

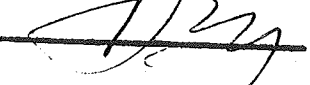
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FILED

JUN 27 2014

BUREAU OF REAL ESTATE

By 

9 BEFORE THE BUREAU OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of)
13 JAMES P. HENDERSHAW INC. doing) No. H- 04655 SD
14 business as Hendershaw Management; and)
15 CHRISTOPHER JOHN-ALLEN)
16 HONEYCUTT, individually and)
17 as designated officer of)
18 James P. Hendershaw Inc.)
19 Respondents.)

ACCUSATION

20 The Complainant, Veronica Kilpatrick, a Deputy Real Estate Commissioner of
21 the State of California, Bureau of Real Estate ("Bureau") for cause of Accusation against
22 JAMES P. HENDERSHAW INC. dba Hendershaw Management ("JPHI") and CHRISTOPHER
23 JOHN-ALLEN HONEYCUTT ("HONEYCUTT"), individually and as designated officer of
24 James P. Hendershaw Inc. (collectively "Respondents"), is informed and alleges as follows:

25 1.

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

2.

From September 26, 1986, through the present, Respondent JPHI has been licensed as a real estate corporation. Between September 21, 2012 and August 6, 2013, as set forth in the table below, JPHI was acting by and through Respondent HONEYCUTT as its designated broker-officer pursuant to Business and Professions Code ("Code") Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law. JPHI is owned in its entirety by Salijo A. Hendershaw. Upon the cancellation of HONEYCUTT's tenure as designated officer, JPHI has remained in the status of Non-Broker Affiliated. JPHI's corporate broker license will expire on September 20, 2016.

3.

Respondent HONEYCUTT was originally licensed as a real estate broker on April 7, 2011 and is JPHI's Chief Financial Officer and Director. From September 21, 2012 to August 6, 2013, HONEYCUTT was JPHI's designated officer.

Table: Designated Officer Tenure

Designated Officer	Tenure
Christopher John-Allen Honeycutt	September 21, 2012 to August 6, 2013
Non Broker Affiliated	August 6, 2013 to date

4.

Whenever reference is made in an allegation in this Accusation to an act or omission of "Respondents" such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondents committed such act or omission while engaged in the furtherance of the business or operations of Respondents and while acting within the course and scope of their corporate authority and employment, including HONEYCUTT.

1 FIRST CAUSE OF ACCUSATION
2 (Audit)

3 5.

4 At all times mentioned, in the City of and County of San Diego, Respondents
5 JPHI and HONEYCUTT, engaged in the business of, acted in the capacity of, advertised or
6 assumed to act as a real estate brokers, within the meaning of Code Section 10131(b).
7 Respondents engaged in the business of a property management brokerage with the public
8 wherein, for or in expectation of compensation, for another or others, Respondents leased or
9 rented or offered to lease or rent, or placed for rent, or solicited listings of places for rent, or
10 solicited for prospective tenants, or collected rents from real property, or improvements thereon.
11

12 Audit Examination

13 6.

14 On February 4, 2014, the Bureau completed an audit examination of the books
15 and records of Respondent JPHI pertaining to the property management activities described in
16 Paragraph 5, which require a real estate license. The audit examination covered a period of time
17 beginning on September 21, 2012 and ending on August 5, 2013. The audit examination
18 revealed violations of the Code and the Title 10, Chapter 6, California Code of Regulations
19 ("Regulations") as alleged in the following paragraphs, and more fully set forth in Audit Report
20 SD 130001 and the exhibits and work papers attached thereto.

21 Bank and Trust Accounts

22 7.

23 At all times mentioned, in connection with the activities described in Paragraph
24 6, above, JPHI accepted or received funds including funds in trust ("trust funds") from or on
25 behalf of property owners and tenants handled by JPHI and thereafter made deposits and
26 disbursements of such funds. From time to time herein mentioned, during the audit period and

thereafter, said trust funds were deposited and/or maintained by JPHI in the accounts described below.

