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FILED

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DEPT. OF REAL ESTATE

By 

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of) No. H-42154 LA
13)
14 INLAND EQUITIES INC, and DOUGLAS)
15 WASHBURN MEAD, individually) ACCUSATION
16 and as designated officer of Inland Equities Inc,)
17 Respondents.)

18 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
19 State of California, for cause of Accusation against INLAND EQUITIES INC and DOUGLAS
20 WASHBURN MEAD (collectively "Respondents") alleges as follows:

21 1.

22 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
23 State of California, makes this Accusation in her official capacity.

24 2.

25 All references to the "Code" are to the California Business and Professions Code
26 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

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LICENSE HISTORY
(INLAND EQUITIES INC)

3.

(a) Respondent INLAND EQUITIES INC (“IEI”) is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code, as a real estate corporation, Department of Real Estate¹ (“Department”) license ID 01837577.

(b) The Department originally issued IEI’s corporate license on February 14, 2008. IEI’s license is scheduled to expire on February 13, 2024, unless renewed.

(c) According to the Department’s records to date, IEI’s main office address is 6370 Magnolia Ave., Ste 200, Riverside, CA 92506.

(d) According to the Department’s records to date, IEI employs 2 broker associates and 40 salespersons under its real estate license.

(e) According to the Department’s records to date, IEI maintains authorized fictitious business names of “De Anza Escrow, A Non Independent Broker Escrow” and “De Anza Escrow Co., A Non Independent Broker Escrow”, and “De Anza Escrow Company, A Non Independent Broker Escrow”.

(DOUGLAS WASHBURN MEAD)

4.

(a) Respondent DOUGLAS WASHBURN MEAD (“MEAD”) is presently licensed under the Code, as a real estate broker, Department license ID 01045077.

(b) The Department originally issued MEAD’s broker license on November 30, 2007. MEAD’s license is scheduled to expire on November 29, 2023, unless renewed.

(c) Since approximately June 9, 2011, MEAD was, and currently is, the designated officer for IEI. His designation is scheduled to expire on February 13, 2024, unless

¹ Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 renewed. As designated officer, MEAD is responsible for the supervision of the activities
2 conducted on behalf of IEI by its officers, agents, real estate licensees, and employees pursuant
3 to Section 10159.2 of the Code.

4 5.

5 (PRIOR DISCIPLINE)

6 On or about May 15, 2019, Respondents and the Department entered into a
7 stipulation and agreement (“stipulation and agreement”) for an accusation the Department filed
8 against Respondent on or about May 21, 2018 (Case No. H-04997 SD). Respondent’s license
9 was disciplined, among other things, with a 90-day stayed suspension, completing a
10 professional responsibility course and trust fund handling course, and payment of the
11 Department’s investigative, enforcement, audit and follow-up audit costs. The May 21, 2018
12 accusation alleged that Respondents violated the following real estate laws, pursuant to an audit
13 examination completed on or about April 28, 2017 (Audits SD 160029 (broker escrow activity),
14 SD 16035 (property management activity), and SD 160036 (real estate sales activity)):

15 a. Code Section 10145 and Regulation 2832.1 – Trust Fund Handling for
16 Multiple Beneficiaries (shortages);

17 b. Code Section 10145 and Regulation 2832 – Trust Fund Handling (placing
18 trust fund in accounts not designated as trust accounts);

19 c. Code Section 10145 and Regulation 2831 - Trust Fund Records to be
20 Maintained (inaccurate/incomplete control records)

21 d. Code Section 10145 and Regulation 2831.1 – Separate Records for Each
22 Beneficiary or Transaction (inaccurate/incomplete separate records);

23 e. Code Section 10145 and Regulation 2831.2 – Trust Account Reconciliation
24 (inaccurate monthly reconciliation);

25 f. Code Section 10145 and Regulation 2832 – Trust Fund Handling (accounts
26 not set up with IEI as trustee);

27 ///

1 g. Code Section 10145 and Regulation 2834 – Trust Account Withdrawals
2 (unlicensed employees were signatories to the trust accounts without fidelity bond coverage);

3 h. Code Section 10145 and 10176(e) and Regulations 2835 and 2951 –
4 Commingling/Excess Broker's Funds Held in Bank Account that Handled Trust Funds (keeping
5 funds other than trust funds in trust account and keeping funds longer than 25 days);

6 i. Code Section 10176(g) and Regulation 2830 – Secret Profit or Undisclosed
7 Compensation (earning credit from trust fund and offsetting bank service charges without
8 written disclosure to owners);

9 j. Regulation 2950(h) – When Broker Handles Escrow (failure to disclose
10 interest in the agency holding the escrow);

11 k. Code Section 10159.5 and Regulation 2731 – Use of False or Fictitious
12 Business Names (use of Plumco and Plumco Real Estate Team without first registering names
13 with the Department); and

14 l. Code Section 10159.2 and 10177(h) and Regulation 2725 – Responsibility of
15 Corporate Officer in Charge/Broker Supervision (MEAD failed to supervise real estate
16 activities of IEI).

