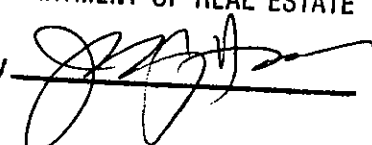


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**FILED**  
AUG 16 2002  
DEPARTMENT OF REAL ESTATE  
By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \* \*

In the Matter of the Accusation of	)	
	)	No. H-27687 LA
M.D.R. PROPERTIES, INC.;	)	
and, RICHARD MICHAEL KING,	)	
individually and as designated	)	
officer of M.D.R. Properties, Inc.,	)	
	)	
Respondents.	)	
	)	

ORDER GRANTING REINSTATEMENT OF LICENSE

On December 14, 1998, a Decision was rendered herein, revoking the corporate real estate broker license of M.D.R. PROPERTIES, INC. and the real estate broker license of RICHARD MICHAEL KING, effective January 12, 1999. Respondents were given the right to apply for and receive restricted real estate broker licenses which were issued on February 22, 1999 and March 25, 1999, respectively.

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1 On or about August 1, 2001, Respondents petitioned for  
2 reinstatement of their real estate licenses and the Attorney  
3 General of the State of California has been given notice of both  
4 filings.

5 I have considered Respondents' petitions and the  
6 evidence and arguments in support thereof. Respondents have  
7 demonstrated to my satisfaction that grounds do not presently  
8 exist to deny the issuance of an unrestricted real estate  
9 license to each Respondent.

10 NOW, THEREFORE, IT IS ORDERED that Respondent M.D.R.  
11 PROPERTIES, INC.'s petition for reinstatement is granted and  
12 that an unrestricted corporate real estate broker license be  
13 issued to this Respondent if it satisfies the following  
14 condition within one (1) year from the date of this Order:

15 Submittal of a completed application and payment of  
16 the fee for a corporate real estate broker license.

17 IT IS ALSO ORDERED that Respondent RICHARD MICHAEL  
18 KING's petition for reinstatement is granted and that an  
19 unrestricted real estate broker license be issued to this  
20 Respondent if he satisfies the following conditions within one  
21 (1) year from the date of this Order:

22 1. Submittal of a completed application and payment  
23 of the fee for a real estate broker license.

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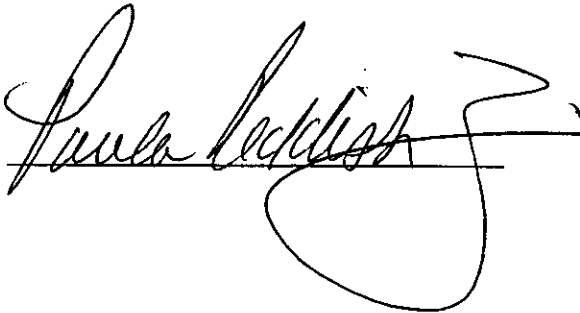
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1                   2. Submittal of evidence satisfactory to the Real  
2 Estate Commissioner that Respondent has, during the last four  
3 years, taken and successfully completed the continuing  
4 education requirements of Article 2.5 of Chapter 3 of the Real  
5 Estate Law for renewal of a real estate license.

6                   This Order shall become effective immediately.

7                   DATED: August 13, 2002

8                   PAULA REDDISH ZINNEMANN  
9                   Real Estate Commissioner

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25                   CC: M.D.R. Properties, Inc.  
26                   Richard Michael King  
27                   4016 Grand Avenue, Suite B  
                    Chino, CA 91710

*Handwritten notes*

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**FILED**  
FEB - 9 1999  
DEPARTMENT OF REAL ESTATE

By *K. Niederholz*

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \* \*

In the Matter of the Accusation of )  
M.D.R. PROPERTIES, INC.; )  
and, RICHARD MICHAEL KING, )  
individually and as designated )  
officer of M.D.R. Properties, Inc., )  
Respondents. )

No. H-27687 LA

ORDER STAYING EFFECTIVE DATE

On December 14, 1998, a Decision was rendered in this matter to become effective January 12, 1999. An Order stayed the effective date of January 12, 1999, for 30 days until February 12, 1999.

IT IS HEREBY ORDERED that the effective date of the Decision, is stayed for an additional period of 10 days.

