



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

**In the Matter of the Accusation of:**

**MAJESTIC INVESTMENTS, INC.,  
LUTHER SANCHEZ, individually and as  
designated officer of Majestic Investments, Inc.,  
and  
GLORIA ADELIA TIMMONS,  
Respondents.**

**No. H-37526 LA**

**OAH No. 2011120948**

**PROPOSED DECISION**

This matter was heard by Julie Cabos-Owen, Administrative Law Judge with the Office of Administrative Hearings, on July 30, 2012, in Los Angeles, California. Complainant was represented by Lissete Garcia, Counsel for the Department of Real Estate. Majestic Investments, Inc., and Luther Sanchez (who appeared at the hearing), were represented by Michael A. Lanphere, Attorney at Law. There was no appearance by or on behalf of Gloria Adelia Timmons, who previously filed a declaration voluntarily surrendering her real estate salesperson license and waiving her rights to a hearing on the Accusation; and Order Accepting Voluntary Surrender is awaiting the Real Estate Commissioner's signature.

At the administrative hearing, the Accusation was amended as follows:

At page five, paragraph 11, the following words were added after the last sentence: "Hector Castillo, an unlicensed individual, assisted borrower Preciado with the purchase of the subject property."

At page five, paragraph 12, line 8, after the word application, the words "and sale and purchase of the subject property" were added.

Oral and documentary evidence was received, and argument was heard. The record was closed, and the matter was submitted for decision on July 30, 2012.

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## FACTUAL FINDINGS

1. On September 14, 2011, Complainant, Robin Trujillo, filed the Accusation while acting in her official capacity as Deputy Real Estate Commissioner of the Department of Real Estate (Department), State of California.

2(a). On August 21, 1997, Respondent Luther Sanchez (Respondent Sanchez) was licensed by the Department as a real estate salesperson. From December 1, 2003, through the present, Respondent Sanchez has been licensed as a real estate broker, Department License Number B/01226461.

2(b). From January 2007 until October 2007, Respondent Sanchez's main office address was 9216 Lakewood Boulevard, Downey, California. From October 2007, until May 2007, Respondent Sanchez's main office address was changed to 9210 Lakewood Boulevard, Downey, California. From May 2007 until May 19, 2008, Respondent Sanchez's main office address was changed back to 9216 Lakewood Boulevard. On May 19, 2008, Respondent Sanchez's main office address was changed to 5861 Pine Avenue, Suite B, Chino Hills, California.

3(a). From March 26, 2007, through March 25, 2011, Majestic Investments, Inc. (Respondent Majestic) was licensed by the Department as a real estate corporation, License Number C/01773701, acting through Respondent Sanchez as its designated broker-officer pursuant to Business and Profession Code section 10159.2. During this time frame, Respondent Majestic was doing business as (dba) Vista Linda Real Estate, Vista Linda Mortgage, Majestic Real Estate & Mortgage, and Ideal Real Estate and Loans. On October 9, 2007, the dba Majestic Real Estate was added.

3(b). From March 26, 2007, until October 2007, Respondent Majestic's main address was 9216 Lakewood Boulevard, Downey, California. After October 2007, Respondent Majestic's main office address was changed to 9210 Lakewood Boulevard, Downey, California.

3(c). Respondent Majestic's license expired on March 25, 2011, and Respondent Majestic has renewal rights under Business and Professions Code section 10201. The Department retains jurisdiction over this matter pursuant to Business and Professions Code section 10103.

4. Gloria Adelia Timmons (Timmons) was licensed as a real estate salesperson on March 30, 2001. From May 4, 2007, until May 19, 2009, Respondent Majestic was her employing broker. On May 19, 2009, her employing broker changed to Homewell Mortgage, Inc., in Ontario, California.

5. Respondent Majestic is a California corporation formed on or about November 8, 2002.

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6(a). From November 20, 2009, until at least March 2012, the California Secretary of State suspended the corporate powers, rights and privileges of Respondent Majestic.

6(b). As of July 20, 2012, Respondent Majestic's corporate powers, rights and privileges were again active.

7(a). According to Respondent Sanchez, Respondent Majestic's suspension by the Secretary of State was caused by his failure to file a statement of information, which he described as a one-page document. At that time, he had planned to dissolve the corporation and discontinue doing business through that entity. However, he later submitted the required documentation in order to resume active status.

