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DEPT. OF REAL ESTATE

By [redacted]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of MAX FREDERICK TENNIES; BLC GROUP, INCORPORATED; KILLER WHALE POD INC.; and KIMBERLY TENNIES, individually and as designated officer of BLC Group, Incorporated, and Killer Whale Pod Inc., Respondents.	No. H-43059-LA <u>FIRST AMENDED ACCUSATION</u>

This First Amended Accusation amends the Accusation filed on October 20, 2025. The Accusation filed on October 20, 2025 ("Original Accusation") is amended to correct a typographical error in Paragraph 96, in which the name "DECKER" incorrectly appears at line 20. Paragraph 96 of the Original Accusation has been corrected to replace the name "DECKER" with the name MAX FREDERICK TENNIES. No other parts of the Original Accusation are affected.

The Complainant, Ray Dagnino, a Supervising Special Investigator for the Department of Real Estate ("Department" or "DRE") of the State of California, for cause of Accusation against Respondents MAX FREDERICK TENNIES ("MAX"), BLC GROUP, INCORPORATED ("BGI"), KILLER WHALE POD INC. ("KWPI"), and KIMBERLY TENNIES ("KIMBERLY"), individually and as designated officer of BGI and KWPI, collectively "Respondents," alleges as follows:

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1. The Complainant, Ray Dagnino, acting in his official capacity as a Supervising Special Investigator, makes this Accusation against Respondents.

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, of the California Code of Regulations.

LICENSE HISTORY

3. MAX has been licensed by the DRE as a real estate broker ("REB"), DRE license identification number ("License ID") 01008326, from on or about October 17, 2005, through the present, with MAX's license scheduled to expire on or about October 16, 2029, unless renewed. MAX has been retained as a broker associate by, and his REB license has been affiliated with, the following responsible brokers:

a. From on or about August 18, 2025, through the present: Real Estate Corporation eXp Realty of California, Inc., License ID 01878277;

b. From on or about October 31, 2022, to on or about August 13, 2024: REB KIMBERLY, License ID 01057029;

c. From on or about August 27, 2018, to on or about November 1, 2022: REC BGI, License ID 01955614.

MAX is not currently, and has never been, licensed by the DRE as an officer of a real estate corporation ("REC"). MAX was previously licensed as a real estate salesperson ("RES) from on or about November 18, 1988, to on or about October 16, 2005, however, from on or about May 19, 1990, to on or about September 21, 2000, MAX was licensed as a RES with No Broker Affiliation ("NBA"), and his license was in a non-working status during that time.

4. BGI has been licensed by the DRE as an REC, License ID 01955614, from on or about August 28, 2014, through on or about August 27, 2022, and from on or about April 19, 2023, through the present, with BGI's license scheduled to expire on or about April 18, 2027, unless renewed.

a. BGI is licensed through KIMBERLY's REB license, License ID 01057029, and KIMBERLY is BGI's designated officer ("D.O.").

b. According to DRE records, BGI'S REC license was in an expired status from August 28, 2022 to April 18, 2023.

c. BGI currently maintains no fictitious business names ("dba(s)"), however, BGI previously maintained several dbas licensed by the DRE, including "SCV Trust Escrow, A Non-Independent Broker Escrow," active from on or about March 24, 2016, to on or about August 28, 2022.

d. As of October 31, 2024, BGI employed one salesperson and no broker associates.

5. KWPI has been licensed by the DRE as an REC, License ID 02054898, from on or about February 9, 2019, through on or about February 8, 2022, and from on or about June 13, 2022, the present, with KWPI's license scheduled to expire on or about June 12, 2026, unless renewed. KWPI is licensed through KIMBERLY's REB license, License ID 01057029, and KIMBERLY is KWPI's D.O. KWPI currently maintains the dba "All County Pacific Property Management," licensed by the DRE. KWPI maintains no branch offices, and has employed no salespersons or broker associates.

6. KIMBERLY has been licensed by the DRE as an REB from on or about June 25, 2002, through the present, with KIMBERLY's license scheduled to expire on or about June 24, 2026. KIMBERLY was previously licensed as an RES from on or about December 22, 1989, to December 21, 1997, from on or about January 10, 1998, to on or about January 9, 2002, and from on or about May 14, 2002, to on or about June 24, 2002.

BROKERAGE: BGI

7. At all relevant times, in Los Angeles County, California, BGI acted as an REC within the meaning of Code 10131(a): selling or offering to sell, buying or offering to buy, soliciting prospective sellers or buyers of, soliciting or obtaining listings of, or negotiating the purchase, sale, or exchange of real property, for compensation or in expectation of compensation, for another or others.

8. In addition, BGI conducted broker-controlled escrows under the exemption set forth in California Financial Code section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate transaction where the broker is a party and where the broker is performing acts for which a real estate license is required.

9. At all relevant times, BGI was acting by and through KIMBERLY as its designated officer pursuant to Code section 10159.2 who was responsible for ensuring compliance with the Real Estate Law.

BROKERAGE: KWPI

10. At all relevant times, in Los Angeles County, California, KWPI acted as an REC within the meaning of Code 10131(b): leasing or renting, or offering to lease or rent, or placing for rent, or soliciting for prospective tenants, or negotiating the sale, purchase or exchanges of leases on real property, or collecting rents from real property, for compensation or in expectation of compensation, for another or others. At all relevant times, KWPI was acting by and through KIMBERLY as its designated officer pursuant to Code section 10159.2 who was responsible for ensuring compliance with the Real Estate Law.

