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

(213) 897-3937

**FILED**  
JUN 21 1996  
DEPARTMENT OF REAL ESTATE

By Laura B. Orton

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \* \* \*

In the Matter of the Accusation of )	No. H-26153 LA
INVESTEC MANAGEMENT CORPORATION, )	<u>STIPULATION AND AGREEMENT</u>
and KENNETH PATRICK SLAUGHT, )	<u>IN SETTLEMENT AND ORDER</u>
Respondents. )	

It is hereby stipulated by and between INVESTEC MANAGEMENT CORPORATION and KENNETH PATRICK SLAUGHT (sometimes referred to as Respondents) and their attorney of record, Lawrence H. Lackman, representing the Respondents, and the Complainant, acting by and through James R. Peel, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on April 25, 1995, in this matter.

1. All issues which were to be contested and all evidence which was to be presented by Complainant and Respondents at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative Procedure Act (APA), shall instead and in place thereof be

1 submitted solely on the basis of the provisions of this  
2 Stipulation and Agreement in Settlement.

3           2. Respondents have received, read and understand the  
4 Statement to Respondent, the Discovery Provisions of the APA and  
5 the Accusation filed by the Department of Real Estate in this  
6 proceeding.

7           3. On May 16, 1995, Respondents filed a Notice of  
8 Defense pursuant to Section 11505 of the Government Code for the  
9 purpose of requesting a hearing on the allegations in the  
10 Accusation. Respondents hereby freely and voluntarily withdraw  
11 said Notice of Defense. Respondents acknowledge that they  
12 understand that by withdrawing said Notice of Defense they will  
13 thereby waive their right to require the Commissioner to prove the  
14 allegations in the Accusation at a contested hearing held in  
15 accordance with the provisions of the APA and that they will waive  
16 other rights afforded to them in connection with the hearing, such  
17 as the right to present evidence in defense of the allegations in  
18 the Accusation and the right to cross-examine witnesses.

19           4. Respondents, pursuant to the limitations set forth  
20 below, although not admitting or denying the truth of the  
21 allegations, will not contest the factual allegations contained in  
22 the Accusation filed in this proceeding and the Real Estate  
23 Commissioner shall not be required to provide further evidence of  
24 such allegations.

25           5. It is understood by the parties that the Real Estate  
26 Commissioner may adopt the Stipulation and Agreement in Settlement  
27 as his decision in this matter thereby imposing the penalty and

1 sanctions on Respondents' real estate license and license rights,  
2 as set forth below in the "Order". In the event that the  
3 Commissioner in his discretion does not adopt the Stipulation and  
4 Agreement in Settlement, it shall be void and of no effect, and  
5 Respondents shall retain the right to a hearing and proceeding on  
6 the Accusation under the provisions of the APA and shall not be  
7 bound by any stipulation or waiver made herein.

8  
9 6. The Order or any subsequent Order of the Real  
10 Estate Commissioner made pursuant to this Stipulation and  
11 Agreement in Settlement shall not constitute an estoppel,  
12 merger or bar to any further administrative or civil  
13 proceedings by the Department of Real Estate with respect to  
14 any matters which were not specifically alleged to be causes  
15 for accusation in this proceeding.

16 7. This Stipulation is entered into by each party  
17 with the express understanding and agreement that it is to be  
18 used for the purposes of settling these proceedings only and  
19 that this Stipulation shall not be deemed, used, or accepted  
20 as an acknowledgment or stipulation in any other civil or  
21 administrative proceeding to which this Department is not a  
22 party.

#### 23 DETERMINATION OF ISSUES

24 By reason of the foregoing stipulations and waivers  
25 and solely for the purpose of settlement of the pending  
26 Accusation without a hearing, it is stipulated and agreed  
27 that the following determination of issues shall be made:

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3 The conduct of Respondents, INVESTEC MANAGEMENT  
4 CORPORATION and KENNETH PATRICK SLAUGHT, as alleged in the  
5 Accusation, is grounds for the suspension or revocation of  
6 all of the real estate licenses and license rights of  
7 Respondents under the provisions of Regulations 2830, 2831,  
8 2831.1, 2831.2, 2832, and 2834, and Sections 10145 and  
9 10177(d) of the Business and Professions Code.

