

1 Department of Real Estate  
2 320 W. 4<sup>TH</sup> Street, Suite 350  
3 Los Angeles, CA 60013-1105

4 Telephone: (213) 576-6982

**FILED**

DEC 19 2011

5 DEPARTMENT OF REAL ESTATE  
6 BY: 

7  
8  
9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of )

13 RICHCO REAL ESTATE SERVICES, )  
14 doing business as Professional )  
15 Property Management, and RICHARD )  
16 PHILLIPS HESTLOW, as designated )  
17 officer of Richco Real Estate )  
18 Services, )

19 Respondents. )

No. H-37197 LA  
L-2011050487

STIPULATION  
AND  
AGREEMENT

20 It is hereby stipulated by and between Respondents  
21 RICHCO REAL ESTATE SERVICES and RICHARD PHILLIPS HESTLOW,  
22 individually and as designated officer of Richco Real Estate  
23 (sometimes collectively referred to as "Respondents"),  
24 represented by Frank M. Buda, Esq., and the Complainant, acting  
25 by and through Julie L. To, Counsel for the Department of Real  
26 Estate, as follows for the purpose of settling and disposing of  
27 the Accusation ("Accusation") filed on April 12, 2011, in this  
matter:

1           1. All issues which were to be contested and all  
2 evidence which was to be presented by Complainant and Respondents  
3 at a formal hearing on the Accusation, which hearing was to be  
4 held in accordance with the provisions of the Administrative  
5 Procedure Act ("APA"), shall instead and in place thereof be  
6 submitted solely on the basis of the provisions of this  
7 Stipulation and Agreement ("Stipulation").

8           2. Respondents have received, read and understand the  
9 Statement to Respondent, the Discovery Provisions of the APA and  
10 the Accusation filed by the Department of Real Estate in this  
11 proceeding.

12           3. Respondents filed a Notice of Defense pursuant to  
13 Section 11506 of the Government Code for the purpose of  
14 requesting a hearing on the allegations in the Accusation.  
15 Respondents hereby freely and voluntarily withdraw said Notice of  
16 Defense. Respondents acknowledge that they understand that by  
17 withdrawing said Notice of Defense they thereby waive their right  
18 to require the Commissioner to prove the allegations in the  
19 Accusation at a contested hearing held in accordance with the  
20 provisions of the APA and that they will waive other rights  
21 afforded to them in connection with the hearing such as the right  
22 to present evidence in their defense the right to cross-examine  
23 witnesses.  
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25           4. This Stipulation is based on the factual  
26 allegations contained in the Accusation. In the interest of  
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1 expedience and economy, Respondents choose not to contest these  
2 allegations, but to remain silent and understand that, as a  
3 result thereof, these factual allegations, without being admitted  
4 or denied, will serve as a prima facie basis for the disciplinary  
5 action stipulated to herein. The Real Estate Commissioner shall  
6 not be required to provide further evidence to prove said factual  
7 allegations.

8           5. This Stipulation is made for the purpose of  
9 reaching an agreed disposition of this proceeding and is  
10 expressly limited to this proceeding and any other proceeding or  
11 case in which the Department of Real Estate ("Department"), or  
12 another licensing agency of this state, another state or if the  
13 federal government is involved, and otherwise shall not be  
14 admissible in any other criminal or civil proceeding.

15           6. It is understood by the parties that the Real  
16 Estate Commissioner may adopt this Stipulation as her Decision in  
17 this matter thereby imposing the penalty and sanctions on  
18 Respondents' real estate licenses and license rights as set forth  
19 in the below "Order". In the event that the Commissioner in her  
20 discretion does not adopt the Stipulation, the Stipulation shall  
21 be void and of no effect and Respondents shall retain the right  
22 to a hearing and proceeding on the Accusation under the  
23 provisions of the APA and shall not be bound by any stipulation  
24 or waiver made herein.