FACTS DISCOVERED BY THE DRE

11. On or about September 13, 2023, the DRE received a complaint from KIMBERLY regarding MAX, alleging that KIMBERLY and her husband, MAX, owned BGI and KWPI, and that MAX had taken trust funds from one of KWPI's trust accounts for his personal use, returned the funds at KIMBERLY's insistence, then took trust funds from BGI's trust account for his personal use, and returned the funds at KIMBERLY's insistence. KIMBERLY alleged that, thereafter, MAX took trust funds from two of KWPI's trust accounts for his personal use, despite MAX stating that he realized he was taking trust funds from trust accounts. According to KIMBERLY, MAX stated that he would not be returning the trust funds unless KIMBERLY paid him in an amount equivalent to the trust funds MAX took. At the time of the complaint, KIMBERLY and MAX were in the process of getting a divorce.

AUDIT OF BGI: AUDIT NO. LA230047

12. On October 31, 2024, the DRE completed an audit examination of the books and records of BGI's real estate activities that require a real estate broker license under Code Section 10131. The audit examination in Audit No. LA230047 covered the time period from January 1, 2023, to February 29, 2024 ("audit period"), and was limited to BGI's broker escrow activities.

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13. The purpose of the audit examination was to determine whether BGI conducted its real estate activities and handled and accounted for trust funds in accordance with the Real Estate Law and the Regulations.

14. As of March 4, 2024, according to KIMBERLY, BGI's corporate structure was as follows:

Name	Title	License	Shareholder %
KIMBERLY	President	01057029 (D.O./REB)	50%
MAX		01008326 (REB)	50%

15. According to the two most recent Statements of Information filed by BGI with the California Secretary of State's Office on or about February 27, 2024, and October 8, 2024, MAX is the chief executive officer ("CEO") for BGI, KIMBERLY is the secretary and chief financial officer ("CFO") for BGI, and MAX and KIMBERLY are the sole directors for BGI.

16. According to KIMBERLY and records examined: BGI was primarily engaged in real estate sales representing both buyers and sellers, and was also providing escrow services to its own clients; and BGI had not performed any broker escrow activities in the previous twelve (12) months.

17. BGI maintained one (1) trust account during the audit period as follows:

<u>BGI Trust Account 1 ("BGI TA1")</u>

Bank:	JPMorgan Chase Bank
Account Name:	BLC Group, Incorporated DBA SCV Trust Escrow a Non-Independent Broker Escrow Trust Account
Account #:	XXXXXXXX8588
Signatories:	KIMBERLY (REB/D.O., President of BGI) MAX (REB, Secretary of BGI)
Signatures required:	One (1) signature
Description	BGI TA1 was used for handling trust funds related to BGI's broker-controlled escrow activities.

<u>Audit Violations in Audit No. LA230047</u>

18. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

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19. The audit examination revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in Audit No. LA230047 and the exhibits and work papers attached to the audit report:

Issue One (1). Code Section 10145 and Regulations 2834 and 2951: Handling of Trust Funds; Trust Account Withdrawals; When Broker Handles Escrow

20. Code section 10145(a)(2) provides in relevant part:

> Withdrawals may be made from a trust fund account of . . . a corporate broker, only upon the signature of an officer through whom the corporation is licensed pursuant to Section 10158 or 10211, or one, or more, of the following persons if specifically authorized in writing by the . . . officer:
>
> (A) A real estate salesperson licensed to the broker.
>
> (B) Another broker acting pursuant to a written agreement with the individual broker that conforms to the requirements of this part[1] and any regulations promulgated pursuant to this part.
>
> (C) An unlicensed employee of the individual broker, if the broker has fidelity bond or insurance coverage equal to at least the maximum amount of the trust funds to which the unlicensed employee has access at any time. . . .

21. Under Regulation 2834, a broker associate is only authorized to make withdrawals from an REC's trust account provided that the broker associate has entered into a written broker-salesperson agreement with the REC pursuant to Regulation 2726. Regulation 2726 requires that every REC must have a written agreement with each of its licensees, whether licensed as a salesperson or as a broker, under a broker-salesperson arrangement, providing for the material aspects of the broker-salesperson relationship, including supervision of licensed activities and duties.

22. MAX was not affiliated with, nor licensed under, BGI as a broker associate at any time during the audit period.

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[1] Section 10145 is codified within Division 4, Part 1 of the Code ("Part 1"). Part 1 includes Code sections 10000 to 10580. Pursuant to Code sections 10015.1 and 10159.2, a "responsible broker" is an REC and REC's designated officer responsible for the supervision of the REC's employees. Pursuant to Code section 10015.3, a responsible broker may retain another broker as a "broker associate." Pursuant to Code section 10018.01, "retained" means the relationship between an REC or REB, on the one hand, and the affiliated licensee (broker associate or salesperson) on the other, regardless of whether the licensee is an independent contractor or employee. Pursuant to Code section 10010.5(b)(1), a responsible broker has the duty to supervise and oversee the licensed acts of each salesperson and broker associate affiliated with and working under the responsible broker's supervision.

23. Based on an examination of the bank signature card for BGI TA1, MAX was authorized as a signatory for, and to make withdrawals from, BGI TA1, which was used to handle trust funds related to BGI's broker-controlled escrow activities during the audit period.

24. BGI's acts and/or omissions in allowing MAX to be a signatory on BGI TA1 and to make unauthorized withdrawals from BGI TA1, during the audit period, when MAX was not affiliated with and not licensed under BGI as a broker associate, were in violation of **Code section 10145 and Regulations 2834 and 2951.**

<u>Issue Two (2). Code Section 10145(a) and Regulation 2950(g): Handling of Trust Funds; Unauthorized Disbursements; When Broker Handles Escrow</u>

25. Pursuant to Regulation 2834(c), an arrangement under which a broker associate is authorized to make withdrawals from a trust fund account of a broker shall not relieve an individual broker, nor the broker-officer of a corporate broker licensee, from responsibility or liability as provided by law in handling trust funds in the broker's custody.