10 ORDER

11 All licenses and license rights of Respondent  
12 INVESTEC MANAGEMENT CORPORATION and Respondent KENNETH  
13 PATRICK SLAUGHT under the Real Estate Law are suspended for a  
14 period of 90 days from the effective date of this Order,  
15 provided as follows:

16 1. Sixty (60) days of said suspension shall be  
17 stayed for two (2) years on condition of the following:

18 (a). That Respondents shall obey all laws,  
19 rules and regulations governing the rights,  
20 duties and responsibilities of a real estate  
21 licensee in the State of California.

22 (b) That no final subsequent determination be  
23 made by the Real Estate Commissioner after  
24 hearing or upon stipulation that cause for  
25 disciplinary action against the real estate  
26 license of either Respondent has occurred  
27 within two (2) years of the effective date of  
this Order.

1 (c) That pursuant to Section 10148 of the  
2 Business and Professions Code, Respondent  
3 INVESTEC MANAGEMENT CORPORATION shall pay the  
4 Commissioner's reasonable cost for an audit to  
5 determine if Respondent INVESTEC MANAGEMENT  
6 CORPORATION has corrected the trust fund  
7 violations alleged in Paragraphs VI of the  
8 Accusation. In calculating the amount of the  
9 Commissioner's reasonable costs, the  
10 Commissioner may use the estimated average  
11 hourly salary for all Department Audit Section  
12 personnel performing audits of real estate  
13 brokers, and shall include an allocation for  
14 travel costs, including mileage, time to and  
15 from the auditor's place of work, and per diem.  
16 The Commissioner's reasonable cost shall in no  
17 event exceed \$2,600. Payment shall be made  
18 within 45 days from receipt of an invoice from  
19 the Commissioner

20 (d) That if, after two years from the  
21 effective date of this Order, each of the  
22 conditions referred to in this paragraph "1"  
23 are complied with, the stay granted pursuant to  
24 this paragraph shall become permanent. It  
25 shall be deemed cause to vacate the stay if  
26 Respondent INVESTEC MANAGEMENT CORPORATION does  
27 not pay within 45 days from receipt of an

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invoice from the Commissioner the  
Commissioner's reasonable costs for an audit as  
provided in subparagraph (c).

(e) Notwithstanding any of the above  
provisions of this paragraph "1", if Respondent  
INVESTEC MANAGEMENT CORPORATION fails to pay,  
within 45 days from receipt of the invoice  
specified above, the cost of the audit, the  
Commissioner may order the indefinite  
suspension of Respondent INVESTEC MANAGEMENT  
CORPORATION'S real estate license and license  
rights. The suspension shall remain in effect  
until payment is made in full, or until  
respondent INVESTEC MANAGEMENT CORPORATION  
enters into an agreement satisfactory to the  
Commissioner to provide for such payment. The  
Commissioner may impose further reasonable  
disciplinary terms and conditions upon  
Respondent INVESTEC MANAGEMENT CORPORATION'S  
real estate license and license rights as part  
of any such agreement.

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2           2. Provided further, that the remaining thirty  
3 (30) days of said 90 day suspension shall be stayed on  
4 condition of the following:

5           (a) That Respondents or either of them pays a  
6 monetary penalty pursuant to Section 10175.2 of  
7 the Business and Professions Code in the amount  
8 of \$1,500 for each Respondent.

9           (b) That said payment shall be in the form of  
10 a cashier's check or certified check made  
11 payable to the Recovery Account of the Real  
12 Estate Fund. Said check must be delivered to  
13 the Department prior to the effective date of  
14 the Order in this matter.

