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FILED

MAY 29 2024

DEPT. OF REAL ESTATE

By. [REDACTED]

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-42814 LA
)	
ARROW REAL ESTATE,)	<u>A C C U S A T I O N</u>
doing business as Arrow Asset Management,)	
Bayview Property Management, and)	
Doors Real Estate Management)	
ELIZABETH JANENE ROWE,)	
individually and as designated officer of)	
Arrow Real Estate,)	
)	
Respondents.)	

The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the State of California, for cause of Accusation against ARROW REAL ESTATE, doing business as Arrow Asset Management, Bayview Property Management, and Doors Real Estate Management, and ELIZABETH JANENE ROWE, individually and as designated officer of Arrow Real Estate ("Respondents"), is informed and alleges as follows:

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Accusation of ARROW REAL ESTATE and ELIZABETH JANENE ROWE

1. 1

2 The Complainant, Veronica Kilpatrick, acting in her official capacity as a
3 Supervising Special Investigator of the State of California, makes this Accusation against
4 Respondents ARROW REAL ESTATE and ELIZABETH JANENE ROWE.

2. 5

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

8 LICENSE HISTORY

3. 9

10 Respondent ARROW REAL ESTATE presently has license rights under the
11 Real Estate Law, Part 1 of Division 4 of the Code as a corporate real estate broker.

4. 12

13 Respondent ELIZABETH JANENE ROWE ("ROWE") presently has license
14 rights as a real estate broker.

5. 15

16 From May 12, 2016 to the present, Respondent ARROW REAL ESTATE is
17 licensed by the Department of Real Estate ("Department") as a corporate real estate broker by
18 and through Respondent ROWE, as the designated officer and broker responsible, pursuant to
19 Code section 10159.2, for supervising the activities requiring a real estate license conducted on
20 behalf of ARROW REAL ESTATE, or by ARROW REAL ESTATE'S officers, agents and
21 employees.

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BROKERAGE

ARROW REAL ESTATE PROPERTY MANAGEMENT INCORPORATED

6.

At all times mentioned, in the City of San Diego, County of San Diego, Respondent ARROW REAL ESTATE acted as a real estate broker, conducting licensed activities within the meaning of Code section 10131(b) (leases or rents real property for others).

AUDIT

ARROW REAL ESTATE PROPERTY MANAGEMENT INCORPORATED

7.

On October 24, 2023, the Department completed audit examinations of the books and records of Respondent ARROW REAL ESTATE pertaining to the activities described in Paragraph 6 which require a real estate license. The audit examinations covered a period of time from May 1, 2021, to February 28, 2023. The audit examinations revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Report SD220020 and the exhibits and workpapers attached to said audit report.

8.

Respondent ARROW REAL ESTATE accepted or received funds in trust ("trust funds"). Thereafter, Respondent made deposits and or disbursements of such trust funds. During the examination period described in Paragraph 7 above, Respondent deposited or maintained trust funds in the following bank accounts:

Trust Account 1: Enterprise Bank & Trust account ending in 114.

Trust Account 2: Enterprise Bank & Trust account ending in 696.

Trust Account 3: Enterprise Bank & Trust account ending in 583.

Trust Account 4: Enterprise Bank & Trust account ending in 808.

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1 FIRST CAUSE OF ACTION

2 AUDIT VIOLATIONS OF THE REAL ESTATE LAW

3 9.

4 In the course of activities described in Paragraph 6 above and during the
5 examination period described in Paragraph 7 above, Respondents ARROW REAL ESTATE
6 and ROWE acted in violation of the Code and the Regulations in that:

7 9(a) As of February 28, 2023, Respondent ARROW REAL ESTATE had a
8 trust fund shortage in the amount of \$27,206.77 in Trust Account 1 and Trust Account 2.
9 ARROW REAL ESTATE did not have written consent from the owners of the trust funds to
10 reduce the balance of trust funds to an amount less than the aggregate trust fund liabilities, in
11 violation of Code section 10145 and Regulations section 2832.1.

12 9(b) Respondent ARROW REAL ESTATE did not maintain a complete and
13 accurate control record or general ledger of all trust funds received and disbursed, in violation
14 of Code section 10145 and Regulations section 2831.

