DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Application of) MARJORIE A. HODGES,

No. H-29598 LA L-2002080162

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DECISION AFTER REJECTION

Respondent.

This matter came on for hearing before Roy W. Hewitt, Administrative Law Judge of the Office of Administrative Hearings, at Los Angeles, California, on October 24, 2002. Martha J. Rosett, Counsel, represented the Complainant, Maria Suarez, a Deputy Real Estate Commissioner for the State of California. The Respondent, MARJORIE A. HODGES (hereinafter "Respondent") appeared in person and was represented by Frank M. Buda, Esq. The matter was deemed submitted on that date. On November 1, 2002, the Administrative Law Judge submitted a Proposed Decision which I declined to adopt. My Decision is set forth herein.

Pursuant to Section 11517(c) of the Government Code of the State 1 of California, Respondent was served with notice of my 2 determination not to adopt the Proposed Decision of the 3 Administrative Law Judge along with a copy of said Proposed 4 Decision. Respondent was notified that the case would be 5 decided by me upon the record, the transcript of proceedings 7 held on October 24, 2002, and upon any written argument offered 8 by Respondent and Complainant. Respondent submitted written 9 argument on March 3, 2003. Complainant submitted argument on 10 April 14, 2003. 11 I have given careful consideration to the record in 12 13

this case including the transcript of the proceedings of October 24, 2002. I have also considered the Arguments submitted by Respondent and Complainant. The following shall constitute the Decision of the Real Estate Commissioner in this proceeding:

The Proposed Decision of the Administrative Law Judge, dated May 10, 2002, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock noon on June 2, 2003.

IT IS SO ORDERED 1/1447, 2003

PAULA REDDISH ZINNEMANN

Real Estate Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA



In the Matter of the Application/Statement of Issues Against:

MARJORIE A. HODGES,

Respondent.

8y <u>C3</u>

OAH NO. L2002080162

CASE NO. H-29598 LA

PROPOSED DECISION

This matter came on regularly for hearing before Roy W. Hewitt, Administrative Law Judge ("ALJ"), Los Angeles Office of Administrative Hearings, at Los Angeles, California on October 24, 2002.

Department of Real Estate Counsel, Martha J. Rosett, represented complainant.

Respondent, Marjorie A. Hodges, personally appeared at the hearing and was represented by Frank M. Buda, Esq.

Oral and documentary evidence was received and the matter was submitted.

FACTUAL FINDINGS

The ALJ makes the following Factual Findings:

- 1. The Statement of Issues was made and filed by Maria Suarez, in her official capacity as a Deputy Real Estate Commissioner, Department of Real Estate, State of California ("the Department").
- 2. On April 5, 2002, respondent applied to the Department for a real estate broker license.
 - 3. Respondent was licensed as a real estate salesperson on June 26, 1990.

On August 1, 1994, in Case number H-1688 SA, respondent's license was restricted pursuant to disciplinary action and the resultant Stipulation in Settlement and Order. The basis for discipline was respondent's February 3, 1992 conviction, after entry of guilty plea, of violating Californian Penal Code section 490.5 (Petty Theft), a crime of moral turpitude substantially related to the qualifications, functions and duties of a real estate licensee.

4. On July 6, 1999, in Department case number H-27664 LA, respondent's restricted salesperson's license was revoked and a new restricted salesperson's was issued. Respondent's discipline resulted from the following acts in violation of Business and Professions Code ("Code") sections 10130, 10137, 10145 (c), 10176 (g) and 10177 (d): Respondent accepted compensation for performing services for which a real estate license is required from a person/company that did not legally employ her; respondent negotiated real property management agreements with owners and leasors, and rental agreements with tenants without being affiliated with a broker; respondent accepted advance fees, without an approved, advance fee agreement, and she deducted management fees from rental payments without first depositing the total collected rents into the trust account(s); respondent's overall conduct was found to exhibit negligence and incompetence.

On July 6, 2002, respondent became eligible to petition for issuance of an unrestricted salesperson's license. Instead, respondent elected to directly pursue her broker license rather than engage in the two-step process of getting an unrestricted salesperson's license and then applying for a broker license.

