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FILED

JAN 22 2016

BUREAU OF REAL ESTATE

By *Adelino*

8 BEFORE THE BUREAU OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

No. H- 40113 LA

12 SKY PROPERTIES, INC., and)

ACCUSATION

13 KARI ALLETA NEGRI, individually and as)
14 designated officer of Sky Properties, Inc.)

15 Respondents.)

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
17 State of California, for cause of Accusation against SKY PROPERTIES, INC. and KARI
18 ALLETA NEGRI, a.k.a. Kari Alleta Negri-Gordon, individually and as designated officer of Sky
19 Properties, Inc., alleges as follows:

20 1.

21 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
22 State of California, makes this Accusation in her official capacity.

23 2.

24 All references to the "Code" are to the California Business and Professions Code
25 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

26
27 CalBRE Accusation – Sky Properties, Inc. & Kari Alleta Negri

LICENSE HISTORY

3.

Respondent SKY PROPERTIES, INC. ("SKY") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a corporation, real estate broker license ID 01242008. Respondent SKY was originally licensed by the Bureau (then "Department") of Real Estate ("Bureau") on or about July 17, 1998. Respondent SKY's main office address and mailing address of record are the same: 6711 Forest Lawn Dr., #107, Los Angeles, CA 90068. SKY maintains no licensed branch offices and does not employ any salespersons. SKY holds one active licensed DBA, Tools, Etc., active as of May 12, 2014.

4.

Respondent KARI ALLETA NEGRI ("K. NEGRI") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker, license ID 01214576. Respondent K. NEGRI was originally licensed by the Bureau as a salesperson from September 19, 1996 until September 19, 2012; then licensed as a real estate salesperson between May 2, 2014 and May 20, 2014; licensed and as a real estate broker on May 21, 2014. Between September 19, 2012 and May 1, 2014, Respondent K. NEGRI was not licensed by the Bureau in any capacity. Respondent K. NEGRI is the designated officer of record for SKY until September 1, 2018. As of April 28, 2014, Respondent K. NEGRI is the sole owner of SKY.

5.

David Negri, a.k.a. Dave Negri ("D. Negri") was originally licensed by the Bureau as an officer, license ID No. 01242466, on July 17, 1998. D. Negri was the designated officer of record for SKY until he passed away on August 9, 2011.

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6.

Jack L. Butler ("Butler") is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker, license ID No. 01884431. Butler was the designated officer of record for SKY between February 7, 2014 and July 7, 2014.

BROKERAGE

7.

At all times mentioned in Los Angeles, California, Respondent SKY acted as a real estate broker, and ordered, caused, authorized or participated in licensed activities within the meaning of Code Section 10131(b), wherein SKY engaged in property management activities, and leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases on real property, or on a business opportunity, or collected rent from real property, or improvements thereon, or from business opportunities ("property management").

8.

SKY managed approximately thirty-two (32) properties for thirty-two (32) property owners, comprised of four (4) one- to four-family residences and twenty-eight (28) apartment complexes with a total of five hundred and fifty-seven (557) units. SKY charged management fees between five percent (5%) and six percent (6%) of the rents collected, or a flat fee between \$500.00 and \$1,000.00 for services provided. According to then-designated officer Butler's statement of April 28, 2014, SKY collected \$11,000,000.00 in trust funds in connection with its property management activity during the audit period.

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AUDIT OF SKY PROPERTIES, INC.

(LA 130188)

9.

On July 30, 2014, the Bureau completed an audit examination of the books and records of Respondent SKY pertaining to the property management activities described in Paragraph 7, above, which require a real estate license. The audit examination covered a period of time beginning on August 1, 2011 and ending on March 31, 2014 (hereinafter "audit examination period"), and records were examined between April 28, 2014 and May 8, 2014 ("field work period"). The final report of July 30, 2014 revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 130188.