26. MAX maintained a personal bank account with Chase Bank ending in account number 1998 ("MAX's Chase account").

27. According to KIMBERLY, and documents reviewed, including BGI TA1's June 2023 bank statement, on or about June 29 and 30, 2023, MAX withdrew and/or transferred trust funds totaling $9,840.16 from BGI TA1 to MAX's Chase account, for MAX's personal use, without prior authorization from the owners of the trust funds maintained by BGI.

28. Based on the DRE's examination of records of MAX's Chase account: on or about June 29, 2023, two online transfers from BGI TA1, totaling $4,605.00, were credited and deposited into MAX's Chase account; on or about June 30, 2023, an online transfer of funds from BGI TA1 in the amount of $5,236.16 was made to MAX's Chase account, and the same day, a disbursement was made from MAX's Chase account in the amount of $5,236.16 and described as "American Express ACH PMT"; the three online transfers on June 29 and 30, 2023, from BGI TA1 to MAX's Chase account totaled $9,840.16.

29. Based on records examined, on or about July 5, 2023, MAX made a transfer from his Chase account of <$9,840.16> to BGI TA1.

30. BGI provided no evidence that the owners of the trust funds had given BGI written consent to reduce the balance of funds in BGI TA1 to an amount less than the existing aggregate trust funds liability.

31. BGI's acts and/or omissions causing and/or resulting in a reduction of the balance of funds in BGI TA1 to an amount less than the existing aggregate trust fund liabilities, and/or resulting in the withdrawal and transfer of money from BGI TA1 to MAX's Chase account without the written instructions of the party or parties paying the money into BGI TA1, was in violation of **Code section 10145(a) and Regulation 2950(g)**.

Issue Three (3). Code Section 10145 and Regulations 2831, 2950(d), and 2951: Trust Fund Records to be Maintained; When Broker Handles Escrow

32. The control record maintained for all trust fund receipts and disbursements (control record) for BGI TA1 provided for the audit examination was incomplete. The control record did not always reflect the date trust funds were received and some of the deposits and disbursements were not recorded on the control record for BGI TA1.

33. BGI's failure to maintain complete and accurate control records for trust funds received and disbursed for BGI TA1 was in violation of **Code section 10145 and Regulations 2831, 2950(d), and 2951.**

Issue Four (4). Code Section 10145 and Regulations 2831.1, 2950(d), and 2951: Separate Record for Each Beneficiary or Transaction; When Broker Handles Escrow

34. During the audit period, and in connection with the collection and disbursement of broker-controlled escrow trust funds, BGI failed to maintain complete and accurate separate records for each beneficiary or transaction of the receipt and disposition of all trust funds deposited into BGI TA1, as required. Some of the deposits and disbursements were not recorded on the separate records maintained for BGI TA1.

35. BGI's acts and/or omissions in failing to maintain complete and accurate separate records of the receipts and disbursements of all trust funds deposited into BGI TA1 were in violation of **Code section 10145 and Regulations 2831.1, 2950(d), and 2951.**

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Issue Five (5). Code Section 10159.2 and Regulation 2725: Responsibility of Corporate Officer in Charge; Inadequate Broker Supervision

36. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

37. Based on the above findings in Issues One (1) through Four (4) above, as alleged in Paragraphs 20 through 35 above, KIMBERLY, as the as the broker and designated officer of BGI, did not exercise adequate supervision and control over the broker-controlled escrow activities conducted on behalf of BGI by its employees and licensees during the audit period to ensure compliance with the Real Estate Laws and Regulations. KIMBERLY failed to establish policies, rules, procedures, and systems to review, oversee, inspect, and manage transactions, including but not limited to transactions involving the handling of trust funds, requiring a real estate license. KIMBERLY's acts and/or omissions were in violation of **Code section 10159.2 and Regulation 2725.**

AUDIT OF KWPI: AUDIT NO. LA230048

38. On October 10, 2024, the DRE completed an audit examination of the books and records of KWPI's real estate activities that require a real estate broker license under Code Section 10131. The audit examination in Audit No. LA230048 covered the time period from January 1, 2023, to February 29, 2024 ("audit period"), and was limited to KWPI's property management activities.

39. The purpose of the audit examination was to determine whether KWPI conducted its real estate activities and handled and accounted for trust funds in accordance with the Real Estate Law and the Regulations.

40. As of March 4, 2024, according to KIMBERLY, KWPI's corporate structure was as follows:

Name	Title	License	Shareholder %
KIMBERLY	President	01057029 (D.O./REB)	50%
MAX		01008326 (REB)	50%

41. According to the two most recent Statements of Information filed by KWPI with the California Secretary of State's Office on or about February 27, 2024, and October 8, 2024, KIMBERLY is the CEO and secretary and for KWPI, MAX is the CFO for KWPI, and MAX and

KIMBERLY are the sole directors for KWPI.

42. According to KIMBERLY and records examined, KWPI was primarily engaged in property management activities during the audit period. KWPI managed approximately twelve (12) properties for approximately twelve (12) property owners in the past 12 months. KWPI handled at least $451,201.72 of trust funds for its property management activities. KWPI charges six percent ("6%") to nine percent ("9%") of monthly gross receipts for property management services provided.

43. KWPI maintained two (2) bank accounts and four (4) trust accounts for multiple beneficiaries for property management activities during the audit period as follows:

KWPI Bank Account 1 ("KWPI BA1")

Bank:	JPMorgan Chase Bank
Account Name:	Killer Whale Pod Inc.
Account #:	XXXXXXXX9669
Signatories:	KIMBERLY (REB/D.O., President of KWPI)
Signatures required:	One (1) signature
Description	KWPI BA1 was used for handling trust funds related to KWPI's property management activities.