15 DATED: 6-5-96


James R. Peel  
16 JAMES R. PEEL  
17 Counsel for Complainant

18  
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23 \* \* \* \* \*

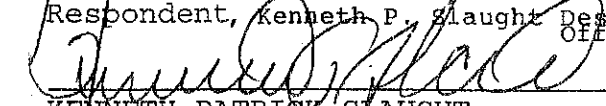
24  
25 I have read the Stipulation and Agreement in  
26 Settlement, and its terms are understood by me and are  
27 agreeable and acceptable to me. I understand that I am  
waiving rights given to me by the California Administrative

1 Procedure Act (including but not limited to Sections 11506,  
2 11508, 11509 and 11513 of the Government Code), and I  
3 willingly, intelligently and voluntarily waive those rights,  
4 including the right of requiring the Commissioner to prove  
5 the allegations in the Accusation at a hearing at which I  
6 would have the right to cross-examine witnesses against me  
7 and to present evidence in defense and mitigation of the  
8 charges.

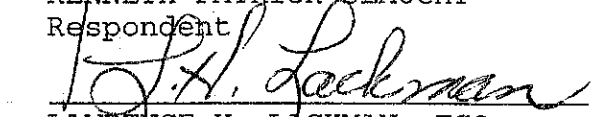
9 DATED: April 30, 1996

  
INVESTEC MANAGEMENT CORPORATION  
Respondent, Kenneth P. Slaughter Designated  
Officer

11 DATED: April 30, 1996

  
KENNETH PATRICK SLAUGHT  
Respondent

13 DATED May 1, 1996

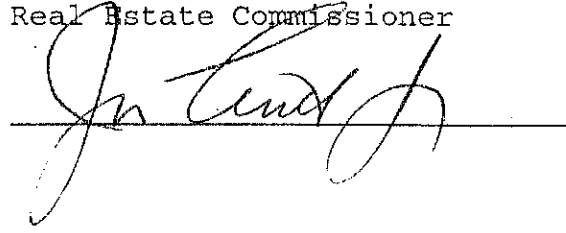
  
LAWRENCE H. LACKMAN, ESQ.  
Counsel for Respondents

15 \* \* \* \* \*

16  
17 The foregoing Stipulation and Agreement in  
18 Settlement is hereby adopted as my Order and shall become  
19 effective at 12 o'clock noon on July 11, 1996

20 IT IS SO ORDERED 6-11-96

21  
22 JIM ANTT, JR.  
Real Estate Commissioner





*Sachs*  
*Jan*

1 JAMES R. PEEL, Counsel  
2 Department of Real Estate  
3 107 South Broadway, Room 8107  
4 Los Angeles, CA 90012  
5 (213) 897-3937

**FILED**  
APR 25 1995  
DEPARTMENT OF REAL ESTATE

By Laura B. Orme

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8 DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of ) NO. H-26153 LA  
12 )  
13 INVESTEC MANAGEMENT CORPORATION, ) A C C U S A T I O N  
14 and KENNETH PATRICK SLAUGHT, )  
15 )  
16 Respondents. )

17 The Complainant, Peter F. Hurst, a Deputy Real Estate  
18 Commissioner of the State of California, for cause of Accusation  
19 against INVESTEC MANAGEMENT CORPORATION and KENNETH PATRICK  
20 SLAUGHT, alleges as follows:

21 I

22 The Complainant, Peter F. Hurst, a Deputy Real Estate  
23 Commissioner of the State of California makes this Accusation in  
24 his official capacity.

25 II

26 INVESTEC MANAGEMENT CORPORATION and KENNETH PATRICK  
27 SLAUGHT (hereinafter referred to as respondents) are presently

1 licensed and/or have license rights under the Real Estate Law  
2 (Part 1 of Division 4 of the Business and Professions Code,  
3 hereinafter referred to as the "Code").

4 . III

5 At all times herein mentioned, respondent INVESTEC  
6 MANAGEMENT CORPORATION was licensed by the Department of Real  
7 Estate as a corporate real estate broker, and respondent KENNETH  
8 PATRICK SLAUGHT was licensed as the designated broker officer of  
9 said corporation, and ordered, authorized or participated in the  
10 illegal conduct of respondent INVESTEC MANAGEMENT CORPORATION, as  
11 alleged in this Accusation.

12 IV

13 At all times herein mentioned, respondent INVESTEC  
14 MANAGEMENT CORPORATION, on behalf of others in expectation of  
15 compensation, engaged in the business of, acted in the capacity  
16 of, advertised or assumed to act as a real estate broker in the  
17 State of California within the meaning of Section 10131(b) of the  
18 Code, including leasing and renting and soliciting renters and  
19 owners and collecting rents on real property.

