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DEPARTMENT OF REAL ESTATE

By Laurie A. Gian

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of)
12 FRAN SHELTON & ASSOCIATES,)
LARRY GALE FEATHERSTON, and)
13 MARY LOUISE REDDING,)
14 Respondents.)
15 _____)

NO. H-2445 SAC
ACCUSATION

16 The Complainant, G. Mike Pace, a Deputy Real Estate
17 Commissioner of the State of California, for cause of Accusation
18 against FRAN SHELTON & ASSOCIATES (hereinafter "respondent
19 ASSOCIATES"), LARRY GALE FEATHERSTON (hereinafter "respondent
20 FEATHERSTON"), and MARY LOUISE REDDING (hereinafter "respondent
21 "REDDING"), is informed and alleges as follows:

22 FIRST CAUSE OF ACCUSATION

23 I

24 The Complainant, G. Mike Pace, a Deputy Real Estate
25 Commissioner of the State of California, makes this Accusation in
26 his official capacity.

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II

Respondent ASSOCIATES 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) (hereinafter "Code"). At all times herein mentioned, respondent ASSOCIATES was licensed as a real estate corporation. Within the three-year period immediately preceding the filing of this Accusation through on or about February 11, 1988, respondent ASSOCIATES acted by and through its designated officer respondent FEATHERSTON.

III

Respondent FEATHERSTON is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code), as a real estate broker. Within the three-year period immediately preceding the filing of this Accusation through on or about February 11, 1988, respondent FEATHERSTON served as the designated broker officer for respondent ASSOCIATES.

IV

Respondent REDDING is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Code), as a real estate salesperson. At all times herein mentioned, until on or about December 1, 1987, respondent REDDING acted in the employ of respondent ASSOCIATES.

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On or before January 1, 1987, respondent ASSOCIATES and respondent FEATHERSTON and respondent REDDING acting on behalf of another or others and in expectation of compensation managed certain rental real properties located in or near Chico, California.

VI

During the course of the property management activities described in Paragraph V above, respondents ASSOCIATES, FEATHERSTON and REDDING received and disbursed funds held in trust on behalf of another or others.

VII

In connection with the collection and disbursement of said trust funds, respondents ASSOCIATES, FEATHERSTON and REDDING failed to deposit and maintain said funds in said bank account in such manner that as of November 30, 1987, there was a shortage of \$42,289.38 of trust funds in said bank account and as of January 20, 1988, there was a shortage of \$25,155.47 of trust funds in said bank account.

VIII

Respondents ASSOCIATES and FEATHERSTON failed to obtain prior written consent of their principals for the reduction of the aggregate balance of trust funds in said bank account to an amount less than the existing aggregate trust fund liability to the owners of said funds.

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IX

The facts alleged above are grounds for the suspension or revocation of the licenses of respondents ASSOCIATES, FEATHERSTON and REDDING under Sections 2830 and 2832.1 of Title 10, California Code of Regulations (hereinafter "Regulations") and Section 10145 of the Code in conjunction with Section 10177(d) of the Code.

SECOND CAUSE OF ACCUSATION

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There is hereby incorporated in this second, separate and distinct cause of accusation all of the allegations contained in Paragraphs I, II, III, IV and V of the First Cause of Accusation with the same force and effect as if herein fully set forth.

XI

In connection with the property management activities described in Paragraph V above, respondents ASSOCIATES, FEATHERSTON and REDDING received and disbursed funds held in trust on behalf of another or others.

XII

Within the three-year period immediately preceding the filing of this Accusation in connection with the collection and disbursement of trust funds on behalf of another or others, respondents ASSOCIATES and FEATHERSTON commingled with their own money or property funds held in trust for others and converted said trust funds to their own use or benefit or for purposes not authorized by the rightful owners of said funds. The exact amount of said commingled and converted trust funds is unknown to

1 Complainant, but well known to respondents ASSOCIATES and
2 FEATHERSTON and is not less than \$652.86.

3 XIII

4 Within the three-year period immediately preceding the
5 filing of this Accusation through on or about November 30, 1987,
6 respondent REDDING while in the employ of respondent ASSOCIATES
7 and in connection with the property management activities
8 described in Paragraph V above, commingled with her own money or
9 property funds held in trust for others and converted said trust
10 funds to her own use or benefit or for purposes not authorized by
11 the rightful owners of said funds. The exact amount of said
12 commingled and converted trust funds is unknown to Complainant,
13 but well known to respondent REDDING and is not less than
14 \$33,913.50.

15 XIV

16 Within the three-year period immediately preceding the
17 filing of this Accusation through on or about November 30, 1987,
18 respondent FEATHERSTON as designated officer for respondent
19 ASSOCIATES, failed to exercise reasonable supervision over
20 respondents ASSOCIATES and REDDING. Respondent FEATHERSTON's
21 failure to reasonably supervise the activities of respondents
22 ASSOCIATES and REDDING for which a real estate license was
23 required included, but are not limited to, the acts and omissions
24 set forth below:

25 (1) In connection with the property management
26 activities described in Paragraph V above, respondent FEATHERSTON
27 failed to review, initial and date within five (5) working days

1 all instruments having a material effect upon a party's rights or
2 obligations prepared by respondent ASSOCIATES' employees,
3 associates, or real estate salespersons.

4 (2) In connection with the property management
5 activities described in Paragraph V above, respondent FEATHERSTON
6 failed to reasonably supervise respondent REDDING thereby allowing
7 respondent REDDING to commingle and convert trust funds as
8 described in Paragraph XIII above.

9 XV

10 The facts alleged above in the Second Cause of
11 Accusation are grounds for the suspension or revocation of the
12 licenses of respondents ASSOCIATES, FEATHERSTON and REDDING under
13 the following sections of the Business and Professions Code of the
14 State of California:

15 (1) As to Paragraph XII under Sections 10176(e),
16 10176(i) and 10177(j) of the Code as to respondents ASSOCIATES and
17 FEATHERSTON.

18 (2) As to Paragraph XIII under Sections 10176(e),
19 10176(i) and 10177(j) of the Code as to respondent REDDING.

20 (3) As to Paragraph XIV under Section 10177(h) of the
21 Code or in the alternative under Section 10177(g) of the Code as
22 to respondent FEATHERSTON.

23 (4) As to Paragraph XIV (1) under Section 10177(d) of
24 the Code in conjunction with Section 2725 of Title 10, California
25 Code of Regulations as to respondent FEATHERSTON.

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

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G. MIKE PACE

Deputy Real Estate Commissioner

12 Dated at Sacramento, California

13 this 21 day of August, 1989.

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