

FILED

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DEPT. OF REAL ESTATE

By 

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8
9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of) No. H- 41329 LA
13)
14 DONALD EUGENE PETERS, doing) A C C U S A T I O N
15 business as Equity Growth Properties,)
16 JOHN CLAYTON LEWIS,)
17 A TRUE TREASURE, INC., doing)
18 business as Monarch Escrow)
19 A Non-Independent Broker Escrow)
20 and Realty Executives Temecula, and)
21 CARLA MARIE CISCEL-SHUMWAY,)
22 doing business as Realty Executives of)
23 the Foothills, individually and as)
24 designated officer of A True Treasure, Inc.,)
25 Respondents.)

22 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
23 State of California, for cause of Accusation against DONALD EUGENE PETERS, doing
24 business as Equity Growth Properties, JOHN CLAYTON LEWIS, A TRUE
25 TREASURE, INC., doing business as Monarch Escrow A Non-Independent Broker Escrow and
26 Realty Executives Temecula, and CARLA MARIE CISCEL-SHUMWAY, doing business as
27

Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 Realty Executives of the Foothills, individually and as designated officer of A True Treasure,
2 Inc., ("Respondents"), is informed and alleges as follows:

3 1.

4 The Complainant, Veronica Kilpatrick, acting in her official capacity as a
5 Supervising Special Investigator of the State of California, makes this Accusation against
6 Respondents DONALD EUGENE PETERS, JOHN CLAYTON LEWIS, A TRUE
7 TREASURE, INC., and CARLA MARIE CISCEL-SHUMWAY.

8 2.

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

11 LICENSE HISTORY, RELATIONSHIPS, AND AFFILIATIONS

12 3.

13 Respondent DONALD EUGENE PETERS ("PETERS") presently has license
14 rights under the Real Estate Law, Part 1 of Division 4 of the Code as a real estate broker. The
15 Department issued a real estate broker license to PETERS on January 11, 2017. From
16 August 3, 1990 to January 10, 2017, PETERS was licensed by the Department as a real estate
17 salesperson.

18 4.

19 Respondent JOHN CLAYTON LEWIS ("LEWIS") presently has license rights
20 as a real estate salesperson.

21 5.

22 Respondent A TRUE TREASURE, INC. ("TRUE TREASURE"), presently has
23 license rights as a corporate real estate broker.

24 6.

25 Respondent CARLA MARIE CISCEL-SHUMWAY ("CISCEL-SHUMWAY")
26 presently has license rights as a real estate broker.

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Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 7.

2 Respondent TRUE TREASURE is licensed by the Department as a corporate
3 real estate broker by and through Respondent CISCEL-SHUMWAY, as the designated officer
4 and broker responsible, pursuant to Code section 10159.2, for supervising the activities
5 requiring a real estate license conducted on behalf of TRUE TREASURE, or by TRUE
6 TREASURE'S officers, agents, and employees.

7 8.

8 From March 28, 2014, to March 22, 2016, Respondent PETERS was affiliated
9 as a salesperson with employing broker Respondent CISCEL-SHUMWAY. From
10 March 31, 2016, to January 10, 2017, Respondent PETERS was affiliated as a salesperson with
11 employing broker Respondent TRUE TREASURE. From January 11, 2017, to
12 January 22, 2018, PETERS was affiliated as a broker associate with employing broker TRUE
13 TREASURE.

14 9.

15 From October 13, 2009, to March 22, 2016, Respondent LEWIS was affiliated
16 with employing broker Respondent CISCEL-SHUMWAY. From March 25, 2016, to the
17 present, LEWIS is affiliated with employing broker Respondent TRUE TREASURE.

18 10.

19 Respondent LEWIS is the owner of and has the authority to act on behalf of
20 Respondent TRUE TREASURE.

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1 IN AGGRAVATION PRIOR TRANSACTIONS OF PETERS AND TRUE TREASURE

2 11.

3 From approximately February 2006 through January 2010, Respondent PETERS
4 was General Partner and Vice President of Gates and Haas Investments, LLC ("Gates and
5 Haas"). For Gates and Haas, PETERS solicited and retained investors to invest in real estate
6 through 22 limited liability companies with the name Murrieta Madison LLC. Gates and Haas
7 was the managing member of the 22 Murrieta Madison LLCs. Approximately 47 investors
8 each invested \$100,000 to \$500,000, for a total investment of \$6,000,000, in the 22 Murrieta
9 Madison LLCs. One of the investors was Mark Dean McKinnon, who is licensed by the
10 Department as a real estate broker and was licensed by the Department as the designated officer
11 of Gates & Haas Real Estate Services Inc.

