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**FILED**

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**BUREAU OF REAL ESTATE**

By *John C. Gail*

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

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In the Matter of the Accusation against	)	CalBRE No. H-40751 LA
	)	
PAB COMPANIES, INC. and	)	<u>ACCUSATION</u>
PATRICK ANTHONY BURRIS, individually and	)	
as designated officer of PAB Companies, Inc.,	)	
	)	
Respondents.	)	

The Complainant, Maria Suarez, a Supervising Special Investigator for the Bureau of Real Estate ("Bureau") of the State of California, for cause of Accusation against PAB COMPANIES, INC. and PATRICK ANTHONY BURRIS, individually and as designated officer of PAB Companies, Inc., (collectively "Respondents"), alleges as follows:

1.

The Complainant, Maria Suarez, acting in her official capacity as a Supervising Special Investigator, makes this Accusation against Respondents.

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2.

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

3.

Respondents are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Code).

4.

Respondent PAB COMPANIES, INC. ("PABCI") has been licensed by the Bureau as a real estate corporation, License ID 01933711, from May 28, 2013, through the present. Respondent PABCI has been licensed to do business as AA Property Management as of June 3, 2013. PABCI employed two licensed salespersons at all times relevant herein.

5.

Respondent PATRICK ANTHONY BURRIS, also known as Patrick A. Burris, ("BURRIS") has been licensed by the Bureau as a real estate broker, License ID 01495870, from July 29, 2009, through the present. Respondent BURRIS was previously licensed as a salesperson from May 31, 2005, through July 28, 2009.

6.

From May 28, 2013, through the present, Respondent PABCI has been licensed as a real estate corporation, acting by and through Respondent BURRIS as its designated broker-officer. As the designated broker-officer for PABCI pursuant to Section 10211 of the Code, BURRIS was responsible for the supervision and control of the activities conducted on behalf of PABCI, by its officers, agents, and employees, as necessary to secure full compliance with Real Estate Law as set forth in Code Section 10159.2 and Regulation 2725.

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1 7.

2 Christine Burris-Wisecarver, Kenneth J. Burris, and Marlene V. Burris were not licensed  
3 by the Bureau during all times relevant herein.

4 CAUSE OF ACCUSATION

5 Audit LA 160062

6 8.

7 On May 25, 2017, the Bureau completed an audit examination of the books and records  
8 of Respondent PABCI's property management activities, which require a real estate license  
9 pursuant to Code section 10131(b). The audit examination period covered January 1, 2015  
10 through December 30, 2016. The audit examination revealed violations of the Code and the  
11 Regulations, as set forth in the following paragraphs and more fully discussed in Audit Report  
12 LA 160062 and the exhibits and work papers attached to said audit report.

13 9.

14 According to Respondent BURRIS and the PABCI audit work papers examined,  
15 Respondent PABCI managed 76 one-to-four family residential properties and three apartment  
16 complexes with 39 units for 40 property owners during the audit period described above in  
17 Paragraph 8. Respondent collected approximately \$4,928,224.10 in rental receipts during the  
18 audit period. Respondent received a management fee of six to six-and-a-half percent (6% -  
19 6 ½%) of monthly collected rents or a monthly flat fee of \$200.

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According to Respondent BURRIS, PABCI maintained the following two bank accounts for PABCI's property management activities during the audit period:

Bank Account #1 (BA1)

Bank: Chase Bank

Account Name: PAB Companies Inc dba AA Property Management

Account #: xxxxx7883

Signer(s): Respondent BURRIS, Kenneth J. Burris, Christine Burris-Wisecarver, and  
Marlene V. Burris

# of signatures required: One (1)

Description: PABCI used BA1 for security deposits.

Bank Account #2 (BA2)

Bank: Chase Bank

Account Name: PAB Companies Inc dba AA Property Management

Account #: xxxxx7895

Signer(s): Respondent BURRIS, Kenneth J. Burris, Christine Burris-Wisecarver, and  
Marlene V. Burris

# of signatures required: One (1)

Description: PABCI used BA2 for monies received and disbursed related to its property management activities.

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1 Violations

2 11.