7(b). Respondent Sanchez asserted that, during the suspension period, Respondent Majestic did not perform any real estate or mortgage transactions. This testimony was uncontroverted by the evidence.

7(c). Complainant did not establish, by clear and convincing evidence, that Respondent Majestic engaged in the business of a real estate broker "while not in good legal standing with the Office of the Secretary of State." (See Legal Conclusion 1, below.)

8. Timmons is Respondent Sanchez's ex-wife. They were married at all times relevant to this matter, and were legally separated in September 2007, when they began living in separate residences. From June through October 2008 (the time frame at issue, as set forth below), Timmons was a loan officer at Respondent Majestic whose duties were to package the broker files being sent out.

9(a). On October 1, 2008, Respondent Sanchez signed a Broker Certification attached to a Salesperson License Application for Hector Castillo (Castillo), agreeing to become Castillo's sponsoring broker "upon the applicant being issued the license." (Exhibit 9). Castillo was never licensed with the Department.

9(b). Respondent Sanchez admitted that he knew Castillo, who had come to Respondent Majestic's business office about 10 times seeking employment. One of Respondent's real estate agents, Vicky Avalos (Avalos) introduced Castillo to Respondent Sanchez, and Respondent Sanchez had also seen Timmons speaking with Castillo when he came to the office seeking employment. Although Respondent Sanchez agreed to be Castillo's sponsoring broker, he insisted that he had required Castillo to obtain licensure prior to employment. Respondent Sanchez denied ever employing Castillo.

10. Between June and October 2008, Felicitas Preciado (Preciado) began the process to purchase property located at 8322 Bernay Drive, Stockton, California (the subject property), and to obtain a loan in connection with that purchase transaction.

11. Preciado testified at the administrative hearing with the assistance of a Spanish language interpreter. Even with the interpretation, her testimony was confused and contained

some inconsistencies. (See, e.g., Factual Findings 16(a) and (b).) Consequently, although her testimony was uncontroverted, it was viewed with some doubt. The portions of her testimony which were sufficiently credible to establish the factual findings set forth below; the portions calling into question the reliability of her testimony are also discussed below.

12. Although Preciado lived in Stockton, she enlisted Castillo, based in Southern California, to help her with the purchase of the subject property. Preciado was referred to Castillo by her aunt who lives in Los Angeles.

13(a). According to Preciado, Castillo alone assisted her by telephone and "did everything" to facilitate the purchase transaction, including filling out all the paperwork for her to make an offer of purchase and to apply for a loan. Preciado gathered her bank statements and documents containing personal information and mailed the documents to Castillo. She never discussed with Castillo for whom he was working, and he never told her his title.

13(b). Preciado never met or spoke to Respondent Sanchez.

13(c). Preciado also denied meeting Avalos or communicating with Timmons during the purchase transaction (although she did recall speaking with Timmons approximately one year after the purchase was completed when problems with the loan arose). However, Preciado admitted seeing, but not speaking with, two unidentified women when she met Castillo at his Southern California office to sign documents. When asked during her testimony if the two women could have been Avalos and Timmons, Preciado responded that she did not know, but did not think so. Preciado explained that Timmons emailed her a copy of Timmons' business card one year after she saw the two women and that the picture on the business card did not look like either of the women she saw at Castillo's office. Nevertheless, given the confusion and inconsistency of Preciado's testimony, the brevity of her contact with the two women, and the length of time from that contact until she viewed Timmons' emailed business card, Preciado's unreliable recollection did not eliminate the possibility that Timmons was involved in the purchase transaction.

14. Preciado is not fluent in English and denied being able to read or write in English. Her conversations with Castillo were all in Spanish. She denied being able to read the purchase and loan documents regarding the subject property and also denied receiving Spanish translations of any of these documents. Nevertheless, she admitted that she was able to read numbers in her bank statements and determine what her account balance was on certain dates. She read her bank statement for the period of July 11, 2008, through August 11, 2008, and confirmed that her ending balance for that period was \$7,400.95

15. Preciado denied receiving copies of the signed purchase and loan documents, even from the escrow company.

16(a). Preciado testified that she came to Southern California only once to sign documents. She initially testified that signatures dated August 2008 were hers and that

October 2008 signatures were not. However, she also testified that she came down to southern California only in October 2008 to meet with Castillo and sign documents with the two unidentified women present. Nobody asked her questions in order to fill out the loan application, and she was unable to read the documents in English.

