

1 Department of Real Estate
107 South Broadway, Room 8107
2 Los Angeles, California 90012

OCT 15 1990

3 (213) 620-4790

DEPARTMENT OF REAL ESTATE
K. Fredericks

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DEPARTMENT OF REAL ESTATE

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STATE OF CALIFORNIA

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TO:)
))
12 JOSEPH EUGENE SULLIVAN)
 doing business as Sullivan)
13 Properties)
))
14 _____)

No. H-1069 SA
ORDER TO DESIST
AND REFRAIN

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At all times mentioned herein, you, JOSEPH EUGENE SULLIVAN, doing business as Sullivan Properties (hereinafter

1 "SULLIVAN"), were and now are licensed by the Department of Real
2 Estate of the State of California (hereinafter "Department") as a
3 real estate broker.

4 II

5 All further reference to "SULLIVAN" shall include
6 SULLIVAN and shall be deemed to include the employees, agents and
7 real estate licensees employed by or associated with SULLIVAN, who
8 at all times herein mentioned were engaged in the furtherance of
9 the business or operations of SULLIVAN and who were acting within
10 the course and scope of their authority and employment.

11 III

12 At all times herein mentioned, you, SULLIVAN, engaged
13 in the business of, acted in the capacity of, advertised, or
14 assumed to act as a real estate broker within the meaning of
15 Section 10131(b) of the Code including the operation of a real
16 property management business by leasing and collecting rents from
17 tenants residing on the real properties managed on behalf of
18 others, all for or in expectation of compensation.

19 IV

20 On or about May 1st, May 14th and May 15th, 1990, the
21 Department conducted an audit of you, SULLIVAN, concerning trust
22 fund handling and record-keeping by you in the above-described
23 real property management business. The time period covered in
24 said audit was from October 1, 1989, up to and including April 30,
25 1990, and, unless otherwise mentioned, the relevant period of time
26 referenced herein shall be the same.

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At all times mentioned herein, in the conduct of its real property management business, you received trust funds in the form of rental receipts and security deposits, and deposited or caused to be deposited and disbursed or caused to be disbursed said trust funds into and from various bank accounts as follows:

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Joseph E. Sullivan
(hereinafter "Sullivan
Account #1")

[REDACTED] 1623

Union Bank
University Office

8

9

Sullivan Properties
(hereinafter "Sullivan
Account #2")

[REDACTED] 5287

Union Bank
University Office

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11

Sullivan Properties
(hereinafter "Sullivan
Account #3")

[REDACTED] 5279

Union Bank
University Office

12

13

The Villa De Hacienda
(hereinafter "Hacienda
Account #1")

[REDACTED] 9457

Union Bank
Saddleback Office

14

15

The Villa De Hacienda
(hereinafter "Hacienda
Account #2")

[REDACTED] 9465

Union Bank
Saddleback Office

16

17

Cypress Creek
(hereinafter "Cypress
Account")

[REDACTED] 49008

Farmers & Merchants
Bank
Artesia Blvd. Office

18

19

The Alders
(hereinafter "Alders
Account")

[REDACTED] 3-389

Sec. Pac. Nat. Bank
Eastbluff Office

20

21

Sullivan Properties
(hereinafter "Sullivan
Business Account")

[REDACTED] 6189

Union Bank
University Office

22

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VI

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You, SULLIVAN, violated Section 10145 of the Code and Regulation 2830 by not designating all of said accounts (except for the Sullivan Business Account) as trust accounts held in your name as trustee (hereinafter referred to collectively as "trust

1 accounts").

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VII

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You, SULLIVAN, violated Section 10145(d) of the Code
4 by maintaining two interest bearing accounts (Sullivan Accounts
5 #2 and #3) that were not in your name as trustee and for which
6 interest earned on the funds in these accounts inured directly to
7 your benefit.

8

VIII

9 At all times material herein, you, SULLIVAN, maintained
10 control records for the receipt and disbursement of trust funds
11 through the trust accounts. However, you violated Regulation
12 2831 in that said records failed to maintain a daily balance for
13 said accounts.

14

IX

15 At all times material herein, you, SULLIVAN, failed
16 to maintain a monthly reconciliation of the balance of all
17 separate beneficiary or transaction records with the control
18 records of all trust funds received and disbursed. You violated
19 Regulation 2831.2 by failing to maintain such reconciliation records.

20

X

21 On April 30, 1990, you, SULLIVAN, violated Section
22 10145 of the Code and Regulation 2832.1 by disbursing or allowing
23 the disbursement of funds from Sullivan Accounts #1, #2 and #3
24 without the prior written consent of every principal who was then
25 an owner of trust funds in said account wherein the disbursements
26 reduced the balance of funds in said accounts on said date to an
27 amount which was \$33,923.35 less than the existing aggregate trust

1 fund liability to all owners of said trust funds.

2 XI

3 At all times material herein, you, SULLIVAN, deposited
4 rents received from properties owned by you in Sullivan Accounts
5 #2 and #3, and disbursed funds from said accounts to pay for the
6 maintenance of your properties. On or about January 4, 1990, you,
7 SULLIVAN, transferred by telephone \$5,000 from Sullivan Account
8 #2 to the Sullivan Business Account. Said funds were then disbursed
9 for your business and personal expenses. You, SULLIVAN, commingled
10 your own funds with trust funds belonging to others, received and
11 disbursed by you in the course and scope of your activities as a
12 real estate broker. Such conduct has subjected you, SULLIVAN, to
13 possible discipline including the suspension or revocation of your
14 license and/or license rights under the Real Estate Law, pursuant
15 to Section 10176(e) of the Code.

16 XII

17 At all times material herein, you, SULLIVAN, failed to
18 deposit rental receipts into the trust accounts not later than the
19 next business day following the receipt of said funds. You,
20 SULLIVAN, violated Regulation 2832 by failing to timely deposit all
21 trust funds received by you.

22

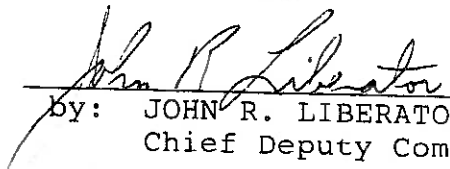
23 NOW, THEREFORE, YOU, SULLIVAN, AND YOUR AGENTS AND
24 EMPLOYEES ARE ORDERED TO DESIST AND REFRAIN from receiving funds
25 in trust unless and until such activities are performed in
26 compliance with Section 10145 of the Code and Regulations 2830,
27 2831, 2831.2, 2832, and 2832.1.

1 FURTHER, YOU, SULLIVAN, ARE ORDERED TO DESIST AND
2 REFRAIN from performing any activities for which a real estate
3 license is required unless and until said activities would not
4 subject you to discipline under Section 10176(e) of the Code.

5 DATED: October 1, 1990

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JAMES A. EDMONDS, JR.
Real Estate Commissioner


by: JOHN R. LIBERATOR
Chief Deputy Commissioner

25 cc: Joseph Eugene Sullivan
26 dba Sullivan Properties
27 2555 East Chapman Avenue, Ste. 413
Fullerton, CA 92631

GWW:DB