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FILED

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DEPT. OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-42847 LA
)	
B SQUARED REALTY; and)	
)	
MICHAEL CRAIG BROOKS,)	ACCUSATION
individually and as designated officer)	
of B Squared Realty,)	
)	
Respondents.)	

The Complainant, Jason Parson, a Supervising Special Investigator of the State of California, acting in his official capacity, for cause of Accusation against Respondents B SQUARED REALTY ("BSR") and MICHAEL CRAIG BROOKS ("BROOKS"), individually and as designated officer of BSR, is informed and alleges as follows:

1.

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

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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 unless otherwise specified.

(License History)

3.

a. Respondent BSR is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate corporation (license no. 01845279). BSR was originally licensed as a real estate corporation on or about June 3, 2008, and has been so licensed from on or about June 3, 2008 to June 2, 2012, September 27, 2012 to September 26, 2016, and November 29, 2016 through the present. Respondent BSR's designated officer has been Respondent BROOKS from on or about June 23, 2011 to June 2, 2012, September 27, 2012 to September 26, 2016, and November 29, 2016 through the present. Previously, BSR's designated officer was Ivy Alexandra Brooks-Gherscovici ("Brooks-Gherscovici") from on or about June 3, 2008 to June 22, 2011.¹ From on or about January 14, 2014 through the present, Respondent BSR's fictitious business names have been "B Squared Property Management" and "B Squared Real Estate."² From at least February 1, 2010 through the present, Respondent BSR's chief executive officer has been

¹ Brooks-Gherscovici is presently licensed and/or has license rights as a real estate broker (license no. 01329697). Brooks-Gherscovici was licensed as a real estate salesperson from on or about February 6, 2002 to December 4, 2007, and as a real estate broker from on or about December 5, 2007 through the present.

² BSR is not the same licensee as B2RE Corporation (license no. 02037943) even though B2RE Corporation's fictitious business names were "B Squared Property Management Westside" and "B Squared Real Estate Westside" both from on or about December 4, 2017 to December 18, 2023 and "B Squared Realty Westside" from on or about February 13, 2018 to December 18, 2023 and Respondent BROOKS' mailing address and B2RE Corporation's main office address are both 12409 Walsh Ave., Los Angeles, CA 90066. The addresses of 12409 Walsh Ave., Los Angeles, CA 90066 and 4587 Centinela Ave., Los Angeles, CA 90066 identify the same building that is at the corner of Walsh Ave. and Centinela Ave.

1 Respondent BROOKS. From at least November 7, 2023 through the present, Respondent
2 BSR's chief financial officer has been Alba Rocio Correa ("Correa"). 10880 Wilshire Blvd.,
3 Ste. 1101, Los Angeles, CA 90024 ("Wilshire Address") has been Respondent BSR's mailing
4 address since on or about August 13, 2015 and main office address since on or about November
5 29, 2016 through the present.

6 b. Respondent BROOKS is presently licensed and/or has license rights under the
7 Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real
8 estate broker (license no. 01830060). BROOKS was originally licensed as a real estate broker
9 on or about December 31, 2007, and has been so licensed since then. BROOKS's main office
10 address has been the Wilshire Address from on or about August 21, 2014. BROOKS's mailing
11 address has been the 12409 Walsh Ave., Los Angeles, CA 90066 from on or about December
12 28, 2019 through the present.

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14 (Real Estate Activities)

15 4.

16 At all times mentioned, in the County of Los Angeles, Respondents BSR and
17 BROOKS engaged in the business of a real estate broker conducting licensed activities within
18 the meaning of Code section 10131(b) ("[l]eases or rents or offers to lease or rent, or places for
19 rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the
20 sale, purchase, or exchanges of leases on real property, or on a business opportunity, or collects
21 rents from real property, or improvements thereon, or from business opportunities").

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(Trust Fund Audit)

5.

On or about January 31, 2024, the Department of Real Estate completed an audit examination of the books and records of BSR to determine whether BSR and BROOKS handled and accounted for trust funds and conducted their real estate activities in accordance with the Real Estate Law and Regulations. The audit examination covered a period of time beginning on August 1, 2021 and ending on June 30, 2023. The audit examination revealed violations of the Code and the Regulations set forth in the following paragraphs, and more fully discussed in Audit Report LA230023 and the exhibits and work papers attached to said audit report.

Trust Account

6.

At all times mentioned, in connection with the activities described in Paragraph 4, above, Respondents BSR and BROOKS accepted or received funds including funds in trust ("trust funds") from or on behalf of actual or prospective parties, such as owners of real property, and thereafter made deposits and/or disbursements of such funds. From time to time herein mentioned, during the audit period, said trust funds were deposited and/or maintained by BSR and BROOKS in the following bank account:

*****4787

First Republic Bank
2701 Wilshire Blvd.
Santa Monica, CA 90403

BA 1

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7.

In the course of activities described in Paragraphs 4 and 6, above, and during the audit examination period in Paragraph 5, above, Respondents BSR and BROOKS acted in violation of the Code and the Regulations as set forth below:

(a) Permitted, allowed, or caused the disbursement of trust funds from the trust account BA 1 where the disbursement of funds reduced the total of aggregate funds in BA 1, to an amount which, on June 30, 2023, was a minimum shortage of \$1,579.50 without first obtaining the prior written consent of the owners of said funds, in violation of Code section 10145 and Regulations sections 2832.1. Bank records showed \$928.20 of the \$1,579.50 to be a "Bank Error – B Squared."

(b) Failed to maintain an accurate and complete record of all trust funds received and disbursed (control record) for BA 1, in violation of Code section 10145 and Regulations section 2831.

(c) Failed to maintain an accurate and complete separate record for each beneficiary or transaction for BA 1, in violation of Code section 10145 and Regulations section 2831.1.

(d) Failed to perform and maintain accurate monthly reconciliations comparing the balance of all separate beneficiary or transactions records (separate records) to the balance of the record of all trust funds received and disbursed (control record) for BA 1, in violation of Code section 10145 and Regulations section 2831.2.

(e) BROOKS failed to exercise reasonable supervision and control over the licensed activities of BSR and its employees to ensure full compliance with the Real Estate Laws and Commissioner's Regulations, and failed to establish policies, rules, procedures, and systems to review, oversee, and manage transactions, in violation of Code section 10159.2 and Regulations section 2725.

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8.

The conduct of Respondents BSR and BROOKS, as described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
7(a)	Code section 10145 and Regulations sections 2832.1
7(b)	Code section 10145 and Regulations section 2831
7(c)	Code section 10145 and Regulations section 2831.1
7(d)	Code section 10145 and Regulations section 2831.2
7(e)	Code section 10159.2 and Regulations section 2725

The foregoing violations constitute cause for discipline of the real estate license and license rights of Respondents BSR and BROOKS under the provisions of Code sections 10159.2, 10177(d), 10177(g), and 10177(h).

(COSTS)

9.

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

10.

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

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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 the licenses and license rights of B SQUARED REALTY and
4 MICHAEL CRAIG BROOKS, individually and as designated officer of B Squared Realty,
5 under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions
6 Code), for the cost of investigation and enforcement pursuant to Code section 10106 and as
7 permitted by law, and for such other and further relief as may be proper under other
8 applicable provisions of law, including, but not limited to, costs of audit pursuant to
9 Code section 10148(b).

10 Dated at Los Angeles, California: November 4, 2024.

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13 Jason Parson
14 Supervising Special Investigator
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24 cc: B Squared Realty
25 Michael Craig Brooks
26 Jason Parson
27 Sacto
 Enforcement
 Audits – Kaori Kuboniwa