The Decision of December 14, 1998, shall become effective at 12 o'clock noon on February 22, 1999.

DATED 2-8-99

*Randolph Brenda By Jan McInnis*  
Randolph Brenda  
Regional Manager

*Stacy*

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**FILED**  
JAN - 5 1999

DEPARTMENT OF REAL ESTATE

*K. Hudebold*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \* \*

In the Matter of the Accusation of )  
M.D.R. PROPERTIES, INC.; )  
and, RICHARD MICHAEL KING, )  
individually and as designated )  
officer of M.D.R. Properties, Inc., )  
Respondents. )

No. H-27687 LA

ORDER STAYING EFFECTIVE DATE

On December 14, 1998, a Decision was entered into in the above-entitled matter to become effective January 12, 1999.

IT IS HEREBY ORDERED that the effective date of the Decision of December 14, 1998, is stayed for a period of 30 days.

The Decision of December 14, 1998, shall become effective at 12 o'clock noon on February 12, 1999.

DATED 5 Jan '99

*Randolph Brendia*  
Randolph Brendia  
Regional Manager

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**FILED**  
DEC 22 1998  
DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \* \* \*

*K. Mederholt*

In the Matter of the Accusation of	)	No. H-27687 LA
	)	
	)	L-1998070058
M.D.R.PROPERTIES, INC.;	)	
and RICHARD MICHAEL KING,	)	
individually and as designated	)	
officer of M.D.R. Properties, Inc.,	)	
	)	
	)	
	)	
Respondent(s).	)	

DECISION

The Proposed Decision dated November 25, 1998, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock noon on January 12, 1999.

IT IS SO ORDERED 12/14/98

JIM ANTT, JR.  
Real Estate Commissioner

*Jim Antt, Jr.*

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

<b>In the Matter of the Accusation</b>	)	
<b>Against:</b>	)	<b>File No. H-27687 LA</b>
	)	
<b>M.D.R. PROPERTIES, INC.;</b>	)	<b>OAH No. L1998070058</b>
<b>and RICHARD MICHAEL KING,</b>	)	
<b>individually and as designated</b>	)	
<b>officer of M.D.R. Properties, Inc.,</b>	)	
	)	
<b>Respondent.</b>	)	
_____	)	

**PROPOSED DECISION**

On September 29, 1998, in Los Angeles, California, H. Stuart Waxman, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter.

Complainant, Thomas McCrady was represented by Elliott Mac Lennan, Staff Counsel.

Respondent, Richard Michael King ("King"), appeared in his individual capacity and as the designated officer of Respondent M.D.R. Properties, Inc. ("MDR"). Respondents were represented by Mark A. Nialis, Attorney at Law.

At the hearing, the parties stipulated that Paragraph 11 of the Accusation would be stricken in exchange for Respondents' payment of \$2500 to one Mary Franklin.

Oral and documentary evidence was received. The record was closed and the matter was submitted for decision.

On October 22, 1998, the Administrative Law Judge reopened the record to and including November 5, 1998 to allow the parties to submit post-hearing briefs. At Complainant's request, the deadline was continued to November 12, 1998. Complainant's "Post-Hearing Brief" was timely received and was marked as Complainant's Exhibit 6. No brief was submitted by Respondent. On November 12, 1998, the record was closed and the matter was submitted for decision.

## FACTUAL FINDINGS

The Administrative Law Judge makes the following Factual Findings:

1. The Accusation was made by Thomas McCrady, Complainant, who is a Deputy Real Estate Commissioner of the State of California, acting in his official capacity.

2. On December 15, 1988, MDR was licensed by the Department of Real Estate ("the Department") as a corporate real estate broker. King served as the company's designated officer. MDR's license will expire on December 14, 2000 unless renewed.

3. On a date prior to April 1, 1992, the Department issued a real estate broker's license to King. The license will expire on December 14, 2000 unless renewed.

4. At all relevant times, MDR operated a residential real estate resale business. It also operated a broker controlled escrow business under the exemption referenced in Financial Code section 17006(a)(4).

