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**FILED**

OCT 05 2010

DEPARTMENT OF REAL ESTATE

By *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 ) NO. H-5482 SAC  
13 MATTHEW WAYNE STEWART, )  
14 DANCE HALL INVESTORS, INC., a ) ACCUSATION  
15 California corporation, WAYNE THOMAS HALL, )  
16 RIVERSIDE CORP, a California corporation, )  
17 and RORY LEE HOELKER, )  
18 Respondents. )

19 The Complainant, TRICIA D. SOMMERS, a Deputy Real Estate Commissioner  
20 of the State of California, for Causes of Accusation against MATTHEW WAYNE STEWART,  
21 DANCE HALL INVESTORS, INC., a California corporation, WAYNE THOMAS HALL,  
22 RIVERSIDE CORP, a California corporation, and RORY LEE HOELKER, is informed and  
23 alleges as follows:

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25 Respondent MATTHEW WAYNE STEWART (hereinafter "Respondent  
26 STEWART), DANCE HALL INVESTORS, INC. (hereinafter "Respondent DHI"), WAYNE  
27 THOMAS HALL (hereinafter "Respondent HALL"), RIVERSIDE CORP (hereinafter  
"Respondent RIVERSIDE"), and RORY LEE HOELKER (hereinafter "Respondent

1 HOELKER”), are presently licensed and/or have license rights under the Real Estate Law, Part  
2 1 of Division 4 of the California Business and Professions Code (hereinafter “the Code”).

3 2

4 The Complainant, TRICIA D. SOMMERS, a Deputy Real Estate Commissioner  
5 of the State of California, makes this Accusation against Respondents in her official capacity.

6 3

7 At all times herein mentioned, Respondent STEWART was and is licensed by  
8 the Department of Real Estate (hereinafter “Department”) as an individual real estate  
9 salesperson. At no time has the Department licensed Respondent STEWART as a real estate  
10 broker.

11 4

12 At all times herein mentioned, Respondent DHI was and is licensed by the  
13 Department as a corporate real estate broker.

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15 At all times herein mentioned, Respondent HALL was and is licensed by the  
16 Department as an individual real estate broker.

17 6

18 At all times herein mentioned, Respondent HALL was licensed by the  
19 Department as the designated broker/officer of Respondent DHI. As said designated  
20 broker/officer, Respondent HALL was, at all times herein mentioned, responsible pursuant to  
21 Sections 10159.2 and 10177(h) of the Code and Section 2725 of Chapter 6, Title 10, California  
22 Code of Regulations (hereinafter “Regulations”) for the supervision of the activities of the  
23 officers, agents, and employees of, and of the real estate licensees employed by, Respondent  
24 DHI and of the activities of said corporation for which a real estate license is required.

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26 At all times herein mentioned, Respondent RIVERSIDE was and is licensed by  
27 the Department as a corporate real estate broker.

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At all times herein mentioned, Respondent HOELKER was and is licensed by the Department as an individual real estate broker.

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At all times herein mentioned, Respondent HOELKER was licensed by the Department as the designated broker/officer of Respondent RIVERSIDE. As said designated broker/officer, Respondent HOELKER was, at all times herein mentioned, responsible pursuant to Sections 10159.2 and 10177(h) of the Code and Section 2725 Regulations for the supervision of the activities of the officers, agents, and employees of, and of the real estate licensees employed by, Respondent RIVERSIDE and of the activities of said corporation for which a real estate license is required.

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Whenever reference is made in an allegation in this Accusation to an act or omission of Respondent DHI, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondent DHI committed such act or omission while engaged in the furtherance of the business or operations of Respondent DHI and while acting within the course and scope of their corporate authority and employment.

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Whenever reference is made in an allegation in this Accusation to an act or omission of Respondent RIVERSIDE, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondent RIVERSIDE committed such act or omission while engaged in the furtherance of the business or operations of Respondent RIVERSIDE and while acting within the course and scope of their corporate authority and employment.

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Respondent STEWART was licensed as a real estate salesperson in the employ of Respondent DHI from December 5, 2000, through July 21, 2009.