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Bank Accounts

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During the audit examination period described in Paragraph 9 above, Respondent SKY accepted or received funds including funds in trust ("trust funds") from or on behalf of actual or prospective parties, including tenants and property owners, and thereafter made deposits or disbursements of such funds. During the examination period SKY deposited and/or maintained said trust funds relating to its property management activities in sixty-one (61) single beneficiary trust accounts at Citizens Business Bank and California Bank & Trust. The BRE Auditor examined the following four (4) of SKY's single beneficiary trust accounts on a sampled basis:

SKY Trust Account 1 ("T/A 1")

- * Account Name: SKY PROPERTIES INC. HITF Cahuenga Investors, LLC (Cahuenga Investors, LLC HITB Sky Properties, Inc.)
- * Bank: Citizens Business Bank, Burbank, CA
- * Account # xxxxxx7673
- * Signatories: KARI NEGRI, Jack L. Butler
- * Date Opened: 08/29/09

SKY Trust Account 2 "T/A 2")

- * Account Name: SKY PROPERTIES INC. HITF Smith Family Trust Dtd 1/8/82
- * Bank: Citizens Business Bank, Burbank, CA
- * Account # xxxxxx0038
- * Signatories: KARI NEGRI, Jack L. Butler
- * Date Opened: 09/04/13

SKY Trust Account 1 ("T/A 3")

- * Account Title: SKY PROPERTIES, INC. Tujunga Homes
- * Bank: California Bank & Trust, Encino, CA
- * Account # xxxxxx3571
- * Signatories: KARI NEGRI, Dave Negri
- * Date Opened: 06/22/11

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1 SKY Trust Account 1 ("T/A 4")

2 * Account Title: SKY PROPERTIES INC. Jordan Apartments Trust Account
3 * Bank: California Bank & Trust, Encino, CA
4 * Account # xxxxxx3651
5 * Signatories: KARI NEGRI, Dave Negri
6 * Date Opened: 06/22/11

7 Violations of the Real Estate Law

8 11.

9 In the course of activities as described in Paragraphs 7 and 8, above, and during
10 the examination period described in Paragraph 9, Respondents acted in violation of the Code and
11 the Regulations, as described below:

12 A. **Trust Fund Handling.** According to the T/A 3 bank statement dated
13 November 29, 2013 provided by SKY, T/A 3 had a <\$300.00> discrepancy due to management
14 fees disbursed to SKY for properties from which SKY did not collect any rent for the months
15 October 2013, November 2013, and December 2013. Although T/A 3 was closed on November
16 29, 2013, as of March 31, 2014, SKY had a remaining discrepancy of <\$300.00>, in violation of
17 **Code Section 10145.** According to the T/A 4 bank statement dated November 29, 2013
18 provided by SKY, T/A 4 had a <\$1,100.00> discrepancy due to management fees disbursed to
19 SKY for properties from which SKY did not collect any rent for December 2013. Although T/A
20 4 was closed on November 29, 2013, as of March 31, 2014, SKY had a remaining discrepancy of
21 <\$1,100.00>, in violation of **Code Section 10145.**

22 B. **Trust Fund Handling - Timely Deposits.** An examination of the control
23 records, bank deposit slips, and bank statements for SKY's T/A 1 and T/A 2 revealed that, in at
24 least four instances (cited in the table below), SKY did not timely deposit the rent receipts and
25 owner deposits within three (3) business days following the receipt of such funds, in violation of
26 **Code Section 10145 and Regulation 2832(e).**

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Tenant/Owner	Property	Amount	Date Received	Date Deposited	Days
Julio L.	2569 Van Nuys Blvd. #8	\$ 900.00	3/10/14	3/17/14	6
Jacinto C.	12569 Van Nuys Blvd., #55	\$1,300.00	1/3/14	1/13/14	7
Regina .	3400 Cahuenga	\$1,000.00	3/1/14	3/10/14	6
Stuart S.	3400 Cahuenga	\$1,000.00	2/14/14	2/19/14	4
Total		\$6,034.50			

C. Trust Fund Handling - Account Withdrawals.

According to the bank records provided by Respondents for T/A 1, including the signature card utilized for all trust funds received and disbursed, SKY:

1. permitted K. NEGRI, who was unlicensed by the BRE between September 19, 2012 and May 1, 2014, and not covered by a fidelity bond, to make withdrawals from T/A 1; and
2. permitted K. NEGRI to sign all checks originating from T/A 1 during the audit period, in violation of **Code Section 10145 and Regulations 2834 and 2951**

According to the bank records provided by Respondents for T/A 2, including the signature card utilized for all trust funds received and disbursed, SKY:

