

FILED

FEB - 1 2017

BUREAU OF REAL ESTATE

By *[Signature]*

BEFORE THE BUREAU OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of	)	CalBRE No. H-40316 LA
	)	
HOUSE MASTERS REALESTATE INC., doing	)	OAH No. 2016100235
Business as House Masters Real Estate Company and	)	
House Masters Real Estate Loans and	)	
FATAI OLUFEMI YUSUFF, as designated officer of	)	
House Master Realestate Inc.	)	
	)	
Respondents.	)	

DECISION

The Proposed Decision dated December 30, 2016, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

The Decision suspends or revokes one or more real estate licenses.

Pursuant to Government Code section 11521, the Bureau of Real Estate may order reconsideration of this Decision on petition of any party. The Bureau's power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license or to the reduction of a penalty is controlled by Section 11522 of the Government Code. A copy of Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

This Decision shall become effective at 12 o'clock noon on FEB 21 2017.

IT IS SO ORDERED 1/23/17

WAYNE BELL  
REAL ESTATE COMMISSIONER

*[Signature]*

By: DANIEL J. SANDRI  
Chief Deputy Commissioner

BEFORE THE  
BUREAU OF REAL ESTATE  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

HOUSE MASTERS REALESTATE INC.,  
dba House Masters Real Estate Company,  
House Masters Real Estate Loans,

and

FATAI OLUFEMI YUSUFF, as designated  
officer of House Masters Realestate Inc.,

Respondents.

Case No. H-40316 LA

OAH No. 2016100235

**PROPOSED DECISION**

Administrative Law Judge Juliet E. Cox, State of California, Office of Administrative Hearings, heard this matter on December 6, 2016, in Los Angeles, California.

Steve Chu, Counsel for the Bureau of Real Estate, represented complainant Maria Suarez, in her official capacity as Supervising Special Investigator for the Bureau of Real Estate.

Respondent Fatai Olufemi Yusuff appeared at the hearing representing himself and respondent House Masters Realestate Inc.

The matter was submitted on December 6, 2016.

**FACTUAL FINDINGS**

1. The Bureau of Real Estate (Bureau) licensed respondent Fatai Olufemi Yusuff (Yusuff) as a real estate salesperson in 1986. In October 1997, the Bureau licensed Yusuff as a real estate broker. Yusuff maintained this license (B/00936101) until October 20, 2013, when the license expired without renewal.

2. In April 2005, the Bureau issued license C/01492550 to respondent House Masters Realestate Inc. (HMR). HMR designated respondent Yusuff as its responsible officer. HMR last renewed this license in early 2014, and it is scheduled to expire on February 26, 2018.

3. On July 1, 2008, the California Franchise Tax Board (FTB) directed the Secretary of State to suspend HMR's corporate powers, rights, and privileges. The Secretary of State certified that HMR's corporate powers, rights, and privileges remained suspended as of November 17, 2015. No evidence at the hearing showed that FTB and the Secretary of State had restored HMR's corporate powers, rights, and privileges since November 17, 2015.

4. On July 19, 2016, acting in her official capacity as Supervising Special Investigator for the Bureau, complainant Maria Suarez served HMR with an accusation. In September 2016, Suarez served both HMR and Yusuff with a first amended accusation. The first amended accusation seeks revocation of HMR's corporate broker license on the ground that the Secretary of State has suspended HMR's corporate powers, rights, and privileges. The first amended accusation also seeks revocation of any personal license rights held by Yusuff, on the ground that he has failed in his responsibility to ensure compliance by HMR with all laws governing corporate real estate licensees. Yusuff requested a hearing.

5. Yusuff paid in January 2014 to renew HMR's corporate broker license (C/01492550). He testified, however, that he had intended with this payment to renew his personal license (B/00936101), allowing HMR's corporate license to lapse. In light of all the evidence, this testimony was not credible. Yusuff knows, and has known at all times since August 2014, that his licensure as a real estate broker is in his capacity as the designated officer of HMR.

6. In May 2014, Yusuff submitted an application to the Bureau to change the name of his corporate licensee from HMR to House Master International Real Estate Inc. (HMI). The Bureau rejected this application on the ground that HMR and HMI were different corporations, and advised Yusuff that he could license HMI only by submitting an original application for HMI's licensure.

7. Yusuff submitted an original application to license HMI as a real estate broker in June 2014. The Bureau notified Yusuff in August 2014 that it would not issue a license to HMI until it had done additional investigation. As of the date of the hearing, the Bureau had not issued any license to HMI.

8. Yusuff began doing business as a real estate broker through HMI not later than 2015. He testified that HMI engaged in real estate brokerage transactions because Yusuff believed, albeit mistakenly, that the Bureau had issued a license to HMI. In light of all the evidence, this testimony was not credible. Yusuff knows, and has known since August 2014, that HMI holds no license to act as a real estate broker.