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Respondent STEWART was and is licensed as a real estate salesperson in the employ of Respondent RIVERSIDE beginning July 22, 2009.

14

At all times herein mentioned, Respondent STEWART is and was the chief executive officer, corporate secretary, treasurer, sole director, and sole stockholder of Pardus Ventures, Inc., a Nevada corporation, and, therefore, Pardus Ventures, Inc., was and is the alter ego of Respondent STEWART and whenever a reference is made to an act, omission or representation of Pardus Ventures, Inc., such allegation shall be deemed to mean that Respondent STEWART was so acting, failing to act, and/or speaking.

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At no time herein mentioned did Pardus Ventures, Inc., as a foreign corporation, register with and obtain from the California Secretary of State a certificate of qualification, and, therefore, was not authorized to transact, and was not authorized to advertise to transact, intrastate business within the State of California in violation of Section 2105 of the California Corporations Code [a foreign corporation shall not transact intrastate business without having first obtained from the Secretary of State a certificate of qualification].

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At no time has the Department issued a real estate license to Pardus Ventures, Inc., a Nevada corporation.

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As of December 17, 2009, Stewart Ventures, Inc., was duly incorporated in and under the laws of the State of California identified by Entity Number C3264338.

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2 At all times herein mentioned, Respondent STEWART is and was the chief  
3 executive officer of, agent for service of process for, principal director of, and principal  
4 stockholder of Stewart Ventures, Inc., and, therefore, Stewart Ventures, Inc., was and is the alter  
5 ego of Respondent STEWART and whenever a reference is made to an act, omission or  
6 representation of Stewart Ventures, Inc., such allegation shall be deemed to mean that  
7 Respondent STEWART was so acting, failing to act, and/or speaking.

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9 At no time has the Department issued a real estate license to Stewart Ventures,  
10 Inc., a California corporation.

11  
12 At all times herein mentioned, Respondents engaged in the business of, acted in  
13 the capacity of, advertised, or assumed to act as real estate brokers within the meaning of  
14 Section 10131(a) of the Code, including, on behalf of others, for or in expectation of  
15 compensation, Respondents sold or offered to sell, bought or offered to buy, solicited  
16 prospective sellers or purchases of, solicited or obtained listings of, and/or negotiated the  
17 purchase or sale of real property.

18 FIRST CAUSE OF ACTION

19  
20 There is hereby incorporated in this First, separate and distinct, Cause of Action,  
21 all of the allegations contained in Paragraphs 1 through 20, inclusive, of the Accusation with the  
22 same force and effect as if herein fully set forth.

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24 Within three years prior to the filing of this Accusation, on or about October 18,  
25 16, 2008, in the course and scope of conducting the activities set forth in Paragraph 20, above,  
26 Respondent STEWART and Respondent DHI solicited for and negotiated a listing agreement  
27 with Eric and Julie Harvey (hereinafter "Sellers Harvey") to sell their real property identified as

1 12916 Austin Forest Circle in Auburn, California (hereinafter "Auburn property") with a  
2 broker's commission not to exceed 7% of the sale price.

3 23

4 At all times herein mentioned, the Auburn property was encumbered by a senior  
5 deed of trust held by Washington Mutual Bank (now J. P. Morgan Chase Bank as successor in  
6 interest, hereinafter "Chase Bank") having a balance due of \$573,754.24 and by a junior deed of  
7 trust held by Chase Bank having a balance due of \$5,000.00, for a total balance of \$578,754.24.

8 24

9 At all times herein mentioned, the value of the property was not sufficient to  
10 cover the full amount due on the loans and extinguish all costs of sale and property taxes due.

11 25

12 Within three years prior to the filing of this Accusation, Respondent STEWART  
13 and Respondent DHI solicited for and negotiated with the lender Chase Bank on behalf of  
14 Sellers Harvey to permit sale of the subject property for an amount less than needed to  
15 extinguish all costs of sale, taxes, and the full balance due on the loans secured by the subject  
16 property whereby the lender would forgive any remaining balance due on the promissory notes  
17 and/or release their liens; a sale transaction otherwise known as a "short sale."