20 V

21 During 1994, in connection with the aforesaid real  
22 estate brokerage activities, respondent INVESTEC MANAGEMENT  
23 CORPORATION, accepted or received funds from renters and owners  
24 and thereafter made disbursements of such funds.

25 VI

26 In connection with respondents' activities as a real  
27 estate broker as described above, respondents acted in violation

1 of the Real Estate Law, Business and Professions Code (hereinafter  
2 Code), and California Code of Regulations (hereinafter  
3 Regulations), Title 10, Chapter 6, as follows:

4 1. INVESTEC MANAGEMENT CORPORATION, violated Section  
5 10145(a) of the Code by having an established shortage in Trust  
6 Account No. 1513-829 of \$333.19 as of October 31, 1994.

7 2. INVESTEC MANAGEMENT CORPORATION violated Section  
8 10176(e) of the Code by depositing personal funds, corporate  
9 funds, and partnership funds into trust account No. 1573-829.

10 3. INVESTEC MANAGEMENT CORPORATION violated Section  
11 10148 of the Code by failing to keep and maintain copies of rent  
12 checks for the prescribed period, set forth in the statute.

13 4. INVESTEC MANAGEMENT CORPORATION violated Regulation  
14 2830 in that the trust account for North Coast Associates (T/A 1),  
15 Patterson Center (T/A 2), and Elmwood Beach Dr. Investment dba  
16 Sandpiper Aprts (T/A 3), were not in the broker's name as trustee.

17 5. INVESTEC MANAGEMENT CORPORATION violated Regulation  
18 2831 in that the control record for trust account 1573-829 was  
19 incomplete in that the date the funds were received, from whom the  
20 funds were received, a daily balance, and check numbers, were all  
21 missing. The control records for T/A 1, T/A 2, and T/A 3 were  
22 missing the dates the funds were received.

23 6. INVESTEC MANAGEMENT CORPORATION violated Regulation  
24 2831.1 in that the separate records for trust account 1573-829 did  
25 not show a daily balance.

26 7. INVESTEC MANAGEMENT CORPORATION violated Regulation  
27 2831.2 in that the monthly reconciliations for trust account 1573-

1 829 were not adequate in that the records failed to show the trust  
2 accounts which had funds in account 1573-829 at the time of the  
3 reconciliations.

4 8. INVESTEC MANAGEMENT CORPORATION violated Regulation  
5 2832 in that not all rents collected were deposited into T/A 1 and  
6 T/A 2 by the following business day after the day of collection.

7 9. INVESTEC MANAGEMENT CORPORATION violated Regulation  
8 2834 by allowing Richard Ridgway, Victorine Schumacker, B. Rowe,  
9 John Sauter, and Karen Ryals, who were not licensed by the  
10 Department of Real Estate, to be signatories on the trust  
11 accounts, without being fully bonded as required by the  
12 Regulation.

13 VII

14 The conduct of respondent INVESTEC MANAGEMENT  
15 CORPORATION, as alleged above, subjects its real estate license  
16 and license rights to suspension or revocation pursuant to  
17 Sections 10177(d) and 10177(g) of the Code.

18 VIII

19 The conduct of respondent KENNETH PATRICK SLAUGHT, as  
20 alleged above, as the responsible individual, by allowing and  
21 permitting respondent INVESTEC MANAGEMENT CORPORATION to engage in  
22 the conduct specified in Paragraph VI above, subjects his real  
23 estate licenses and license rights to suspension or revocation  
24 pursuant to Sections 10177(d) and 10177(h) of the Code.

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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 license rights of respondents INVESTEC MANAGEMENT CORPORATION and KENNETH PATRICK SLAUGHT 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.

Dated at Los Angeles, California  
this 25th day of April , 1995.

PETER F. HURST  
Deputy Real Estate Commissioner

cc: Investec Management Corporation  
Kenneth Patrick Slaughter  
Sacto.  
CL  
lbo