

FILED

MAR 17 2014

BUREAU OF REAL ESTATE

By L. Frost

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

ANITA MASSIE VILLANUEVA,

Respondent.

No. H-5892 SAC

OAH No. 2013021003

DECISION

The Proposed Decision of the Administrative Law Judge of the Office of Administrative Hearings dated December 2, 2013, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

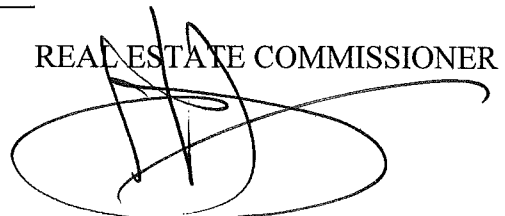
The Decision suspends or revokes the real estate license and/or license rights; however, the right to a restricted real estate license is granted to Respondent.

The right to reinstatement of a revoked real estate license or to the reduction of a penalty is controlled by Section 11522 of the Government Code. A copy of Section 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

This Decision shall become effective at 12 o'clock noon on APR 09 2014.

IT IS SO ORDERED DEC 23 2013

REAL ESTATE COMMISSIONER



By: JEFFREY MASON
Chief Deputy Commissioner

BEFORE THE
BUREAU OF REAL ESTATE
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

ANITA MASSIE VILLANUEVA,

Respondent.

Case No. H-5892 SAC

OAH No. 2013021003

CORRECTED PROPOSED DECISION

This matter was heard before Administrative Law Judge Marcie Larson, Office of Administrative Hearings, State of California, on October 24, 2013, in Sacramento, California.

Tricia D. Sommers, a Deputy Real Estate Commissioner, State of California (Complainant) was represented by Annette Ferrante, Counsel, Bureau of Real Estate (Bureau).¹

Anita Massie Villanueva (respondent) was present and represented by Brian Davis, Attorney at Law.

Evidence was received, the record was closed, and the matter was submitted for decision on October 24, 2013. The Administrative Law Judge issued a Proposed Decision on November 13, 2013.

On November 19, 2013, counsel for Complainant filed with the Office of Administrative Hearings an application for correction of a mistake or clerical error pursuant to Government Code section 11518.5, on the basis that the Order in the Proposed Decision failed to include language concerning the award of costs to the Bureau.² No opposition to the application was filed by respondent. The application is granted.

¹ Effective July 1, 2013, the Department of Real Estate became the Bureau of Real Estate under the Department of Consumer Affairs pursuant to the Governor's Reorganization Plan of 2012. Use of the term Bureau includes all actions taken by the Department.

² The application submitted by Complainant is marked and admitted as Exhibit 10.

FACTUAL FINDINGS

1. On October 18, 2012, Complainant filed the Accusation in her official capacity.
2. Respondent timely filed a Notice of Defense pursuant to Government Code section 11506. The matter was set for an evidentiary hearing before an Administrative Law Judge of the Office of Administrative Hearings, an independent adjudicative agency of the State of California, pursuant to Government Code section 11500 et seq.
3. On October 23, 1999, the Bureau issued respondent a real estate salesperson license. Between October 23, 1999, and May 4, 2003, respondent worked as a real estate salesperson for Thomas Wilson.
4. On May 4, 2003, respondent's salesperson license was terminated. The following day, on May 5, 2003, the Bureau issued respondent a real estate broker license (license). In approximately 2002, respondent purchased WG Property Management from Thomas Wilson. Respondent is the sole designated broker of WG Property Management. As of February 29, 2012, respondent did not employ a real estate salesperson. Respondent's license was active at all times relative to this matter and will expire on May 4, 2015, unless renewed or revoked.

Audit Scope and Background

5. On or about March 26, 2012, the Bureau began a routine audit of respondent's license activities to determine whether she was in compliance with the Real Estate Law and the Commissioner's Regulations. Bosco Li, an auditor with the Bureau, was assigned to conduct a review of relevant records related to respondent's property management activities between January 1, 2011, and February 29, 2012. The auditor interviewed respondent and obtained and examined records on a sample basis. The auditor prepared an audit report dated May 18, 2012. The auditor testified at the hearing in this matter.
6. During the audit period, respondent managed approximately 104 properties for 104 owners. Respondent's management activities included collecting rents, paying expenses, and screening tenants. Respondent received average annual trusts funds of approximately \$125,000 per month.
7. Respondent maintained one bank account at Bank of the West (Trust Account), for handling trust funds from property management activities. Deposits consisted of rents paid and security deposits collected from tenants. Disbursements consisted of payments for expenses related to the properties managed, owner proceeds, management fees to respondent, and refunds of security deposits to vacating tenants.