15 9(c) Respondent ARROW REAL ESTATE did not maintain a complete and
16 accurate separate record of all trust funds received and disbursed for each beneficiary in
17 connection with ARROW REAL ESTATE'S broker activities, in violation of Code
18 section 10145 and Regulations section 2831.1.

19 9(d) Respondent ARROW REAL ESTATE did not perform and maintain a
20 monthly reconciliation of all the separate records with the control record of all trust funds
21 received and disbursed, in violation of Code section 10145 and Regulations section 2831.2.

22 9(e) Respondent ARROW REAL ESTATE allowed non-licensee William
23 McBride to be an authorized signer and to make withdrawals from Trust Account 1, Trust
24 Account 2, and Trust Account 3 used by ARROW REAL ESTATE for trust funds, and
25 ARROW REAL ESTATE failed to maintain a fidelity bond or insurance coverage at least
26 equal to the maximum amount of the trust funds to which the individual had access at any time,
27 in violation of Code section 10145 and Regulations section 2834.

Accusation of ARROW REAL ESTATE and ELIZABETH JANENE ROWE

1 9(f) Respondents ARROW REAL ESTATE and ROWE did not disclose in
2 writing to the owners of the real property managed by ARROW REAL ESTATE of the fact
3 that ARROW REAL ESTATE and ROWE marked up the invoices from contractors, vendors,
4 and stores above the actual cost incurred, and ARROW REAL ESTATE and ROWE charged
5 and collected from the property owners mark ups on repairs and failed to obtain approval from
6 the property owners for the mark ups, in violation of Code sections 10145 and 10176(g). For
7 invoices and billings for 5098 Carlsbad Blvd, Carlsbad, California 92008, ARROW REAL
8 ESTATE incurred costs of \$740.33, and ARROW REAL ESTATE and ROWE marked up their
9 invoice by \$359.67 and charged the property owners a total of \$1,100.00. For invoices and
10 billings for 1702 S Pacific St, Oceanside, California 92054, ARROW REAL ESTATE incurred
11 costs of \$350.46, and ARROW REAL ESTATE and ROWE marked up their invoice by \$61.52
12 and charged the property owners a total of \$411.98. For invoices and billings for 9948 Falcon
13 Bluff St, San Diego, California 92127, ARROW REAL ESTATE incurred costs of \$1,037.48,
14 and ARROW REAL ESTATE and ROWE marked up their invoice by \$311.10 and charged the
15 property owners a total of \$1,348.58. For invoices and billings for 1225 Brewley Ln, Vista,
16 California 92081, ARROW REAL ESTATE incurred costs of \$1,099.82, and ARROW REAL
17 ESTATE and ROWE marked up their invoice by \$640.09 and charged the property owner a
18 total of \$1,739.91.

19 9(g) On or about October 28, 2022, Respondent ARROW REAL ESTATE
20 performed unauthorized disbursements of \$210.54 and \$120.00 of trust funds, and on or about
21 February 28, 2023, ARROW REAL ESTATE performed an unauthorized disbursement of
22 \$15,210.48 of trust funds, in violation of Code sections 10145 and 10176(i).

23 9(h) The conduct, acts, or omissions of Respondent ROWE, as described in
24 Paragraph 9, in failing to ensure compliance of the Real Estate Law by Respondent ARROW
25 REAL ESTATE'S officers, agents and employees, is in violation of Code section 10159.2 and
26 Regulations section 2725.

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10.

The conduct, acts, or omissions of Respondents ARROW REAL ESTATE and ROWE, described in Paragraph 9 above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
9(a)	Code section 10145 and Regulations section 2832.1 (ARROW REAL ESTATE)
9(b)	Code section 10145 and Regulations section 2831 (ARROW REAL ESTATE)
9(c)	Code section 10145 and Regulations section 2831.1 (ARROW REAL ESTATE)
9(d)	Code section 10145 and Regulations section 2831.2 (ARROW REAL ESTATE)
9(e)	Code section 10145 and Regulations section 2834 (ARROW REAL ESTATE)
9(f)	Code sections 10145 and 10176(g) (ARROW REAL ESTATE and ROWE)
9(g)	Code sections 10145 and 10176(i) (ARROW REAL ESTATE)
9(h)	Code section 10159.2 and Regulations section 2725 (ROWE)

The foregoing violations constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent ARROW REAL ESTATE under the Real Estate Law pursuant to the provisions of Code sections 10176(g), 10176(i), 10177(d), and 10177(g).

