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7 8	BEFORE THE DEPARTMENT OF REAL ESTATE
9 10	STATE OF CALIFORNIA * * *
11 12	In the Matter of the Accusation of) No. H-38041 LA
13 14	EVANS/SIPES INC) A C C U S A T I O N and MICHAEL GRANT SIPES,) individually and as designated) officer of Evans/Sipes Inc,)
15 16	Respondents.
17	The Complainant, Robin Trujillo, a Deputy Real Estate
18 19	Commissioner of the State of California, for cause of Accusation against EVANS/SIPES INC and MICHAEL GRANT SIPES, individually,
20	and as designated officer of Evans/Sipes Inc, alleges as follows:
21 22	1. The Complainant, Robin Trujillo, acting in his official
23	capacity as a Deputy Real Estate Commissioner of the State of
24 25	California, makes this Accusation against EVANS/SIPES INC and MICHAEL GRANT SIPES, individually, and as designated officer of
26	Evans/Sipes Inc.
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1 2 All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" 3 are to Title 10, Chapter 6, California Code of Regulations. 4 5 LICENSE HISTORY 6 3. 7 At all times mentioned, EVANS/SIPES INC ("ESI") was Α. licensed or had license rights issued by the Department of Real 8 Estate ("Department") as a corporate real estate broker. 9 10 B. At all times mentioned, MICHAEL GRANT SIPES ("SIPES") was licensed or had license rights issued by the 11 Department as a real estate broker. From January 22, 2011 through 12 the present, SIPES has been the designated officer for ESI. 13 On October 7, 2008, ESI and SIPES signed a 14 С. Stipulation and Agreement before the Department in Case No. 15 H-34945 LA, in which ESI and SIPES stipulated to violations of 16 Code Sections 10145, 10177(d) and 10177(g), as well as 17 Regulations 2832 and 2950(d). SIPES also stipulated to 18 violations of Code Sections 10159.2 and 10177(h). The 19 Stipulation and Agreement, which became effective on May 29, 20 2009, suspended the license and license rights of ESI for sixty 21 (60) days, with thirty (30) stayed upon payment of a monetary 22 penalty and thirty (30) more days stayed upon certain terms and 23 The license and license rights of SIPES were 24 conditions. suspended for ninety (90) days, with thirty (30) stayed upon 25 payment of a monetary penalty and sixty (60) more days stayed 26 27 upon certain terms and conditions.

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BROKERAGE

4.

At all times mentioned, ESI and SIPES acted as real 3 4 estate brokers conducting licensed activities within the meaning of Code Section 10131(a) and 10131(d) by selling or offering to 5 6 sell real property, and by collecting payment or performing 7 services for borrowers in connection with loans secured directly or collaterally by liens on real property. In addition, ESI and 8 SIPES conducted broker-controlled escrows through their escrow 9 10 division under the exemption set forth in California Financial Code Section 17006(a)(4) for real estate brokers performing 11 12 escrows incidental to a real estate transaction where the broker 13 is a party and where the broker is performing acts for which a 14 real estate license is required. 15 AUDIT

5.

17 On April 25, 2011, the Department completed an audit examination of the books and records of ESI and SIPES, pertaining 18 to the sales and escrow activities described in Paragraph 4 which 19 20 require real estate licenses. The audit examination covered a 21 period of time from May 29, 2009 to December 31, 2010. The audit examination revealed violations of the Code and the Regulations 22 as set forth in the following paragraphs, and as more fully 23 24 discussed in Audit Reports LA100098 and LA100158 and the exhibits 25 and workpapers attached to said audit reports. 26 111

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VIOLATIONS OF THE REAL ESTATE LAW

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6.
In the course of activities described in Paragraph 4
above, and during the examination period described in Paragraph
5, ESI and SIPES acted in violation of the Code and the
Regulations in that:

(a) ESI's record of trust funds received for resale

7 (a) ESI's record of trust funds received for resale
8 activities was not accurate and/or complete, in violation of Code
9 Section 10145(a) and Regulation 2831.

(b) The escrow instructions ESI used in its brokerescrow activities did not disclose to all parties that SIPES has
an interest as stockholder and/or officer of the agency holding
escrow, in violation of Code Section 10176(g) and Regulation
2950(h).

(c) ESI's license identification number was missing on real property purchase agreements in three (3) of the twelve (12) transaction files examined, in violation of Code Section 18 10140.6(b).

(d) ESI used the fictitious business names "RE/MAX
Gold Coast", "RE/MAX GOLD COAST REALTORS INC" and "RE/MAX Gold
Coast Beach & Marina Office" in connection with its resale
activities without a license bearing such fictitious names, in
violation of Code Section 10159.5 and Regulation 2731.

The conduct of Respondents, as described in Paragraph 6, above, violated the Code and the Regulations as set forth below:

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1	PARAGRAPH PROVISIONS VIOLATED
2	6(a) Code Section 10145(a) and
3 ,	Regulation 2831
4	6(b) Code Section 10176(g) and
5	Regulation 2950(h)
6	6(c) Code Section 10140.6(b)
7	6(d) Code Section 10159.5 and Regulation
8	2731
9	The foregoing violations constitute cause for the
10	suspension or revocation of the real estate licenses and license
11	rights of ESI and SIPES, under the provisions of Code Sections
12	10176(g), 10177(d) and/or 10177(g).
13	SUPERVISION AND COMPLIANCE
14	8.
15	The overall conduct of SIPES constitutes a failure on
16	his part, as officer designated by a corporate broker licensee,
17	to exercise the reasonable supervision and control over the
18	licensed activities of ESI as required by Code Section 10159.2,
19	and to keep ESI in compliance with the Real Estate Law, and is
.20	cause for the suspension or revocation of the real estate license
21	and license rights of SIPES pursuant to the provisions of Code
22	Sections 10177(d), 10177(g) and 10177(h).
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WHEREFORE, Complainant prays that a hearing be 1 2 conducted on the allegations of this Accusation and that upon 3 proof thereof, a decision be rendered imposing disciplinary 4 action against the license and license rights of EVANS/SIPES INC 5 and MICHAEL GRANT SIPES, individually, and as designated officer of Evans/Sipes Inc, under the Real Estate Law, that Complainant 6 7 be awarded its costs of investigation and prosecution of this 8 case, and for such other and further relief as may be proper 9 under other applicable provisions of law. 10 Dated at Los Angeles, California 11 this 3_____day of Apri 12 2012. 13 14Robin Frujillo 15 Deputy Real Estate Commissioner 16 17 18 19 20 21 22 23 MICHAEL GRANT SIPES CC: 24 EVANS/SIPES INC Robin Trujillo 25 Sacto Audits 26 27