18 26

19 On or about May 4, 2009, Respondent STEWART and Respondent DHI received  
20 from John Renwick, a licensed real estate agent on behalf of Tom and Lesley Daley (hereinafter  
21 "Buyers Daley"), a RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW  
22 INSTRUCTIONS offering to purchase the Auburn property for a sale price of \$665,000.00,  
23 which offer the Sellers Harvey accepted.

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25 Within three years prior to the filing of this Accusation, on or about May 22,  
26 2009, Respondent STEWART, while employed by and acting on behalf of and with the  
27 approval or ratification of Respondent DHI, submitted to Buyers Daley through their real estate

1 agent a written agreement entitled "S S Buyer Fee Agreement" ostensibly for the purpose of  
2 allocating a 3% sellers credit to the buyers for the purpose of compensating Pardus Ventures,  
3 Inc., for negotiating short sale terms with Chase Bank.

4 28

5 Within three years prior to the filing of this Accusation, on or about June 10,  
6 2009, Respondent STEWART, while employed by and acting on behalf of and with the  
7 approval or ratification of Respondent DHI, induced Buyers Daley to sign the "S S Buyer Fee  
8 Agreement" by representing to them and/or to their real estate agent that Respondent  
9 STEWART would not submit their purchase offer to Chase Bank and that they would not be  
10 able to purchase the Auburn property unless Buyers Daley signed the "S S Buyer Fee  
11 Agreement." The agreement did not contain a definite date of final termination.

12 29

13 Within three years prior to the filing of this Accusation, on or about July 16,  
14 2009, escrow for the sale of the Auburn property to Buyers Daley closed. In addition to the total  
15 of \$39,900.00 paid as commissions to the parties' respective real estate brokers from the funds  
16 available to Sellers Harvey, \$19,950.00 was also paid to Pardus Ventures, Inc., from the funds  
17 available to Buyers Daley.

18 30

19 At no time herein mentioned prior to the close of escrow did Respondent  
20 STEWART or Respondent DHI inform Sellers Harvey that: 1.) he was requiring buyers to pay  
21 for services related to the short sale; 2.) he had required the Buyers Daley to sign the "S S Buyer  
22 Fee Agreement;" 3.) he was allocating 3% of the purchase price to Pardus Ventures, Inc., for  
23 any purpose; and, 4.) that he would be the ultimate recipient and beneficiary of the 3% of the  
24 purchase price allocated to Pardus Ventures, Inc., which would increase his commission to an  
25 amount in excess of the 7% maximum authorized in the listing agreement.

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2           Upon the close of escrow, there were insufficient funds to extinguish the  
3 principal balance and costs dues under the junior note secured by the second deed of trust such  
4 that Sellers Harvey remained contractually liable to Chase Bank for the unpaid amounts due.

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6           In truth and in fact, as Respondent STEWART and Respondent DHI knew or  
7 should have known at the time through the exercise of reasonable diligence, that: 1.) the "S S  
8 Buyer Fee Agreement" submitted to the Buyers Daley would not and did not result in any short  
9 sale negotiations or services to be performed by anyone other than by Respondent STEWART;  
10 2.); Respondent STEWART had no intention of limiting his compensation to the amounts  
11 authorized under the listing agreement; 3.) Respondent STEWART had no intention of  
12 disclosing to Sellers Harvey the compensation and/or profit he would receive through Pardus  
13 Ventures, Inc.; 4.) Sellers Harvey would not have authorized the payment of any additional  
14 compensation or costs; 5.) as the real estate agent on behalf of Sellers Harvey, Respondent  
15 STEWART alone had sole responsibility for negotiating with Chase Bank; and, 6.) that Pardus  
16 Ventures, Inc., was not authorized to conduct business within the state of California and was not  
17 licensed by the Department to conduct activities for compensation, including negotiations on  
18 behalf of others to sell real property, that required a real estate license.