Trust Fund Accountability and Unauthorized Disbursement of Trust Funds

8. The auditor prepared a reconciliation for the Trust Account as of January 31, 2012. The purpose of preparing a reconciliation of the Trust Account is to calculate the adjusted account balance. The auditor determined the adjusted bank balance for the Trust Account, by comparing the bank statements and ledger documents maintained by respondent. The adjusted account balance should match the accountability, which is the liability or how much money should be in the account. A "shortage" means that the Trust Account does not have all the funds that are owed to the property owners.

The auditor determined that as of January 31, 2012, the adjusted bank balance for the Trust Account was \$25,173.68. The accountability was \$38,349.56. The shortage was \$13,175.88. The auditor determined that \$3,953 of the shortage was caused by unauthorized disbursements of trust funds for the benefit of respondent. Specifically, the disbursements were for roof repairs performed on respondent's personal rental property and payment of respondent's health insurance. The auditor could not identify the cause of the remaining shortage of \$9,222.88.

9. On March 26, 2012, during the audit entrance conference, respondent informed the auditor that she owned a rental property which she managed using the Trust Account. The auditor reviewed the records for respondent's property and determined that during the audit period, respondent had dispersed \$3,120 from the Trust Account to Landreth Roofing Inc. Respondent informed the auditor that the disbursement was for repairs to the roof of her rental property. As of January 18, 2012, respondent did not have enough money in the Trust Account for her rental property to pay for the disbursement. As a result, respondent's property balance in the Trust Account was reduced to negative \$2,770. Respondent informed the auditor that the negative balance was corrected on March 1, 2012. However, the auditor could not verify that a deposit was made by respondent to correct the shortage, because no bank statements were available for review.

Respondent also informed the auditor that she maintained her own funds in the Trust Account for her property management business. The separate record for the funds was titled "WG Trust Account Money." The auditor determined that on August 18, 2011, respondent disbursed \$2,968 from the Trust Account to pay for her health insurance. However, the "WG Trust Account Money" only had a balance of \$346. The disbursement reduced the "WG Trust Account Money" balance to negative \$2,622. Respondent informed the auditor that she meant to disburse the money for her health insurance from her business account, but she made a mistake and disbursed the money from the Trust Account. The records provided by respondent to the auditor demonstrated that respondent deposited \$1,484 on December 13, 2011, and again on February 8, 2012, to reimburse the Trust Account for the disbursement. Despite the deposits, there was still a negative of balance in the "WG Trust Account Money" of \$1,183, which respondent corrected with a deposit on February 8, 2012.

10. Respondent disbursed funds which resulted in the balance of the Trust Account to fall below the trust fund liability. Respondent admitted that she did not obtain written consent of any property owner to allow disbursement of funds from the Trust Account below the trust fund liability. Such prior written consent is required if a disbursement of funds would reduce the balance below the trust fund liability.

Failure to Maintain Accurate Monthly Reconciliation

11. During the audit period respondent failed to perform and maintain monthly reconciliation for the Trust Account, comparing the balance of all separate beneficiary or transaction records, to the balance of the record of all trust funds received and disbursed.

Exit Conference and Communication with the Special Investigator

12. On or about April 18, 2012, the auditor held an exit conference with respondent. The auditor discussed his findings with respondent. On May 16, 2012, the auditor faxed respondent the non-compliance summary concerning the violations. At hearing, the auditor testified that respondent cooperated with all respects of the audit.

13. On April 23, 2012, after the exit conference, respondent deposited \$11,479.99 in the Trust Account to cover the remaining shortage. Respondent also deposited \$316 to cover bank fees. The following day, respondent faxed a copy the deposit slip to the auditor.

