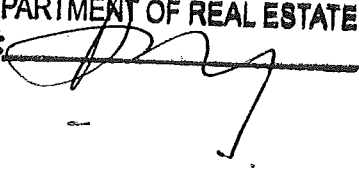


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FILED

JUN 10 2013

DEPARTMENT OF REAL ESTATE
BY: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 LORDON ENTERPRISES INC.; doing) No. H-38802 LA
14 business as Lordon Management Co.,)
15 and Lordon Properties; and) FIRST AMENDED ACCUSATION
16)
17 DONALD JACQUES MELCHING, as)
18 designated officer of Lordon Enterprises Inc.,)
19)
20 Respondents.)
21)
22)
23)
24)
25)
26)

18 The Accusation filed on April 3, 2013 is amended in its entirety as follows.

19 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the
20 State of California, Department of Real Estate ("Department") for cause of Accusation against
21 LORDON ENTERPRISES INC. ("LEI") and DONALD JACQUES MELCHING
22 ("MELCHING"), as designated officer of Lordon Enterprises Inc. (collectively "Respondents"),
23 is informed and alleges as follows:

24 1.

25 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the
26 State of California makes this Accusation in her official capacity.

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From May 20, 1974 to date, Respondent LEI has been licensed as a real estate corporation. At all times relevant herein, LEI was acting by and through Respondent MELCHING in his representative capacity as LEI's designated broker-officer pursuant to Business and Professions Code ("Code") Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

Respondent MELCHING was originally licensed as a real estate broker on April 12, 1968. Respondent's individual license expired without renewal on July 21, 1978. MELCHING is LEI's president and operational manager.

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4.

Whenever reference is made in an allegation in this Accusation to an act or omission of "Respondents", such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondents committed such act or omission while engaged in the furtherance of the business or operations of Respondents and while acting within the course and scope of their corporate authority and employment, including Gloria M. Melching, LEI's Secretary.

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1 FIRST CAUSE OF ACCUSATION
2 (Property Management Audit)

3 5.

4 At all times mentioned, in the City of Covina, County of Los Angeles,
5 Respondents LEI and MELCHING engaged in the business of, acted in the capacity of,
6 advertised or assumed to act as a real estate brokers, within the meaning of Code
7 Section 10131(b). Respondents engaged in the business of a property management brokerage
8 with the public wherein, for or in expectation of compensation, for another or others,
9 Respondent leased or rented or offered to lease or rent, or placed for rent, or solicited listings of
10 places for rent, or solicited for prospective tenants, or collected rents from real property, or
11 improvements thereon.
12

13 During the last twelve months of the audit period, Respondent LEI managed two
14 (2) apartment complexes totaling to 51 units for two (2) owners and collected about \$382,000.00
15 in rents, security deposits and late fees.

16 Audit Examination:
17

18 6.

19 On July 31, 2012, the Department completed an audit examination of the books
20 and records of Respondent LEI pertaining to the property management activities described in
21 Paragraph 5, which require a real estate license. The audit examination covered a period of time
22 beginning on June 1, 2009 to May 31, 2012. The audit examination revealed violations of the
23 Code and Title 10, Chapter 6, California Code of Regulations ("Regulations") as alleged in the
24 following paragraphs, and more fully set forth in Audit Report LA 110256 and the exhibits and
25 work papers attached thereto.

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(c) Failed to place trust funds, including rents and security deposits, into a trust fund account in the name of the broker as trustee at a bank or other financial, in violation of Code Section 10145 and Regulation 2832(a);

(d) Permitted Pamela Marczinco, an unlicensed and unbonded person, to be an authorized signatory on the banks accounts BA 1 and BA 2, in violation of Code Section 10145 and Regulation 2834;

(e) Used the fictitious name of "D &M Bear Investments LLC" and "1735 Francisquito", to conduct licensed activities including a property management activities, without first obtaining from the Department a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731;

(f) Charged and received undisclosed compensation in the form of an overcharge of five (5%) on property management fees and commissions charged to property owners D &M Bear Investments LLC and Dr. Bonaventure Eng, in violation of Code Sections 10145 and 10176(g); and

(g) LEI failed to disclose LEI's license identification number on LEI's business card, in violation of Code Section 10140.6(b)(1) and Regulation 2773.

Disciplinary Law and Regulations

9.

The conduct of Respondents LEI and MELCHING, described in Paragraph 8, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
8(a)	Code Section 10145(a)
8(b)	Code Section 10145 and Regulation 2831
8(c)	Code Section 10145 and Regulation 2832(a)

- 1 8(d) Code Section 10145 and Regulation 2834
2 8(e) Code Section 10159.5 and Regulation 2731
3 8(f) Code Sections 10145(a) and 10176(g)
4 8(g) Code Section 10140.6(b)(1) and Regulation 2773

5 The foregoing violations constitute cause for the discipline of the real estate licenses and license
6 rights of Respondents LEI and MELCHING under the provisions of Code Sections 10176(g),
7 10177(d) and/or 10177(g).

8 SECOND CAUSE OF ACCUSATION
9 (Negligence)

10 10.

11 The overall conduct of Respondents LEI and MELCHING constitutes negligence
12 and is cause for discipline of the real estate license and license rights of said Respondents
13 pursuant to the provisions of Code Section 10177(g).

14 THIRD CAUSE OF ACCUSATION
15 (Fiduciary Duty)

16 11.

17 The conduct, acts and omissions of Respondents LEI and MELCHING constitute
18 a breach of fiduciary duty, owed to LEI's real estate clientele of good faith, trust, confidence and
19 candor, within the scope of their brokerage relationship, in violation of Code Section 10177(g)
20 and constitutes cause for discipline of the real estate license and license rights of said
21 Respondents pursuant to the provisions of Code Section 10177(g).

22 12.

23 Code Section 10106 provides, in part, that in any order issued in resolution of a
24 disciplinary proceeding before the Department of Real Estate, the Commissioner may request the
25 administrative law judge to direct a licensee found to have committed a violation of this part to
26 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

13.

Code Section 10148(b) provides, in pertinent part the Commissioner shall charge a real estate broker for the cost of any audit, if the commissioner has found in a final decision following a disciplinary hearing that the broker has violated Code section 10145 or a regulation or rule of the commissioner interpreting said section.

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/or license rights of Respondents LORDON ENTERPRISES INC. and DONALD JACQUES MELCHING, as designated officer of Lordon Enterprises Inc., under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law, including but not limited to, proof of cure of shortage, costs investigation, enforcement and audit.

Dated at Los Angeles, California.

this 3 day of June, 2013.


ROBIN TRUJILLO
Deputy Real Estate Commissioner

cc: Lordon Enterprises Inc.
Donald Jacques Melching
Robin Trujillo
Anna Hartoonian
Sacto