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1           7. The Order or any subsequent Order of the Real  
2 Estate Commissioner made pursuant to this Stipulation shall not  
3 constitute an estoppel, merger or bar to any further  
4 administrative or civil proceedings by the Department of Real  
5 Estate with respect to any matters which were not specifically  
6 alleged to be causes for accusation in this proceeding.

7           8. Respondents understand that by agreeing to this  
8 Stipulation, Respondents agree to pay, pursuant to Business and  
9 Professions Code Section 10148, the cost of the audit which led  
10 to this disciplinary action. The amount of said cost is  
11 \$4,110.94.

12           9. Respondents have received, read, and understand the  
13 "Notice Concerning Costs of Subsequent Audit." Respondents  
14 further understand that by agreeing to this Stipulation, the  
15 findings set forth below in the Determination of Issues become  
16 final, and the Commissioner may charge Respondents for the cost  
17 of any subsequent audit conducted pursuant to Business and  
18 Professions Code Section 10148 to determine if the violations  
19 have been corrected. The maximum cost of the subsequent audit  
20 will not exceed \$4,110.94.  
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DETERMINATION OF ISSUES

By reason of the foregoing, it is stipulated and agreed that the following determination of issues shall be made:

I.

The conduct of RICHCO REAL ESTATE SERVICES as described in Paragraph 4, herein above, is in violation of Section 10145, of the Business and Professions Code ("Code") and Section 2831, 2831.1 and 2831.2 of Title 10, Chapter 6 of the California Code of Regulations ("Regulations") and is a basis for discipline of Respondent's license and license rights as a violation of the Real Estate Law pursuant to Code Section 10177(d).

II.

The conduct of RICHARD PHILLIPS HESTLOW, as described in Paragraph 4, above, constitutes a failure to keep RICHCO REAL ESTATE SERVICES in compliance with the Real Estate Law during the time that he was the officer designated by a corporate broker licensee, and is a basis for discipline of Respondent's license and license rights as a violation of the Real Estate Law pursuant to Code Section 10177(h).

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ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

The license and licensing rights of Respondents RICHCO REAL ESTATE SERVICES and RICHARD PHILLIPS HESTLOW, under the Real Estate Law, are suspended for a period of sixty (60) days from the effective date of this Decision.

A. Provided, however, that if Respondents request, the initial thirty (30) days of said suspension (or a portion thereof) shall be stayed for two (2) years upon condition that:

1. Each Respondent pays a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of \$50.00 per day for each day of the suspension for a monetary penalty of \$1,500 each Respondent, or \$3,000 total.

2. Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be received by the Department prior to the effective date of the Decision in this matter.

3. No further cause for disciplinary action against the real estate license of Respondents occur within two (2) years from the effective date of the Decision in this matter.

4. If Respondents fail to pay the monetary penalty in accordance with the terms of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any

1 part of the stayed suspension, in which event the Respondent  
2 shall not be entitled to any repayment nor credit, prorated or  
3 otherwise, for money paid to the Department under the terms of  
4 this Decision.

5 5. If Respondents pay the monetary penalty and if no  
6 further cause for disciplinary action against the real estate  
7 license of Respondent occurs within two (2) years from the  
8 effective date of the Decision, the stay hereby granted shall  
9 become permanent.

10 B. The remaining thirty (30) days of the sixty (60)  
11 day suspension shall be stayed for two (2) years upon the  
12 following terms and conditions:

13 1. Respondents shall obey all laws, rules and  
14 regulations governing the rights, duties and responsibilities of  
15 a real estate licensee in the State of California; and

16 2. That no final subsequent determination be made  
17 after hearing or upon stipulation, that cause for disciplinary  
18 action occurred within two (2) years from the effective date of  
19 this Decision. Should such a determination be made, the  
20 Commissioner may, in his discretion, vacate and set aside the  
21 stay order and reimpose all or a portion of the stayed  
22 suspension. Should no such determination be made, the stay  
23 imposed herein shall become permanent.

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II.

