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FILED

MAY - 7 2013

DEPARTMENT OF REAL ESTATE
BY: [Signature]

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 SRW PROPERTIES INC.;) No. H-38863 LA
14 and STEVEN FRANKLIN SOBEL)
15 individually and as designated officer) ACCUSATION
16 of SRW Properties Inc.,)
17)
18 Respondents.)
19)
20)
21)
22)
23)
24)
25)
26)

18 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the
19 State of California, Department of Real Estate ("Department") for cause of Accusation against
20 SRW PROPERTIES INC. ("SRW") and STEVEN FRANKLIN SOBEL ("SOBEL"),
21 individually and as designated officer of SRW Properties Inc. (collectively "Respondents"), is
22 informed and alleges as follows:

23 1.

24 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the
25 State of California, makes this Accusation in his official capacity.
26

2.

From November 21, 1991, through the present, Respondent SRW has been licensed as a real estate corporation. At all times relevant herein, SRW was acting by and through Respondent SOBEL as its designated broker-officer pursuant to Business and Professions Code ("Code") Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

3.

Respondent SOBEL was originally licensed as a real estate broker on May 3, 1979. SOBEL is also licensed as a broker and is SRW's President, CEO, CFO, operational manager and sole owner.

Table: Designated Officer Tenure

Designated Officers	Tenure
Steven Franklin Sobel	November 21, 1991 to date

4.

Whenever reference is made in an allegation in this Accusation to an act or omission of "Respondents", such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondents committed such act or omission while engaged in the furtherance of the business or operations of Respondents and while acting within the course and scope of their corporate authority and employment, including SOBEL.

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FIRST CAUSE OF ACCUSATION
(Audit)

5.

At all times mentioned, in City of Tarzana, County of Los Angeles, Respondents SRW and SOBEL acted as a real estate brokers and conducted licensed activities within the meaning of Code Section 10131(b) wherein they conducted a real estate and property management brokerage.

Audit Examination

6.

On March 8, 2013, the Department completed an audit examination of the books and records of Respondent SRW pertaining to the property management activities described in Paragraph 5, which require a real estate license. The audit examination covered a period of time beginning on October 1, 2011 to August 31, 2012. The audit examination revealed violations of the Code and the Title 10, Chapter 6, California Code of Regulations ("Regulations") as alleged in the following paragraphs, and more fully set forth in Audit Report LA 120083 and the exhibits and work papers attached thereto.

Bank/Trust Accounts

7.

At all times mentioned, in connection with the activities described in Paragraph 6, above, SRW accepted or received funds including funds in trust ("trust funds") from or on behalf of property owners and tenants handled by SRW and thereafter made deposits and or disbursements of such funds. From time to time herein mentioned, during the audit period and thereafter, said trust funds were deposited and/or maintained by SRW in the accounts described below.

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1 ("B/A 1")

2 "SRW Properties Inc.

3 *****144365"

4 Union Bank

5 Los Angeles, CA 90051

6 (Property management account for 41 real properties and 18 owners)

7 ("B/A 2")

8 "A&S Properties.

9 *****128866"

10 Union Bank

11 Los Angeles, CA 90051

12 (Property management account for 41 real properties and 18 owners)

13 "SRW Properties Inc. Tilbury Properties Trust Account.

14 12188*****"

15 Bank of America

16 Glendora, CA 91740

(Property management single-beneficiary account for 4940 Woodman and Canby)

17 Violations of the Real Estate Law

18 8.