5. Respondent presented the following evidence in mitigation and of rehabilitation in support of her request to be licensed as a broker:

Respondent completed her criminal probation in 1994. The petty theft occurred in 1992, over 10 years ago, and respondent has no record of any other arrests or convictions.

Respondent began working as a property manager in 1993. She had no prior experience with property management and her learning consisted primarily of on the job training. At the time, she worked for a broker who taught her to collect advance fees. Later, she was employed by another broker who also had the practice of collecting advance fees. As a result, respondent did not realize the practice of collecting advance fees was prohibited.

Respondent admitted that on two separate occasions, in 1997, she accepted rental payments from two lessees, and deducted her fees before depositing the rental payments in the trust account. At the time, respondent did not know this practice was prohibited and her employing broker failed to take corrective action or inform her that she should not deduct fees in advance of depositing rents into the trust account.

Respondent's actions of collecting advance fees and deducting her fees from rental payments prior to depositing the rents into the trust account were discovered during a 1997 Department audit of the business where respondent worked.

Respondent fully cooperated with Department auditors and immediately implemented their suggestions, and corrected her business practices; practices she did not know were in violation of Department rules and regulations until so informed by the auditors. Since 1997 respondent has not charged advance, set-up fees, nor has she deducted her fees from rents in advance of depositing rents into trust accounts.

The 1997 audit caused respondent to begin reading and studying the Department's rules and regulations in detail. Consequently, she has evolved into a "stickler for details". At some point during this self-education process, respondent came to realize that she knew as much, or more, than the brokers for whom she worked and for whom she had worked in the past. Accordingly, respondent began taking courses necessary for her to get her broker license.

- 6. Respondent has taken and completed all courses necessary to obtain her broker license, and she has taken and passed the broker test.
- 7. Respondent submitted several letters from clients commending her on her property management skills.
- 8. Respondent's current, employing broker, Mr. James O. Early, appeared personally, and testified on respondent's behalf. When respondent first interviewed with her current broker she immediately told him her license was restricted. The two discussed the facts and circumstances leading to respondent's discipline and respondent's broker became convinced that respondent would be a good employee. Respondent was hired and the broker now considers respondent to be a valued employee. According to her broker, respondent is "an outstanding individual" and he "trusts her implicitly". Respondent is "very detail oriented" and "extremely knowledgeable". Respondent's current broker would like to have her work in his office as an "associate broker."

The ALJ was very impressed with Mr. Early's background, training and experience. He is obviously an accomplished business manager and has taken the steps necessary to ensure that respondent is exposed to proper business practices and that her progress is properly monitored. For example, Mr. Early's desk is located close to respondent's and Mr. Early has been able to directly observe respondent's progress. Mr. Early constantly reviews the "books" and "bank statements". Respondent has been employed at Mr. Early's business since 1999 and has been directly supervised by Mr. Early for approximately one year.

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LEGAL CONCLUSIONS

The Administrative Law Judge makes the following Legal Conclusions:

- 1. Based on Findings 3 and 4, cause exists for denial of respondent's application for an unrestricted broker license based on Business and Professions Code ("Code") sections 480, subdivision (a), and 10177, subdivisions (b) and (f).
- 2. Based on the mitigating evidence and the evidence of rehabilitation set forth in Findings 5, 6, 7, and 8, the ALJ concludes it would not be adverse to the public interests to issue respondent a restricted real estate broker license.

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

Respondent's application for a real estate broker license is denied; provided, however, a restricted real estate broker license shall be issued to Respondent pursuant to Section 10156.5 of the Business and Professions Code. The restricted license issued to the 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 said Code:

- 1. The license shall not confer any property right in the privileges to be exercised, and the Real Estate Commissioner may by appropriate order suspend the right to exercise any privileges granted under this restricted license in the event of:
- (a) The conviction of Respondent (including a plea of nolo contendere) of a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee; or
- (b) The receipt of evidence 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 this restricted license.
- 2. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor the removal of any of the conditions, limitations or restrictions attached to the restricted license until two years have elapsed from the date of issuance of the restricted license to Respondent.
- 3. Respondent shall report in writing to the Department 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 the Respondent engaged during the period covered by the report.

