

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

By 

* * * *

In the Matter of the Accusation of)
WE'RE #1, INC.,)
dba Century 21 Exclusive)
Realtors and San Fernando)
Valley Escrow;)
and RONALD BURTON KARN,)
as designated officer of)
the corporation,)
Respondents.)

NO. H-35992 LA

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on March 18, 2011, and the findings of fact set forth herein are based on one or more of the following:

- (1) Respondent's express admissions; (2) affidavits; and
- (3) other evidence.

FINDINGS OF FACT

I

On May 22, 2009, Robin L. Trujillo made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, to Respondents' last known mailing address on file with the Department of Real Estate ("Department") on May 26, 2009.

On March 18, 2011, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondents' default was entered herein.

II

WE'RE #1, INC. and RONALD BURTON KARNO (KARNO), individually and as designated officer of said corporation (hereinafter referred to as Respondents), were licensed under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code). WE'RE #1, INC.'s license expired on December 28, 2008. KARNO's license expired on December 28, 2008. The Department retains jurisdiction pursuant to Code Section 10103.

III

At all times herein mentioned, Respondent WE'RE #1, INC. was licensed as a real estate broker with Respondent KARNO as its designated officer. Respondent KARNO had his broker license restricted in Case No. H-30732 LA effective December 29, 2004, and had his license suspended for 60 days stayed for two years on terms and conditions in Case No. H-34602 LA effective November 3, 2008.

IV

During 2004, Respondents solicited and obtained a listing on real property located at 1307 N. Alexandria Avenue, Los Angeles, California from the seller Jack S. Tarwardy Trust ("Seller").

V

The property was thereafter sold to Vahagn Stepanyan. Respondents performed the escrow for the sale of the property. Escrow closed on or about January 7, 2005.

VI

In performing the escrow transaction Respondents failed to comply with the provisions of Sections 2950 and 2951, Chapter 6, Title 10, California Code of Regulations ("Regulations").

VII

At escrow closing, Respondents withheld from Seller's funds \$16,670 to be paid to the Franchise Tax Board.

VIII

Of the funds withheld, Respondents forwarded \$5,314.10 to the California Franchise Tax Board. Respondents misappropriated the balance of the funds belonging to the Seller without the knowledge or permission of the Seller.

IX

The fraudulent conduct of Respondents was not discovered until June, 2008.

DETERMINATION OF ISSUES

I

Cause for disciplinary action against Respondents WE'RE #1, INC. and RONALD BURTON KARNO exists pursuant to Code Section 10177(d) for violation of Regulations 2950 and 2951, and Code Sections 10177(f), 10177(g), 10176(a), and 10176(i).

II

Cause for disciplinary action against Respondent RONALD BURTON KARNO exists pursuant to Code Section 10177(d) for violation of Code Section 10159.2.

III

The standard of proof applied was clear and convincing proof to a reasonable certainty.

ORDER

All licenses and license rights of Respondents
WE'RE #1, INC. dba Century 21 Exclusive Realtors and San
Fernando Valley Escrow and RONALD BURTON KARNO under the
provisions of Part I of Division 4 of the Business and
Professions Code are revoked.

This Decision shall become effective at
12 o'clock noon on JUN 30 2011

DATED: 4/25/2011

JEFF DAVI
Real Estate Commissioner

1 JAMES R. PEEL, Counsel (SBN 47055)
2 Department of Real Estate
3 320 West Fourth Street, Ste. 350
4 Los Angeles, CA 90013-1105

5 Telephone: (213) 576-6982
6 -or- (213) 576-6913 (Direct)

FILED
MAY 26 2009
DEPARTMENT OF REAL ESTATE

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11 In the Matter of the Accusation of) No. H-35992 LA
12 WE'RE #1, INC.,)
13 dba Century 21 Exclusive)
14 Realtors and San Fernando)
15 Valley Escrow;)
16 and RONALD BURTON KARNO,)
17 as designated officer of)
18 the corporation,)
19 Respondents.)

20 The Complainant, Robin L. Trujillo, a Deputy Real
21 Estate Commissioner of the State of California, for cause of
22 accusation against WE'RE #1, INC., and RONALD BURTON KARNO,
23 individually and as designated officer of WE'RE #1, INC.,
24 alleges as follows:

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26 ///
27 ///

I

The Complainant, Robin L. Trujillo, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against WE'RE #1, INC. dba Century 21 Exclusive Realtors and San Fernando Valley Escrow and RONALD BURTON KARNO, individually and as designated officer of We're #1, Inc.

II

WE'RE #1, INC. and RONALD BURTON KARNO, individually and as designated officer of said corporation (hereinafter referred to as "Respondents"), are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code).

III

At all times herein mentioned, Respondent WE'RE #1, INC. were licensed as a real estate broker with Respondent RONALD BURTON KARNO as its designated officer. Respondent KARNO had his broker license restricted in Case No. H-30732 LA effective December 29, 2004, and had his license suspended for 60 days stayed for two years on terms and conditions in Case No. H-34602 LA effective November 3, 2008.

IV

During 2004, Respondents solicited and obtained a listing on real property located at 1307 N. Alexandria Avenue, Los Angeles, California from the seller Jack S. Tarwardy Trust ("Seller").

1 V

2 The property was thereafter sold to Vahagn Stepanyan.
3 Respondents performed the escrow for the sale of the property.
4 Escrow closed on or about January 7, 2005.

5 VI

6 In performing the escrow transaction Respondents failed
7 to comply with the provisions of Regulations 2950 and 2951,
8 Chapter 6, Title 10, California Code of Regulations.

9 VII

10 At escrow closing, Respondents withheld from seller's
11 funds \$16,670 to be paid to the Franchise Tax Board.

12 VIII

13 Of the funds withheld, Respondents forwarded \$5,314.10
14 to the California Franchise Tax Board. Respondents
15 misappropriated the balance of the funds belonging to the Seller
16 without the knowledge or permission of the Seller.

17 IX

18 The fraudulent conduct of Respondents was not
19 discovered until June, 2008.

20 X

21 The conduct of Respondents WE'RE #1, INC. and RONALD
22 BURTON KARNO, as alleged above, subjects their real estate
23 licenses and license rights to suspension or revocation pursuant
24 to Sections 10177(d), 10177(f), 10177(g), 10176(a), and 10176(i)
25 of the Code.
26
27

XI

The conduct of Respondent RONALD BURTON KARNO, as alleged above, subjects his real estate licenses and license rights to suspension or revocation pursuant to Sections 10159.2, 10177(h), 10177(d), and/or 10177(g) of the Code.

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 licenses and license rights of Respondents WE'RE #1, INC. dba Century 21 Exclusive Realtors and San Fernando Valley Escrow and RONALD BURTON KARNO, individually and as designated officer of the corporation under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California

this 22 day of May, 2009.


ROBIN L. TRUJILLO
Deputy Real Estate Commissioner

cc: We're #1, Inc.
Ronald Burton Karno
Robin L. Trujillo
Phil Ihde
Sacto.