Pursuant to Section 10148 of the Business and Professions Code, Respondents RICHCO REAL ESTATE SERVICES and RICHARD PHILLIPS HESTLOW shall pay the Commissioner's reasonable cost for (a) the audit which led to this disciplinary action and (b) a subsequent audit to determine if Respondents are now in compliance with the Real Estate Law. The cost of the audit which led to this disciplinary action is \$4,110.94. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. Said amount for the prior and subsequent audits shall not exceed \$8,221.88.

Respondents RICHCO REAL ESTATE SERVICES and RICHARD PHILLIPS HESTLOW, or either of them, shall pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

The Commissioner may suspend the licenses of  
Respondents 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 said Respondents and the Commissioner. The suspension shall remain in effect until payment is made in full



1 or until said Respondents enter into an agreement satisfactory to  
2 the Commissioner to provide for payment, or until a decision  
3 providing otherwise is adopted following a hearing held pursuant  
4 to this condition.

5 III.


6 All licenses and licensing rights of Respondent RICHARD  
7 PHILLIPS HESTLOW are indefinitely suspended unless or until  
8 Respondent provides proof satisfactory to the Commissioner, of  
9 having taken and successfully completed the continuing education  
10 course on trust fund accounting and handling specified in  
11 paragraph (3) of subdivision (a) of Section 10170.5 of the  
12 Business and Professions Code. Proof of satisfaction of this  
13 requirement includes evidence that respondent has successfully  
14 completed the trust fund account and handling continuing  
15 education course within 120 days prior to the effective date of  
16 the Decision in this matter.

17 IV.

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19 Respondent RICHARD PHILLIPS HESTLOW shall, within nine  
20 (9) months from the effective date of this Decision, present  
21 evidence satisfactory to the Real Estate Commissioner that  
22 Respondent has, since the most recent issuance of an original or  
23 renewal real estate license, taken and successfully completed the  
24 continuing education requirements of Article 2.5 of Chapter 3 of  
25 the Real Estate Law for renewal of a real estate license. If  
26 Respondent fails to satisfy this condition, the Commissioner may  
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1 order the suspension of Respondent's license until Respondent  
2 presents such evidence. The Commissioner shall afford Respondent  
3 the opportunity for a hearing pursuant to the Administrative  
4 Procedure Act to present such evidence.

5  
6 DATED: 12-1-11

  
JULIE L. TO, Counsel for  
Department of Real Estate

8 \* \* \*

9 EXECUTION OF THE STIPULATION

10 We have read the Stipulation, and have discussed it  
11 with our counsel. Its terms are understood by us and are  
12 agreeable and acceptable to us. We understand that we are  
13 waiving rights given to us by the California Administrative  
14 Procedure Act (including but not limited to Sections 11506,  
15 11508, 11509 and 11513 of the Government Code), and we willingly,  
16 intelligently and voluntarily waive those rights, including the  
17 right of requiring the Commissioner to prove the allegations in  
18 the Accusation at a hearing at which we would have the right to  
19 cross-examine witnesses against us and to present evidence in  
20 defense and mitigation of the charges.  
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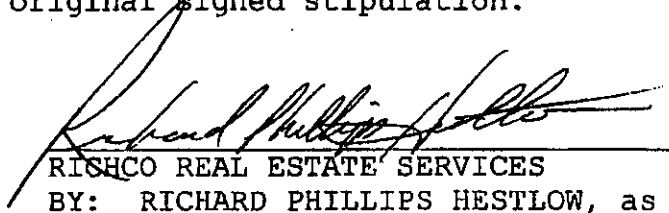
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MAILING AND FACSIMILE

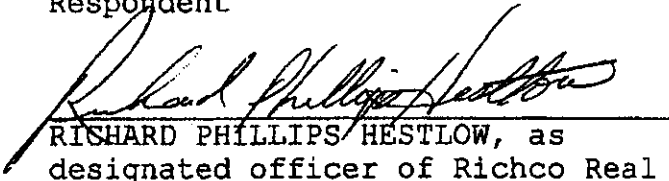
Respondents (1) shall mail the original signed signature page of the stipulation herein to Julie L. To: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 60013-1105. Respondents shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Julie L. To.