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20           The acts and/or omissions of Respondents described in Paragraphs 21 through  
21 32, inclusive, above, constituted substantial misrepresentations, fraud, deceit, and dishonest  
22 dealing.

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24           The acts and/or omissions of Respondents, as alleged in Paragraphs 21 through  
25 33, inclusive, above, constitute grounds for the revocation or suspension of Respondents'  
26 licenses and/or license rights:

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- 1 a.) As to Respondents STEWART and DHI, under Section 10176(a) of the  
2 Code [making any substantial misrepresentation];
- 3 b.) As to Respondents STEWART and DHI, under Section 10176(f) of the  
4 Code [licensee claiming or demanding compensation under an agreement  
5 for performing licensed acts not containing a definite and final date of  
6 termination];
- 7 c.) As to Respondents STEWART and DHI, under Section 10176(g) of the  
8 Code [licensee claiming or taking any secret or undisclosed compensation  
9 or profit or failure to disclose full amount of compensation or profit to  
10 licensee's employer];
- 11 d.) As to Respondents STEWART and DHI, under Section 10176(i) of the  
12 Code [engaged in any other conduct, while acting in a licensed capacity  
13 whether of the same or different character than specified in this section,  
14 constituting fraud or dishonest dealing];
- 15 e.) As to Respondents STEWART and DHI, under Section 10177(g)  
16 [demonstrated negligence or incompetence in performing an act for which  
17 he or she is required to hold a license];
- 18 f.) As to Respondents STEWART and DHI, under Section 10177(j) of the  
19 Code [engaged in any other conduct, whether of the same or different  
20 character than specified in this section, constituting fraud or dishonest  
21 dealing];
- 22 g.) As to Respondent STEWART, under Section 10137 of the Code [no real  
23 estate salesman shall be employed by or accept compensation from any  
24 person other than the broker under whom he licensed at the time] in  
25 conjunction with Section 10177(d) of the Code [suspension or revocation  
26 of license for willful disregard or violation of the Real Estate Law,  
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1 Sections 10000 et seq. and Sections 11000 et seq. of the Code, or of the  
2 Regulations]; and/or,

3 h.) As to Respondent STEWART, under Section 10138 of the Code  
4 [unlawful to pay or deliver compensation to anyone for performing acts  
5 requiring a real estate license when such payee is not known to be so  
6 licensed] in conjunction with Section 10177(d) of the Code.

7 SECOND CAUSE OF ACTION

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9 There is hereby incorporated in this Second, separate and distinct, Cause of  
10 Action, all of the allegations contained in Paragraphs 1 through 34, inclusive, of the Accusation  
11 with the same force and effect as if herein fully set forth.

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14 Within three years prior to the filing of this Accusation, on or about May 20,  
15 2009, in the course and scope of conducting the activities set forth in Paragraph 20, above,  
16 Respondent STEWART and Respondent RIVERSIDE solicited for and entered into a listing  
17 agreement with Sellers Morrow to sell their real property identified as 263 Hornsby Court in  
18 Folsom, California (hereinafter "Folsom property") with a broker's commission not to exceed  
19 7% of the sale price.

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21 At all times herein mentioned, the Folsom property was encumbered by a senior  
22 deed of trust held by Aurora Loan Services (hereinafter "Aurora Loan") having a balance due of  
23 \$258,359.25 and by a junior deed of trust held by Bank of America having a balance due of  
24 \$8,500.00, for total balance of \$266,859.25.

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26 At all times herein mentioned, the value of the property was not sufficient to  
27 cover the full amount due on the loans and extinguish all costs of sale and property taxes due.

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2           Within three years prior to the filing of this Accusation, Respondent STEWART,  
3 while employed by and acting on behalf of and with the approval or ratification of Respondent  
4 RIVERSIDE, solicited for and negotiated with the lender Aurora Loan on behalf of Sellers  
5 Morrow to permit sale of the subject property for an amount less than needed to extinguish all  
6 costs of sale, taxes, and the full balance due on the loans secured by the subject property  
7 whereby the lender would forgive any remaining balance due on the promissory notes and/or  
8 release their liens; a sale transaction otherwise known as a “short sale.”

