILED
OCT 23 2000
DEPARTMENT OF REAL ESTATE

Respondent(s)

By CS
NOTICE OF CONTINUED HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on TUESDAY, WEDNESDAY and THURSDAY, JANUARY 9, 10 and 11, 2001, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: October 23, 2000

By

CHRIS LEONG
CHRIS LEONG, Counsel

cc: Telok Management, Inc.
Danny K. Chan
Frank M. Buda, Esq.
Danio Fajardo/Audits (Delarmente)
/Sacto.
OAH

512

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)

Case No. H-28539 LA

TELOK MANAGEMENT, INC., a corporation,
and DANNY K. CHAN, individually and as
designated officer of Telok Management,
Inc., and dba Chan & Co. and Homekee
Realty Co.,

) OAH No. L-2000050461

FILED
JUL 21 2000
DEPARTMENT OF REAL ESTATE

Respondent(s)

By CJ
NOTICE OF CONTINUED HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on WEDNESDAY, OCTOBER 18, 2000, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: July 21, 2000

By

Chris Leong
CHRIS LEONG, Counsel

cc: Telok Management, Inc.
Danny K. Chan
Fred A. Wong, Esq.
Danio Fajardo/Audits (Delarmente)
Sacto.
OAH

54c

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of

) Case No. H-28539 LA

)
TELOK MANAGEMENT, INC., a corporation,
and DANNY K. CHAN, individually and as
designated officer of Telok Management,
Inc., and dba Chan & Co. and Homekee
Realty Co.,
)

) OAH No. L-2000050461

Respondent(s)

FILED
MAY 31 2000
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

By CS

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on TUESDAY, August 29, 2000, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: May 31, 2000

By

Chris Leong
CHRIS LEONG, Counsel

cc: Telok Management, Inc.
Danny K. Chan
Alan L. Rosen, Esq.
Sacto.
OAH

1 CHRIS LEONG, Counsel (SBN 141079)
2 Department of Real Estate
3 320 West Fourth Street, Suite 350
4 Los Angeles, California 90013-1105

5 Telephone: (213) 576-6982
6 -or- (213) 576-6910 (Direct)

FILED
MAY - 9 2000
DEPARTMENT OF REAL ESTATE

By CS

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-28539 LA
12 TELOK MANAGEMENT, INC.,)
13 a corporation and) A C C U S A T I O N
14 DANNY K. CHAN, individually)
15 and as designated officer of)
16 Telok Management, Inc., and)
17 dba Chan & Co. and Homekee)
18 Realty Co.,)
19 Respondents.)

20 The Complainant, Thomas McCrady, a Deputy Real Estate
21 Commissioner of the State of California, for cause of Accusation
22 against TELOK MANAGEMENT, INC., a corporation and DANNY K. CHAN,
23 individually and as designated officer of Telok Management, Inc.,
24 and dba Chan & Co. and Homekee Realty Co., is informed and
25 alleges in his official capacity as follows:

26 1.

27 TELOK MANAGEMENT, INC., (TELOK) and DANNY K. CHAN,
individually and as designated officer of TELOK (CHAN), are
presently licensed and/or have license rights under the Real



1 Estate Law, Part 1 of Division 4 of the California Business and
2 Professions Code (Code).

3 2.

4 At all times material herein, TELOK was and still is
5 licensed by the Department of Real Estate of the State of
6 California (Department) as a corporate real estate broker, by and
7 through CHAN, as the designated officer and broker responsible,
8 pursuant to the provisions of Code Section 10159.2, for the
9 supervision and control of the activities conducted on behalf of
10 TELOK by TELOK's officers and employees.

11 3.

12 At all times material herein, CHAN was and now is
13 licensed by the Department, individually as a real estate broker
14 and as the designated officer of TELOK. As the designated
15 broker-officer, CHAN was and is responsible for the supervision
16 and control of the activities conducted on behalf of TELOK by
17 TELOK's officers and employees as necessary to secure full
18 compliance with the Real Estate Law pursuant to Code
19 Section 10159.