A facsimile constitutes acceptance and approval of the terms and conditions of this stipulation. Respondents agree, acknowledge and understand that by electronically sending to the Department a facsimile copy of Respondents' actual signature as it appears on the stipulation that receipt of the facsimile copy by the Department shall be as binding on Respondents as if the Department had received the original signed stipulation.

DATED: 12/1/2011

  
RICHCO REAL ESTATE SERVICES  
BY: RICHARD PHILLIPS HESTLOW, as  
designated officer  
Respondent

DATED: 12/1/2011

  
RICHARD PHILLIPS HESTLOW, as  
designated officer of Richco Real  
Estate Services, Respondent

DATED: \_\_\_\_\_

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Frank M. Buda, Esq.,  
Attorney for Respondents  
Richco Real Estate Services and  
Richard Phillips Hestlow  
Approved as to form

MAILING AND FACSIMILE

Respondents (1) shall mail the original signed signature page of the stipulation herein to Julie L. To: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 60013-1105. Respondents shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Julie L. To.

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DATED: \_\_\_\_\_

RICHCO REAL ESTATE SERVICES  
BY: RICHARD PHILLIPS HESTLOW, as  
designated officer  
Respondent

DATED: \_\_\_\_\_

RICHARD PHILLIPS HESTLOW, as  
designated officer of Richco Real  
Estate Services, Respondent

DATED: 12-1-11

  
Frank M. Buda, Esq.,  
Attorney for Respondents  
Richco Real Estate Services and  
Richard Phillips Hestlow  
Approved as to form

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2 The Complainant, Maria Suarez, acting in her official  
3 capacity as a Deputy Real Estate Commissioner of the State of  
4 California, makes this Accusation against RICHCO and HESTLOW.

2. 5

6 All references to the "Code" are to the California  
7 Business and Professions Code and all references to "Regulations"  
8 are to Title 10, Chapter 6, California Code of Regulations.

9 Licenses

3. 10

11 At all times mentioned, RICHCO was licensed or had  
12 license rights issued by the Department of Real Estate  
13 ("Department") as a corporate real estate broker by and through  
14 real estate broker HESTLOW. RICHCO was originally licensed as a  
15 corporate real estate broker on January 2, 1990. HESTLOW is has  
16 been licensed by the Department as a real estate broker since  
17 January 11, 2007. HESTLOW is licensed as designated officer of  
18 RICHCO until August 7, 2011. On or about May 12, 2008, a  
19 Stipulation and Agreement in Department Case No. H-34108 LA was  
20 signed by RICHCO and the Department disposing of the Accusation  
21 filed on or about July 12, 2007 by the Department against RICHCO  
22 and Bobby Warren Smith, individually and as designated officer of  
23 RICHCO.

24 Brokerage

4. 25

26 At all times mentioned, in Upland, County of San  
27 Bernardino, Respondents RICHCO and HESTLOW engaged in the

1 business of real estate brokers conducting licensed activities  
2 within the meaning of:

3           A. Code Section 10131(b). Respondents engaged in  
4 activities relating to leases or rents or offers to lease or  
5 rent, or places for rent, or solicits listings of places for  
6 rent, or solicits for prospective tenants, or negotiates the  
7 sale, purchase or exchanges of leases on real property, or on a  
8 business opportunity, or collects rents from real property, or  
9 improvements thereon, or from business opportunities.  
10 with the public wherein lenders and borrowers were solicited for  
11 loans secured directly or collaterally by liens on real property,  
12 wherein such loans were arranged, negotiated, processed and  
13 consummated on behalf of others for compensation or in  
14 expectation of compensation and for fees often collected in  
15 advance.

16                           PRIOR LICENSE DISCIPLINE

17                   (Audit of RICHCO REAL ESTATE SERVICES)

18   5.