3 In the course of PABCI's property management activities during the audit examination  
4 period described above in Paragraph 8, Respondent PABCI acted in violation of the Code and  
5 the Regulations as follows:

6 11(A). Code Section 10145(a) and Regulation 2832.1. Trust fund handling for multiple  
7 beneficiaries

8 As of December 30, 2016, BA1 had a minimum shortage of <\$500.00>. The shortage  
9 was due to negative property balances of <\$500.00> that belonged to property owner, W.M.<sup>1</sup>

10 As of December 30, 2016, BA2 had a minimum shortage of <\$251.97>. The cause of the  
11 minimum shortage was due to the negative property balances described below:

<u>Date</u>	<u>Property Owner</u>	<u>Negative Balance</u>
12 12/30/2016	AP, LLC	(\$ 0.80)
13 12/20/2016	R.G. & P.G.	(\$236.85)
14 12/30/2016	R-S	(\$ 14.32)
Total Negative Balance =		(\$251.97)

15  
16 During the audit period, PACBI failed to maintain a complete and accurate separate  
17 record and control record of the receipt and disposition of all trust funds deposited into BA1 and  
18 BA2 as is required under Code section 10145 and Regulations 2831 and 2831.1.

19 According to a discussion between the Bureau's auditor's and Respondent Burris held on  
20 May 12, 2017, the negative property balances were due to a failure to reconcile records every  
21 month resulting in PABCI not having the accurate ending balances for each separate record.

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24 <sup>1</sup> Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

1 Respondent PABCI failed to provide any evidence that the owners of the trust funds had  
2 given their written consent to allow Respondent to reduce the balances of funds in BA1 and BA2  
3 to an amount less than the existing aggregate trust fund liabilities. Said acts are in violation of  
4 Code section 10145 and Regulation 2832.1.

5 11(B). Code Section 10145 and Regulation 2831. Trust fund records to be maintained

6 Respondent PABCI failed to maintain accurate or complete records of trust funds  
7 received and disbursed (control records) for BA1 and BA2, in violation of Code section 10145  
8 and Regulation 2381. The control records did not include an entry of the date when funds were  
9 received. Examples of the inaccurate/incomplete entries include, without limitation, the  
10 following:

<u>Tenant</u>	<u>Property</u>	<u>Date of Deposit</u>	<u>Amount</u>
A.A.	4300 Fjord St. #E	12/6/2016	\$ 700.00
L.F. & M.F.	133 W. B St.	12/6/2016	895.00
T.H.	4320 Fjord St. #D	12/6/2016	725.00
R.M.	1372 Clay St.	12/6/2016	1,975.00
J.P.	143 W. B St.	12/6/2016	895.00
J.R.	141 W. B St.	12/6/2016	875.00
C.S.	4300 Fjord St. #A	12/6/2016	725.00
E.T.	137 W. B St.	12/6/2016	895.00
A.M.	4320 Fjord St. #B	12/7/2016	800.00
M.M.	4320 Fjord St. #A	12/7/2016	797.50
C.P.	4320 Fjord St. #E	12/7/2016	725.00
N.S.	4320 Fjord St. #C	12/12/2016	789.00
M.C.	4300 Fjord St. #D	12/16/2016	625.00

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19 11(C). Code Section 10145 and Regulation 2831.1. Separate records for each  
20 beneficiary or transaction

21 During the audit period, Respondent PABCI failed to maintain accurate separate records  
22 for BA1 and BA2 of all trust funds received and disbursed related to Respondent's property  
23 management activities, in violation of Code section 10145(g) and Regulation 2831.1.

1 As of December 30, 2016, BA1 and BA2 contained unidentified or unaccounted for  
2 funds of at least \$4,717.66 and \$3,844.15, respectively.

3 According to a discussion between the Bureau's auditor's and Respondent Burris held on  
4 May 12, 2017, the negative property balances were due to a failure to reconcile records every  
5 month, which resulted in PABCI not having the accurate ending balance for each separate  
6 record.

7 11(D). Code Section 10145 and Regulation 2831.2. Trust account reconciliation

8 During the audit period, Respondent PABCI failed to perform and maintain a monthly  
9 and timely reconciliation comparing the balance of all separate beneficiary or transaction records  
10 (separate records) to the balance of all trust funds received and disbursed (control record) for  
11 BA1 and BA2, in violation of Code section 10145 and Regulation 2831.2.

12 According to a discussion between the Bureau's auditor's and Respondent Burris held on  
13 May 12, 2017, the negative property balances were due to a failure to reconcile records every  
14 month, which resulted in PABCI not having the accurate ending balance for each separate  
15 record.

16 11(E). Code Section 10145 and Regulation 2832. Trust fund handling/Trust account  
17 designation

18 Based on the work papers examined, Respondent PABCI used BA1 and BA2 to hold  
19 trust funds even though the accounts are not designated as trust accounts and were not in  
20 Respondent PABCI's name as trustee; in violation of Code Section 10145 and Regulation 2832.