Dated: November ______, 2002.

ROY W. HÉWITT

Administrative Law Judge

Office of Administrative Hearings

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DEC 3 0 2002
DEPARTMENT OF REAL ESTA

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Application of MARJORIE A. HODGES,

No. H-29598 LA

L-2002080162

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Respondent.

NOTICE

TO: MARJORIE A. HODGES, Respondent, and FRANK M. BUDA, her Counsel.

YOU ARE HEREBY NOTIFIED that the Proposed Decision herein dated November 1, 2002, of the Administrative Law Judge is not adopted as the Decision of the Real Estate Commissioner. A copy of the Proposed Decision dated November 1, 2002, is attached for your information.

In accordance with Section 11517(c) of the Government Code of the State of California, the disposition of this case will be determined by me after consideration of the record herein including the transcript of the proceedings held on October 24,

2002, and any written argument hereafter submitted on behalf of Respondent and Complainant.

Written argument of Respondent to be considered by me must be submitted within 15 days after receipt of the transcript of the proceedings of October 24, 2002, at the Los Angeles office of the Department of Real Estate unless an extension of the time is granted for good cause shown.

Written argument of Complainant to be considered by me must be submitted within 15 days after receipt of the argument of Respondent at the Los Angeles office of the Department of Real Estate unless an extension of the time is granted for good cause shown.

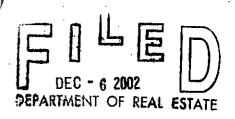
DATED:

Huember 18____, 2002

PAULA REDDISH ZINNEMANN Real Estate Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA



In the Matter of the Application/Statement of Issues Against:

MARJORIE A. HODGES,

OAH NO. L2002080162

CASE NO. H-29598 LA

Respondent.

PROPOSED DECISION

This matter came on regularly for hearing before Roy W. Hewitt, Administrative Law Judge ("ALJ"), Los Angeles Office of Administrative Hearings, at Los Angeles, California on October 24, 2002.

Department of Real Estate Counsel, Martha J. Rosett, represented complainant.

Respondent, Marjorie A. Hodges, personally appeared at the hearing and was represented by Frank M. Buda, Esq.

Oral and documentary evidence was received and the matter was submitted.

FACTUAL FINDINGS

The ALJ makes the following Factual Findings:

- 1. The Statement of Issues was made and filed by Maria Suarez, in her official capacity as a Deputy Real Estate Commissioner, Department of Real Estate, State of California ("the Department").
- 2. On April 5, 2002, respondent applied to the Department for a real estate broker license.
 - 3. Respondent was licensed as a real estate salesperson on June 26, 1990.

On August 1, 1994, in Case number H-1688 SA, respondent's license was restricted pursuant to disciplinary action and the resultant Stipulation in Settlement and Order. The basis for discipline was respondent's February 3, 1992 conviction, after entry of guilty plea, of violating Californian Penal Code section 490.5 (Petty Theft), a crime of moral turpitude substantially related to the qualifications, functions and duties of a real estate licensee.

4. On July 6, 1999, in Department case number H-27664 LA, respondent's restricted salesperson's license was revoked and a new restricted salesperson's was issued. Respondent's discipline resulted from the following acts in violation of Business and Professions Code ("Code") sections 10130, 10137, 10145 (c), 10176 (g) and 10177 (d): Respondent accepted compensation for performing services for which a real estate license is required from a person/company that did not legally employ her; respondent negotiated real property management agreements with owners and leasors, and rental agreements with tenants without being affiliated with a broker; respondent accepted advance fees, without an approved, advance fee agreement, and she deducted management fees from rental payments without first depositing the total collected rents into the trust account(s); respondent's overall conduct was found to exhibit negligence and incompetence.