19           On November 16, 2009, pursuant to the Stipulation  
20 Agreement in Department Case No. H-34108 LA described in  
21 Paragraph 3, above, the Department completed an audit examination  
22 of the books and records of RICHCO pertaining to the property  
23 management activities described in Paragraph 4, above, which  
24 require a real estate license. The audit examination covered a  
25 period of time beginning on June 11, 2008 to July 31, 2009. The  
26 audit examination revealed violations of the Code and the  
27 Regulations as set forth in the following paragraphs, and more



fully discussed in Audit Report LA 080336 and the exhibits and work papers attached to said audit report.

The Stipulation and Agreement ordered the licenses and licensing rights of RICHCO and Bobby Warren Smith suspended for a period of sixty (60) days, with the initial thirty (30) days to be stayed upon the condition that Respondents pay a total monetary penalty of \$3,000.00 and the costs of audit.

## Bank and Trust Accounts

6.

At all times mentioned, in connection with the activities described in Paragraph 4, above, RICHCO accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties, including tenants and lessees for rents and security deposits from property management-related activities handled by RICHCO, for the tenants as set forth below. Thereafter RICHCO made deposits and/or disbursements of such trust funds. From time to time herein mentioned during the audit period, said funds were deposited and/or maintained by RICHCO in these accounts"

Trust Account #1

Richco Real Estate Services, dba Professional Property Management

Client Trust Account (Signatories: Richard Phillips Hestlow,

Joshua David Mitchell)

Account No. \*\*\*\*871

Pacific Western Bank (formerly Security Pacific Bank)

1 ("TA #1" - RICHCO's trust account used for deposit of rents  
2 collected from tenants and for payments of expenses of the  
3 properties.)

4 TA #1

5 Bank Balance, 07/31/09	\$189,874.33
6 Deposit in Transit, 07/31/09	0.00
7 Outstanding Checks, 07/31/09	<u>&lt;98,034.35&gt;</u>
8 Adjusted Bank Balance	\$<91,839.98>

10 Adjusted Bank Balance, 07/31/09	\$ 91,839.98
11 Accountability, 07/31/09	<u>&lt;140,817.33&gt;</u>
12 Trust Fund Discrepancy, 07/31/09	<b>\$&lt;48,977.35&gt;</b>

13 Causes of Trust Fund Discrepancy

14 Negative Balances	\$ <10,961.56>
15 Trust Fund Received Not Deposited	<31,009.84>
16 Unidentified Shortage	<u>&lt;2,060.95&gt;</u>
17 Trust Fund Discrepancy	<b>\$&lt;48,977.35&gt;</b>

18  
19 Trust Account #2

20 Richco Real Estate Services, dba Professional Property Management  
21 Client Trust Account (Signatories: Richard Phillips Hestlow,  
22 Joshua David Mitchell)

23 Account No. \*\*\*\*869

24 Pacific Western Bank (formerly Security Pacific Bank)

25 ("TA #2" - RICHCO's trust account used for deposit of security  
26 deposits collected from tenants and for payments of expenses of  
27 the properties.)

1	<u>TA #2</u>	
2	Bank Balance, 07/31/09	\$418,840.88
3	Deposit in Transit, 07/31/09	0.00
4	Outstanding Checks, 07/31/09	<u>&lt;30,557.51&gt;</u>
5	Adjusted Bank Balance	\$388,283.37
6		
7	Adjusted Bank Balance, 07/31/09	\$388,283.37
8	Accountability, 07/31/09	<u>&lt;406,357.91&gt;</u>
9	Trust Fund Discrepancy, 07/31/09	<b>\$&lt;18,074.54&gt;</b>
10	<u>Causes of Trust Fund Discrepancy</u>	
11	Negative Balances	\$ <792.59>
12	Trust Fund Received Not Deposited	<14,915.93>
13	Unidentified Shortage	<u>&lt;2,366.02&gt;</u>
14	Trust Fund Discrepancy	<b>\$ &lt;18,074.54&gt;</b>
15	<u>Violations</u>	

7.

