

FILED

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DEPT. OF REAL ESTATE

By

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation Against	)	
	)	No. H-42844 LA
CCR PROPERTIES INC and	)	
PATRICIA LEE CROCKETT, individually and as	)	
Designated Officer of CCR Properties Inc,	)	<u>ACCUSATION</u>
	)	
Respondents.	)	
	)	

The Complainant, Jason Parson, a Supervising Special Investigator of the State of California, for cause of Accusation against CCR PROPERTIES INC ("CCRPI") and PATRICIA LEE CROCKETT ("CROCKETT"), individually and as designated officer of CCR Properties Inc (collectively as "Respondents") alleges as follows:

1.

The Complainant, Jason Parson, a Supervising Special Investigator of the State of California, makes this Accusation in his official capacity.

2.

All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6 of the California Code of Regulations.

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ACCUSATION

1 LICENSE HISTORY

2 (CCR PROPERTIES INC)

3 3.

4 Respondent CCRPI is presently licensed and/or has license rights under the
5 Code as a corporate real estate broker with Department of Real Estate ("Department") license
6 ID 01333873.

7 (PATRICIA LEE CROCKETT)

8 4.

9 Respondent CROCKETT is presently licensed and/or has license rights under
10 the Code as a real estate broker with Department license ID 01010547. CROCKETT is the
11 chief executive officer of CCRPI and 50% shareholder of CCRPI. In addition, CROCKETT is
12 the designated officer for CCRPI. As designated officer, CROCKETT is responsible for the
13 supervision of the activities conducted on behalf of CCRPI by its officers, agents, real estate
14 licensees, and employees pursuant to Section 10159.2 of the Code.

15 REAL ESTATE ACTIVITY

16 5.

17 At all times relevant herein CCRPI engaged in the business of, acted in the
18 capacity of, advertised or assumed to act as a real estate broker for or in expectation of
19 compensation, within the meaning of Code section 10131(b), by leasing or renting or offering
20 to lease or rent, or placing for rent, or soliciting listings of places for rent, or soliciting for
21 prospective tenants, or negotiating the sale, purchase or exchanges of leases on real property, or
22 on a business opportunity, or collecting rents from real property, or improvements thereon, or
23 from business opportunities ("property management").

24 CAUSE FOR ACCUSATION

25 (AUDIT NO. LA220137)

26 6.

27 On or about January 31, 2024, the Department completed an audit examination
28 of the books and records of CCRPI pertaining to its property management activities described

1 in Paragraph 5 above, to determine whether Respondents are in compliance with the Code and
2 Regulations. The audit examination covered the period of time from January 1, 2022, to July
3 31, 2023 ("audit period"). During the audit period, CCRPI managed 79 properties for
4 approximately 49 owners. The audit examination revealed violations of the Code and the
5 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report
6 No. LA220137 and the exhibits and work papers attached to said audit report.

7 7.

8 At all times mentioned herein, and in connection with the property management
9 activities described in Paragraph 5 above, CCRPI accepted or received funds, including funds
10 in trust ("trust funds") from or on behalf of the owners of the properties managed by CCRPI,
11 and thereafter made deposits and/or disbursements of such funds. CCRPI maintained one bank
12 account at First Republic Bank (Account No. xxxx7480) ("BA 1") and another bank account at
13 JP Morgan Chase (Account No. xxxx1116 ("BA 2") to hold and collect trust funds for multiple
14 beneficiaries during the audit period.

15 Violations of the Real Estate Law

16 8.

17 The audit examination revealed violations of the Code and the Regulations, as
18 set forth in the following paragraphs, and more fully discussed in Audit Report No. LA220137
19 and the exhibits and work papers attached to the audit reports:

20 **(a) Handling of Trust Funds/Trust Fund Handling for Multiple Beneficiaries (Code**
21 **section 10145; Regulations section 2832.1).**

22 As of July 31, 2023, BA 1 and BA 2 had a combined shortage of \$15,392.24
23 caused by a combined minimum negative property balance of \$4,240.00 and a combined
24 minimum unidentified shortage of \$11,089.24.

25 Respondents did not provide any evidence that the owners of the trust funds had
26 given their written consent to allow Respondents to reduce the balance of funds in BA 1 and
27 BA 2 to an amount less than the existing aggregate trust fund liabilities.