On July 6, 2002, respondent became eligible to petition for issuance of an unrestricted salesperson's license. Instead, respondent elected to directly pursue her broker license rather than engage in the two-step process of getting an unrestricted salesperson's license and then applying for a broker license.

5. Respondent presented the following evidence in mitigation and of rehabilitation in support of her request to be licensed as a broker:

Respondent completed her criminal probation in 1994. The petty theft occurred in 1992, over 10 years ago, and respondent has no record of any other arrests or convictions.

Respondent began working as a property manager in 1993. She had no prior experience with property management and her learning consisted primarily of on the job training. At the time, she worked for a broker who taught her to collect advance fees. Later, she was employed by another broker who also had the practice of collecting advance fees. As a result, respondent did not realize the practice of collecting advance fees was prohibited.

Respondent admitted that on two separate occasions, in 1997, she accepted rental payments from two lessees, and deducted her fees before depositing the rental payments in the trust account. At the time, respondent did not know this practice was prohibited and her employing broker failed to take corrective action or inform her that she should not deduct fees in advance of depositing rents into the trust account.

Respondent's actions of collecting advance fees and deducting her fees from rental payments prior to depositing the rents into the trust account were discovered during a 1997 Department audit of the business where respondent worked.

Respondent fully cooperated with Department auditors and immediately implemented their suggestions, and corrected her business practices; practices she did not know were in violation of Department rules and regulations until so informed by the auditors. Since 1997 respondent has not charged advance, set-up fees, nor has she deducted her fees from rents in advance of depositing rents into trust accounts.

The 1997 audit caused respondent to begin reading and studying the Department's rules and regulations in detail. Consequently, she has evolved into a "stickler for details". At some point during this self-education process, respondent came to realize that she knew as much, or more, than the brokers for whom she worked and for whom she had worked in the past. Accordingly, respondent began taking courses necessary for her to get her broker license.

- 6. Respondent has taken and completed all courses necessary to obtain her broker license, and she has taken and passed the broker test.
- 7. Respondent submitted several letters from clients commending her on her property management skills.
- 8. Respondent's current, employing broker, Mr. James O. Early, appeared personally, and testified on respondent's behalf. When respondent first interviewed with her current broker she immediately told him her license was restricted. The two discussed the facts and circumstances leading to respondent's discipline and respondent's broker became convinced that respondent would be a good employee. Respondent was hired and the broker now considers respondent to be a valued employee. According to her broker, respondent is "an outstanding individual" and he "trusts her implicitly". Respondent is "very detail oriented" and "extremely knowledgeable". Respondent's current broker would like to have her work in his office as an "associate broker."

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The Administrative Law Judge makes the following Legal Conclusions:

- 1. Based on Findings 3 and 4, cause exists for denial of respondent's application for an unrestricted broker license based on Business and Professions Code ("Code") sections 480, subdivision (a), and 10177, subdivisions (b) and (f).
- 2. Based on the mitigating evidence and the evidence of rehabilitation set forth in Findings 5, 6, 7, and 8, the ALJ concludes it would not be adverse to the public interests to issue respondent a restricted real estate broker license.

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

Respondent's application for a real estate broker license is denied; provided, however, a restricted real estate broker license shall be issued to Respondent pursuant to Section 10156.5 of the Business and Professions Code. The restricted license issued to the 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 said Code:

- 1. The license shall not confer any property right in the privileges to be exercised, and the Real Estate Commissioner may by appropriate order suspend the right to exercise any privileges granted under this restricted license in the event of:
- (a) The conviction of Respondent (including a plea of nolo contendere) of a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee; or
- (b) The receipt of evidence 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 this restricted license.
- 2. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor the removal of any of the conditions, limitations or restrictions attached to the restricted license until two years have elapsed from the date of issuance of the restricted license to Respondent.
- 3. Respondent shall report in writing to the Department 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 the Respondent engaged during the period covered by the report.

Dated: November _____, 2002.