12 12.

13 Approximately at the end of 2006, Respondent PETERS hired a partner of Gates
14 and Haas to perform major renovation of PETERS'S personal residence at Bear Creek.
15 McKinnon was told by one of the investors of the 22 Murrieta Madison LLCs that PETERS
16 spent \$250,000 of investor money to fund the renovation.

17 13.

18 McKinnon hired a forensic accountant to investigate the finances of Gates and
19 Haas. McKinnon's investigation revealed that approximately \$2,000,000 of investor money
20 from the 22 Murrieta Madison LLCs could not be accounted for and was suspected to have
21 been converted by Respondent PETERS and his Gates and Haas partner.

22 14.

23 On or about February 1, 2007, McKinnon filed a civil suit against Respondent
24 PETERS and Gates and Haas on the grounds of fraud, misrepresentation, and deceit.
25 McKinnon's civil suit was stayed when PETERS filed for bankruptcy protection.

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Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 15.

2 The result for the 47 investors of the 22 Murrieta Madison LLCs was a loss of
3 approximately -\$5,800,000 of their real estate investment.

4 16.

5 From approximately 2013 to 2015, Respondent PETERS and Barlet were
6 partners in the limited liability company Sunrise Equity Group, LLC ("Sunrise Equity"),
7 PETERS asked Barlet to solicit friends and family to invest in real estate through Sunrise
8 Equity. Barlet solicited investors and the investors' money was placed into the account of
9 Sunrise Equity.

10 17.

11 On or about December 20, 2013, Diana Barlet filed a Statement of Information
12 with the California Secretary of State for Sunrise Equity. Respondent PETERS and Barlet were
13 listed as managers of Sunrise Equity.

14 18.

15 For approximately five projects, Sunrise Equity bought the real estate property,
16 rehabilitated the property, and sold the property for no profit. For each project, Respondent
17 PETERS chose Respondent TRUE TREASURE to be the escrow agent. For each project,
18 PETERS overspent on costs from budget he created. PETERS collected his entire real estate
19 sales commission for each project but Sunrise Equity investors received no profits. The final
20 transaction resulted in a loss of -\$45,000 to Barlet and the other investors of Sunrise Equity.

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19.

Respondent PETERS converted approximately \$22,000 of investors' money in Sunrise Equity, which he used for dental work and an engagement ring. PETERS stated to Barlet that this money was the cost of his contribution to Sunrise Equity and that he would pay back Sunrise Equity out of his share of profits. PETERS never paid the money back, as Sunrise Equity had no profits and PETERS never covered the losses with his real estate sales commissions.

20.

Sunrise Equity issued a Form 1099-MISC for 2014 in which Sunrise Equity reported compensation of \$2,000.00 to Respondent PETERS'S friend Ernest E. Kline.

21.

Sunrise Equity filed a Schedule K-1 for 2015 in which it reported a self-employment loss of -\$15,158, a beginning capital account of \$7,178, a current year decrease of -\$38,295, and an ending capital account of -\$31,117.

DEBTS OF DONALD EUGENE PETERS

22.

On or about July 15, 2013, in the Superior Court of California, County of Riverside, Case No. TEC1203409, a final judgment was entered in favor of Bear Creek Master Association against Respondent PETERS ("final judgment"). The Court ordered PETERS to pay \$4,643.99 for the final judgment.

23.

On or about April 10, 2014, the California Franchise Tax Board filed and recorded a tax lien against Respondent PETERS in the amount of \$5,542.34 ("tax lien").

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1 MISREPRESENTATIONS OF PETERS TO INDUCE REAL ESTATE INVESTMENT

2 24.

3 On or about August 2015, Respondent PETERS became a tenant in the home of
4 Nicole Fuller ("Fuller"). PETERS represented to Fuller that PETERS was a real estate broker,
5 when in fact PETERS was a real estate salesperson. Todd Hansen ("Hansen") was Fuller
6 boyfriend and also lived in Fuller's home.

7 25.

8 On or about September 2015, Respondent PETERS began soliciting Hansen to
9 invest in real estate. PETERS represented to Hansen that PETERS was an expert in flipping
10 homes and a land developer. PETERS represented to Hansen that PETERS put his previous
11 real estate investment properties into limited liability companies. PETERS represented to
12 Hansen that PETERS made money on his previous real estate investments, when in fact the
13 previous investors of PETERS'S companies lost money. PETERS asked Hansen for a loan at a
14 one percent monthly return, and Hansen declined. Hansen told PETERS that Hansen was not
15 interested in loaning money or being a hard money lender. Hansen told PETERS that Hansen
16 was interested in a partnership and learning the trade. PETERS represented to Hansen that they
17 would have a partnership agreement and own the investment property together. PETERS
18 represented to Hansen that PETERS only used licensed contractors because they have
19 insurance.