16(b). Since the signatures on both the August 2008 and October 2008 documents appeared to be the same, it was unclear whether Preciado signed all of the documents in August or October, whether some of the signatures were forged, or some other explanation, due to the inconsistency in her testimony. In any event, the documents were forwarded from Respondent Majestic (dba Vista Linda Mortgage) to Bay Valley Mortgage, Inc. (Bay Valley), and Preciado's loan application was approved and closed on October 21, 2008.

17. The documents purportedly filled out by Castillo, some or all of which were forwarded to Bay Valley, are as follows:

(a)(1). A residential purchase agreement, dated and signed June 19, 2008, indicated that the buyer, Preciado, offered to purchase the subject property for \$110,000. Re/Max Online, License Number 01773701, with agent Luther Sanchez, License Number 01226461, was identified as the listing agent and also as the agent of "the seller exclusively." Vicky Avalos, under broker Majestic Real Estate (no DRE License Number was listed) was identified as the "selling agent" and was also identified as agent of "the buyer exclusively." The seller was identified as Gilberto Casillas (Casillas), whose address was listed as the subject property. Preciado's address was listed as 8322 Bernay Drive, the same as the subject property. (Exhibit 8.)

(a)(2). A short sale addendum was signed by Preciado and Casillas on June 19, 2008. (Exhibit 8.)

(b). Escrow instructions, dated July 14, 2008, from Properties Escrow indicated that Preciado had deposited \$2,000 with escrow and would deposit \$11,000 prior to close of escrow. The instructions stated that the title would be vested in "Felicitas Preciado, a single woman." The listing agent was identified as "ReMax On-line - Luther Sanchez as the agent of the Seller," and the "selling agent" was listed as "Majestic Real Estate - Vicky Avalos as the agent of the Buyer." The instructions were signed by Preciado as buyer and Casillas as seller; Preciado's address was not listed, and Casillas' address was listed as the subject property. (Exhibit 8.)

(c)(1). On the initial Uniform Residential Loan Application (purportedly signed by Preciado on August 21, 2008), Preciado was listed as "single," renting and living at 8231 Bernay Drive. Timmons was listed as the interviewer, and Timmons' employer was listed as Vista Linda Mortgage. Preciado's employer was listed as Carniceria Mercado Market in Stockton, and her bank was listed as Bank of the West. (Exhibit 8.)

(c)(2). On another Uniform Residential Loan Application (purportedly signed by Preciado on October 10, 2008), Preciado again was listed as "single," renting and living at

8231 Bernay Drive. Timmons was again listed as the interviewer, and her employer was listed as Vista Linda Mortgage. Preciado's employer was again listed as Carniceria Mercado Market in Stockton, and her bank was listed as Bank of the West. (Exhibit 8.)

(c)(3). Preciado testified that she had been employed by her current employer as a school cafeteria worker when she purchased the subject property in 2008. Her current pay stubs for the Lodi Unified School District (LUSD) indicate that she is employed as a substitute cafeteria assistant and that she does not work consistent full-time hours for LUSD. (Exhibit 6.) However, there were no LUSD pay stubs from 2008, and Preciado never specifically denied working concurrently at Carniceria Mercado Market at the time of the purchase, so the possibility of concurrent employment was not eliminated. Furthermore, prior to loan approval, verifiers from Bay Valley contacted Carniceria Mercado Market several times and obtained verification from the owner, Teresa Villalobos, that Preciado had been employed there for several years. (Exhibit 8.) Consequently, the evidence did not establish that the listing of Preciado's employer in the loan application was fraudulent.

(d)(1). Although not specified in the loan application, Preciado's married name was Felicitas Preciado Casillas, and her husband of 10 years was the seller, Casillas, who lived at 8322 Bernay Drive (the subject property).

(d)(2). The fact that Preciado was married to Casillas was not revealed in the escrow instructions which noted that title would be vested in "Felicitas Preciado, a single woman."