Bank Account: (BA)

Bank: First Republic Bank
12626 High Bluff Drive #400
San Diego, CA 92130

Account Name: James P. Herndershaw Inc. dba Hendershaw Management
Account Number: *****0477

Other Account: (OA)

Bank: First Republic Bank
12626 High Bluff Drive #400
San Diego, CA 92130

Account Name: Constellation Realty Management LLC Client Trust Account
Account Number: *****0751

Violations of the Real Estate Law

8.

In the course of activities described in Paragraphs 5 and 7, above, and during the examination period, described in Paragraph 6, Respondents JPHI and HONEYCUTT acted in violation of the Code and the Regulations in which Respondents:

(a) Permitted, allowed or caused the disbursement of trust funds from BA, JPHI's property management trust account for rent collection and security deposits, where the disbursement of funds reduced the total of aggregate funds in BA, to an amount which, on June 25, 2013, was at a minimum accountability of \$50,150.95, less than the existing aggregate trust fund accountability of JPHI to every principal who was an owner of said funds, without first

1 obtaining the prior written consent of the owners of said funds, in violation of Code Section
2 10145(a) and Regulation 2832.1;

3 (b) Transferred trust funds in the amount of \$71,047.93 from trust account BA to
4 other account OA, a non trust account, without first obtaining the prior written consent of the
5 owners of said funds, in violation of Code Section 10145;

6 (c) Failed to maintain an adequate and complete control record for BA, into
7 which trust funds were transferred, Code Section 10145 and 2831;

8 (d) Failed to perform a monthly reconciliation of the balance of all separate
9 beneficiary or transaction records maintained pursuant to Regulation 2831.1 with the record of
10 all trust funds received and disbursed by BA, in violation of Code Section 10145 and
11 Regulations 2831.2;

12 (e) BA, which was used to hold trust funds, was not in the name of the broker as
13 trustee at a bank or other financial institution, nor designated as trust accounts, in violation of
14 Code Section 10145 and Regulation 2832(a); and

15 (f) Permitted Salijo A. Hendershaw, an unlicensed person, owner of JPHI, and a
16 former real estate salesperson whose license expired on January 28, 2006, Chief Executive
17 Officer and Director of JPHI, to be authorized as a signatory on BA, in violation of Code
18 Section 10145 and Regulation 2834(a).

19 9.

20 The conduct of Respondents JPHI and HONEYCUTT, described in Paragraph 8,
21 above, violated the Code and the Regulations as set forth below:

22 ///

23 ///

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
8(a)	Code Section 10145 and Regulation 2832.1
8(b)	Code Section 10145
8(c)	Code Section 10145 and Regulation 2831
8(d)	Code Section 10145 and Regulation 2831.2
8(e)	Code Section 10145 and Regulation 2832(a)
8(f)	Code Section 10145 and Regulation 2834(a)

The foregoing violations constitute cause for the discipline of the real estate licenses and license rights of Respondents JPHI and HONEYCUTT under the provisions of Code Sections 10177(d) and 10177(g).

SECOND CAUSE OF ACCUSATION
(Supervision and Compliance)

10.

The overall conduct of Respondent HONEYCUTT constitutes a failure on said Respondent's part, as officer designated by a corporate broker licensee, to exercise reasonable supervision and control over the licensed activities and employees of JPHI as required by Code Section 10159.2 and Regulation 2725, and to keep JPHI in compliance with the Real Estate Law, with specific regard to trust fund collection and handling for property management services, and is cause for discipline of the real estate license and license rights of Respondent HONEYCUTT pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

11.

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

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

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 all licenses and/or license rights of Respondents JAMES P. HENDERSHAW INC. and CHRISTOPHER JOHN-ALLEN HONEY CUTT individually and as designated officer under the Real Estate Law (Part 1 of Division 4 of the California 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, proof of cure of the shortage, and costs of investigation, enforcement and audit.

Dated at San Diego, California.

this 23 day of June, 2014.


VERÓNICA KILPATRICK
Deputy Real Estate Commissioner

cc: James P. Hendershaw Inc.
Christopher John-Allen Honeycutt
Verónica Kilpatrick
Audits- Jennifer Borromeo
Sacto