5. On December 10, 1997, the Department completed a field audit examination of Respondents' books and records. The audit covered the inclusive dates of January 1, 1996 through September 30, 1997. The audit revealed the following:

a. The Chino office (MDR's main office) maintained two trust accounts. Account No. 683-261971, held at Comerica (formerly Metrobank) in Irvine was closed in June of 1997.

b. Beginning early in 1996, Respondents hired Systems Management Services, Inc. ("SMS") to prepare monthly bank reconciliations.<sup>1</sup> To that end, SMS would prepare reports which included not only the reconciliations, but also a list of outstanding checks (those checks which had not yet been paid as of the reconciliation date), the Escrow Trial Balance (including the net amount and positive and negative balances total), and a listing of exception or reconciling items (such as "receipts posted to an escrow but not deposited in the escrow trust account, checks paid but not posted to the system, and differences in deposit totals and receipt totals"). (Exhibit 4, page 6.) Those items were adjusted both to the Escrow Trial Balance and to the adjusted cash balance. The figures used by SMS to prepare the reconciliations were the receipt and disbursement data MDR personnel entered into the MDR computers.

c. Account No. 0031-004-268, held at Imperial Bank in Beverly Hills, revealed a deficit of approximately \$3055.60.

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<sup>1</sup> Prior to December 5, 1996, the service was provided by Financial Processing Systems ("FPS").



d. As of September 30, 1997, approximately twelve escrows totaling \$14,302.69 had not yet been transferred to the SMS system from FPS. They were therefore not included in MDR's monthly reconciliations.

e. Two escrow officers were signatories on the Imperial Bank trust account. They were not licensed by the Department and they were not covered by a fidelity bond. Another individual was authorized to sign on the trust account. Albeit a licensed real estate salesperson, he was not licensed to MDR during the audit period.

6. During the audit period, MDR was handling approximately 20 escrows per month. The average amount per escrow was \$200,000.

7. King reviewed the monthly reports from SMS with his escrow officers. However, despite a number of "red flags" in the reports, he failed to realize the trust account was out of balance.

8. The \$3055.60 discrepancy was not due to theft. Upon being advised of the discrepancy by the Department's auditor, King immediately deposited that amount into the trust account from his general account. A subsequent audit, conducted by a private auditor at King's request, showed another possible discrepancy of approximately \$800. King quickly deposited that amount into the trust account.

9. King is now in the process of terminating the SMS services.

10. King was not aware, until informed by the Department's auditor, that a fidelity bond was required. He was unable to obtain one immediately thereafter because he had difficulty in determining the requisite amount of the bond. He subsequently obtained a \$500,000 fidelity bond with a \$7500 deductible.

## LEGAL CONCLUSIONS

Pursuant to the foregoing Factual Findings, the Administrative Law Judge makes the following legal conclusions:

1. Cause exists for the suspension or revocation of MDR's corporate real estate brokers license pursuant to Business and Professions Code sections 10145 and 10159.2, and Title 10, California Code of Regulations, sections 2832.1, 2950(d) and 2951, as those sections interact with Business and Professions Code section 10177(d), for permitting disbursement of trust account funds to an amount less than the existing aggregate trust fund liability to every principal who was an owner of those funds, without first obtaining the prior written consent of the owners of the funds, as set forth in Findings 4, 5, 7 and 8.

2. Cause exists for the suspension or revocation of MDR's corporate real estate brokers license pursuant to Business and Professions Code sections 10145 and 10159.2, and Title 10, California Code of Regulations, section 2834, as those sections interact with Business and Professions Code section 10177(d), for permitting unlicensed, unbonded individuals to be authorized signatories on the trust account, as set forth in Findings 4 and 5.

3. Cause exists for the suspension or revocation of MDR's corporate real estate brokers license pursuant to Business and Professions Code sections 10145 and 10159.2, and Title 10, California Code of Regulations, section 2834, as those sections interact with Business and Professions Code section 10177(d), for permitting an individual who was not licensed to MDR to be an authorized signatory on the trust account, as set forth in Findings 4 and 5.

4. Cause exists for the suspension or revocation of King's real estate brokers license pursuant to Business and Professions Code sections 10159.2 and 10177(d)(h), for failure to secure full compliance with the provisions of the Real Estate Law, including the supervision of the salespersons licensed to the corporation in the performance of acts for which a real estate license is required, as set forth in Findings 2, 4, 5, 7 and 10.