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10           On or about December 10, 2009, Respondent STEWART, while employed by  
11 and acting on behalf of and with the approval or ratification of Respondent RIVERSIDE,  
12 negotiated on behalf of Sadiq Mohiuddin (hereinafter “Buyer Mohiuddin”) and submitted to  
13 Sellers Morrow on behalf of Buyer Mohiuddin a RESIDENTIAL PURCHASE AGREEMENT  
14 AND JOINT ESCROW INSTRUCTIONS offering to purchase the Folsom property for a sale  
15 price of \$300,000.00, which offer the Sellers Morrow accepted.

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17           Within three years prior to the filing of this Accusation, on or about December  
18 10, 2009, Respondent STEWART, while employed by and acting on behalf of and with the  
19 approval or ratification of Respondent RIVERSIDE, submitted to Buyer Mohiuddin a written  
20 agreement entitled “S S Buyer Fee Agreement” ostensibly for the purpose of allocating a 3%  
21 sellers credit to the buyer for the purpose of compensating Pardus Ventures, Inc., for negotiating  
22 short sale terms with Aurora Loan.

23  
24           Within three years prior to the filing of this Accusation, on or about December  
25 10, 2009, Respondent STEWART, while employed by and acting on behalf of and with the  
26 approval or ratification of Respondent RIVERSIDE, induced Buyer Mohiuddin to sign the “S S  
27 Buyer Fee Agreement” by representing to Buyer Mohiuddin that Pardus Ventures, Inc., needed

1 to be paid for negotiating the short sale, that Respondent STEWART would not submit the  
2 purchase offer to Aurora Loan if Buyer Mohiuddin did not sign the agreement, and that  
3 Respondent STEWART would find another buyer if Buyer Mohiuddin did not sign the  
4 agreement. The agreement did not contain a definite date of final termination.

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6 Within three years prior to the filing of this Accusation, on or about February 3,  
7 2010, escrow for the sale of the Folsom property to Buyer Mohiuddin closed. In addition to the  
8 total of \$18,000.00 paid as commissions to the listing real estate broker from the funds available  
9 to Sellers Morrow, \$5,000.00 was also paid to Pardus Ventures, Inc., from the funds available to  
10 Buyer Mohiuddin, and escrow was directed by Respondent STEWART to pay \$1,925.00 to  
11 Stewart Ventures, Inc., from funds available to Sellers Morrow.

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13 At no time herein mentioned prior to the close of escrow did Respondent  
14 STEWART or Respondent RIVERSIDE inform Sellers Morrow that: 1.) he was requiring  
15 buyers to pay for services related to the short sale; 2.) he had required the Buyer Mohiuddin to  
16 sign the "S S Buyer Fee Agreement;" 3.) he was allocating 3% of the purchase price to Pardus  
17 Ventures, Inc., for any purpose; 4.) he would be the ultimate recipient and beneficiary of the 3%  
18 of the purchase price allocated to Pardus Ventures, Inc., which would increase his commission  
19 to an amount in excess of the 7% maximum authorized in the listing agreement; and, 5.) that  
20 Respondent STEWART was directing escrow to pay an additional \$1,925.00 of their funds to  
21 Stewart Ventures, Inc.

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23 Upon the close of escrow, there were insufficient funds to extinguish the  
24 principal balance and costs dues under the junior note secured by the second deed of trust such  
25 that Sellers Morrow remained contractually liable to Bank of America for the unpaid amounts  
26 due.