9. Yusuff testified that he had no idea that the Secretary of State had suspended HMR's corporate powers, rights, and privileges until he received the July 2016 accusation in this matter. He testified as well that he still does not know precisely why FTB caused the Secretary of State to suspend HMR's corporate powers, rights, and privileges, or what he might need to do to restore those privileges even for the limited purpose of dissolving and winding up the corporation. In light of all the evidence, this testimony was not credible. The evidence did not establish exactly when or how Yusuff learned that the Secretary of State had suspended HMR's corporate powers, rights, and privileges, but it established that Yusuff has known of this problem long enough to have addressed it before the Bureau commenced this disciplinary proceeding.

10. The Bureau of Real Estate has incurred \$934.50 in enforcement costs on this matter, and \$332.55 in investigation costs. The Bureau's claim for these costs is supported by a declaration that complies with California Code of Regulations, title 1, section 1042. The total cost amount (\$1,267.05) is reasonable.

### LEGAL CONCLUSIONS

1. Upon certification from FTB, the Secretary of State may suspend a corporation's powers, rights, and privileges for a variety of reasons. (Rev. & Tax. Code, §§ 23301, 23301.5, 23302.) As set forth in Finding 3, HMR has been under suspension by the Secretary of State for more than eight years.

2. At initial licensure and at all times thereafter, a corporate real estate licensee must be an active corporation in good legal standing with the Secretary of State. (Cal. Code Regs., tit. 10, § 2742.) The Bureau may suspend or revoke HMR's real estate broker license for willfully disregarding or violating the Real Estate Law and the regulations implementing it, or for doing an act that would have rendered HMR ineligible for initial licensure. (Bus. & Prof. Code, § 10177, subds. (d), (f).) As set forth in Findings 3 and 9, cause exists under these statutes and regulations to suspend or revoke HMR's license.

3. HMR's designated officer must ensure HMR's compliance with all laws and regulations governing real estate licensees. (Bus. & Prof. Code, § 10159.2.) Regardless of whether Yusuff's real estate broker license has lapsed, the Bureau may suspend or revoke that license for willfully disregarding or violating the Real Estate Law and the regulations implementing it, or for failure to exercise reasonable control over HMR's business. (*Id.*, §§ 10103, 10177, subds. (d), (h).) The matters set forth in Findings 2, 3, 5, and 9 constitute cause under these statutes to suspend or revoke Yusuff's license.

4. The Bureau may suspend or revoke HMR's or Yusuff's real estate broker licenses for "negligence or incompetence" in licensed activities. (Bus. & Prof. Code, § 10177, subd. (g).) Complainant did not establish cause under this statute to suspend or revoke either respondent's license.

5. The matters set forth in Findings 5, 8, and 9 show that the Bureau cannot expect HMR to cure its suspension within any reasonable time, and show as well that the Bureau cannot rely on Yusuff to be forthright either with the Bureau or with members of the public who may interact with him in his real estate business. For these reasons, the public interest favors revocation of HMR's and Yusuff's licenses.

6. A licensee found to have committed a violation of the licensing act may be required to pay the Bureau the reasonable costs of the investigation and enforcement of the case. (Bus. & Prof. Code, § 10106.) The Bureau's request for reimbursement for \$1,267.05 in costs in this case is justified, and as set forth in Finding 10 is reasonable.

In *Zuckerman v. State Bd. of Chiropractic Examiners* (2002) 29 Cal.4th 32, the California Supreme Court set forth the standards by which a licensing board or bureau must exercise its discretion to reduce or eliminate cost awards to ensure that the board or bureau does not deter licensees with potentially meritorious claims from exercising their administrative hearing rights. The court held that a licensing board requesting reimbursement for costs relating to a hearing must consider the licensee's "subjective good faith belief" in the merits of his position and whether the licensee has raised a "colorable challenge" to the proposed discipline. (*Id.*, at p. 45.) The board also must consider whether the licensee will be "financially able to make later payments." (*Ibid.*) Lastly, the board may not assess full costs of investigation and enforcement when it has conducted a "disproportionately large investigation." (*Ibid.*)

All these matters have been considered. Assessment against respondent of the Bureau's reasonable prosecution costs will reimburse the Bureau fairly without unduly burdening respondent's exercise of his hearing rights.

ORDER

1. All licenses and licensing rights of respondent Fatai Olufemi Yusuff under the Real Estate Law are revoked.

2. All licenses and licensing rights of respondent House Masters Realestate Inc. under the Real Estate Law are revoked.

3. Respondents shall reimburse the Bureau \$1,267.05 for its reasonable investigation and prosecution costs within 30 days following the Bureau's final decision in this matter. Respondents are jointly and severally liable for these costs.

DATED: December 30, 2016

DocuSigned by:

*Juliet E. Cox*

9409C3FCAB7C4CF

JULIET E. COX

Administrative Law Judge

Office of Administrative Hearings