14. After the auditor completed his report, Marcus Beltramo, a special investigator, was assigned to review the findings and violations. The special investigator testified at the hearing in this matter. After the auditor issued the non-compliance summary, the special investigator contacted respondent by letter and telephone to discuss the audit findings and violations. On July 20, 2012, in response to a letter sent to respondent by the special investigator, respondent explained that since the audit, she hired an accountant to go over her files dating back to 2002. Respondent further explained that part of the accounting problems were due to a change to the computer software in 2002. The new "Promas" software was used for all the business accounting.

Respondent further explained in the letter that with regard to the health insurance payment from the Trust Account, she had put the wrong check in the printer. Respondent stated that she had found the error and corrected it before the audit commenced.

Respondent also explained that she was not aware that she was not allowed to manage her personal rental property in the Trust Account. Respondent stated that as

soon as the auditor notified her of the error, she removed her rental property money from the Trust Account and placed the money in her business account.

15. On August 2, 2012, the special investigator spoke to respondent on the telephone. Respondent reiterated the information she provided to the special investigator in the July 20, 2012 letter. In addition, respondent told the special investigator that she changed the color of her bank checks to help prevent her from writing a check from the wrong account. She also explained that she planned to implement new procedures for handling trust funds and would use a new database. The special investigator asked respondent about a trust fund class she took in May 2011. Respondent had submitted proof of completion of the class to the Bureau with her May 2011 application to renew her license. Respondent stated that the class was a continuing education course and did not offer any information on how to keep her records or reconcile a trust account.

16. On August 16, 2012, respondent sent the special investigator a letter which provided additional details concerning measures respondent planned to implement to prevent a trust fund shortage in the future. The list of measures, in part, included working with the Promas staff to ensure the software program is correctly set up and to identify aids available through the Promas program. The list also included taking continuing education in accounting and staying up to date on the Bureau's publications concerning handling trust funds.

17. At hearing, the special investigator testified that respondent was cooperative with the investigation and there was no indication that respondent was attempting to hide any information.

Evidence of Justification, Mitigation, and Rehabilitation

18. Respondent denies that she intentionally misappropriated trust funds. Respondent acknowledged that the violations identified by the auditor should not have occurred. She explained that when the auditor informed her of the shortage in the Trust Account, without prompting by the auditor, she immediately reimbursed the Trust Account. Respondent primarily attributes the violations to her lack of experience and understanding of the Promas computer program. When respondent began working in property management in 1998, she was initially trained on the "Yardi" Property Management computer program. In 2000, the broker respondent worked under switched to Promas. Respondent described Promas as "more complex." Respondent continued to utilize Promas when she purchased WG Property Management in 2002.

19 Respondent testified that after the audit, she hired the creators of Promas to perform a complete audit of her records. As part of the audit, Promas sent respondent a "Detailed Trial Balance," which identified that respondent had incorrectly directed transactions to the wrong ledger. At hearing, respondent

submitted computer screen printouts which show the correct and incorrect transactions. Respondent contends that the incorrect transactions reduced the amount in the Trust Account, however the individual property accounts were not shorted money. Respondent explained that with the assistance of the Promas staff, all of the errors have been identified and corrected. Respondent stated that she has spent over 100 hours correcting the accounting problems and ensuring that she understands how to correctly utilize Promas. In addition, respondent hired the Promas staff for on-going support.

20. Before the audit, respondent was not performing full or timely reconciliations of the Trust Account as required by the Bureau. For example, respondent admitted that it took her five months to discover that she incorrectly wrote a check from the Trust Account to pay for her health insurance, because she was behind in reconciling the account. Although respondent discovered the error in December 2011, respondent did not reimburse the Trust Account in full until February 2012, because she did not have the money available. Respondent explained that to ensure that the problems identified in the audit do not occur again, she now generates three reports each month, which include: (1) bank reconciliation, (2) bank activity; and (3) bank balance breakdown. Respondent contends that the Trust Account is correctly reconciled on a monthly basis.

21. Respondent also hired George Fakhouri, an accountant, on a quarterly basis to review the Trust Account bank statements to ensure that "everything is in order." At hearing, respondent submitted a letter from Mr. Fakhouri dated September 13, 2013, which states that he believes problems with the Trust Account were a result of mistakes respondent made with her software program.

22. At hearing, respondent also submitted five letters of reference from her clients. The letters generally attest to respondent's professionalism and reliability.