(d)(3). An AKA statement, signed October 10, 2008, hinted at their connection by documenting that Preciado was also known by other names including "Felicitas P. Casillas," but the document did not specifically state their marital status. Although 2008 bank statements for the Bank of the West account in question were sent to "Felicitas Preciado Casillas" at the subject property, these bank statements were not forwarded to Bay Valley. Given the foregoing, Bay Valley was not given notice that a husband and wife were seller/buyer in the short sale transaction, which was required to be an arm's length transaction.

(e)(1). A Verification of Deposit (VOD) on the letterhead of Bank of the West, addressed to Vista Linda Mortgage and forwarded to Bay Valley, for account holder "Felicitas Preciado" indicated that, on September 5, 2008, the "current balance" in her checking account was "\$17,094.21." It was purportedly signed by Suzanne Poindexter (Poindexter), a Bank of the West employee. (Exhibits 6 and 8.)

(e)(2). Preciado's loan was transferred from Bay Valley to Residential Funding Company, LLC (GMAC). In October 2009, GMAC alerted Bay Valley that it had been informed by Mortgage Guarantee Insurance Corporation (MGIC), the company providing insurance coverage on the loan, that Preciado's represented assets and down payment were false. In May 2009, MGIC had sent a Re-verification Request to Bank of the West, seeking to verify the accuracy of the September 5, 2008 VOD. The Re-verification, completed by Poindexter on May 11, 2008, indicated that the information represented in the original VOD

was not correct, and that the account balance as of September 5, 2008 was \$7,094.21. This amount was exactly \$10,000 less than the amount originally represented, and the original VOD apparently had an additional "1" at the front of the true balance. Consequently, the original VOD was fraudulent. (Exhibit 6.)

(e)(3). A bank statement from Bank of the West for Preciado (under the name Felicitas Preciado Cassillas) for the period of August 12, 2008, through September 10, 2008, indicated that the beginning balance was \$7,400.95, and the ending balance was \$7,586.14. This supports the finding that the VOD sent to Bay Valley was false.

(e)(4). The original VOD was sent to Vista Linda Mortgage by Bank of the West. There is no evidence or reason to believe that Bank of the West falsified the original VOD. Additionally, the evidence established that Bank of the West sent the VOD to Vista Linda Mortgage and not some other location; Vista Linda Mortgage's facsimile number noted on the original VOD was identical to the facsimile number Timmons' listed in a later email to Bay Valley employees on November 19, 2009. (Exhibit 6.) Consequently, the falsification (the added "1") must have been accomplished after receipt from Bank of the West and prior to forwarding the VOD to Bay Valley. Nevertheless, it was not established that the falsification was made by agents of Respondent Majestic or by Castillo.

(f)(1). October 2008 documents, including an October 21, 2008 settlement statement, indicated that \$5,500 of commission was to be paid (\$2,750 to Re/Max Online – Luther Sanchez Agent; \$2,750 to Majestic Real Estate), and that Vista Linda was to receive fees including an \$800 broker fee, a \$799 processing fee, and a \$599 administration fee. (Exhibit 8.)

(f)(2). Respondent Sanchez did not recall receiving the commission and fees from the Preciado transaction. However, he did not deny that the commission and fees were paid or that his company received a financial benefit from the transaction.

(f)(3). The evidence did not establish that Respondent Sanchez received the commissions or fees, or that he had knowledge of their payment. Nevertheless, Respondent should have been aware of whether monies were deposited in Respondent Majestic's account(s).

18. After Bay Valley was informed of the falsification and GMAC requested that Bay Valley repurchase the loan, Bay Valley's office manager Chris Kirby (Kirby), contacted Timmons at Respondent Majestic on October 10, 2009, to try to resolve the problem. He contacted Timmons because she was the designated loan officer and had purportedly signed the application. Although Kirby had phone conversations and emails with Timmons over several weeks, Kirby never contacted Respondent Sanchez and does not recall Timmons ever mentioning Respondent Sanchez.

19. Preciado remains living on the subject property, and her loan payments are current.



20(a). Respondent Sanchez insisted that he was not involved in the Preciado transaction, had never had any contact with Preciado and had not reviewed any of her loan documents. He also did not know anyone named Gilberto Casillas and had no idea why he was listed as Casillas's agent. Respondent Sanchez did not know why Castillo assisted Preciado with the transaction and could not explain how a non-employee could do so under Respondent Majestic's name.