In the course of activities described in Paragraphs 4 and 6, above, and during the examination period described in Paragraph 5, Respondents RICHCO and HESTLOW, acted in violation of the Code and the Regulations in that Respondents:

(a) Failed to obtain written consent of disbursements of funds from and failed to deposit funds accepted on behalf of another into RICHCO's TA #1 and TA #2 within three (3) business days following the receipt of such funds by RICHCO and HESTLOW, which included rents and security deposits collected from tenants, in violation of Code

Sections 10145 and 10176(e) and Regulations 2832 and  
2832.1;

Examples include:

<u>Payee</u>	<u>Property Address</u>	<u>Amt Recv'd</u>	<u>Date Recv'd</u>	<u>Date Deposited</u>
Cione, 1313 Arrow Hwy		\$3,100.00	07/01/09	07/07/09
Ruvalcaba,				
Salata				
D. Mitchell	MR-335-Pomona	\$300.00	07/30/09	08/10/09
M. Aguilar,				
A. Phillips	SSR-1259-Upland	\$1,300.00	07/20/09	08/10/09
C. Hines	MR-225-Pomona	\$750.00	07/15/09	08/10/09
D. Arcaro	SR-908-Fontana	\$1,100.00	07/27/09	08/10/09
R. Hestlow	MR-81/82/83, CM-17	\$1,550.00	07/31/09	08/10/09
C. Mason	MR-282-Pomona	\$900.00	07/31/09	08/10/09
H. Ferguson	SR-354-Covina	\$110.00	07/31/09	08/10/09
R.E. Helm				
Family Trust	MR-333-Ontario	\$750.00	07/31/09	08/10/09

(b)Failed to maintain an accurate and complete control record in  
chronological order for each deposit of rents and security  
deposits to the TA #1 and TA #2 accounts from tenants, in  
violation of Code Section 10145 and Regulation 2831;

Examples include:

<u>Payee</u>	<u>Property Address</u>	<u>Amt Recv'd</u>	<u>Date Recv'd</u>	<u>Date Deposited</u>
Cione, 1313 Arrow Hwy		\$3,100.00	07/01/09	none
Ruvalcaba,				
Salata				
D. Mitchell	MR-335-Pomona	\$300.00	07/30/09	none

1 M. Aguilar,  
 2 A. Phillips SSR-1259-Upland \$1,300.00 07/20/09 none  
 3 C. Hines MR-225-Pomona \$750.00 07/15/09 none  
 4 D.Arcaro SR-908-Fontana \$1,100.00 07/27/09 none  
 5 None MR-142-Upland \$700.00 07/29/09 none  
 6 None SSR-1389-Fontana \$1,300.00 07/27/09 none  
 7 None SR-1345-Ontario \$2,901.00 07/31/09 none

8 (c)Failed to maintain a separate record for each deposit to the  
 9 TA #1 and TA #2 accounts, thereby failing to account for all  
 10 rents and security deposits collected from tenants, in violation  
 11 of Code Section 10145 and Regulation 2831.1;

12 Examples include:

13	<u>Payee</u>	<u>Prop. Address</u>	<u>Amt.</u>	<u>Date Recorded</u>	<u>Date Recv'd/Deposit</u>
14	J. Lee	SR-583-Upland	\$35.00	07/31/09	08/10/09
15	Professional				
16	Property Mgmt.	SR-662-Ontario	\$250.86	07/31/09	08/10/09
17	Professional				
18	Property Mgmt.	SR-834-Fontana	\$317.88	07/31/09	08/10/09
19	Professional				
20	Property Mgmt.	SR-902-Rancho C.	\$1,700.00	07/31/09	08/10/09
21	R. Oliva	SSR-1014-Rancho C.	\$1,129.00	07/31/09	08/10/09
22	M.Cormican	SR-662-Ontario	\$250.86	07/31/09	08/10/09
23	T. Bennett	SR-326-Rancho C.	\$94.12	07/31/09	08/10/09
24	R. Hestlow	MR-83-Ontario	\$201.00	07/31/09	08/10/09