Respondents argue that they should be relieved of liability for the shortage in the trust account because they hired an outside agency (SMS) to reconcile the account, and that the outside agency failed to make it clear to Respondents that the account was out of balance. That position is incorrect. Business and Professions Code sections 10159.2, 10177(d) and 10177(h) define licensees' duties. They do not allow a licensee to delegate liability even though certain of the business's functions are delegated. The licensee is ultimately responsible for his/her business and his/her license. While the circumstances in this case may allow Respondents' delegation of the reconciliation duties to be deemed a factor in mitigation, it does not relieve Respondents from responsibility for shortages in the trust account. The very fact that King was unable to discern the shortage from his review of the reconciliation statements should have put him on notice to contact SMS and learn how to read and understand the statements.

Respondents immediately took steps to mitigate and correct the violations found by the Department's auditor. The shortage in the trust account was replaced and a fidelity bond was purchased.

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The trust fund shortage was minimal given the sums generally held in the trust account, and the shortage was caused by inadvertence rather than intent. However, in purchasing a fidelity bond with a \$7500 deductible, Respondents failed to fully comply with Title 10, California Code of Regulations, section 2834. That regulation requires that the bond cover the full amount to which an unlicensed person has access at a given time. Assuming the correct figure in this case was \$500,000, that amount was effectively reduced by the amount of the deductible.

Nonetheless, Respondents appear to have made a good faith attempt to rectify the violations, and in light of the mitigating factors, revocation of Respondents' licenses is not necessary in order to adequately protect the public interest.

## ORDER

**WHEREFORE, THE FOLLOWING ORDER is hereby made:**

All licenses and licensing rights of Respondents, M.D.R. Properties, Inc. and Richard Michael King, under the Real Estate Law are revoked; provided, however, a restricted corporate real estate broker license shall be issued to Respondent, M.D.R. Properties, Inc., and a restricted real estate broker license shall be issued to Respondent, Richard Michael King, pursuant to Section 10156.5 of the Business and Professions Code if Respondents make application thereof and pay to the Department of Real Estate the appropriate fee for the restricted licenses within 90 days from the effective date of this Decision. The restricted licenses issued to Respondents shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of that Code:

1. The restricted licenses issued to Respondents may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction or plea of nolo contendere to a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

2. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that said Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

3. Respondents shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until two (2) years have elapsed from the effective date of this Decision.

4. Respondent, Richard Michael King, shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

5. Respondents shall report in writing to the Department of Real Estate as the Real Estate Commissioner shall direct by his Decision herein or by separate written order issued while the restricted license is in effect such information concerning Respondents' activities for which a real estate license is required as the Commissioner shall deem to be appropriate to protect the public interest.

Such reports may include, but shall not be limited to, periodic independent accountings of trust funds in the custody and control of Respondent and periodic summaries of salient information concerning each real estate transaction in which the Respondents engaged during the period covered by the report.

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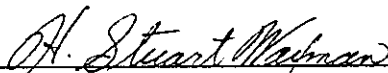
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6. Pursuant to Section 10148 of the Business and Professions Code, Respondents shall pay the Commissioner's reasonable cost for an audit to determine if Respondents have corrected the trust fund violations found in paragraphs 1, 2 and 3 of the Legal Conclusions. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. Respondents shall pay such cost within 45 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities. The Commissioner may suspend the restricted licenses issued to Respondents pending a hearing held in accordance with Section 11500 et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the Respondents and the Commissioner. The suspension shall remain in effect until payment is made in full or until Respondents enter into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

DATED: November 25, 1998

  
\_\_\_\_\_  
H. STUART WAXMAN  
Administrative Law Judge  
Office of Administrative Hearings

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BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

FILED  
JUL 10 1998  
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of  
MDR PROPERTIES INC., and  
RICHARD MICHAEL KING,

}

By: K. Michael

Case No. H-27687 LA

OAH No. L-1998070058

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at \_\_\_\_\_  
Office of Administrative Hearings, 107 South Broadway, Second Floor  
Los Angeles, CA 90012

on September 29, 1998, at the hour of 9:00 a.m.,  
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of  
hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten  
(10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days  
will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You  
are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent  
yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the  
Department may take disciplinary action against you based upon any express admission or other evidence including  
affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses  
testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the  
production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who  
does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The  
interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: July 10, 1998

By e. j. w.