20(b). Respondent Sanchez denied any prior knowledge of the Preciado transaction. He first learned of it in the summer of 2011 when a Department employee called to inquire about the transaction. After that phone call, Respondent Sanchez began questioning Timmons about the transaction. He determined that the Preciado loan was "one of the last" handled by Respondent Majestic. However, he did not know with certainty who submitted the loan documents to the lender because Timmons became uncooperative and told him to speak to her attorney. Additionally, he was unable to retrieve the Preciado file from storage at his former mother-in-law's garage because she refused him access to the stored files.

21. Given the uncertainty surrounding the evidence presented at hearing, Complainant was unable to establish the source of the fraudulent information, which could have been Castillo, Timmons, Avalos, any combination of the three in concert, or some other source. There was no evidence to establish that Respondent Sanchez was involved in the Preciado transaction or had any knowledge of the Preciado transaction. Consequently, Complainant did not establish that Respondent Sanchez or Respondent Majestic made substantial misrepresentations or engaged in fraud or dishonest dealing in connection with a loan application and sale and purchase of the subject property.

22(a). Respondent Sanchez admitted that he was responsible for supervising any agents and assistants (including Avalos and Timmons) and any real estate transactions of Respondent Majestic. He noted that it was customary for him to review documents his agents prepared for real estate transactions. He understands that, as the designated broker, he is responsible for overseeing and maintaining the transaction files of Respondent Majestic. He insisted that he had policies and procedures in place to ensure that he was adequately supervising his employees and agents. However, this assertion is contradicted by the evidence, including a transaction which took approximately four months to complete and the subsequent contacts by Bay Valley a year later, none of which were noticed by Respondent Sanchez. He had no idea how the transaction occurred without his knowledge.

22(b). The totality of the evidence suggests that Respondent Sanchez began to leave Timmons in charge of Respondent Majestic after their separation in 2007, when they moved to separate residences. Respondent Majestic (at its address in Downey) remained as Timmons' employing broker until she moved to another broker in Ontario, California, in May 2009. However, Respondent Sanchez's main office address changed on May 8, 2008, to a Chino Hills address. Additionally, Timmons' departure in May 2009 provides an explanation for the 2009-2011 expiration of Respondent Majestic's corporate status until the Accusation was filed in September 2011 and Respondent Sanchez was made aware of his need to submit the required documentation to resume active status.

22(c). Given the foregoing, Complainant established that Respondent Sanchez failed to exercise reasonable control and supervision over the activities conducted by Respondent Majestic and his salespersons.

23. Respondent Sanchez is currently employed as a real estate broker with Century 21 All Stars. He has no ownership interest in that company and is not the designated officer of that company. He is an associate broker, carrying out typical real estate sales, and does not supervise any real estate salespersons.

### LEGAL CONCLUSIONS

1(a). Cause does not exist to discipline Respondents' licenses and licensing rights, pursuant to Business and Professions Code section 10177, subdivisions (d) and (g), for violation of California Code of Regulations, title 10, section 2742, because Complainant did not establish that Respondent Majestic engaged in the business of a real estate broker "while not in good legal standing with the Office of the Secretary of State," as set forth in Factual Findings 1 through 7.

1(b). California Code of Regulations, title 10, section 2742, subdivision (c) provides, "A corporation licensed under Section 10211 of the Code shall not engage in the business of a real estate broker while not in good legal standing with the Office of the Secretary of State."

2(a). Cause does not exist to discipline Respondents' licenses and licensing rights, pursuant to Business and Professions Code sections 10176, subdivisions (a) and (i) and 10177, subdivision (g), because Complainant did not establish that Respondent Majestic made any substantial misrepresentations or engaged in fraud or dishonest dealing, as set forth in Factual Findings 2 through 22.

2(b). California Business and Professions Code section 10176, provides in pertinent part:

The commissioner may, upon his or her own motion, and shall, upon the verified complaint in writing of any person, investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee within this state, and he or she may temporarily suspend or permanently revoke a real estate license at any time where the licensee, while a real estate licensee, in performing or attempting to perform any of the acts within the scope of this chapter has been guilty of any of the following:

(a) Making any substantial misrepresentation.