ROY W. HÉWITT

Administrative Law Judge Office of Administrative Hearings



BEFORE THE DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA

In the Matter of the Application of) Case No. <u>H-29598 LA</u>)

MARJORIE A. HODGES,) OAH No. L-2002080162

Respondent(s)

AUG 3 0 2002
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON APPLICATION

To the above-named Respondent(s):

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 THURSDAY, OCTOBER 24, 2002, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Statement of Issues 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.

The burden of proof is upon you to establish that you are entitled to the license or other action sought. If you are not present nor represented at the hearing, the Department may act upon your application without taking evidence.

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 subpenas 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: August 30, 2002

cc: Marjorie A. Hodges

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RE 500 (Rev. 8/97)

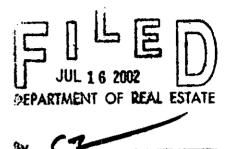
Βv

MARTHA J. ROSETT

Counce

MARTHA J. ROSETT, Counsel (SBN 142072)
Department of Real Estate
320 West Fourth St., #350
Los Angeles, CA 90013-1105

(213) 576-6982 (213) 576-6914



BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Application of)

No.H-29598 LA

MARJORIE A. HODGES,

STATEMENT OF ISSUES

Respondent.

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The Complainant, Maria Suarez, a Deputy Real Estate

Commissioner of the State of California, for Statement of Issues

against MARJORIE A. HODGES ("Respondent") alleges in her official

capacity as follows:

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On or about April 5, 2002, pursuant to the provisions of the Business and Professions Code ("Code"), Respondent made application to the Department of Real Estate of the State of California ("Department") for a real estate broker license.

2.

Respondent is presently licensed and at all times relevant herein was licensed under the Real Estate Law, Part 1 of

Division 4 of the California Business and Professions Code

(hereinafter "Code"). Respondent was originally licensed on or
about June 26, 1990 as a real estate salesperson and is currently
licensed as a restricted real estate salesperson.

Criminal Conviction

3.

On or about February 3, 1992, in the Riverside County
Municipal Court, State of California, Respondent was convicted on
her plea of guilty to one count of violating Penal Code Section
490.5 (Petty Theft), a crime of moral turpitude which is
substantially related to the qualifications, functions and duties
of a real estate licensee pursuant to Title 10, Chapter 6 of the
California Code of Regulations, Regulation 2910.

Prior Discipline

4.

On or about August 1, 1994, in Department Case No. H1688 SA, Respondent's real estate salesperson license was revoked
with rights to a restricted salesperson license and a restricted
salesperson license was issued. The disciplinary action was
taken due to the criminal conviction set forth in Paragraph 3
above, pursuant to Business and Professions Code Sections 490 and
10177(b).

5.

On or about July 6, 1999, in Department Case No.

H-27664 LA, Respondent's restricted salesperson license and
license rights were revoked and a new restricted salesperson
license was issued. Respondent was found to have violated and/or

been subject to discpline under Business and Professions Code Sections 10130, 10137, 10145 (c), 10176(g), and 10177(d).

6.

Respondent's conviction, as set forth in Paragraph 3, constitutes grounds for denial of Respondent's application for a real estate broker license pursuant to Business and Professions Code Sections 480(a) and 10177(b).

7.

The prior disciplinary actions taken against
Respondent's real estate and restricted real estate licenses and
license rights constitutes grounds for denial of her application
for a real estate broker license pursuant to Code Sections
480(a)(3) and 10177(f).

These proceedings are brought under the provisions of Section 10100, Division 4 of the Business and Professions Code of the State of California and Sections 11500 through 11528 of the Government Code.

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WHEREFORE, the Complainant prays that the aboveentitled matter be set for hearing and, upon proof of the charges
contained herein, that the Commissioner refuse to authorize the
issuance of, and deny the issuance of, a real estate broker
license to Respondent MARJORIE A. HODGES and for such other and
further relief as may be proper under the law.

Dated at Los Angeles, Caldfornia

this 15th day of 114y, 2002.

Deputy Real Estate Commissioner

 cc: MARJORIE A. HODGES
Sacto.
Maria Suarez
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