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FILED

JAN 14 2021

DEPT. OF REAL ESTATE

By 

9 **BEFORE THE DEPARTMENT OF REAL ESTATE**
10 **STATE OF CALIFORNIA**

11 * * *

12 In the Matter of the Accusation of) No. H-41862 LA
13 SHARON SUZANNE BUTLER,) ACCUSATION
14 Respondent.)

15 The Complainant, Maria Suarez, a Supervising Special Investigator for the
16 Department of Real Estate ("Department" or "DRE") of the State of California, for cause of
17 Accusation against SHARON SUZANNE BUTLER ("BUTLER") ("Respondent"), alleges as
18 follows:

- 19 1. The Complainant, Maria Suarez, acting in her official capacity as a Supervising
20 Special Investigator, makes this Accusation against Respondent.
21 2. All references to the "Code" are to the California Business and Professions Code
22 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

23 **LICENSE HISTORY**

24 3. Respondent BUTLER has been licensed by the Department as a real estate broker
25 ("REB"), License ID 01018706, from on or about October 12, 2006, through the present, with
26 BUTLER's license scheduled to expire on October 14, 2022, unless renewed. BUTLER was
27 previously licensed as a real estate salesperson ("RES"), from on or about March 8, 1989 to
28 October 11, 2006. As of November 20, 2019, BUTLER maintained four fictitious business names:

1 "Butler Real Estate and Investment Group," "Open House Experts," The Real Geek," and "Short
2 Sale Resolution Network." Also, as of November 20, 2019, BUTLER did not maintain any branch
3 offices and employed 10 salespersons.

4 4. BUTLER is the Designated Officer ("D.O.") for real estate corporation ("REC")
5 The Real Geek Incorporated ("TRGI," License ID 012102302), and was the D.O. for REC First
6 Avenue Real Estate Group, Inc. ("FAREGI," License ID 01978145) from August 31, 2017 to
7 October 16, 2018. FAREGI's real estate license was revoked by the Real Estate Commissioner on
8 October 17, 2018 in connection with disciplinary action in DRE Case No. H-40993 LA.

9 **BROKERAGE: BUTLER**

10 5. At all times mentioned, in Los Angeles County, BUTLER acted as a real estate
11 broker, conducting licensed activities within the meaning of Code Section 10131(b): leasing or
12 renting, offering to lease or rent, or collecting rents from real property for others.

13 **AUDIT OF BUTLER: AUDIT NO. LA190019**

14 6. On April 24, 2020, the Department completed an audit examination of the books and
15 records of BUTLER's real estate activities that require a real estate broker license under Code
16 Section 10131. The audit examination, LA190019, covered the time period from January 1, 2018 to
17 July 31, 2019 ("audit period") and was limited to BUTLER's property management activities.

18 7. The purpose of the audit examinations was to determine whether BUTLER
19 conducted his real estate activities and handled and accounted for trust funds in accordance with the
20 Real Estate Law and the Regulations.

21 **Bank Accounts**

22 8. According to BUTLER, she maintained one trust account to hold and collect trust
23 funds for multiple beneficiaries for her property management activity during the audit period, as
24 follows:

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1 12. As of July 31, 2019, there was a minimum trust fund shortage of \$14,654.50 in TA1
2 that was caused by a minimum negative property balance totaling \$14,654.50. The negative
3 balances were caused by disbursements related to properties when there were no sufficient funds to
4 make such disbursements. Also, as of July 31, 2019, there were minimum
5 unidentified/unaccounted for funds of \$36,552.45 in TA1.

6 13. BUTLER provided no evidence that the owners of the trust funds had given their
7 written consent to allow BUTLER to reduce the balance of funds in TA1 to an amount less than the
8 existing aggregate trust fund liabilities.

9 14. The reduction of the balance of funds in TA1 to an amount less than the existing
10 aggregate trust fund liabilities was in violation of Code Section 10145(a) and Regulation 2832.1.
11 **Issue Three (3).^v Code Section 10145 and Regulation 2832: Handling of Trust Funds; Trust**
12 **Fund Handling**

13 15. Based on records examined, including the Sunwest Bank signature card for TA1,
14 bank statements, and canceled checks, TA1 was not set up in BUTLER's name as trustee or in any
15 of BUTLER's licensed fictitious business names—"Butler Real Estate and Investment Group,"
16 "Open House Experts," "The Real Geek," or "Short Sale Resolution Network"—as trustee. Instead,
17 TA1 was set up in the name of First Avenue Real Estate Group Inc. Trust Account.