¶ . . . ¶

(i) Any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

3(a). Cause exists to discipline Respondent Sanchez's licenses and licensing rights, pursuant to Business and Professions Code sections 10177, subdivisions (d), (h), and (g), and 10159.2, and California Code of Regulations, title 10, section 2725, in that Respondent failed to exercise supervision and control of the activities conducted by Respondent Majestic and its agents or reasonable supervision over the activities of his salespersons, as set forth in Factual Findings 2 through 22.

3(b). California Business and Professions Code section 10177, provides in pertinent part:

The commissioner may suspend or revoke the license of a real estate licensee, or may deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

[¶] . . . [¶]

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

[¶] . . . [¶]

(g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of his or her salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

3(c). California Code of Regulations, title 10, section 2725, provides:

A broker shall exercise reasonable supervision over the activities of his or her salespersons. Reasonable supervision includes, as appropriate,

the establishment of policies, rules, procedures and systems to review, oversee, inspect and manage:

- (a) Transactions requiring a real estate license.
- (b) Documents which may have a material effect upon the rights or obligations of a party to the transaction.
- (c) Filing, storage and maintenance of such documents.
- (d) The handling of trust funds.
- (e) Advertising of any service for which a license is required.
- (f) Familiarizing salespersons with the requirements of federal and state laws relating to the prohibition of discrimination.
- (g) Regular and consistent reports of licensed activities of salespersons.

The form and extent of such policies, rules, procedures and systems shall take into consideration the number of salespersons employed and the number and location of branch offices.

A broker shall establish a system for monitoring compliance with such policies, rules, procedures and systems. A broker may use the services of brokers and salespersons to assist in administering the provisions of this section so long as the broker does not relinquish overall responsibility for supervision of the acts of salespersons licensed to the broker.

4. Respondent Sanchez's licensure allows him to work unsupervised, to supervise others and to operate Respondent Majestic or another real estate corporation as its designated broker-officer. It is Respondent Sanchez's responsibility to monitor the activities of Respondent Majestic and of his employees to ensure compliance with the Real Estate Law and regulations. This case arose from Respondent Sanchez's failure in the oversight of Respondent Majestic such that several misrepresentations were made either through one of his agents or through the machinations of a person whom he later agreed to supervise upon licensure. He failed to provide an adequate explanation for how such an improper transaction and misrepresentations could have occurred, unnoticed by him, and the totality of the evidence pointed to his lack of diligence. Respondent Sanchez acknowledged no responsibility for his failed oversight and, other than updating Respondent Majestic's corporate status, he did not demonstrate a willingness to change how he conducts business. Given the potential for further violations, permitting Respondents' continued unrestricted licensure would present a risk to the public. However, given Respondents' discipline-free

history, outright revocation of all licensing rights would be overly-harsh discipline. The issuance of restricted licenses, as ordered below, should provide adequate public protection.

**ORDER**

All licenses and licensing rights of Respondents Majestic Investments, Inc., and Luther Sanchez, under the Real Estate Law are revoked; provided, however, restricted real estate broker licenses shall be issued to Respondents Majestic Investments, Inc., and Luther Sanchez, pursuant to Section 10156.5 of the Business and Professions Code if Respondents make application therefor 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 Majestic Investments, Inc., and Luther Sanchez 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 Majestic Investments, Inc., and Luther Sanchez may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent Sanchez's conviction or plea of nolo contendere to a crime which is substantially related to Respondent Sanchez's fitness or capacity as a real estate licensee.

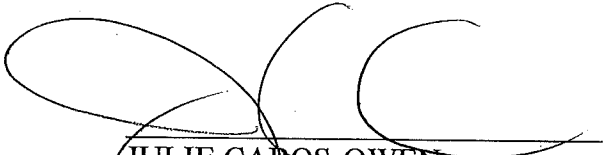
2. The restricted licenses issued to Respondents Majestic Investments, Inc., and Luther Sanchez may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that either Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

3. Respondents Majestic Investments, Inc., and Luther Sanchez 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 years have elapsed from the effective date of this Decision.

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4. Respondent Sanchez shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent Sanchez 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 Sanchez fails to satisfy this condition, the Commissioner may order the suspension of the restricted licenses until the Respondent Sanchez presents such evidence. The Commissioner shall afford Respondents the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

DATED: August 17, 2012



JULIE CABOS-OWEN  
Administrative Law Judge  
Office of Administrative Hearings