20 26.

21 Respondent PETERS failed to disclose to Hansen that PETERS has an unpaid
22 final judgment and tax lien.

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27.

On or about February 23, 2016, Hansen agreed to a partnership with Respondent PETERS to buy the house at 41165 Cardinal Flower Drive, Murrieta, California 92562 (“Cardinal Flower house”) under joint ownership to rehabilitate and sell for a profit. PETERS represented to Hansen that title to the Cardinal Flower house would be held by a limited liability company with Hansen as a member of the limited liability company. Hansen only agreed to a partnership with PETERS on the basis of PETERS’S representations, including representations regarding PETERS’S expertise, experience, and previous success with real estate investment. Hansen asked PETERS for a written agreement but PETERS did not provide Hansen with a written agreement until a month after the closing of the purchase of the Cardinal Flower house.

PURCHASE OF 41165 CARDINAL FLOWER DRIVE, MURRIETA

28.

On or about December 4, 2015, Respondent PETERS, as principal buyer, represented by broker Respondent CISCEL-SHUMWAY through salesperson Respondent LEWIS, submitted an offer to purchase the Cardinal Flower house through a signed Residential Purchase Agreement. In the Residential Purchase Agreement, PETERS, LEWIS, and CISCEL-SHUMWAY used the unlicensed fictitious business names “Realty Executives OTF” and “Monarch escrow”. In the Residential Purchase Agreement, PETERS represented that he would make an initial deposit of \$2,300.00 directly to the escrow holder.

29.

On or about March 14, 2016, seller of the Cardinal Flower house G. Rivera submitted Seller Counter Offer No. 1 to Respondents PETERS and LEWIS. On or about March 14, 2016, PETERS signed Seller Counter Offer No. 1. One term of the Seller Counter Offer No. 1 provided, “All parties acknowledge this is a short sale transaction, and acceptance is based on receiving a written approval from all lien holders.”

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30.

On or about March 16, 2016, Respondents PETERS and LEWIS signed the Short Sale Affidavit from servicer Seterus for the Cardinal Flower house. The Short Sale Affidavit provided in part, "There are no agreements, understandings or contracts relating to the current sale or subsequent sale of the property that have not been disclosed to the Servicer". PETERS and LEWIS failed to disclose the partnership of PETERS and Hansen to buy the Cardinal Flower house to rehabilitate and sell for a profit.

31.

On or about March 31, 2016, Respondent PETERS signed a Uniform Residential Loan Application for the Cardinal Flower house. Under "Section VI. ASSETS AND LIABILITIES" of the Uniform Residential Loan Application, PETERS failed to disclose the unpaid final judgment and tax lien. Under "Section VIII. DECLARATIONS" of the Uniform Residential Loan Application, in response to Question a., to wit, "Are there any outstanding judgments against you?", PETERS answered "No" and failed to disclose the unpaid final judgment.

32.

Mortgage broker Trimark Funding Inc. solicited lender NJR Three Properties, LLC to provide a loan of \$221,000 to Respondent PETERS for the purchase of the Cardinal Flower house.

33.

On or about March 31, 2016, Respondent PETERS and Hansen signed Third Party Deposit Instructions for Generations Escrow, and Hansen disbursed \$44,874 to Generations Escrow for the Cardinal Flower house.

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1 34.

2 On or about March 31, 2016, Respondent PETERS signed the Deed of Trust for
3 the Cardinal Flower house with lender NJR Three Properties, LLC as the beneficiary
4 ("1st Deed"). The amount borrowed under the 1st Deed was \$221,000, and the due date for
5 1st Deed to be paid in full was May 1, 2017. The 1-4 Family Rider to the 1st Deed provided in
6 part, "Borrower shall not allow any lien inferior to the Security Instrument to be perfected
7 against the Property without Lender's prior written permission."

8 35.

9 On or about April 4, 2016, the 1st Deed was recorded and lender NJR Three
10 Properties, LLC disbursed \$221,000 to Generations Escrow for the Cardinal Flower house.

11 36.

12 On or about April 4, 2016, title for the Cardinal Flower house was recorded in
13 the name of Respondent PETERS only, and Hansen was not included on the title.

14 37.