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2 In truth and in fact, as Respondent STEWART and Respondent RIVERSIDE  
3 knew or should have known at the time through the exercise of reasonable diligence, that: 1.) the  
4 "S S Buyer Fee Agreement" submitted to the Buyer Mohiuddin would not and did not result in  
5 any short sale negotiations or services to be performed by anyone other than by Respondent  
6 STEWART; 2.); Respondent STEWART had no intention of limiting his compensation to the  
7 amounts authorized under the listing agreement; 3.) Respondent STEWART had no intention of  
8 disclosing to Sellers Morrow the compensation and/or profit he would receive through Pardus  
9 Ventures, Inc.; 4.) Respondent STEWART had no intention of disclosing to Sellers Morrow the  
10 compensation or profit he would receive through Stewart Ventures, Inc.; 5.) Sellers Morrow  
11 would not have authorized the payment of any additional compensation or costs to Pardus  
12 Ventures, Inc., or to Stewart Ventures, Inc.; 6.) as the real estate agent on behalf of Sellers  
13 Morrow, Respondent STEWART alone had sole responsibility for negotiating with Aurora  
14 Loan; 7.) that Pardus Ventures, Inc., was not authorized to conduct business within the state of  
15 California and was not licensed by the Department to conduct activities for compensation,  
16 including negotiations on behalf of others to sell real property, that required a real estate license;  
17 and, 8.) that Stewart Ventures, Inc., was not licensed by the Department to conduct activities for  
18 compensation, including negotiations on behalf of others to sell real property, that required a  
19 real estate license.

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21 The acts and/or omissions of Respondents described in Paragraphs 35 through  
22 46, inclusive, above, constituted substantial misrepresentations, fraud, deceit, and dishonest  
23 dealing.

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25 The acts and/or omissions of Respondents as alleged in Paragraphs 35 through  
26 47, inclusive, above, constitute grounds for the revocation or suspension of Respondents'  
27 licenses and/or license rights:

- 1 a.) As to Respondents STEWART and RIVERSIDE, under Section 10176(a)  
2 of the Code [making any substantial misrepresentation];
- 3 b.) As to Respondents STEWART and RIVERSIDE, under Section 10176(f)  
4 of the Code [licensee claiming or demanding compensation under an  
5 agreement for performing licensed acts not containing a definite and final  
6 date of termination];
- 7 c.) As to Respondents STEWART and RIVERSIDE, under Section 10176(g)  
8 of the Code [licensee claiming or taking any secret or undisclosed  
9 compensation or profit or failure to disclose full amount of compensation  
10 or profit to licensee's employer];
- 11 d.) As to Respondents STEWART and RIVERSIDE, under Section 10176(i)  
12 of the Code [engaged in any other conduct, while acting in a licensed  
13 capacity whether of the same or different character than specified in this  
14 section, constituting fraud or dishonest dealing];
- 15 e.) As to Respondents STEWART and RIVERSIDE, under Section 10177(g)  
16 [demonstrated negligence or incompetence in performing an act for which  
17 he or she is required to hold a license];
- 18 f.) As to Respondents STEWART and RIVERSIDE, under Section 10177(j)  
19 of the Code [engaged in any other conduct, whether of the same or  
20 different character than specified in this section, constituting fraud or  
21 dishonest dealing];
- 22 g.) As to Respondent STEWART, under Section 10137 of the Code [no real  
23 estate salesman shall be employed by or accept compensation from any  
24 person other than the broker under whom he licensed at the time] in  
25 conjunction with Section 10177(d) of the Code [suspension or revocation  
26 of license for willful disregard or violation of the Real Estate Law,

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1 Sections 10000 et seq. and Sections 11000 et seq. of the Code, or of the  
2 Regulations]; and/or,

3 h.) As to Respondent STEWART, under Section 10138 of the Code  
4 [unlawful to pay or deliver compensation to anyone for performing acts  
5 requiring a real estate license when such payee is not known to be so  
6 licensed] in conjunction with Section 10177(d) of the Code.

7 THIRD CAUSE OF ACTION

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9 There is hereby incorporated in this Third, separate and distinct, Cause of Action,  
10 all of the allegations contained in Paragraphs 1 through 48, inclusive, of the Accusation with the  
11 same force and effect as if herein fully set forth.