Discussion

23. Since the completion of the audit, respondent has undertaken important steps to correct the violations and change her accounting practices. Upon learning of the audit findings, respondent immediately repaid the Trust Fund shortage and removed her rental property from the Trust Account. Thereafter, respondent hired Promas to complete a full audit of her records. Promas identified the errors that caused the shortage and respondent corrected the errors. In addition, Promas provided respondent training on how to run reports that assist her with ensuring that proper monthly reconciliations of the Trust Account are performed. Finally, respondent hired an accountant to review her records on a quarterly basis to ensure there are no irregularities.

Although there is no evidence that respondent committed fraud and no clients have lost money as a result of respondent's conduct, respondent failed to comply with

the Bureau's statutes and regulations. The result was a shortage of over \$13,000. Furthermore, respondent used trust funds for her personal benefit and in one instance, due to her failure to timely reconcile the Trust Account, she did not discover the mistake until five months later. Although respondent discovered mistake, she did not timely reimburse the Trust Account.

The purpose of disciplinary actions is to protect the public, not to punish the violator. When all the facts are considered and weighed, discipline must be imposed on respondent for her violations. However, it would not be contrary to the public interest to issue respondent a restricted real estate broker license, subject to terms and conditions designed to monitor her activities and protect the public.

Costs

24. Pursuant to Business and Professions Code sections 10106 and 10148, subdivision (b), the Bureau is authorized to seek reimbursement of audit and enforcement costs at hearing. As of October 21, 2013, the Bureau incurred \$943.40 in attorney charges in connection with the prosecution of this case. Additionally, the Bureau incurred \$232.50 in investigation costs and audit charges totaling \$2,793. At hearing, the Bureau submitted a statement of costs and supporting documentation of investigation and audit costs. As set forth in Legal Conclusion 9, the costs of prosecution, investigation, and enforcement totaling \$3,968.90, are reasonable.

LEGAL CONCLUSIONS

1. Business and Professions Code section 10177 authorizes the Commissioner to suspend or revoke the license of a real estate licensee or corporation if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

(d) Willfully disregarded or violated the Real Estate Law

[¶]...[¶]

(g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license.

[¶]...[¶]

2. Business and Professions Code section 10145, provides in pertinent part:

(a)(1) A real estate broker who accepts funds belonging to others in connection with a transaction subject to this part shall deposit all those

funds that are not immediately placed into a neutral escrow depository or into the hands of the broker's principal, into a trust fund account maintained by the broker in a bank or recognized depository in this state. All funds deposited by the broker in a trust fund account shall be maintained there until disbursed by the broker in accordance with instructions from the person entitled to the funds.

3. California Code of Regulations, title 10, section 2832.1 provides:

The written consent of every principal who is an owner of the funds in the account shall be obtained by a real estate broker prior to each disbursement if such a disbursement will reduce the balance of funds in the account to an amount less than the existing aggregate trust fund liability of the broker to all owners of the funds.

4. As set forth in the Factual Findings 8 through 10, clear and convincing evidence established that respondent caused a trust fund shortage totaling \$13,175.88, without obtaining prior written consent from the owners. Therefore, respondent's broker license is subject to discipline due to her violations of Business and Professions Code section 10145, in conjunction with section 10177, subdivisions (d) and (g), and California Code of Regulations, title 10, section 2832.1.

5. Business and Professions Code section 10176 authorizes the commissioner to suspend or revoke the license of a real estate licensee who has been guilty of any of the following:

- (i) Any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

6. As set forth in the Factual Findings 8 through 10, clear and convincing evidence established that respondent dispersed funds from the Trust Account in the amount of \$3,953, for her personal use. Therefore, respondent's broker license is subject to discipline due to her violations of Business and Professions Code section 10145, in conjunction with section 10177, subdivisions (d) and (g), and California Code of Regulations, title 10, section 2832.1.

However, there is insufficient evidence that respondent's conduct constitutes fraud or dishonest dealing. Therefore, no cause exists to discipline respondent's license pursuant to Business and Professions Code section 10176, subdivision (i).