20 4.

21 All further references herein to "Respondents", unless
22 otherwise specified, include the parties identified in Paragraphs
23 1 through 3 above and also include the officers, directors,
24 employees, and real estate licensees employed by or associated
25 with said parties, who at all times herein mentioned were engaged
26 in the furtherance of the business or operations of said parties
27 and who were acting within the course and scope of their



1 authority and employment.

2 5.

3 At all times material herein, Respondents engaged in
4 the business of, acted in the capacity of, advertised or assumed
5 to act as real estate brokers for others in the State of
6 California, within the meaning of Code Section 10131(b),
7 including the operation and conduct of a property management
8 business with the public wherein Respondents leased or rented or
9 offered to lease or rent, or placed for rent, or solicited
10 listings of places for rent, or solicited for prospective
11 tenants, or negotiated the sale, purchase or exchange of leases
12 on real property, or on a business property, or collected rents
13 from real property, or improvements thereon, or from business
14 opportunities.

15 FIRST CAUSE OF ACCUSATION

16 (Audit Findings)

17 6.

18 On December 28, 1999, the Department concluded its
19 examination of Respondents' books and records pertaining to their
20 activities as real estate brokers covering a period from
21 approximately July 1, 1998 to September 30, 1999. The
22 examination revealed violations of the Code and of Title 10,
23 Chapter 6, California Code of Regulations (Regulations), as set
24 forth below.

25 7.

26 At all times herein, in connection with the property
27 management activity described in Paragraph 5, above, Respondents



1 accepted or received funds including funds in trust (hereinafter
2 "trust funds") from or on behalf of actual and prospective
3 parties to transactions handled by Respondents and thereafter
4 made deposits and/or disbursements of such funds. From time to
5 time herein mentioned, said trust funds were deposited and/or
6 maintained by Respondents in bank accounts including, but not
7 necessarily limited to, eight trust accounts to manage
8 approximately 68 properties for the public. The trust accounts
9 were maintained at East-West Bank located at 9550 Flair Drive,
10 El Monte, California.

11 8.

12 As of September 30, 1999, August 31, 1999, and July 31,
13 1999, a bank reconciliation was performed on each of the
14 following trust accounts: "Telok Management, Inc. Trust Account
15 No. 1", Account No. 82100322 (T/A #1); "Telok Management, Inc.
16 Trust Account No. 3", Account No. 82101726 (T/A #3); "Telok
17 Management Inc. Trust Account No. 5", Account No. 82101742
18 (T/A #5); "Telok Management Inc. Trust Account No. 7", Account
19 No. 82102716 (T/A #7); "Telok Management Inc. Trust Account
20 No. 8", Account No. 82102732 (T/A #8).

21 9.

22 Respondents acted in violation of the Code and the
23 Regulations in that:

24 (a) As of September 30, 1999, T/A #1 had a shortage in
25 the amount of approximately \$5,658.85; T/A #3 had a shortage in
26 the amount of approximately \$2,082.66; T/A #8 had a shortage in
27 the amount of approximately \$2,038.53. Respondents caused,



1 permitted and/or allowed the withdrawal or disbursement of trust
2 funds from T/A #1, T/A #3 and T/A #8 without the prior written
3 consent of every principal who then was an owner of funds in the
4 account thereby reducing the balance of funds in the said account
5 to an amount less than the existing aggregate trust fund
6 liability of the broker to all owners of said trust funds, in
7 violation of Code Section 10145 and Regulation 2832.1.

8 (b) As of September 30, 1999, T/A #5 had an overage in
9 the amount of approximately \$150.00 and T/A #7 had an overage in
10 the amount of approximately \$176.00, in violation of Code Section
11 10145.