15 On or about April 5, 2016, Respondent PETERS asked Hansen to provide an
16 additional \$2,300.00 and \$1,636.05 to Generations Escrow for the Cardinal Flower house.
17 PETERS represented to Hansen that Generations Escrow had miscalculated the funds needed
18 for closing. PETERS failed to disclose to Hansen that PETERS had not deposited any money
19 to Generations Escrow despite PETERS'S representation in the Residential Purchase
20 Agreement that PETERS would make an initial deposit of \$2,300.00 directly to the escrow
21 holder. PETERS failed to disclose to Hansen that title for the Cardinal Flower house had
22 already been recorded in the name of PETERS only.

23 38.

24 On or about April 5, 2016, Hansen disbursed two cashier's checks in the
25 amounts of \$2,300.00 and \$1,636.05 to Generations Escrow for the Cardinal Flower house.

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1 39.

2 On or about April 5, 2016, Generations Escrow disbursed to Respondent
3 CISCEL-SHUMWAY a check in the amount of \$6,500.00 representing real estate commission
4 for CISCEL-SHUMWAY and Respondent LEWIS for the purchase of the Cardinal Flower
5 house.

6 40.

7 On or about April 5, 2016, Generations Escrow disbursed to Respondent
8 PETERS a check in the amount of \$40.00 representing the buyer refund for the purchase of the
9 Cardinal Flower house. PETERS did not inform Hansen about this refund and converted this
10 \$40.00 in trust funds.

11 ACTS AND EVENTS AFTER PURCHASE OF 41165 CARDINAL FLOWER DRIVE

12 41.

13 On or about April 8, 2016, Respondent PETERS hired unlicensed contractor
14 Michael Baker to rehabilitate the Cardinal Flower house. Baker was a friend of PETERS and
15 PETERS'S friend Ernest Kline, and Baker was also a tenant in Kline's home.

16 42.

17 On or about April 19, 2016, Respondent PETERS signed and recorded the Deed
18 of Trust and Assignment of Rents for the Cardinal Flower house with Hansen as the beneficiary
19 ("2nd Deed"). In doing so, PETERS violated the 1st Deed by perfecting a lien against the
20 Cardinal Flower house. The 2nd Deed provided Hansen with the right to recuperate Hansen's
21 expenditures for rehabilitation of the Cardinal Flower house. With the 2nd Deed, Hansen first
22 learned that title to the Cardinal Flower house was in PETERS'S name only.

23 43.

24 On or about May 23, 2016, Respondent PETERS provided Hansen with a
25 written partnership agreement.

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1 44.

2 On or about June 15, 2016, Respondent PETERS and unlicensed contractor
3 Baker threatened to put a lien on the Cardinal Flower house if Hansen did not sign a promissory
4 note in the amount of \$4,500. The promissory note provided that Baker would be paid \$4,500
5 at the close of escrow for the sale of the Cardinal Flower house. Hansen signed the promissory
6 note under coercion and duress. PETERS failed to disclose to Hansen that Code
7 section 7031(a) prohibits an unlicensed contractor from filing a mechanics lien or bringing any
8 action to collect compensation.

9 UNSUCCESSFUL SALE OF 41165 CARDINAL FLOWER DRIVE

10 45.

11 On or about June 13, 2016, Respondent PETERS entered into a Residential
12 Listing Agreement with broker Respondent CISCEL-SHUMWAY through agent PETERS to
13 sell the Cardinal Flower house. The contract time period was from June 13, 2016, to
14 June 13, 2017. PETERS signed the Residential Listing Agreement for CISCEL-SHUMWAY.
15 The Residential Listing Agreement did not name Respondent TRUE TREASURE as the broker.

16 46.

17 On or about June 13, 2016, Respondent PETERS listed the Cardinal Flower
18 house on the multiple listing service ("MLS"). Respondent CISCEL-SHUMWAY was listed as
19 the broker, not Respondent TRUE TREASURE. Under the MLS section "SHOWING
20 INFORMATION", for "OCCUPANT TYPE", PETERS input "Vacant". Under the MLS
21 section "LISTING", for "PRIVATE REMARKS", PETERS wrote, "Listing agent has vested
22 interest in property."

23 47.

24 On or about July 6, 2016, buyers J. Estevez and R. Estevez submitted an offer to
25 Respondent PETERS purchase the Cardinal Flower house through a signed Residential
26 Purchase Agreement.

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48.

On or about July 7, 2016, Respondent PETERS accepted the offer from buyers Estevez and signed the Residential Purchase Agreement. In the Residential Purchase Agreement, PETERS and Respondent TRUE TREASURE used the unlicensed fictitious business name "Realty Executives OTF". In the Residential Purchase Agreement, PETERS and TRUE TREASURE failed to provide TRUE TREASURE'S license number.

49.

