

1 Department of Real Estate
2 320 West Fourth Street, Suite 350
3 Los Angeles, California 90013-1105
4 Telephone: (213) 576-6982
5 Direct: (213) 576-6910

FILED
DEC 29 2000
DEPARTMENT OF REAL ESTATE

By C3

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 WILLIAM BENJAMIN KNOWLES,) NO. H-28693 LA
13 Respondent.) L-2000090117
14 _____)

15 STIPULATION AND AGREEMENT

16 It is hereby stipulated by and between WILLIAM
17 BENJAMIN KNOWLES (hereinafter "Respondent"), representing
18 himself, and the Complainant, acting by and through Chris
19 Leong, Counsel for the Department of Real Estate, as follows
20 for the purpose of settling and disposing of the Accusation
21 filed on August 15, 2000, in this matter:

22 1. All issues which were to be contested and all
23 evidence which was to be presented by Complainant and
24 Respondent at a formal hearing on the Accusation, which
25 hearing was to be held in accordance with the provisions of
26 the Administrative Procedure Act, shall instead and in place
27 thereof be submitted solely on the basis of the provisions of
this Stipulation and Agreement.

1 Respondent has received, read and understands
2 the Statement to Respondent, the Discovery Provisions of the
3 Administrative Procedure Act and the Accusation, filed by the
4 Department of Real Estate in this proceeding.

5 3. On August 21, 2000, Respondent filed a Notice of
6 Defense pursuant to Section 11505 of the Government Code for
7 the purpose of requesting a hearing on the allegations in the
8 Accusation. Respondent hereby freely and voluntarily
9 withdraws said Notice of Defense. Respondent acknowledges
10 that he understands that by withdrawing said Notice of Defense
11 he will thereby waive his right to require the Commissioner to
12 prove the allegations in the Accusation at a contested hearing
13 held in accordance with the provisions of the Administrative
14 Procedure Act and that Respondent will waive other rights
15 afforded to him in connection with the hearing, such as the
16 right to present evidence in defense of the allegations in the
17 Accusation and the right to cross-examine witnesses.

18 4. In the interest of expedience and economy,
19 Respondent chooses not to contest the factual allegations in
20 Paragraphs 1 through 8 of the Accusation, but to remain silent
21 and understands that, as a result thereof, these factual
22 statements, without being admitted or denied, will serve as a
23 prima facie basis for the disciplinary action stipulated to
24 herein. The Real Estate Commissioner shall not be required to
25 provide further evidence to prove such allegations.

26 5. It is understood by the parties that the Real
27 Estate Commissioner may adopt the Stipulation and Agreement as

1 her Decision in this matter, thereby imposing the penalty and
2 sanctions on Respondent's real estate license and license
3 rights as set forth in the "Order" below. In the event that
4 the Commissioner in her discretion does not adopt the
5 Stipulation and Agreement, it shall be void and of no effect,
6 and Respondent shall retain the right to a hearing and
7 proceeding on the Accusation under all the provisions of the
8 Administrative Procedure Act and shall not be bound by any
9 admission or waiver made herein.

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

17 DETERMINATION OF ISSUES

18 By reason of the foregoing stipulations, admissions
19 and waivers and solely for the purpose of settlement of the
20 pending Accusation without a hearing, it is stipulated and
21 agreed that the following Determination of Issues shall be
22 made:

23 The acts and omissions of Respondent, described in
24 Paragraphs 1 through 8 of the Accusation, are violations of
25 Section 10145 of the California Business and Professions Code
26 ("Code") and Sections 2831 and 2835 of Title 10, Chapter 6,
27 California Code of Regulations, which are cause for the

1 suspension or revocation of all real estate licenses and
2 license rights of Respondent under the provisions of Section
3 10177(d) of the Code.

4 ORDER

5 WHEREFORE, THE FOLLOWING ORDER is hereby made:

6 A. All licenses and licensing rights of Respondent
7 WILLIAM BENJAMIN KNOWLES under the Real Estate Law are
8 revoked; provided, however, a restricted real estate broker
9 license shall be issued to Respondent pursuant to Section
10 10156.5 of the Business and Professions Code, if Respondent
11 makes application therefor and pays to the Department of Real
12 Estate the appropriate fee for the restricted license within
13 90 days from the effective date of this Decision. The
14 restricted license issued to Respondent shall be subject to
15 all of the provisions of Section 10156.7 of the Business and
16 Professions Code and to the following limitations, conditions,
17 and restrictions imposed under authority of Section 10156.6 of
18 that Code:

19 1. The restricted license issued to Respondent may
20 be suspended prior to hearing by Order of the Real Estate
21 Commissioner in the event of Respondent's conviction or plea
22 of nolo contendere to a crime which is substantially related
23 to Respondent's fitness or capacity as real estate licensees.

24 2. The restricted license issued to Respondent may
25 be suspended, prior to hearing by Order of the Real Estate
26 Commissioner on evidence satisfactory to the Commissioner that
27 Respondent has violated provisions of the California Real

1 Estate Law the Subdivided Lands Law, Regulations of the Real
2 Estate Commissioner or conditions attaching to the restricted
3 license.