17 6.

18 At all times relevant herein Respondents were engaged in the business of, acted
19 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning
20 of Section 10131(a) and (b) of the Code. Respondents' activities included, but not limited to,
21 broker-controlled escrows through IEI under the exemption set forth in California Financial
22 Code section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate
23 transaction where the broker is a party and where the broker is performing acts for which a real
24 estate license is required. Respondents' activities also included purchase and sale of real
25 property on behalf of others for compensation or in expectation of compensation.

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1 (AUDIT SD200028 (broker escrow) and 200030 (sales))

2 7.

3 On or about July 28, 2021, the Department completed an audit examination of
4 the books and records of IEI pertaining to the real estate broker escrow and real estate sales
5 activities described in Paragraph 6 above. The audit examination covered the period of time
6 from November 1, 2019 through April 30, 2021 ("audit period"). The primary purpose of the
7 examination was to determine whether Respondents conducted real estate activities complied
8 with the stipulation and agreement as well as with the Real Estate Law. The audit examination
9 revealed violations of the Code and the Regulations as set forth in the following paragraphs,
10 and more fully discussed in Audit Nos. SD200028 and SD200030, and the exhibits and work
11 papers attached to said audit report.

12 Violations of the Real Estate Law

13 8.

14 The audit examination revealed violations of the Code and the Regulations, as
15 set forth in the following paragraphs, and more fully discussed in Audit Report No. SD200028
16 and SD200030, and the exhibits and work papers attached to the audit report:

17 (a) **Salesperson and Broker Associate Retention and Termination/Notice of**
18 **Change of Broker (Code section 10161.8 and Regulations sections 2752).** IEI failed to notify
19 the Department of the employment of three (3) broker-associates within five days.

20 (b) **Engaging in Prohibited Activity/Exemptions from Escrow Law (Code**
21 **section 10086(a) and Financial Code section 17006(a)(4).** IEI acted as an escrow agent in
22 which it was not a party to the transaction in at least four (4) escrow files sampled.

23 (c) **Responsibility of Corporate Office in Charge/Broker Supervision (Code**
24 **sections 10159.2 and 10177(h) and Regulations section 2725).** Based on the violations in
25 Paragraphs 8 (a)-(b) above, Respondent MEAD failed to exercise adequate supervision and
26 control over Respondent IEI's broker escrow and real estate sales activities in violation of Code
27 section 10159.2. Respondent MEAD failed to provide established policies, rules, procedures,

1 and systems to review, oversee, inspect, and manage transactions requiring a real estate license
2 and the handling of trust funds in violation of Regulations section 2725.

3 Additional Violations of the Real Estate Law

4 9.

5 The overall conduct of Respondents violates the Real Estate Law and constitutes
6 cause for the suspension or revocation of their real estate license and license rights under the
7 provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful
8 disregard of the Real Estate Law.

9 10.

10 Each of the foregoing violations in Paragraphs 8 (a)-(c) above constitute cause
11 for the suspension or revocation of the real estate license and/or license rights of Respondents
12 under the provisions of Code sections 10177(d), 10177(g), and 10177(h) (as to MEAD).

13 COSTS

14 (AUDIT COSTS)

15 11.

16 Section 10148(b) of the Code, provides, in pertinent part, that the Real Estate
17 Commissioner shall charge a real estate broker for the costs of any audit if the Commissioner
18 has found in a final decision, following a disciplinary hearing, that the broker has violated
19 Section 10145 of the Code or a regulation or rule of the Commissioner interpreting said Code
20 section.

21 (INVESTIGATION AND ENFORCEMENT COSTS)

22 12.


23 Section 10106 of the Code, provides, in pertinent part, that in any order issued in
24 resolution of a disciplinary proceeding before the Department, the Commissioner may request
25 the administrative law judge to direct a licensee found to have committed a violation of this part
26 to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

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1 PRAYER

2 WHEREFORE, Complainant prays that a hearing be conducted on the
3 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
4 disciplinary action against all the licenses and/or license rights of Respondents INLAND
5 EQUITITES INC and DOUGLAS WASHBURN MEAD under the Real Estate Law, for the
6 costs of investigation and enforcement as permitted by law, for the cost of the audit, and for
7 such other and further relief as may be proper under other applicable provisions of law.
8

9 Dated San Diego, California this 5 day of November, 2021.
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12 _____
13 Veronica Kilpatrick
14 Supervising Special Investigator

15 cc: INLAND EQUITITES INC
16 DOUGLAS WASHBURN MEAD
17 Veronica Kilpatrick
18 Sacto.
19 Audits – Zaky Wanis
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