21 11(F). Code Section 10145 and Regulation 2834. Trust Account Withdrawals

22 Based on an examination of BA1 and BA2's bank signature card statements dated  
23 January 12, 2017, Kenneth J. Baurris, Christine Burris-Wisecarver, and Marlene V. Burris were  
24 allowed to make withdrawals as signers even though they are not licensed salespersons of

1 PABCI and are not covered by a fidelity bond, in violation of Code section 10145 and  
2 Regulation 2834.

3 11(G). Code Sections 10145, 10176(e), and Regulation 2832. Handling of Trust  
4 Funds/Commingling

5 During the audit period, trust funds related to PABCI's property management activities  
6 were deposited into BA2-PABCI's working account or general operating account-and were  
7 commingled with PABCI's general funds, in violation of Code sections 10145 and 10176(e), and  
8 or Regulation 2832.

9 The PABCI transactions for the month of October of 2016 totaled \$15,606.36 and  
10 examples of the transactions include, without limitation, the following:

<u>Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
10/10/2016	10182	Patrick Burriss-Oct. payroll	\$5,778.29
10/10/2016	10184	Alexis Tiradeau-Oct. payroll	1,450.01
10/14/2016	24463	Airworks Solutions, Inc.	3,000.00
10/19/2016	24473	Barclay card services	4,398.54

14 The PABCI transactions for the month of November of 2016 totaled \$21,506.93 and  
15 examples of the transactions include, without limitation, the following:

<u>Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
11/10/2016	10186	Patrick Burriss-Nov. payroll	\$6,944.14
11/10/2016	blank	ADP: Nov. payroll taxes	3,947.18
11/18/2016	24597	Barclay card services	1,964.56
11/18/2016	24598	Charles Schwab: IRA	5,000.00

19 The PABCI transactions for the month of December of 2016 totaled \$39,158.98 and  
20 examples of the transactions include, without limitation, the following:

<u>Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
12/9/2016	10190	Patrick Burriss-Dec. payroll	\$10,050.43
12/9/2016	blank	ADP: Dec. payroll taxes	6,654.79
12/22/2016	24718	Citi Cards: gas, comm, comp.	3,262.31
12/27/2016	24719	Alexis Treadeau comm	7,000.00



1 11(H). Code Sections 10159.2, 10177(h), and Regulation 2725. Responsibility of  
2 Corporate Officer in Charge/Broker supervision

3 Based on the foregoing PABCI violations, Respondent BURRIS failed to reasonably  
4 supervise the activities of PABCI's salespersons, employees, or agents to ensure compliance  
5 with the Real Estate Law and Regulations and implement the policies and procedures for the  
6 proper management and handling of trust funds, in violation of Code sections 10159.2, 10177(h),  
7 and Regulation 2725.

8 12.

9 The conduct of Respondent PABCI as described above in Paragraphs 11(A) through  
10 11(G), violated the Code and the Regulations as set forth below:

11 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
12 11(A)	Code Section 10145 and Regulations 2832.1
13 11(B)	Code Section 10145 and Regulations 2831
14 11(C)	Code Section 10145 and Regulation 2831.1
15 11(D)	Code Section 10145 and Regulation 2831.2
16 11(E)	Code Section 10145 and Regulation 2832
17 11(F)	Code Section 10145 and Regulation 2834
18 11(G)	Code Sections 10145, 10176(e), and Regulation 2832

19 The foregoing violations constitute cause for the suspension or revocation of the real  
20 estate licenses and license rights of Respondent PABCI under the provisions of Code Sections  
21 10177(d), 10176(e), and/or 10177(g).

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1 Respondent BURRIS - Broker Supervision

2 13.

3 The conduct, acts and/or omissions of Respondent BURRIS, as set forth above in  
4 Paragraph 11(H), constitutes a failure to exercise the supervision and control over the activities  
5 of PABCI to ensure compliance with the Real Estate Law and Regulations, as is required by  
6 Code Section 10159.2 and Regulation 2725. Said conduct, acts, or omissions constitute cause to  
7 suspend or revoke the real estate license and license rights of Respondent BURRIS pursuant to  
8 Code Sections 10177(h), 10177(d) and/or 10177(g).

9 Audit Costs

10 14.

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

15 Investigation/Enforcement Costs

16 15.

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

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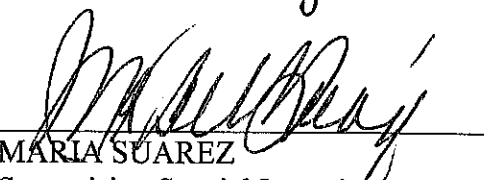
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1           WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this  
2           Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action  
3           against all licenses and/or license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

7           Dated at Los Angeles, California this 10th day of August, 2017.

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10          \_\_\_\_\_  
11          MARIA SUAREZ  
12          Supervising Special Investigator  
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20   cc:    PAB Companies, Inc. and Patrick Anthony Burris  
21          Maria Suarez  
22          Sacto  
23          Audits/Benilda Emery  
24