3. permitted K. NEGRI, who was unlicensed by the BRE between September 19, 2012 and May 1, 2014, and not covered by a fidelity bond, to make withdrawals from T/A 2; and
4. permitted K. NEGRI to sign all checks originating from T/A 2 during the audit period, all in violation of **Code Section 10145 and Regulations 2834 and 2951.**

D. Trust Fund Handling - Control Records. SKY failed to maintain for T/A 1 and T/A 2 accurate and complete columnar records to include the date of trust fund deposits, in violation of **Code Section 10145 and Regulation 2831.**

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1 **E. Unlicensed Activities between August 10, 2011 to February 6, 2014.**

2 Subsequent to the August 9, 2011 passing of SKY's designated officer D. Negri,
3 SKY had no designated officer of record from August 10, 2011 to February 6, 2014; although
4 SKY had no designated officer of record after D. Negri's passing, SKY continued to operate and
5 perform property management services for compensation for the period August 10, 2011 to
6 February 6, 2014. Although K. NEGRI was not licensed by the Bureau in any capacity between
7 September 19, 2012 and May 1, 2014, she engaged in the business of a real estate licensee and
8 leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for
9 rent, or solicited for prospective tenants, or negotiated the sale, purchase or exchanges of leases
10 on real property, or on a business opportunity, or collected rent from real property, or
11 improvements thereon, or from business opportunities, while holding an expired real estate
12 salesperson license, in violation of **Code Section 10130**.

13 1. Nancy R.'s Property Management Transaction: On June 20, 2011, the
14 Rosenblum Trust dated January 8, 1998 entered into a Property Management Agreement with
15 SKY for property management services for fifteen (15) units of an apartment building located at
16 7253 Jordan Avenue ("Jordan apartments") and five (5) houses located in Tujunga, California at:
17 7053 Sunnycrest Trail; 10507, 105071/2, 105011 Tinker Ave.; and 7649 Thousand Oaks Drive
18 (collectively, "Tujunga properties"), wherein Respondent K. NEGRI signed the agreement as the
19 Chief Executive Officer of SKY. SKY's designated officer of record, D. Negri, passed away on
20 August 9, 2011. Thereafter, SKY had no designated officer of record until February 7, 2014,
21 when Butler was appointed as the designated officer of record for SKY. Between August 10,
22 2011 and February 6, 2014, SKY continued to manage Nancy R.'s Jordan apartments and
23 Tujunga properties, without a designated officer of record. Between
24 August 10, 2011 and February 6, 2014, SKY continued to perform acts requiring a real estate
25 license without a designated officer of record, in violation of **Code Section 10130**. Between
26

1 September 19, 2012 and May 1, 2014, K. NEGRI engaged in the business of a real estate broker
2 or a salesperson and performed property management services that require a real estate license
3 when she did not hold a valid real estate license; K. NEGRI operated on an expired license to
4 perform acts requiring a real estate license between September 19, 2012 and May 1, 2014, in
5 violation of **Code Section 10130**.

6 Additional Violations of the Real Estate Law

7 12.

8 The overall conduct of Respondents is violative of the Real Estate Law and
9 constitutes cause for the suspension or revocation of the real estate licenses and license rights of
10 SKY and NEGRI under the provisions of **Code Sections 10177(g)** for negligence and **10177(d)**
11 for willful disregard of the Real Estate Law.

12 COSTS

13 13.

14 Code Section 10106 provides, in pertinent part, that in any order issued in
15 resolution of a disciplinary proceeding before the Bureau of Real Estate, the Commissioner may
16 request the administrative law judge to direct a licensee found to have committed a violation of
17 this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of
18 the case.

19 14.

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

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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against the license and license rights of Respondents SKY PROPERTIES, INC. and KARI
4 ALLETA NEGRI under the Real Estate Law (Part 1 of vision 4 of the Business and Professions
5 Code), for the cost of investigation and enforcement as permitted by law, and for such other and
6 further relief as may be proper under other provisions of law, and for costs of audit.

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8 Dated at San Diego, California

9 this 19th day of January, 2016.

10
11 V. Kilpatrick
12 Veronica Kilpatrick
13 Deputy Real Estate Commissioner
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18 cc: Sky Properties, Inc.
19 Kari Alleta Negri
20 Sacto.
21 Audits – Anna Hartoonian
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