19 In the course of activities described in Paragraphs 5 and 7, above, and during the
20 examination period, described in Paragraph 6, Respondents SRW and SOBEL acted in violation
21 of the Code and the Regulations in which Respondents:

22 (a) Permitted, allowed or caused the disbursement of trust funds from B/A 1,
23 SRW's property management trust account for rent and security deposits collection, where the
24 disbursement of funds reduced the total of aggregate funds in B/A 1, to an amount which, on
25 August 31, 2012, was at a minimum accountability of \$346,446.55, less than the existing
26

1 aggregate trust fund accountability of SRW to every principal who was an owner of said funds,
2 without first obtaining the prior written consent of the owners of said funds, in violation of Code
3 Section 10145(a) and Regulation 2832.1. The shortage was caused by the unauthorized
4 disbursements and minimum negative property balances. The shortage was cured on November
5 28, 2012;

6
7 (b) Failed to maintain an adequate control record in the form of a columnar record
8 in chronological order of trust funds received but not deposited into B/A 1, received in
9 chronological order, in violation of Code Section 10145 and Regulation 2831;

10 (c) Failed to maintain an adequate separate record for B/A 1, with respect to trust
11 fund handling, monitoring and management and with regard to mis-posting account data, in
12 violation of Code Section 10145 and Regulation 2831.1;

13 (d) B/A 1 and B/A 2 were not in the name of the broker as trustee at a bank or
14 other financial institution, nor designated as a trust account, in violation of Code Section 10145
15 of the Code and Regulation 2832(a);

16
17 (e) Conversion and unauthorized disbursement of \$346,446.55 in, trust funds in
18 the amounts as set forth below, which the balance in B/A 1, to an amount that was less than the
19 amount of trust funds deposited into said accounts, in violation of Code Sections 10145 and
20 10176(i)/10177(j) and 2832. The conversion was caused by SOBEL's defalcation to pay his
21 general business expenses unrelated to properties under management, and to pay his personal
22 expenses, and to pay his personal and family-related expenses for real property owned.

23
24 (f) Failed to perform a monthly reconciliation of the balance of all separate
25 beneficiary or transaction records maintained pursuant to Regulation 2831.1 with the record of
26 all trust funds received and disbursed by B/A 1 in violation of Code Section 10145 and

1 Regulations 2831.2;

2 (g) Permitted Robert Sobel and Buck Donelle, unlicensed and unbonded persons,
3 and Diana Sobel, real estate salesperson not employed by SOBEL, to be authorized signatories
4 on B/A 1, in violation of Code Section 10145 and Regulation 2834(a); and

5 (h) Used the fictitious name of "A & S Properties", to conduct licensed activities
6 including a property management brokerage, without first obtaining from the Department a
7 license bearing said fictitious business name, in violation of Code Section 10159.5 and
8 Regulation 2731.
9

10 9.

11 The conduct of Respondents SRW and SOBEL, described in Paragraph 8, above,
12 violated the Code and the Regulations as set forth below:
13

14 PARAGRAPH

PROVISIONS VIOLATED

15 8(a)	Code Section 10145 and Regulation 2832.1
16 8(b)	Code Section 10145 and Regulation 2831
17 8(c)	Code Section 10145 and Regulation 2831.1
18 8(d)	Code Section 10145 and Regulation 2832(a)
19 8(e)	Code Sections 10145 and 10176(i)/10177(j) and 2832
20 8(f)	Code Section 10145 and Regulation 2831.2
21 8(g)	Code Section 10145 and Regulation 2834
22 8(h)	Code Sections 10159.5 and Regulation 2731

23 The foregoing violations constitute cause for the discipline of the real estate licenses and license
24 rights of Respondents SRW and SOBEL under the provisions of Code Sections 10145, 10176(i)
25 and/or 10177(j), 10177(d), and 10177(g) and 10177(h) for SOBEL.

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13.

Code Section 10106 provides, in part, that in any order issued in resolution of a disciplinary proceeding before the Department of Real Estate, 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 the investigation and enforcement of the case.

14.

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

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/or license rights of Respondents SRW PROPERTIES INC. and STEVEN FRANKLIN SOBEL individually and as designated officer of SRW Properties Inc., under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law, including but not limited to, proof of cure of the shortage, and costs investigation, enforcement and audit.

Dated at Los Angeles, California.

this 29 day of April, 2013.


ROBIN TRUJILLO
Deputy Real Estate Commissioner

cc: SRW Properties Inc.
Steven Franklin Sobel
Robin Trujillo
Anna Hartoonian
Sacto