4 3. Respondent shall not be eligible to apply for
5 the issuance of unrestricted real estate license nor the
6 removal of any of the conditions, limitations or restrictions
7 of the restricted license until two years have elapsed from
8 the effective date of this Decision.

9 4. Respondent shall, within nine months from the
10 effective date of this Decision, present evidence satisfactory
11 to the Real Estate Commissioner that Respondent has, since the
12 most recent issuance of an original or renewal real estate
13 license, taken and successfully completed the continuing
14 education requirements of Article 2.5 of Chapter 3 of the Real
15 Estate Law for renewal of a real estate license. If
16 Respondent fails to satisfy this condition, the Commissioner
17 may order the suspension of the restricted license until the
18 Respondent presents such evidence. The Commissioner shall
19 afford Respondent the opportunity for a hearing pursuant to
20 the Administrative Procedure Act to present such evidence.

21 5. Respondent shall pay, pursuant to Section 10148
22 of the Business and Professions Code, the Commissioner's
23 reasonable cost for an audit to determine if Respondent has
24 corrected the trust fund violations found in the Determination
25 of Issues. In calculating the amount of the Commissioner's
26 reasonable cost, the Commissioner may use the estimated
27 average hourly salary for all persons performing audits of

1 real estate brokers, and shall include an allocation for
2 travel cost, including mileage, time to and from the auditor's
3 place of work, and per diem. The Commissioner's reasonable
4 costs shall in no event exceed \$1,950.66. Respondent shall
5 pay such cost within 45 days of receiving an invoice from the
6 Commissioner detailing the activities performed during the
7 audit and the amount of time spent performing those
8 activities. Notwithstanding the provisions of any other
9 paragraph herein, if Respondent fails to pay, within 45 days
10 from receipt of the invoice specified above, the
11 Commissioner's reasonable cost for an audit to determine if
12 Respondent has corrected the violations found in the
13 Determination of Issues, the Commissioner may order the
14 indefinite suspension of Respondent's real estate license and
15 license rights. The suspension shall remain in effect until
16 payment is made in full, or until Respondent enters into an
17 agreement satisfactory to the Commissioner to provide for such
18 payment. The Commissioner may impose further reasonable
19 disciplinary terms and conditions upon Respondent's real
20 estate license and license rights as part of any such
21 agreement.

22 6. As a further condition of receiving a restricted
23 real estate broker license, Respondent shall pay the
24 Department \$1,950.66 for the audit performed for the period
25 January 1, 1997 to December 31, 1999, Audit Number LA 990316,
26 prior to the date any such restricted license is issued.

27 /////

1 understand that by electronically sending to the Department a
2 fax copy of his actual signature as it appears on the
3 Stipulation and Agreement, that receipt of the faxed copy by
4 the Department shall be as binding on Respondent as if the
5 Department had received the original signed Stipulation and
6 Agreement.

7
8 DATED: 12/4/00

William B. Knowles
WILLIAM BENJAMIN KNOWLES
Respondent

9
10 * * *

11 The foregoing Stipulation and Agreement is hereby
12 adopted as my Decision in this matter and shall become
13 effective at 12 o'clock noon on January 18, 2001

14 IT IS SO ORDERED

December 19, 2000
15 FAULA REDDISH ZINNEMANN
16 Real Estate Commissioner

17 Paula Reddish Zinnemann
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Case No. H-28693 LA
OAH No. L-2000090117

FILED
SEP 19 2000
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

By CS

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on WEDNESDAY, DECEMBER 6, 2000, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: September 19, 2000

By

CHRIS LEONG, Counsel

cc: William Benjamin Knowles
Eric Goff/Audits
Sacto.
QAH

SAC

1 CHRIS LEONG, Counsel (SBN 141079)
2 Department of Real Estate
3 320 West Fourth Street, Suite 350
4 Los Angeles, California 90013-1105

5 Telephone: (213) 576-6982
6 -or- (213) 576-6910 (Direct)

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AUG 15 2000
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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 WILLIAM BENJAMIN KNOWLES,)
13 individually and dba)
14 Century 21 Knowles & Morgan)
15 Realtors and Knowles &)
16 Morgan Realty,)
17 Respondent.)

No. H-28693 LA

A C C U S A T I O N

17 The Complainant, Thomas McCrady, a Deputy Real Estate
18 Commissioner of the State of California, for cause of Accusation
19 against WILLIAM BENJAMIN KNOWLES, individually and dba Century 21
20 Knowles & Morgan Realtors and Knowles & Morgan Realty
21 (Respondent), is informed and alleges in his official capacity as
22 follows:

23 1.

24 Respondent is presently licensed and/or has license
25 rights under the Real Estate Law, Part 1 of Division 4 of the
26 California Business and Professions Code (Code).

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2.