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1 **(b) Handling of Trust Funds (Code section 10145; Regulations 2832).**

2 BA 1 was not designated as a trust account in the name of CCRPI as trustee.

3 **(c) Handling of Trust Funds; Trust Funds Records To Be Maintained (Code section**
4 **10145; Regulations section 2831).**

5 The "General Ledger" maintained for all trust fund receipts and disbursements
6 for BA 1 and BA 2 were inaccurate and incomplete. The "General Ledger" failed to reflect an
7 accurate date of when trust funds were received and failed to reflect an accurate daily balance.

8 **(d) Handling of Trust Funds; Separate Records for Each Beneficiary or Transaction**
9 **(Code section 10145; Regulations section 2831.1).**

10 The separate record for each beneficiary or transaction titled "Owner Statement"
11 for BA 1 was inaccurate and incomplete. CCRPI did not maintain a separate record of its own
12 funds deposited into and disbursed from BA 1 and BA 2. During the audit period, there were
13 bank charges on BA 2 but not recorded on CCRPI's own combined funds.

14 **(e) Trust Account Reconciliation (Code section 10145; Regulations section 2831.2).**

15 CCRPI did not maintain an accurate monthly reconciliation comparing the
16 balances of all separate records for each beneficiary or transaction with the balance of all trust
17 funds received and disbursed for BA 1 and BA 2.

18 **(f) Trust Fund Handling/Commingling of Trust Funds (Code sections 10145 and 10176(e);**
19 **Regulations section 2835(a)/2835(c).**

20 On January 6, 2023, CCRPI deposited check number 4593 dated January 6,
21 2023, in the amount of \$5,000.00 of its own funds from JP Morgan Chase into BA 1, which
22 exceeded the \$200.00 allowed broker limit. As of July 31, 2023, BA 1 and BA 2 had a
23 combined remaining balance of \$4,967.40. CCRPI commingled its own funds with the trust
24 funds in BA 1 and BA 2.

25 **(g) Handling Trust Funds/Secret Profit/Undisclosed Compensation (Code sections 10145**
26 **and 10176(g).**

27 A property management agreement dated May 1, 2014, between CCRPI and a
28 property owner listed CCRPI's monthly flat fee of \$75.00 for management services. According

1 to the "Owner Statement" for that property, CCRPI collected \$100.00 monthly from February
2 10, 2023, through July 3, 2023. Respondents did not provide the auditor with any agreement or
3 notice to the property owner of the monthly fee increase from \$75.00 to \$100.00.

4 **(h) Trust Account Withdrawals (Code section 10145; Regulations section 2834).**

5 BA 1's bank signature card dated December 23, 2022, shows salesperson Jacob
6 Green Richmond (Lic. ID 02045891) as an authorized signer allowed to make withdrawals
7 from BA 1. Mr. Richmond, however, has been licensed under CROCKETT's individual broker
8 license, not CCRPI, from November 26, 2018, through August 15, 2022, and November 1,
9 2022, through the present.

10 9.

11 Each of the foregoing violations in Paragraph 8(a)-(h) above constitute cause for
12 the suspension or revocation of the real estate license and/or license rights of Respondents
13 under the provisions of Sections 10177(d) and/or 10177(g).

14 **COSTS**

15 **(AUDIT COSTS)**

16 10.

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

22 **(INVESTIGATION AND ENFORCEMENT COSTS)**

23 12.

24 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
25 resolution of a disciplinary proceeding before the Department, the Commissioner may request
26 the administrative law judge to direct a licensee found to have committed a violation of this
27 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
28 case.

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 and/or license rights of Respondents CCR
4 PROPERTIES INC and PATRICIA LEE CROCKETT under the Real Estate Law, for the costs
5 of investigation and enforcement as permitted by law, for the cost of the audit, and for such
6 other and further relief as may be proper under other applicable provisions of law.

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8 Dated at Los Angeles, California this 16th day of May, 2024.

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12 Jason Parson
13 Supervising Special Investigator
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25 cc: CCR PROPERTIES INC
26 PATRICIA LEE CROCKETT
27 Jason Parson
28 Sacto.
Audits – Anna Hartoonian