Counsel

cc: MDR Properties Inc.  
Richard Michael King  
Mark A. Nialis, Esq.  
Sacto OAH MLB

RE 501 (Rev. 8/97)

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1 ELLIOTT MAC LENNAN, Counsel  
2 State Bar # 66674  
3 Department of Real Estate  
4 107 South Broadway, Room 8107  
5 Los Angeles, California 90012  
6  
7 Telephone (213) 897-3937

**FILED**  
JUN 11 1998  
DEPARTMENT OF REAL ESTATE

By *E. Medel*

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \* \*

11 In the Matter of the Accusation of )  
12 M.D.R. PROPERTIES, INC.; )  
13 and, RICHARD MICHAEL KING, )  
14 individually and as designated )  
15 officer of M.D.R. Properties, Inc., )  
16 Respondents. )

No. H-27687 LA  
A C C U S A T I O N

17 The Complainant, Thomas McCrady, acting in his official  
18 capacity as a Deputy Real Estate Commissioner of the State of  
19 California, for cause of accusation against M.D.R. PROPERTIES,  
20 INC., dba Century 21 King Realtors, and RICHARD MICHAEL KING,  
21 individually and as designated officer of M.D.R. Properties, Inc.  
22 is informed and alleges as follows:

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I

M.D.R. PROPERTIES, INC. (MDR) and RICHARD MICHAEL KING, (KING) sometimes collectively referred to as Respondents, are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

II

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.

III

At all times mentioned, MDR was licensed by the Department of Real Estate of the State of California (Department) as a corporate real estate broker by and through KING as designated officer. MDR was first licensed by the Department on December 15, 1988.

IV

At all times mentioned, KING was licensed by the Department as designated officer of MDR to qualify MDR and to act for MDR as a real estate broker and, as provided by Section 10159.2 of the Code, was responsible for the supervision and control of the activities conducted on behalf of MDR by its officers, managers and employees as necessary to secure full compliance with the provisions of the Real Estate Law including the supervision of the salespersons licensed to the corporation in the performance of acts for which a real estate license is





1 required. KING was originally licensed as a real estate broker on  
2 April 1, 1992.

3 V

4 Whenever reference is made in an allegation in the  
5 accusation to an act or omission of MDR such allegation shall be  
6 deemed to mean that the officers, directors, managers, employees,  
7 agents and real estate licensees employed by or associated with  
8 MDR committed such act or omission while engaged in the  
9 furtherance of the business or operation of MDR and while acting  
10 within the course and scope of its corporate authority, agency and  
11 employment.

12 VI

13 At all times mentioned, in the City of Chino, Los  
14 Angeles County, Respondent MDR acted as a real estate broker,  
15 within the meaning of Section 10131(a) of the Code in that MDR  
16 operated a residential real estate resale business with the public  
17 wherein, for compensation or in expectation of compensation, MDR  
18 sold or offered to sell, bought or offered to buy, solicited  
19 prospective sellers or purchasers of, solicited or obtained  
20 listings of, or negotiated the purchase, sale or exchange of real  
21 property. In addition, MDR conducted broker controlled escrows  
22 under the exemption set forth in Section 17006(a)(4) of the  
23 California Financial Code.

24 VII

25 On December 10, 1997, the Department completed a field  
26 audit examination of the books and records pertaining to the  
27 activities of MDR described in Paragraph VI. The audit



1 examination covered a period of time beginning on January 1, 1996  
2 and ending on September 30, 1997. The audit examination revealed  
3 violations of the Code and the Regulations as set forth in the  
4 following paragraphs.