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Accusation of ARROW REAL ESTATE and ELIZABETH JANENE ROWE

The foregoing violations constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent ROWE under the Real Estate Law pursuant to the provisions of Code sections 10176(g), 10177(d), 10177(g), and 10177(h).

SECOND CAUSE OF ACTION

SECRET PROFIT AND UNDISCLOSED COMPENSATION

11.

On or about May 5, 2020, Respondent ARROW REAL ESTATE through agent Respondent ROWE entered into a Property Management Agreement with property owners A. and M. Campbell for real property at 645 Camino Magnifico, San Marcos, California 92069 ("San Marcos property"). The Property Management Agreement under section 8.A.6. provided, "An overhead and service fee added to the cost of all work performed by, or at the direction of, Property Manager: Waived".

12.

On or about October 28, 2022, Respondent ROWE sent an email to the Department Special Investigator, which said in part, "The handymen did work under Arrow, our insurance and warranty of work. That is why we do not invoice at cost."

13.

On or about November 10, 2022, in response to an email from the Department Special Investigator asking how is the additional amount determined, Respondent ROWE sent an email to the Department Special Investigator, which said in part, "The amount depended on the job, whether there was a contractor for oversight who would determine the amount or if it was handyman work."

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14.

On or about November 10, 2022, in response to an email from the Department Special Investigator asking for documents to show the homeowner is aware of the amount invoiced to Respondent ARROW REAL ESTATE and the charge ARROW REAL ESTATE adds, Respondent ROWE sent an email to the Department Special Investigator, which said in part, "No we quoted and billed lump sum for our handymen."

15.

On or about November 10, 2022, in response to an email from the Department Special Investigator asking for documentation for additional charges, Respondent ROWE sent an email to the Department Special Investigator, which said in part, "We did a sliding scale percentage to account for: - Cost of worker's comp and general liability insurance, - Cost of accounting/bookkeeper time, - Cost of project management or coordination, - Cost for guarantee of work".

16.

On or about April 17, 2023, Respondent ARROW REAL ESTATE incurred costs of \$140.00 for the San Marcos property, and ARROW REAL ESTATE and ROWE marked up their invoice by \$107.50 and charged the property owners a total of \$247.50.

17.

On or about June 26, 2023, Respondent ARROW REAL ESTATE incurred costs of \$88.76 for the San Marcos property, and ARROW REAL ESTATE and ROWE marked up their invoice by \$81.24 and charged the property owners a total of \$170.00.

18.

The conduct, acts, or omissions of Respondents ARROW REAL ESTATE and ROWE, as described in Paragraphs 3 through 17 above, are in violation of Code sections 10176(g), 10177(d), 10177(g), and 10177(j), and constitutes cause under Code sections 10176(g), 10177(d), 10177(g), and 10177(j) for the suspension or revocation of all the licenses, license endorsements, and license rights of ARROW REAL ESTATE and ROWE.

Accusation of ARROW REAL ESTATE and ELIZABETH JANENE ROWE

1 THIRD CAUSE OF ACTION

2 FAILURE TO SUPERVISE

3 19.

4 The conduct, acts, or omissions of Respondent ROWE, as described in
5 Paragraphs 3 through 17 above, in failing to ensure compliance of the Real Estate Law by
6 ARROW REAL ESTATE, is in violation of Code section 10159.2 and Regulations
7 section 2725, and constitutes cause under Code sections 10177(d), 10177(g), and 10177(h) for
8 the suspension or revocation of all the licenses, license endorsements, and license rights of
9 ROWE.

10 20.

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

15 21.

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

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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all the licenses, license endorsements, and license rights of
4 Respondents ARROW REAL ESTATE and ELIZABETH JANENE ROWE under the Real
5 Estate Law, for the cost of audit, investigation, and enforcement as permitted by law, and for
6 such other and further relief as may be proper under other applicable provisions of law.

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8 Dated at San Diego, California

9 this 29 day of May, 2024

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11 _____
12 Veronica Kilpatrick
13 Supervising Special Investigator

14 cc: ARROW REAL ESTATE
15 ELIZABETH JANENE ROWE
16 Veronica Kilpatrick
17 Sacto.
18 Audits
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