12 (c) As of August 31, 1999, T/A #1 had a shortage in
13 the amount of approximately \$42,755.87; T/A #3 had a shortage in
14 the amount of approximately \$50,599.30; T/A #5 had a shortage in
15 the amount of approximately \$5,593.28; T/A #7 had a shortage in
16 the amount of \$5,459.87; T/A #8 had a shortage in the amount of
17 approximately \$1,649.57. Respondents caused, permitted and/or
18 allowed the withdrawal or disbursement of trust funds from
19 T/A #1, T/A #3, T/A #5, T/A #7 and T/A #8 without the prior
20 written consent of every principal who then was an owner of funds
21 in the account thereby reducing the balance of funds in the said
22 account to an amount less than the existing aggregate trust fund
23 liability of the broker to all owners of said trust funds, in
24 violation of Code Section 10145 and Regulation 2832.1.

25 (d) As of July 31, 1999, T/A #1 had a shortage in the
26 amount of approximately \$20,188.09; T/A #3 had a shortage in the
27 amount of approximately \$12,779.40; T/A #5 had a shortage in the



1 amount of approximately \$3,612.92; T/A #7 had a shortage in the
2 amount of \$2,040.24; T/A #8 had a shortage in the amount of
3 approximately \$2,431.03. Respondents caused, permitted and/or
4 allowed the withdrawal or disbursement of trust funds from
5 T/A #1, T/A #3, T/A #5, T/A #7 and T/A #8 without the prior
6 written consent of every principal who then was an owner of funds
7 in the account thereby reducing the balance of funds in the said
8 account to an amount less than the existing aggregate trust fund
9 liability of the broker to all owners of said trust funds, in
10 violation of Code Section 10145 and Regulation 2832.1.

11 (e) Respondents failed to maintain a monthly
12 reconciliation of all separate ledger balances with the balance
13 of the total trust funds received and disbursed, in violation of
14 Regulation 2831.2.

15 (f) Respondents allowed three individuals who were
16 neither licensed by the Department nor covered by adequate
17 fidelity bonds to be signatories on the trust accounts;
18 Respondents also did not give written authorization for a real
19 estate licensee to be a signatory on the trust accounts, in
20 violation of Regulation 2834.

21 (g) Respondents failed to notify the Department of the
22 change of business address to 1055 Corporate Center Drive, Suite
23 520, Monterey Park, California, in violation of Regulation 2715.

24 10.

25 The conduct, acts and omissions of Respondents, as
26 described in Paragraph 9, violated the Code and the Regulations
27 as set forth below:



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

PARAGRAPH

PROVISIONS VIOLATED

9(a), 9(b),
9(c), 9(d)

Code Section 10145
and Regulation 2832.1

9(e)

Regulation 2831.2

9(f)

Regulation 2834

9(g)

Regulation 2715

Each of the foregoing violations constitute cause for the suspension or revocation of all real estate licenses and license rights of Respondents under the provisions of Code Section 10177(d).

11.

SECOND CAUSE OF ACCUSATION

(Supervision Violation)

The conduct, acts and omissions of Respondents TELOK and CHAN, as described in Paragraph 9 above, independently and collectively constitute failure on the part of Respondent CHAN, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of Respondent TELOK as required by Code Section 10159.2 and is cause for the suspension or revocation of all real estate licenses and license rights of Respondent CHAN pursuant to the provisions of Code Section 10177(h).

/

/

/

/

/



1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and/or license rights of Respondent
5 TELOK MANAGEMENT, INC. and DANNY K. CHAN, individually and as
6 designated officer of Telok Management, Inc., and dba Chan & Co.
7 and Homekee Realty Co., under the Real Estate Law (Part 1 of
8 Division 4 of the Business and Professions Code), and for such
9 other and further relief as may be proper under other applicable
10 provisions of law.

11 Dated at Los Angeles, California
12 this 9th day of May, 2000.

THOMAS McCRADY
Deputy Real Estate Commissioner

23 cc: Telok Management, Inc.
 Danny K. Chan
 24 Thomas McCrady
 Sacto.
 25 LA Audit/Delarmente
 EC