At all times material herein, Respondent was and still is licensed by the Department of Real Estate of the State of California (Department) as a real estate broker, individually and dba Century 21 Knowles & Morgan Realtors and Knowles & Morgan Realty.

3.

At all times material herein, Respondent engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker for others in the State of California, within the meaning of Code Section 10131(a), including the operation and conduct of a real estate sales business with the public wherein Respondent sold or purchased or offered for sale or purchase, or solicited listings, or solicited for prospective buyers or sellers, or negotiated the sale or purchase of real property in expectation of compensation. Respondent also conducts broker escrows.

FIRST CAUSE OF ACCUSATION

(Audit Findings)

4.

On February 18, 2000, the Department concluded its examination of Respondent's books and records pertaining to his activities as a real estate broker covering a period from approximately January 1, 1997 to December 31, 1999. The examination revealed violations of the Code and of Title 10, Chapter 6, California Code of Regulations (Regulations), as set forth below.



At all times herein, in connection with the real estate sales and broker escrow activity described in Paragraph 4, above, Respondent accepted or received funds, including funds in trust (hereinafter "trust funds"), from or on behalf of actual and prospective parties to transactions handled by Respondent and thereafter made deposits and/or disbursements of such funds. From time to time herein mentioned, said trust funds were deposited and/or maintained by Respondent in bank accounts including, but not necessarily limited to, a trust account maintained at Union Bank of California located at 445 S. Figueroa St., Los Angeles, California.

6.

As of December 31, 1999, a bank reconciliation was performed on the following trust account: "Knowles & Morgan Escrow Services, Escrow Trust Account", Account No. 9120065944 (T/A#1).

7.

Respondent acted in violation of the Code and the Regulations in that:

(a) As of December 31, 1999, T/A#1 had a overage in the amount of approximately \$74,225.35. Respondent caused, permitted and/or allowed the accumulation of trust funds commingled with non trust funds in T/A#1, in violation of Code Section 10145 and Regulation 2835.

(b) Respondent failed to maintain a control record for TA#1, in violation of Regulations 2831 and 2951 and

1 Code Section 10145.

2 (c) Respondent failed to maintain complete and
3 accurate separate records for TA#1, in violation of Regulations
4 2831.1 and 2951 and Code Section 10145.

5 (d) Respondent failed to maintain a monthly
6 reconciliation of all separate ledger balances with the balance
7 of the total trust funds received and disbursed, in violation of
8 Regulations 2831.2 and 2951 and Code Section 10145.

9 (e) Respondent allowed two individuals, Brodnax and
10 Bryant, who were neither licensed by the Department nor covered
11 by adequate fidelity bonds, to be signatories on the trust
12 accounts. Respondent also did not give written authorization for
13 a real estate licensee to be a signatory on the trust account, in
14 violation of Regulation 2834 and Code Section 10145.

15 (f) Trust funds accepted by the broker were deposited
16 into TA#1. However, TA#1 was not in the name of the broker as
17 trustee, in violation of Regulation 2832 and Code Section 10145.

18 (g) Respondent operated a branch office located at
19 6820 La Tijera Blvd., Suite 200, Los Angeles, without an
20 additional license at the branch for conducting real estate
21 activity, in violation of Code Section 10163.

22 (h) Respondent used three (3) unlicensed fictitious
23 business names, Knowles & Morgan Escrow Services, Knowles &
24 Morgan Escrow and Knowles & Morgan Realty, while conducting real
25 estate activity, in violation of Regulation 2731.

26 (i) Respondent failed to notify the Department of the
27 termination of four (4) licensees, Lucretia Thomas, Darrell

1 Nelms, Judy Sanders and Cynthia Jackson, in violation of
2 Regulation 2752 and Code Section 10161.8.

3 (j) Respondent failed to supervise the handling of
4 trust funds, implement his policy for maintaining the control
5 record, insure the separate records were complete, implement his
6 policy for reconciling the control and separate records and
7 allowed unauthorized transactions from the trust account that
8 resulted in an overage, in violation of Regulation 2725 and Code
9 Section 10159.2.

10 8.

11 The conduct, acts and omissions of Respondent, as
12 described in Paragraph 7, violated the Code and the Regulations
13 as set forth above and constitute cause for the suspension or
14 revocation of all real estate licenses and license rights of
15 Respondent under the provisions of Code Sections 10177(d) and
16 10177(h).

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and/or license rights of Respondent,
5 WILLIAM BENJAMIN KNOWLES, individually and dba Century 21 Knowles
6 & Morgan Realtors and Knowles & Morgan Realty, under the Real
7 Estate Law (Part 1 of Division 4 of the Business and Professions
8 Code), and for such other and further relief as may be proper
9 under other applicable provisions of law.

10 Dated at Los Angeles, California
11 this 15th day of August, 2000.

12
13 THOMAS MCCRADY
14 Deputy Real Estate Commissioner
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23

24 cc: William Benjamin Knowles
25 Thomas McCrady
26 Sacto.
27 LA Audit/Goff
MLB