5 VIII

6 In connection with the aforesaid real estate activities  
7 described in Paragraph VI, MDR accepted or received funds in trust  
8 (trust funds) from or on behalf of actual or prospective buyers  
9 and sellers and thereafter made disbursements of such funds. MDR  
10 maintained the following trust accounts into which it deposited  
11 certain of these funds:

12 "MDR Properties, Inc. Escrow Trust Account (T/A #1)  
13 No. 0031-004-268"  
14 Imperial Bank  
15 9777 Wilshire Blvd.  
16 Beverly Hills, CA 90212

17 "MDR Properties, Inc. Escrow Trust Account (T/A #2)  
18 No. 683-261971"  
19 Commercia Bank (formerly Metrobank)  
20 5000 Birch Street  
21 Irvine, CA 92660

22 IX

23 With respect to the trust funds referred to in Paragraph  
24 VIII, MDR:

25 (a) Permitted, allowed or caused the disbursement of  
26 trust funds from T/A #1 where the disbursement of said funds  
27 reduced the total of aggregate funds in T/A #1, to an amount  
which, on September 30, 1997, was \$3,055.60 less than the existing  
aggregate trust fund liability of MDR to every principal who was  
an owner of said funds, without first obtaining the prior written



1 consent of the owners of said funds, as required by Section 10145  
2 of the Code and Section 2832.1, 2950(d) and 2951 of the  
3 Regulations;

4 (b) Failed to perform an accurate monthly  
5 reconciliation of the balance of all separate beneficiary or  
6 transaction records maintained pursuant to Regulation 2831.1 with  
7 the record of all trust funds received and disbursed by the trust  
8 account, as required by Regulation 2831.2 and 2950(d). Both  
9 outside accounting services used by MDR, did not include escrow  
10 balances for either escrow trust account, T/A #1 or T/A #2;

11 (c) Permitted unlicensed persons Pat Thomas and  
12 Jennifer Hodgson who were not bonded, to be authorized signatories  
13 on the T/A #1, in violation of Section 2834 of the Regulations;  
14 and

15 (d) Permitted real estate salesperson Genaro Mendoza,  
16 who was not licensed to MDR, to be an authorized signatory on the  
17 T/A #2, in violation of Section 2834 of the Regulations.

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X

The conduct of Respondent MDR, described in Paragraph IX, violated the Code and the Regulations as set forth:

PARAGRAPH

PROVISIONS VIOLATED

IX(a) Section 10145 & 10159.2 of the Code, and Section 2832.1, 2950(d) and 2951 of the Regulations

IX(b) Section 10145 & 10159.2 of the Code, and Section 2831.2 of the Regulations

X(c) Section 10145 & 10159.2 of the Code, and Section 2834 of the Regulations

X(d) Section 10145 & 10159.2 of the Code, and Section 2834 of the Regulations

Each of the foregoing violations separately constitutes cause for the suspension or revocation of the real estate licenses and license rights of MDR under Section 10177(d) of the Code.

XI

The audit examination revealed that on or about April 11, 1997, MDR's escrow division returned buyers Ralph & Aida Lopez' \$2,500 deposit for the purchase of 6727 Stonegate Drive, Chino, California to them without seller Mary R. Franklin's written authorization. MDR represented both buyer and seller in this sale-purchase transaction. This conduct and violation are



1 cause to suspend or revoke the real estate license and license  
2 rights of MDR pursuant to Sections 10177(g).

3 XII

4 The overall conduct of Respondent KING, constitutes  
5 a failure on his part, as officer designated by a corporate broker  
6 licensee, responsible for the supervision and control over the  
7 activities conducted on behalf of MDR by its officers, managers  
8 and employees as necessary to secure full compliance with the  
9 provisions of the Real Estate Law including the supervision of the  
10 salespersons licensed to the corporation in the performance of  
11 acts for which a real estate license is required. This conduct is  
12 cause for the suspension or revocation of the real estate license  
13 and license rights of KING pursuant to the provisions of Sections  
14 10159.2 and 10177(d) of the Code.

15 XIII

16 On October 19, 1989, in Case No. H-23870 LA, an ORDER TO  
17 DESIST AND REFRAIN was filed against Respondent MDR under Section  
18 10086 of the Code (Engaging in Prohibited Activity, Order to  
19 Desist and Refrain) for violations of Sections 2715, 2731, 2752  
20 and 2832 of the Regulations.

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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 licenses and license rights of Respondents against M.D.R. PROPERTIES, INC., dba Century 21 King Realtors, and RICHARD MICHAEL KING, individually and as designated officer of M.D.R. Properties, Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California  
this 11th day of June, 1998.

THOMAS MC CRADY  

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Deputy Real Estate Commissioner

cc Richard Michael King, D.O.  
c/o M.D.R. Properties, Inc.  
Sacto  
MLB