7. California Code of Regulations, title 10, section 2831.2 states that "[t]he balance of all separate beneficiary or transaction records maintained pursuant to the provisions of Section 2831.1 must be reconciled with the record of all trust funds received and disbursed required by Section 2831, at least once a month, except in those months when the bank account did not have any activities. A record of the

reconciliation must be maintained, and it must identify the bank account name and number, the date of the reconciliation, the account number or name of the principals or beneficiaries or transactions, and the trust fund liabilities of the broker to each of the principals, beneficiaries or transactions.”

8. As set forth in the Factual Finding 11, clear and convincing evidence established that respondent failed to perform monthly reconciliations of the Trust Account. Therefore, respondent’s broker license is subject to discipline due to her violations of Business and Professions Code section 10145, in conjunction with section 10177, subdivisions (d) and (g), and California Code of Regulations, title 10, section 2831.2.

Cost Recovery Analysis

9. The Commissioner has discretion to recover audit costs after a disciplinary hearing if the broker has been found to have violated Business and Professions Code section 10145 or any related regulation. (Bus. & Prof. Code, § 10148, subd. (b).) The Commissioner may also 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. (Bus. & Prof. Code, § 10106, subd. (a).)

In *Zuckerman v. State Board of Chiropractic Examiners* (2002) 29 Cal.4th 32, the California Supreme Court set forth guidelines for determining whether the costs should be assessed in the particular circumstances of each case. Respondent did not establish a basis to reduce or eliminate the costs in this matter. In the absence of evidence to the contrary, costs in the amount of \$3,968.90 are reasonable.

Conclusion

10. When considering the Factual Findings and Legal Conclusions as a whole, discipline of respondent’s license is warranted. However, it would not be contrary to the public interest to issue respondent a restricted real estate broker license based upon the terms and conditions set forth in the Order.

ORDER

All licenses and license rights of respondent Anita Massie Villanueva, under the Real Estate Law are REVOKED; provided, however, a restricted real estate broker license shall be issued to respondent pursuant to Section 10156.5 of the Business and Professions Code if respondent makes application therefor and pays to the Bureau of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to respondent shall be subject to all of the provisions of Section 10156.7 of the Business and

Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of that Code:

1. Respondent shall obey all laws, rules and regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California.
2. The restricted license issued to respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of respondent's conviction or plea of nolo contendere to a crime which is substantially related to respondent's fitness or capacity as a real estate licensee.
3. The restricted license issued to respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.
4. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until two years have elapsed from the effective date of this Decision.
5. Respondent shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until respondent presents such evidence. The Commissioner shall afford respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.
6. Respondent shall report in writing to the Bureau of Real Estate as the Real Estate Commissioner shall direct by his Decision herein or by separate written order issued while the restricted license is in effect such information concerning respondent's activities for which a real estate license is required as the Commissioner shall deem to be appropriate to protect the public interest. Such reports may include, but shall not be limited to, periodic independent accountings of trust funds in the custody and control of respondent and periodic summaries of

salient information concerning each real estate transaction in which respondent engaged during the period covered by the report.

7. Respondent shall, prior to and as a condition of the issuance of the restricted license, submit proof satisfactory to the Commissioner of having taken and successfully completed the continuing education course on trust fund accounting and handling specified in subdivision (a) of Section 10170.5 of the Business and Professions Code. Proof of satisfaction of this requirement includes evidence that respondent has successfully completed the trust fund account and handling continuing education course within 120 days prior to the effective date of the Decision in this matter.

8. Pursuant to Business and Professions Code sections 10106 and 10148, subdivision (b), respondent shall pay the Commissioner's reasonable costs for prosecution, investigation, and enforcement of this disciplinary action in the amount of \$3,968.90. These costs shall be paid in full or in accordance with a payment schedule as agreed to between respondent and the Commissioner. The Commissioner may suspend the restricted license issued to respondent pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the respondent and the Commissioner. The suspension shall remain in effect until payment is made in full or until respondent enters into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

DATED: December 2, 2013



MARCIE LARSON
Administrative Law Judge
Office of Administrative Hearings

CRITERIA OF REHABILITATION (Revocation)

RE 574 (Rev. 7/13)

Your real estate license has been revoked or suspended by the Real Estate Commissioner based wholly or in part upon (1) a criminal conviction, or (2) an act involving dishonesty, fraud or deceit done with intent to substantially benefit yourself or another or with the intent or threat of substantially injuring another or property, or (3) an act which if done by a real estate licensee would be grounds for revocation of that license, or (4) upon the grounds that you knowingly made a false statement of fact required to be revealed in the application for such license. The reason(s) for the revocation or suspension is set forth in the attached Decision.