KWPI Bank Account 2 ("KWPI BA2")

Bank:	JPMorgan Chase Bank
Account Name:	Killer Whale Pod Inc.
Account #:	XXXXXXXX9651
Signatories:	KIMBERLY (REB/D.O., President of BGI)
Signatures required:	One (1) signature
Description	KWPI BA2 was used for handling trust funds related to KWPI's property management activities.

KWPI Trust Account 1 ("KWPI TA1")

Bank:	California Bank & Trust
Account Name:	Killer Whale Pod Inc. DBA All County Pacific Custodial Property Management Trust
Account #:	XXXXXXXX6406
Signatories:	KIMBERLY (REB/D.O., President of KWPI)
Signatures required:	One (1) signature
Description	KWPI TA1 was used for handling trust funds related to KWPI's property management activities.

KWPI Trust Account 2 ("KWPI TA2")

Bank:	California Bank & Trust
Account Name:	Killer Whale Pod Inc. DBA All County Pacific Custodial Property Management Trust
Account #:	XXXXXXXX6398
Signatories:	KIMBERLY (REB/D.O., President of KWPI)
Signatures required:	One (1) signature
Description	KWPI TA2 was used for handling trust funds related to KWPI's property management activities.

KWPI Trust Account 3 ("KWPI TA3")

Bank:	JPMorgan Chase Bank
Account Name:	Killer Whale Pod Inc. DBA All County Pacific Property Management Trust Account
Account #:	XXXXXXXX2660
Signatories:	KIMBERLY (REB/D.O., President of KWPI) MAX (REB, Secretary of KWPI)
Signatures required:	One (1) signature
Description	KWPI TA3 was used for handling trust funds related to rent collected by KWPI.

KWPI Trust Account 4 ("KWPI TA4")

Bank:	JPMorgan Chase Bank
Account Name:	Killer Whale Pod Inc. DBA All County Pacific Property Management Trust Account
Account #:	XXXXXXXX2702
Signatories:	KIMBERLY (REB/D.O., President of KWPI) MAX (REB, Secretary of KWPI)
Signatures required:	One (1) signature
Description	KWPI TA4 was used for handling trust funds related to security deposits.

Audit Violations in Audit No. LA230048

44. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

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45. The audit examination revealed violations of the Code and the Regulations, as set forth in the following paragraphs, and more fully discussed in Audit No. LA230048 and the exhibits and work papers attached to the audit report:

Issue One (1). Code Section 10145 and Regulation 2832.1: Trust Fund Handling for Multiple Beneficiaries

46. KWPI maintained two (2) bank accounts for multiple beneficiaries, KWPI BA1 and KWPI BA2, and four (4) trust accounts for multiple beneficiaries, KWPI TA1, KWPI TA2, KWPI TA3, and KWPI TA4.

47. As of February 29, 2024, KWPI BA2 had a shortage of <$997.00>. Based on records examined, $33,458.99 in trust funds collected should have been deposited into BA2 on January 19, 2024, however, based on the bank statement for KWPI BA2, only $32,461.99 was deposited on January 19, 2024, a difference of $997.00. According to KIMBERLY, the missing $997.00 should have been deposited by MAX, but was instead taken by MAX.

48. As of February 29, 2024, KWPI TA3 had a shortage of <$2,065.30>, which was caused by a negative property balance of <$65.30>, and unauthorized disbursements of <$2,000.00>.

49. KWPI provided no evidence that the owners of the trust funds had given KWPI written consent to allow KWPI to reduce the balance of the funds in KWPI BA2 and KWPI TA3 to amounts less than the existing aggregate trust funds liabilities, in violation of **Code section 10145 and Regulation 2832.1.**

Issue Two (2). Code Sections 10145 and 10176(i): Handling of Trust Funds; Unauthorized Disbursements

50. According KIMBERLY and records examined, MAX withdrew trust funds totaling $6,604.00 from KWPI TA3 for MAX's personal use without prior authorization from the owners of the trust funds: on or about June 22, 2023, MAX made two withdrawals from KWPI TA3 totaling $4,604.00; on or about June 26, 2023, MAX returned the $4,604.00 through two online transfers from MAX's Chase account; on or about August 30, 2023, MAX withdrew $2,000.00 from KWPI TA3 through an online transfer to MAX's Chase account; as of February 29, 2024, MAX had not returned the $2,000.00 to KWPI TA3.

51. KWPI provided no evidence that the owners of the trust funds had given KWPI written consent to allow KWPI to reduce the balance of the funds in KWPI TA3 to an amount less than the existing aggregate trust funds liabilities.

52. KWPI's acts and/or omissions in causing and/or allowing MAX to withdraw trust funds totaling $6,604.00 from KWPI TA3 for MAX's personal use without prior authorization from the owners of the trust funds were in violation of **Code sections 10145 and 10176(i).**

Issue Three (3): Code Section 10145 and Regulation 2832: Trust Fund Handling

53. KWPI BA1 and KWPI BA2 were used for handling trust funds related to KWPI's property management activities.

54. Based on an examination of the bank signature cards dated December 5, 2023, for KWPI BA1 and KWPI BA2, KWPI failed to designate KWPI BA1 and KWPI BA2 as trust accounts in KWPI's name as trustee or in the name of its licensed dba, All County Pacific Property Management, as trustee, in violation of **Code section 10145 and Regulation 2832.**

Issue Four (4): Code Section 10145 and Regulation 2831: Trust Fund Records to be Maintained

55. The control records maintained for all trust fund receipts and disbursements (control record) for bank accounts KWPI BA1 and KWPI BA2, and trust accounts KWPI TA1, KWPI TA3, and KWPI TA4, provided for the audit examination, were incomplete. These control records did not reflect date trust funds were received and did not always reflect from whom trust funds were received. In addition, the daily balances were not always accurate.

