## FILED

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DEPARTMENT OF REAL ESTATE
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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of ) No. H- 04432 SD )

LOUIS ALLEN WALLACE, ) ACCUSATION )

Respondent, )

The Complainant, Veronica Kilpatrick, a Deputy Real Estate Commissioner of the State of California acting in her official capacity, for cause of Accusation against LOUIS ALLEN

WALLACE is informed and alleges as follows:

1.

The Complainant, Veronica Kilpatrick, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in her official capacity.

2.

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

License	Status
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3.

At all times mentioned, LOUIS ALLEN WALLACE (WALLACE), was licensed or had license rights issued by the Department of Real Estate (Department) as a restricted real estate broker.

#### **Brokerage**

4.

At all times mentioned, in the City of Carlsbad, County of San Diego, WALLACE engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, including the operation and conduct of a property management business within the meaning of Code Section 10131(b), with the public wherein, for or in expectation of compensation, for another or others, Respondent leased or rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or solicited for prospective tenants, or collected rents from real property, or improvements thereon.

WALLACE managed seventy-seven (77) properties for fifty-eight (58) owners and collected approximately six to seven percent of the gross rents collected annually in trust funds from his property management activity.

# FIRST CAUSE OF ACCUSATION (Audit Examination)

5.

On October 2, 2012, the Department attempted to conduct an audit examination of the books and records of WALLACE, pertaining to the property management activities described in Paragraph 3, that require a real estate license. The audit examination covered a period of time

beginning on August 1, 2009 and ending on July 31, 2012. The audit examination revealed violations of the Code and the Regulations as set forth below, and more fully discussed in Audit Report SD 110075 and the exhibits and work papers attached.

#### Trust Accounts

6.

At all times mentioned, in connection with the activities described in Paragraph 4, above, WALLACE accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties to transactions handled by WALLACE. including property owners and tenants. WALLACE maintained the following bank accounts:

#### 1. <u>B/A 1</u>

Account Name: Louis A. Wallace Property Management

Account No.: \*\*\*\*\*9379

Bank Name: Union Bank

#### 2 B/A 2

Account Name: Louis A. Wallace Property Management

Account No.: \*\*\*\*\*4706

Bank Name: Union Bank

#### 2 B/A 3

Account Name: Louis Wallace Property Management Trust

Account No.: \*\*\*\*\*6575

Bank Name: Chase Bank

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Violations	of the	Real	Estate	Law
1 1010110110	OI HIV	******	Louisie	THE AL

In the course of activities described in Paragraphs 4 and 6, above, and during the audit examination period described in Paragraph 5, Respondent WALLACE, acted in violation of the Code and the Regulations in that WALLACE:

7.

- (a) After fifteen (15) attempts by the Departmental auditor after and notice and subpoena on July 13, 2012, Respondent WALLACE failed to provide proof of retention of all records of WALLACE activity during the audit period requiring a real estate broker license, in violation of Code Section 10148.
- (b) Used the fictitious name of "Lou Wallace Property Management" to conduct licensed activities without holding a license bearing said fictitious business names, in violation of Code Section 10159.5 and Regulation 2731.

#### **Disciplinary Statures and Regulations**

8.

The conduct of Respondent WALLACE., as alleged and described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

#### PARAGRAPH

#### PROVISIONS VIOLATED

7(a)

Code Section 10148

21 7(b)

Code Section 10159.5 and Regulation 2731

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The foregoing violations constitute cause for discipline of the real estate license and license rights of Respondent WALLACE, under the provisions of Code Section 10177(d).

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### SECOND CAUSE OF ACCUSATION

(Supervision/Compliance)

9.

The overall conduct of Respondent WALLACE constitutes a failure on his part to exercise reasonable supervision and control over the licensed activities his brokerage, in violation of Code Section 10177(h) and Regulation 2725. Respondent WALLACE failed to keep his brokerage in compliance with the Real Estate Law, and is cause for discipline of the real estate license and license rights of Respondent WALLACE pursuant to the provisions of Code Sections 10177(d), 10177(g) and/or 10177(h).

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of Respondent LOUIS ALLEN WALLACE, under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law including, but not limited to, but not limited to (1) restitution, where applicable (2) costs of audit pursuant to Code Section 10148; and (3) costs of investigation and enforcement pursuant to Code Section 10106, and as pursuant to applicable provisions of the California Administrative Procedure Act, where applicable.

Dated at San Diego, California

this 3r day of December, 2012. V. Kul

Deputy Real EstatelCommissioner

cc: Louis Allen Wallace Veronica Kilpatrick Audits – Benilda Emery Sacto