25 (d)Failed to perform a monthly reconciliation of the balance of  
 26 all receipts and disbursements with the total balance of the  
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1 separate records maintained pursuant to Regulation 2831.1 with  
2 the record of all trust funds received and disbursed by  
3 TA #1 and TA #2 in the form of rents and security deposits  
4 received from tenants, in violation of Code Section 10145 and  
5 Regulation 2831.2;

6         The trust fund accountability of TA #1 was determined  
7 by comparing the adjusted bank balance of TA #1 as of July 31,  
8 2009 of <\$91,839.98> with the trust fund accountability balance  
9 of July 31, 2009 of <\$140,817.33>. This comparison showed a  
10 discrepancy of <\$48,977.35> in TA #1, indicating a shortage of  
11 funds in the amount \$48,977.35.

12         The trust fund accountability of TA #2 was determined  
13 by comparing the adjusted bank balance of TA #2 as of July 31,  
14 2009 of \$388,283.37 with the trust fund accountability balance of  
15 July 31, 2009 of <\$406,357.91>. This comparison showed a  
16 discrepancy of <\$18,074.54> in TA #2, indicating a shortage of  
17 funds in the amount \$18,074.54.

18 (e) HESTLOW failed to exercise reasonable control and supervision  
19 over the activities conducted on behalf of RICHCO and its  
20 employees to ensure compliance with the Real Estate Law, in  
21 violation of Code Section 10159.2 and Regulation 2725.

22         Disciplinary Statutes

23                                 8.

24         The conduct of Respondents RICHCO and HESTLOW described  
25 in Paragraph 7, above, violated the Code and the Regulations as  
26 set forth below:  
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PARAGRAPH

PROVISIONS VIOLATED

7(a)	Code Sections 10145 and 10176(e) and 2832, 2832.1
7(b)	Code Section 10145 and Regulation 2831
7(c)	Code Section 10145 and Regulation 2831.1
7(d)	Code Section 10145 and Regulation 2831.2
7(e)	Code Section 10159.2 and Regulation 2725 (HESTLOW)

The foregoing violations constitute cause for discipline of the  
real estate license and license rights of RICHCO and HESTLOW, as  
aforesaid, under the provisions of Code Sections 10177(d) for  
violation of the Real Estate Law; 10177(h) for failure to  
supervise by HESTLOW; and/or 10177(g) for negligence.

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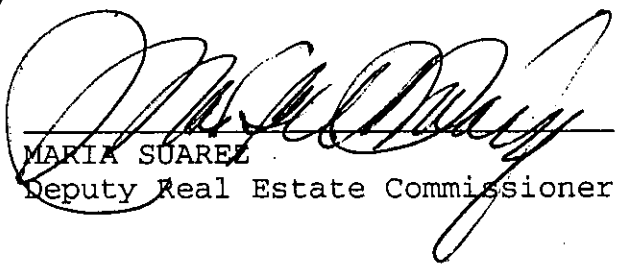


1 provisions of Code Sections 10177(d), 10177(g) and 10177(h).

2 WHEREFORE, Complainant prays that a hearing be  
3 conducted on the allegations of this Accusation and that upon  
4 proof thereof, a decision be rendered imposing disciplinary  
5 action against the license and license rights of Respondents  
6 RICHCO REAL ESTATE SERVICES and RICHARD PHILLIPS HESTLOW, under  
7 the Real Estate Law (Part 1 of vision 4 of the Business and  
8 Professions Code) and for such other and further relief as may be  
9 proper under other applicable provisions of law including, but  
10 not limited to costs of audit.

11 Dated at Los Angeles, California

12 this 5th day of April, 2011.

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16 MARIA SUAREZ  
17 Deputy Real Estate Commissioner  
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24 cc: RICHCO REAL ESTATE SERVICES  
25 c/o RICHARD PHILLIPS HESTLOW, D.O.  
26 Maria Suarez  
27 Sacto  
Alyxander K. Canlas  
Audits - Chona Picayo