56. KWPI's acts and/or omissions in failing to maintain complete and accurate control records for trust funds received and disbursed for KWPI BA1, KWPI BA2, KWPI TA1, KWPI TA3, and KWPI TA4 were in violation of **Code section 10145 and Regulation 2831.**

Issue Five (5). Code Section 10145 and Regulation 2831.1: Separate Record for Each Beneficiary or Transaction

57. During the audit period, and in connection with the collection and disbursement of property management trust funds, KWPI failed to maintain complete and accurate separate records for each beneficiary or property of the receipt and disposition of all trust funds deposited into KWPI

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TA3, as required. Some of the deposits and disbursements were not recorded on the separate records maintained for KWPI TA3.

58. KWPI's acts and/or omissions in failing to maintain complete and accurate separate records of the receipts and disbursements of all trust funds deposited into KWPI TA3 were in violation of **Code section 10145 and Regulations 2831.1**

<u>Issue Six (6). Code Section 10145 and Regulation 2831.2: Trust Account Reconciliation</u>

59. During the audit period, and in connection with the collection and disbursement of property management trust funds, KWPI did not maintain complete and accurate monthly reconciliations comparing the balance of all separate beneficiary or transaction records (separate records) to the balance of the records of all trust funds received and disbursed (control records) for KWPI BA1, KWPI BA2, and KWPI TA3, as required, in violation of **Code section 10145 and Regulation 2831.2.**

<u>Issue Eight (8).[2/] Code Section 10159.2 and Regulation 2725: Responsibility of Corporate Officer in Charge; Inadequate Broker Supervision</u>

60. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

61. Based on the above findings in Issues One (1) through Six (6) above, as alleged in Paragraphs 46 through 59 above, KIMBERLY, as the as the broker and designated officer of KWPI, did not exercise adequate supervision and control over KWPI's property management activities conducted on behalf of KWPI by its employees and licensees during the audit period to ensure compliance with the Real Estate Laws and Regulations. KIMBERLY failed to establish policies, rules, procedures, and systems to review, oversee, inspect, and manage transactions, including but not limited to transactions involving the handling of trust funds, requiring a real estate license. KIMBERLY's acts and/or omissions were in violation of **Code section 10159.2 and Regulation 2725.**

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[2/] Issue Seven (7) from Audit No. LA230048 has been intentionally skipped. This Accusation may be amended at a later date to add Issue Seven (7).

FIRST CAUSE OF ACCUSATION: AUDIT VIOLATIONS IN AUDIT NO. LA230047

62. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

63. BGI's conduct as alleged above in Paragraphs 20 through 37, and in Issues One (1) through Five (5) in Audit No. LA230047, violated the Code and the Regulations set forth below:

Issue No.	Paragraphs	Violations
1	20-24	Code section 10145; Regulations 2834 and 2951
2	25-31	Code sections 10145(a); Regulation 2950(g)
3	32-33	Code sections 10145; Regulations 2831, 2950(d), and 2951
4	34-35	Code section 10145; Regulations 2831.1, 2950(d), and 2951
5	36-37	Code section 10159.2; Regulation 2725

64. The violations alleged above in Paragraphs 20 through 35, and in Issues One (1) through Four (4) in Audit No. LA230047, constitute cause for the suspension or revocation of BGI's real estate licenses and license rights under the provisions of **Code sections 10177(d), and/or 10177(g).**

65. The violations alleged above in Paragraphs 36 through 37, and in Issue Five (5) in Audit No. LA230047, constitute cause for the suspension or revocation of KIMBERLY's real estate licenses and license rights under the provisions of **Code sections 10177(h), and 10177(d) and/or 10177(g).**

SECOND CAUSE OF ACCUSATION: AUDIT VIOLATIONS IN AUDIT NO. LA230048

66. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

67. KWPI's conduct as alleged above in Paragraphs 46 through 61, and in Issues One (1) through Six (6) and Eight (8) in Audit No. LA230048, violated the Code and the Regulations set forth below:

Issue No.	Paragraphs	Violations
1	46-49	Code section 10145; Regulation 2832.1
2	50-52	Code sections 10145 and 10176(i)
3	53-54	Code section 10145; Regulation 2832
4	55-56	Code section 10145; Regulation 2831

5	57-58	Code section 10145; Regulation 2831.1
6	59	Code section 10145; Regulation 2831.2
8	60-61	Code section 10159.2; Regulation 2725

68. The violations alleged above in Paragraphs 46 through 59, and in Issues One (1) through Six (6) in Audit No. LA230048, constitute cause for the suspension or revocation of KWPI's real estate licenses and license rights under the provisions of **Code sections 10177(d), and/or 10177(g).**

69. The violations alleged above in Paragraphs 60 through 61, and in Issue Eight (8) in Audit No. LA230048, constitute cause for the suspension or revocation of KIMBERLY's real estate licenses and license rights under the provisions of **Code sections 10177(h), and 10177(d) and/or 10177(g).**

<u>THIRD CAUSE OF ACCUSATION AGAINST KWPI:</u>

<u>UNAUTHORIZED SIGNER ON TRUST FUND ACCOUNTS</u>

70. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein

71. KWPI's acts and/or omissions that allowed MAX to be a signatory on KWPI TA3 and KWPI TA4, and for MAX to have authority to make withdrawals of KWPI's trust funds from KWPI TA3 and KWPI TA4, during times when MAX's REB license was not affiliated with, and MAX was not retained as a broker associate by, KWPI, were in violation of **Code section 10145 and Regulation 2834,** and constitute cause for the suspension or revocation of KWPI's real estate licenses and license rights under the provisions of **Code sections 10177(d) and/or 10177(g).**

<u>FOURTH CAUSE OF ACCUSATION AGAINST BGI AND KWPI:</u>

<u>BREACHES OF FIDUCIARY DUTIES</u>

72. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

73. At all relevant times herein, while acting as the real estate brokers and agents of the owners of trust funds referred to herein as the principals, BGI and KWPI owed their principals fiduciary duties, including, but not limited to, the following: duty of utmost care, integrity, honesty,

and loyalty in dealings with the principals; duty to diligently exercise reasonable care and skill in performing the responsibilities of the relationship; duty to safeguard, preserve and account for any trust funds or property entrusted to the agents by their principals; duty to avoid conflicts of interest with the principals; duty to act at all times in the best interests of the principals to the exclusion of all other interests, including interests that could benefit the agents or others.