18 16. BUTLER's failure to set up TA1 as a trust account in BUTLER's name as trustee or
19 in any of BUTLER's licensed fictitious business names as trustee was in violation of Code Section
20 10145 and Regulation 2832.

21 **Issue Four (4). Code Section 10145 and Regulation 2831.2: Handling of Trust Funds; Trust**
22 **Account Reconciliation**

23 17. During the audit period, based on records examined, BUTLER did not maintain
24 accurate monthly reconciliation records for TA1. The balance of all separate records compared to
25 the balance of the record of all trust funds received and disbursed (control record) for TA1 were not
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28 ^v Issue Two (2) of the audit report is being skipped intentionally. Complainant reserves the right to conduct further investigation and to amend the Accusation should further evidence be acquired in support of Issue Two, as well as potential causes of accusation not alleged in this Accusation at the time of filing.

1 accurate. In addition, there were unidentified/unaccounted funds of \$36,552.45 in TA1 as of July
2 31, 2019.

3 18. BUTLER's failure to maintain accurate monthly reconciliation records for TA1 was
4 in violation of Code Section 10145 and Regulations 2831.2.

5 **Issue Five (5). Code Sections 10145 and Regulation 2831.1: Handling of Trust Funds;**
6 **Separate Record for Each Beneficiary or Transaction**

7 19. Based on an examination of records, BUTLER did not maintain accurate separate
8 records for each beneficiary or property for TA1 and no separate record was maintained for the
9 unidentified/unaccounted funds of \$36,552.45 in TA1 as of July 31, 2019. The minimum
10 accountability for TA1 was calculated by the auditor based on limited bank statements, control
11 records, and separate records for one month ending July 31, 2019.

12 20. BUTLER's failure to maintain accurate separate records for each beneficiary or
13 property for TA1 and failure to maintain a separate record for the unidentified/unaccounted funds
14 of \$36,552.45 for TA1 was in violation of Code Section 10145 and Regulation 2831.1.

15 **Issue Six (6). Code Sections 10145 and Regulation 2831: Trust Fund Records to be**
16 **Maintained**

17 21. Based on an examination of records, BUTLER failed to maintain accurate records of
18 all trust funds received and disbursed (control record) for TA1 related to her property management
19 activities in violation of Code Section 10145 and Regulation 2831.

20 **Issue Seven (7). Code Section 10145 and Regulation 2834: Handling of Trust Funds; Trust**
21 **Account Withdrawals**

22 22. Based on an examination of the Sunwest Bank signature card for TA1, former REB
23 Paul Richard Kotas ("Kotas," former license ID 00460262) and RES Adeeb Ahmad Azizi ("Azizi,"
24 license ID 01963152) were listed as signatories for TA1.

25 a. Kotas surrendered his REB license effective July 16, 2018 in connection
26 with disciplinary action in DRE Case No. H-40993 LA. Kotas was not authorized in
27 writing by BUTLER to be a signer on TA1. Kotas, who was a non-licensee effective July
28 16, 2018, and who was not covered by a fidelity bond or insurance, was allowed to make

1 withdrawals from TA1. Kotas was the D.O. for FAREGI from on or about April 8, 2015 to
2 August 30, 2017. Kotas was cancelled as the D.O. of FAREGI on July 31, 2017. As noted
3 above in paragraph 4, FAREGI's license was revoked by the Real Estate Commissioner on
4 October 17, 2018.

5 b. Azizi was also not authorized in writing by BUTLER to be a signer on TA1.
6 Azizi was also not employed under BUTLER's REB license during a time period that he
7 was allowed to make with withdrawals from TA1, January 1, 2018 to November 5, 2018.
8 Based on information obtained by the Department as of June 4, 2019, Azizi was the owner
9 of Diversified Real Property Management ("DRPM"), an unlicensed fictitious business
10 name, which was conducting property management services under BUTLER's REB license.
11 Azizi was later licensed under BUTLER's REB license from November 6, 2018 to February
12 5, 2020.