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13 At all times above mentioned, Respondent HALL was responsible, as the  
14 designated broker officer of Respondent DHI, for the supervision and control of the activities  
15 conducted on behalf of the corporation by its officers and employees. Respondent HALL failed  
16 to exercise reasonable supervision and control over the real property purchase and sale activities  
17 of Respondent DHI. In particular, Respondent HALL permitted, ratified, and/or caused the  
18 conduct described in the First and Second Causes of Action, above, to occur, and failed to take  
19 reasonable steps, including but not limited to: the review of transactional documents; review of  
20 purchase agreements; review of escrow instructions; review of settlement statements; prevent  
21 misrepresentations and false statements on transactional documents; prevent the payment of  
22 commissions to unlicensed entities; assure full disclosure of all compensation and profits  
23 received by licensed salesperson employees; failure to intervene in a transaction to protect  
24 consumers from the fraud of a licensed salesperson employee; the supervision of employees;  
25 and, the implementation of policies, rules, procedures, and systems to ensure the compliance of  
26 the corporation with the Real Estate Law.

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The above acts and/or omissions of Respondent HALL constitute grounds for the suspension or revocation of the licenses and licensing rights of Respondent under the provisions of Section 10159.2 of the Code [designated broker/officer responsible for supervision and control of activities conducted on behalf of corporation by officers, licensed salespersons and employees to secure compliance with the Real Estate Law] and Section 2725 of the Regulations [broker shall: exercise reasonable supervision over licensed employees; establish policies and procedures for compliance with Real Estate Law; supervise transactions requiring a real estate license; trust fund handling; etc.] all in conjunction with Section 10177(d) of the Code and/or under the provisions of Section 10177(h) of the Code [suspension or revocation for broker or designated broker/officer who fails to exercise reasonable supervision of licensed employees or licensed activities of broker corporation].

FOURTH CAUSE OF ACTION

There is hereby incorporated in this Fourth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 51, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

At all times above mentioned, Respondent HOELKER was responsible, as the designated broker officer of Respondent RIVERSIDE, for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees. Respondent HOELKER failed to exercise reasonable supervision and control over the real property purchase and sale activities of Respondent RIVERSIDE. In particular, Respondent HOELKER permitted, ratified, and/or caused the conduct described in the Second Cause of Action, above, to occur, and failed to take reasonable steps, including but not limited to: the review of transactional documents; review of purchase agreements; review of escrow instructions; review of settlement statements; prevent misrepresentations and false statements on transactional



1 documents; prevent the payment of commissions to unlicensed entities; assure full disclosure of  
2 all compensation and profits received by licensed salesperson employees; failure to intervene in  
3 a transaction to protect consumers from the fraud of a licensed salesperson employee; the  
4 supervision of employees; and, the implementation of policies, rules, procedures, and systems to  
5 ensure the compliance of the corporation with the Real Estate Law.

6 51

7 The above acts and/or omissions of Respondent HOELKER constitute grounds  
8 for the suspension or revocation of the licenses and licensing rights of Respondent under the  
9 provisions of Section 10159.2 of the Code [designated broker/officer responsible for supervision  
10 and control of activities conducted on behalf of corporation by officers, licensed salespersons  
11 and employees to secure compliance with the Real Estate Law] and Section 2725 of the  
12 Regulations [broker shall: exercise reasonable supervision over licensed employees; establish  
13 policies and procedures for compliance with Real Estate Law; supervise transactions requiring a  
14 real estate license; trust fund handling; etc.] all in conjunction with Section 10177(d) of the  
15 Code and/or under the provisions of Section 10177(h) of the Code [suspension or revocation for  
16 broker or designated broker/officer who fails to exercise reasonable supervision of licensed  
17 employees or licensed activities of broker corporation].

18 WHEREFORE, Complainant prays that a hearing be conducted on the  
19 allegations of this Accusation and that upon proof thereof a decision be rendered imposing  
20 disciplinary action against all license(s) and license rights of Respondents under the Real Estate  
21 Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further  
22 relief as may be proper under other provisions of law.

23 

24 TRICIA D. SOMMERS  
25 Deputy Commissioner

26 Dated at Sacramento, California

27 this 14<sup>th</sup> day of September, 2010