Set forth below is the Criteria of Rehabilitation. These criteria have been developed by the Bureau of Real Estate as guidelines to assist you to establish a rehabilitation program and in the preparation of your case should you petition in the future for reinstatement of your license or for a reduction of your penalty.

Not all of the factors listed in the Criteria will be applicable in the case of every revoked or suspended license nor will each applicable factor necessarily be given equal weight in evaluating a person's rehabilitation. Each person must decide which of these factors are applicable to his or her case and should then take appropriate steps toward rehabilitation to the end of satisfying the Real Estate Commissioner that it would not be against the public interest to grant reinstatement of the license or a reduction of the penalty.

2912. Criteria of Rehabilitation (Revocation or Suspension).

The following criteria have been developed by the Bureau pursuant to Section 482(b) of the Business and Professions Code for the purpose of evaluating the rehabilitation of a licensee against whom an administrative disciplinary proceeding for revocation or suspension of the license has been initiated on account of a crime committed by the licensee.

- (a) The passage of not less than two years from the most recent criminal conviction that is "substantially related" to the qualifications, functions or duties of a licensee of the Bureau. (A longer period will be required if there is a history of criminal convictions or acts substantially related to the qualifications, functions or duties of a licensee of the Bureau.)
- (b) Restitution to any person who has suffered monetary losses through "substantially related" acts or omissions of the licensee.
- (c) Expungement of the conviction or convictions which culminated in the administrative proceeding to take disciplinary action.
- (d) Expungement or discontinuance of a requirement of registration pursuant to provisions of Section 290 of the Penal Code.
- (e) Successful completion or early discharge from probation or parole.
- (f) Abstinence from the use of controlled substances or alcohol for not less than two years if the criminal conviction was attributable in part to the use of a controlled substance or alcohol.
- (g) Payment of any fine imposed in connection with the criminal conviction that is the basis for revocation or suspension of the license.
- (h) Correction of business practices responsible in some

degree for the crime or crimes of which the licensee was convicted.

- (i) New and different social and business relationships from those which existed at the time of the commission of the acts that led to the criminal conviction or convictions in question.
- (j) Stability of family life and fulfillment of parental and familial responsibilities subsequent to the criminal conviction.
- (k) Completion of, or sustained enrollment in, formal educational or vocational training courses for economic self-improvement.
- (l) Significant and conscientious involvement in community, church or privately-sponsored programs designed to provide social benefits or to ameliorate social problems.
- (m) Change in attitude from that which existed at the time of the commission of the criminal acts in question as evidenced by any or all of the following:
 - (1) Testimony of applicant.
 - (2) Evidence from family members, friends or other persons familiar with the licensee's previous conduct and with subsequent attitudes and behavioral patterns.
 - (3) Evidence from probation or parole officers or law enforcement officials competent to testify as to applicant's social adjustments.
 - (4) Evidence from psychiatrists or other persons competent to testify with regard to neuropsychiatric or emotional disturbances.
 - (5) Absence of subsequent felony or misdemeanor convictions that are reflective of an inability to conform to societal rules when considered in light of the conduct in question.

Section 11522 of the Government Code of the State of California:

11522. Reinstatement of License or Reduction of Penalty. A person whose license has been revoked or suspended may petition the agency for reinstatement or reduction of penalty after a period of not less than one year has elapsed from the effective date of the decision or from the date of the denial of a similar petition. The agency shall give notice to the Attorney General of the filing of the petition and the Attorney General and the petitioner shall be afforded an opportunity to present either oral or written argument before the agency itself. The agency itself shall decide the petition, and the decision shall include the reasons therefor, and any terms and conditions that the agency reasonably deems appropriate to impose as a condition of reinstatement. This section shall not apply if the statutes dealing with the particular agency contain different provisions for reinstatement or reduction of penalty. (Added by Stats. 1945, Ch. 867; amended by Stats. 1985, Ch. 587.)