74. In the course of the activities described above in Paragraphs 7 through 71, BGI's and KWPI's acts and/or omissions constituted breaches of their fiduciary duties to their principals. Such breaches include but are not limited to:

a. BGI allowed MAX to be a signatory on BGI TA1 and to make unauthorized withdrawals from BGI TA1, during the audit period, when MAX was not affiliated with and not licensed under BGI as a broker associate.

b. BGI allowed a reduction of the balance of funds in BGI TA1 to an amount less than the existing aggregate trust fund liabilities, and/or the withdrawal and transfer of money from BGI TA1 to MAX's Chase account without the written instructions of the party or parties paying the money into BGI TA1.

c. BGI failed to maintain complete and accurate control records for trust funds received and disbursed for BGI TA1.

d. BGI failed to maintain complete and accurate separate records of the receipts and disbursements of all trust funds deposited into BGI TA1.

e. BGI allowed its REC license to expire and remain in expired status from August 28, 2022 to April 18, 2023, during the time period when it maintained trust funds in BGI TA1 on behalf of one or more principals.

f. As of February 29, 2024, KWPI allowed KWPI BA2 to have a shortage of <$997.00>, caused by MAX converting trust funds intended for deposit to KWPI BA2.

g. As of February 29, 2024, KWPI allowed KWPI TA3 to have a shortage of <$2,065.30>, which was caused by a negative property balance of <$65.30>, and the unauthorized withdrawal of $2,000.00 in trust funds by MAX.

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h. KWPI failed to prevent MAX from withdrawing trust funds totaling $6,604.00 from KWPI TA3 for MAX's personal use without prior authorization from the owners of the trust funds.

i. KWPI failed to designate KWPI BA1 and KWPI BA2 as trust accounts in KWPI's name as trustee or in the name of its licensed dba, All County Pacific Property Management, as trustee.

j. KWPI failed to maintain complete and accurate control records for trust funds received and disbursed for KWPI BA1, KWPI BA2, KWPI TA1, KWPI TA3, and KWPI TA4.

k. KWPI failed to maintain complete and accurate separate records of the receipts and disbursements of all trust funds deposited into KWPI TA3.

l. KWPI failed to maintain complete and accurate monthly reconciliations comparing the balance of all separate beneficiary or transaction records (separate records) to the balance of the records of all trust funds received and disbursed (control records) for KWPI BA1, KWPI BA2, and KWPI TA3.

m. KWPI allowed MAX to be a signatory on KWPI TA3 and KWPI TA4, and for MAX to have authority to make withdrawals of KWPI's trust funds from KWPI TA3 and KWPI TA4, during times when MAX's REB license was not affiliated with, and MAX was not retained as a broker associate by, KWPI.

75. BGI's and KWPI's acts and/or omissions, as alleged in Paragraph 74 above, violated their **fiduciary duties** under applicable California law, including the common law, and **Regulation 2830** and constitute cause for the suspension or revocation of BGI's and KWPI's real estate licenses and license rights under the provisions of and **Code sections 10177(d) and/or 10177(g).**

<u>FIFTH CAUSE OF ACCUSATION AGAINST KIMBERLY:</u>

<u>RESPONSIBILITY OF CORPORATE OFFICER IN CHARGE; BROKER SUPERVISION</u>

76. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

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77. Based on the allegations contained above in Paragraphs 7 through 11, and 70 through 75, and the Third and Fourth Causes of Accusation above, KIMBERLY, as the broker of record and designated officer of BGI and KWPI, did not exercise adequate supervision and control over the real estate activities conducted on behalf of BGI and KWPI by their employees and licensees to ensure compliance with the Real Estate Laws and Regulations. KIMBERLY failed to establish policies, rules, procedures, and systems to review, oversee, inspect, and manage transactions, including but not limited to transactions involving the handling of trust funds, requiring a real estate license. KIMBERLY's acts and/or omissions were in violation of **Code section 10159.2 and Regulation 2725** and constitute cause to suspend or revoke the real estate licenses and license rights of KIMBERLY pursuant to **Code sections 10177(h), and 10177(d) and/or 10177(g).**

SIXTH CAUSE OF ACCUSATION AGAINST MAX FREDERICK TENNIES: UNAUTHORIZED DISBURSEMENTS AND WITHDRAWALS; COMMINGLING; CONVERSION OF TRUST FUNDS; DISHONEST DEALING; MISHANDLING OF TRUST FUNDS

78. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

79. As alleged above in Paragraphs 20 and 21, pursuant to Code section 10145(a)(2) and Regulation 2834, a broker associate is only authorized to make withdrawals from an REC's trust account provided that, first, the broker associate has been specifically authorized in writing by the designated officer of the REC, and second, the broker associate is acting pursuant to a written broker-salesperson agreement with the REC pursuant to Regulation 2726.