13 23. According to BUTLER, BUTLER did not have fidelity bond or insurance coverage
14 for TA1.

15 24. BUTLER was also not an authorized signer on TA1.

16 25. The listing of Kotas and Azizi on TA1's bank signature card without written
17 authorization from BUTLER to be signers on TA1, Kotas's ability to make withdrawals from TA1
18 as an unlicensed person without fidelity bond or insurance coverage for TA1, and BUTLER's
19 failure to be an authorized signer on TA1 during the audit period was in violation of **Code Section**
20 **10145 and Regulation 2834.**

21 **Issue Eight (8). Code Section 10130: License Required**

22 26. Based on an examination of records provided, during the audit period FAREGI was
23 conducting activities requiring a license under BUTLER's REB license after its REC license was
24 revoked on October 17, 2018. The Department's auditor has provided the following examples:

25 a. On or about March 25, 2019, RES Juli Flibbert ("Flibbert," License ID
26 01604552), executed two property management agreements on behalf of FAREGI with J.S.

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1 and C.S.^{2/} for the period from May 1, 2019 to May 31, 2020 to manage properties located at
2 19751 Crestknoll Dr., Yorba Linda, CA ("19751 Crestknoll"), and 12426 Maybrook,
3 Whittier, CA ("12426 Maybrook"). The executed property management agreements for the
4 properties located at 19751 Crestknoll and 12426 Maybrook authorized Flibbert, on behalf
5 of FAREGI, to, among other things, do the following: advertise the availability of the
6 properties, or any parts thereof, for rent or lease; initiate, sign, renew, modify, or cancel
7 rental agreements and leases for the properties, or any parts thereof; collect and give
8 receipts for rents, other fees, charges, and security deposits; receive security deposits from
9 tenants; and disburse the owners funds in compensation due the property manager at the
10 rate of 7% of the monthly rent, and \$195 for a placement fee for renting or leasing a
11 property.

12 b. Also on or about March 25, 2019, Flibbert executed two Disclosure
13 Regarding Real Estate Agency Relationship forms on behalf of FAREGI with J.S. and C.S.

14 27. Based on an examination of records provided by BUTLER, during the audit period,
15 a former REC named Diversified Real Property Management & Business Services Inc.
16 ("DRPMBSI," License ID 01154767), whose license expired on January 17, 2016, was providing
17 property management services and collecting property management fees under BUTLER's REB
18 license while DRPMBSI did not have a valid license. DRPMBSI provided property owner
19 statements, cancelled checks, and bank statements showing, for example:

20 a. DRPMBSI's monthly collection of rent from tenants residing at 510 and 512
21 S. Birch, Santa Ana, CA, between January 1, 2018 and July 31, 2019; and,

22 b. Monthly collection of property management fees by DRPMBSI for 510 and
23 512 S. Birch, Santa Ana, CA, between January 1, 2018 and July 31, 2019;

24 28. FAREGI's and DRPMBSI's conducting of property management activities requiring
25 a license, under BUTLER's REB license, during a time during the audit period when neither
26 FAREGI nor DRPMBSI had a valid license was in violation of **Code Section 10130**.

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28 ^{2/} 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 and/or her attorney(s), after service of a timely and proper request for discovery on Complainant's counsel.

1 **Issue Nine (9). Code Section 10159.5 and Regulation 2731: Use of False or Fictitious Business**

2 **Name**

3 29. During the audit period, BUTLER used the following unlicensed fictitious business
4 names as follows:

5 a. "Diversified Real Property Mgmt and Business Services" appeared as the
6 account name on Sunwest Bank account statements for TA1 from May 31, 2018 to July 31,
7 2019.

8 b. "First Avenue Real Estate Group Inc" appeared as the account name on
9 Sunwest Bank account statements for TA1 from May 31, 2018 to July 31, 2019.

10 c. "Diversified Real Property" was used in a property management agreement
11 entered into with A.G. for property located at 510 and 512 S. Birch, Santa Ana, CA, and
12 which agreement was executed by Flibbert on behalf of Diversified Real Property on or
13 about May 1, 2019.