80. As alleged above in Paragraph 3(c), MAX was only retained as a broker associate by, and his REB license was only affiliated with, BGI from on or about August 27, 2018, to on or about November 1, 2022. According to DRE records to date, MAX has never been retained as a broker associate, and his REB license has never been affiliated with, KWPI.

81. Based on a review of the Chase bank signature card for BGI TA1, MAX signed as an authorized signer for BGI TA1 on October 26, 2017, with his title listed as "Secretary."

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82. Based on a review of the Chase bank signature card for KWPI TA3, MAX signed as an authorized signer for KWPI TA3 on October 25, 2017, with his title listed as "Secretary."

83. Based on an examination of records, MAX made online withdrawals of, and/or converted, trust funds from BGI's and KWPI's trust accounts and MAX either transferred the trust funds to his personal Chase account ending in 1998, where the trust funds were commingled with MAX's personal funds, or MAX otherwise kept the funds, as follows:

Date	Account	Description	Amount
06/22/2023	KWPI TA3	Online transfer to MAX's Chase account	<$1,104.00>
06/22/2023	KWPI TA3	American Express ACH Pmt for Max Tennies	<$3,500.00>
06/29/2023	BGI TA1	Online transfer to MAX's Chase account	<$3,500.00>
06/29/2023	BGI TA1	Online transfer to MAX's Chase account	<$1,104.00>
06/30/2023	BGI TA1	Online transfer to MAX's Chase account	<$5,236.16>
08/30/2023	KWPI TA3	Online transfer to MAX's Chase account	<$2,000.00>
09/07/2023	KWPI TA4	Payment to Chase card ending in 0885	<$500.00>
09/07/2023	KWPI TA4	Payment to Chase card ending in 9226	<$500.00>
		SUBTOAL	**<17,444.16>**
01/19/2024	KWPI BA2	MAX withheld and kept $997.00 from trust fund checks totaling $33,458.99 that should have been deposited.	<$997.00>
		TOTAL	**<$18,441.16>**

84. As alleged in the complaint submitted to the DRE by KIMBERLY on September 13, 2023, between on or about June 23, 2023, and September 7, 2023, while KIMBERLY and MAX were going through a divorce, and on or about January 19, 2024, KIMBERLY discovered that MAX had withdrawn trust funds, and/or withheld trust funds, from KWPI's and BGI's trust accounts, transferred the funds to his personal Chase account or paid his American Express and Chase credit cards, or kept the funds. Email messages were exchanged between KIMBERLY and MAX regarding MAX withdrawing trust funds from KWPI and BGI trust accounts, and based on records examined, events transpired, as follows:

a. On or about June 22, 2023, MAX made an online transfer of trust funds from trust account KWPI TA3 in the amount of $1,104.00 to his personal Chase bank account, and MAX made an online payment using trust funds from KWPI TA3 in the amount of $3,500.00 to MAX's American Express account. The following email exchange, in relevant part, then occurred:

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> [KIMBERLY (06/23/2023, 8:36 AM)]: You took money out of the TRUST account. That money is NOT ours - that money is our clients and a HUGE dre violation. Put it back today.

> [MAX (06/23/2023, 9:38 AM)]: Which account can a [*sic*] take money out of instead to pay my bills with? [¶] I have no money to replace it with. Otherwise I can't put the money back.

> [KIMBERLY (06/26/2023, 1:46 PM)]: I learned . . . from the bank that you accessed and withdrew funds from the DRE trust Account which as you know contains client funds. Any withdrawal from that account must be to the client as regulated by law. Your removal of $3500.00 on 06.22.2023 AND $1104.00 on the same date is a violation of the law. [¶] . . . Please return said funds immediately. . . .[¶] Your previous email shows your acknowledgement that you understand this is a DRE TRUST account and that you will not put money back unless it is replaced. . . .

b. On or about June 26, 2023, MAX returned the funds he had taken from KWPI TA3 by making two online transfers totaling $4,605.00 from his personal Chase account to KWPI TA3.

c. On or about June 29, 2023, MAX took trust funds again, making two online transfers of trust funds from trust account BGI TA1, totaling $4,605.00, to his personal Chase bank account.

d. On or about June 30, 2023, MAX took trust funds again, making an online transfer of funds from BGI TA1 in the amount of $5,236.16 to his personal Chase account, and the same day, MAX made an online disbursement from his personal Chase account in the amount of $5,236.16, described in his Chase bank account statement for June 27 through July 26, 2023 as "American Express ACH PMT."

e. On or about July 1, 2023, KIMBERLY then sent the following email message, in relevant part, to MAX:

> [KIMBERLY (07/01/2023, 9:02 AM)]: Max, AGAIN really??? [¶] I learned today, from the bank that you accessed and withdrew funds from the DRE trust Account which as you know contains client funds. Any withdrawal from that account must be to the client as regulated by law. Your removal of $3500.00 AND $1104.00 AND $5236.16 on on 06.30.2023 is a violation of the law. [¶] . . . Please return said funds immediately . . . .

> Before you do this again to another TRUST account, the other account with money in it ending in 2702 is a TRUST account as well.

The trust account ending in 2702, referenced in KIMBERLY's July 1, 2023 email to MAX, is the same account identified herein as KWPI TA4.

f. On or about July 5, 2023, KIMBERLY sent another email message to MAX, stating, in relevant part, as follows:

> [KIMBERLY (07/05/2023, 11:22 AM)]: As of today July 5 at 11:20 AM funds have not been returned to the trust account. Please return them today.

g. On or about July 5, 2023, MAX returned the funds he had taken from BGI TA1 by making three online transfers totaling $9,840.16 from his personal Chase account to BGI TA1.

h. On or about August 30, 2023, MAX took trust funds again, making an online transfer of funds from KWPI TA3—the same account he took trust funds from on June 22, 2023, and to which he repaid the trust funds on June 26, 2023—in the amount of $2,000.00 to his personal Chase bank account.

i. On or about September 7, 2023, MAX took trust funds again, making two online payments of $500.00 each from trust account KWPI TA4 to his personal Chase credit cards ending in 0885 and 9226. KIMBERLY had previously informed MAX in her July 1, 2023 email to him, that the Chase Bank account ending in 2702 (identified herein as KWPI TA4) was a trust account.

j. On or about January 19, 2024, MAX withheld and kept $997.00 from trust fund checks totaling $33,458.99 that should have been deposited into BA2.