14 d. "Diversified Real Property Management" was used in:

15 (1) A property management agreement entered into with C.D. for
16 property located at 1722 Mitchell Avenue, Unit 154, Tustin, CA, and which
17 agreement was executed by Azizi on behalf of Diversified Real Property
18 Management on or about January 27, 2018. This agreement contained the
19 statement, "Please note that 'Diversified Property Management' is the entity that
20 does business, is a 'dba' for Butler Real Estate & Investments with Brokerage DRE
21 License #01018706."

22 (2) A letter dated April 30, 2019 to a tenant of property owned by A.G.
23 informing the tenant to make rent checks payable to Diversified Property
24 Management, and which letter ended with the name Juli Flibbert.

25 e. "First Avenue Real Estate Group" was used in a broker-associate licensee
26 independent contractor agreement between BUTLER and RES Richard De Vuong (License
27 ID 01977440), which agreement was executed by BUTLER on or about October 15, 2018

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1 on behalf of "Butler Real Estate and Investment Group Db a First Avenue Real Estate
2 Group."

3 f. "First Avenue Real Estate" was used in a property management agreement
4 entered into with B.F. for property located at 18011 Wellington Circle, Villa Park, CA, and
5 which agreement was executed by Azizi on or about August 14, 2018 on behalf of "First
6 Avenue Real Estate db a of Butler Real Estate and Investments."

7 30. At no time during the audit period were any of the names listed above in paragraph
8 29 licensed by the DRE as fictitious business names for BUTLER.

9 31. BUTLER used these unlicensed fictitious business names, listed above in paragraph
10 29, without first obtaining a license from the Department in violation of Code Section 10159.5 and
11 Regulation 2731.

12 **Issue Ten (10). Code Section 10177(h) and Regulation 2725: Broker Supervision**

13 32. The Complainant realleges and incorporates by reference all of the allegations
14 contained in paragraphs 1 through 31 above, with the same force and effect as though fully set forth
15 herein.

16 33. Based on the above audit findings in Issue 1 and Issues 3 through 9 above, as
17 alleged in paragraphs 10 through 31 above, BUTLER did not exercise adequate supervision and
18 control over the property management activities conducted on her behalf by employees and/or
19 licensees as necessary to ensure compliance with the Real Estate Laws and Regulations.

20 34. BUTLER failed to establish policies, rules, procedures, and systems to review,
21 oversee, inspect, and manage the handling of trust funds and allowed licensed activities to be
22 conducted by FAREGI and DRPMBSI during a time period when neither FAREGI nor DRPMBSI
23 had a valid license.

24 35. BUTLER's acts and/or omissions, as alleged above, were in violation of Code
25 Section 10177(h) and Regulation 2725.

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1 **· ADDITIONAL VIOLATIONS OF THE REAL ESTATE LAW**
2 **NEGLIGENCE AND/OR WILLFUL DISREGARD OF THE REAL ESTATE LAW**

3 36. The Complainant realleges and incorporates by reference all of the allegations
4 contained in paragraphs 1 through 35 above, with the same force and effect as though fully set forth
5 herein.

6 37. The overall conduct of BUTLER is violative of the Real Estate Law and constitutes
7 cause for the suspension or revocation of the real estate license and license rights of BUTLER
8 under the provisions of Code Sections 10177(g) for negligence and/or 10177(d) for willful
9 disregard of the Real Estate Law.

10 **INVESTIGATION AND ENFORCEMENT COSTS**

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

15 **AUDIT COSTS**

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

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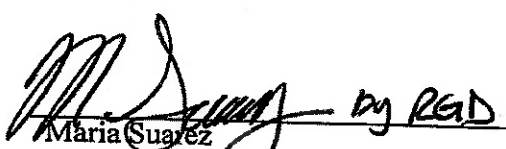
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all the licenses and license rights of SHARON SUZANNE BUTLER under the Real Estate Law, for the costs of investigation and enforcement, and audit as permitted by law, and for such other and further relief as may be proper under other applicable provisions of law, and for costs of audit.

Dated at Los Angeles, California this 13TH day of January, 2021.



Maria Suarez
Supervising Special Investigator

cc: SHARON SUZANNE BUTLER
Maria Suarez
Sacto.