85. As of February 29, 2024, MAX had not returned or repaid the $2,000.00 in trust funds he withdrew from KWPI TA3 on or about August 30, 2023, and had not returned or repaid the $997.00 in trust funds that he converted from KWPI BA2 on or about January 19, 2024.

86. At no time during dates listed above on which MAX made withdrawals of trust funds from BGI's and KWPI's trust accounts was MAX retained as a broker associate by, nor was his REB license affiliated with, BGI or KWPI. In addition, at no time during the same dates did MAX have a written broker-salesperson agreement with BGI or KWPI.

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87. As alleged above in Paragraphs 14 to 15 and 40 to 41, MAX was an officer, director, and 50 percent shareholder of BGI and KWPI. As a corporate director of both BGI and KWPI, MAX owes fiduciary duties to both BGI and KWPI, and to KIMBERLY, as the other 50 percent shareholder. MAX also owes fiduciary duties to BGI and KWPI as a corporate officer exercising discretionary authority over BGI and KWPI. Further, MAX also owes fiduciary duties to BGI and KWPI as a shareholder exercising control over the business affairs of the corporations, such as by disbursing trust funds maintained by the corporations.

88. At all relevant times herein, as a director of BGI and KWPI, MAX owed BGI, KWPI, and KIMBERLY fiduciary duties, including but not limited to the fiduciary duties to: act in the highest good faith to BGI, KWPI, and KIMBERLY; act at all times in the best interests of BGI, KWPI, and KIMBERLY to the exclusion of all other interests, including interests that could benefit MAX; and to refrain from obtaining a personal advantage or profit for himself at the expense of the corporations, without the fullest disclosure to and consent of all those affected.

89. MAX's actions in making nine (9) withdrawals of, and/or converting, trust funds totaling $18,441.16 from BGI's and KWPI's trust accounts, from on or about June 23, 2023, to on or about January 19, 2024, a time when MAX was neither retained as a broker associate by, nor was his REB license affiliated with, BGI or KWPI, were in violation of **Code sections 10145(a)(2), 10176(i), and 10177(j), and Regulation 2834,** and in breach of MAX's **fiduciary duties** to BGI, KWPI, and KIMBERLY, and constitute cause for the suspension or revocation of MAX's real estate licenses and license rights under the provisions of **Code sections 10176(i), 10177(j), and 10177(d) and/or 10177(g).**

SEVENTH CAUSE OF ACCUSATION AGAINST MAX FREDERICK TENNIES: DESIGNATED OFFICER LICENSE REQUIRED

90. Complainant realleges and incorporates by reference all of the allegations contained in the previous paragraphs as though fully set forth herein.

91. As alleged above in Paragraph 20, pursuant to Code section 10145(a)(2), withdrawals of trust funds from a trust account of an REC may only be made by the designated officer through whom the REC is licensed pursuant to Code sections 10158 or 10211, or by the following persons,

if specifically authorized in writing by the designated officer: an RES licensed to the REC; an REB acting pursuant to a broker-salesperson agreement with the REC; or by an unlicensed employee of the REC if the REC has fidelity bond or insurance coverage.

92. MAX is not currently, and has never been, licensed by the DRE as an officer of BGI or KWPI, and is not currently and has never been the designated officer of BGI or KWPI.

93. On the dates that MAX made unauthorized withdrawals of funds from BGI's and KWPI's trust accounts—which dates ranged from on or about June 22, 2023, to on or about September 7, 2023—MAX's REB license was not affiliated with, and he was not retained as an employee by, BGI or KWPI.

94. BGI and KWPI provided no evidence that they had fidelity bond or insurance coverage equal to at least the maximum amount of the trust funds to which MAX had access at any time.

95. KIMBERLY provided evidence that MAX was not authorized to make withdrawals of trust funds.

96. MAX's acts and/or omissions in making withdrawals of trust funds totaling $17,444.16, from BGI's and KWPI's trust accounts, from on or about June 23, 2023, to on or about September 7, 2023, without first obtaining authority to act as BGI's and KWPI's designated officers, and without first obtaining officer licenses from the DRE to act on behalf of BGI and KWPI, were in violation of **Code sections 10130, 10158, 10159, 10159.2, and 10211, and Regulation 2740,** and constitute cause to suspend or revoke the real estate licenses and license rights of MAX FREDERICK TENNIES pursuant to **Code sections 10177(d) and/or 10177(g).**

INVESTIGATION AND ENFORCEMENT COSTS

97. Code Section 10106 provides 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 the investigation and enforcement of the case.

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AUDIT COSTS

98. Code Section 10148(b) provides, in pertinent part, 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(a) or a regulation or rule of the Commissioner interpreting said section.

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 MAX FREDERICK TENNIES, BLC GROUP, INCORPORATED, KILLER WHALE POD INC., and KIMBERLY TENNIES 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.

Dated at Los Angeles, California October 22, 2025.

[redacted]

Ray Dagnino
Supervising Special Investigator

cc: BLC GROUP, INCORPORATED
KILLER WHALE POD INC.
KIMBERLY TENNIES
MAX FREDERICK TENNIES
Real Estate Corporation eXp Realty of California, Inc.
Ray Dagnino
Sacto.