On or about July 12, 2016, Respondent TRUE TREASURE as escrow agent used the unlicensed fictitious business names "Realty Executives" and failed to disclose TRUE TREASURE'S real estate identification number in the Sale Escrow Instructions for buyers Estevez.

50.

On or about July 27, 2016, Respondent PETERS and buyers Estevez signed the Cancellation Instructions for the Cardinal Flower house.

51.

On or about August 12, 2016, buyer Sargunas submitted an offer to Respondent PETERS purchase the Cardinal Flower house through a signed Residential Purchase Agreement.

52.

On or about August 15, 2016, Respondent PETERS accepted the offer from buyer Sargunas and signed the Residential Purchase Agreement. In the Residential Purchase Agreement, PETERS and Respondent TRUE TREASURE used the unlicensed fictitious business name "Realty Executives OTF". In the Residential Purchase Agreement, PETERS and TRUE TREASURE provided TRUE TREASURE'S license number.

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53.

On or about August 16, 2016, Respondent TRUE TREASURE as escrow agent used the unlicensed fictitious business names "Realty Executives" and failed to disclose TRUE TREASURE'S real estate identification number in the Sale Escrow Instructions for buyer Sargunas.

54.

On or about August 19, 2016, Respondent PETERS signed a "COMMISSION DISBURSEMENT AUTHORIZATION" authorizing a real estate commission in the amount of \$8,997.50 to PETERS and Respondent TRUE TREASURE.

55.

On or about September 8, 2016, Respondent TRUE TREASURE asked Hansen for Hansen's demand for the balance due on the 2nd Deed.

56.

On or about September 12, 2016, Respondent TRUE TREASURE submitted a Demand for Lien Payoff Request to California Franchise Tax Board for Respondent PETERS'S tax lien.

57.

On or about September 13, 2016, Hansen provided Respondent TRUE TREASURE with a "PAYOFF DEMAND STATEMENT" in the amount of \$115,760.20 for the 2nd Deed and for Hansen's expenditures for rehabilitation of the Cardinal Flower house as allowed by the 2nd Deed.

58.

On or about September 13, 2016, Bear Creek Master Association filed a Memorandum of Costs after Judgment, Acknowledgment of Credit, and Declaration of Accrued Interest for the final judgment against Respondent PETERS. The total of all postjudgment costs was in the amount of \$3,769.37, and the total credit to date was in the amount of \$0.00.

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1 59.

2 On or about September 15, 2016, the California Franchise Tax Board provided
3 Respondent TRUE TREASURE with a "DEMAND FOR PAYMENT OF STATE TAX LIEN"
4 in the amount of \$673.14 for tax lien against Respondent PETERS.

5 60.

6 On or about September 20, 2016, Bear Creek Master Association provided
7 Respondent TRUE TREASURE with a payoff demand in the amount of \$10,855.88 for the
8 final judgment against Respondent PETERS.

9 61.

10 On or about October 6, 2016, Respondent TRUE TREASURE generated an
11 Estimated Combined Closing Statement. The statement included disbursements for "BEAR
12 CREEK MASTER ASSOC." in the amount of \$10,855.88, "FRANCHISE TAX BOARD" in
13 the amount of \$673.14, unlicensed contractor Baker in the amount of \$4,500, and TRUE
14 TREASURE'S and Respondent PETERS'S real estate commission in the amount of \$8,997.50.
15 These four items for disbursement totaled \$25,026.44. The balance due escrow was
16 \$31,107.38.

17 62.

18 On or about October 10, 2016, Hansen provided Respondent TRUE
19 TREASURE with a "PAYOFF DEMAND STATEMENT" in the amount of \$115,760.20 for
20 the 2nd Deed and for Hansen's expenditures for rehabilitation of the Cardinal Flower house as
21 allowed by the 2nd Deed, and also demanded that Respondent PETERS apply PETERS'S real
22 estate commission to escrow, pay the final judgment and tax lien, and waive unlicensed
23 contractor Baker's demand for payment.

24 63.

25 On or about October 11, 2016, Respondent PETERS and buyer Sargunas signed
26 the Cancellation Instructions for the Cardinal Flower house.

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1 RENTAL AND FORECLOSURE OF 41165 CARDINAL FLOWER DRIVE

2 64.

3 On or about October 11, 2016, Respondent PETERS rented the Cardinal Flower
4 house to Kline. PETERS and Kline signed a "BASIC RENTAL AGREEMENT AND
5 RESIDENTIAL LEASE" ("Lease"). The monthly rent under the Lease was a below-market
6 amount of \$1,300 per month, and the security deposit was set to \$0. The market rate for rent
7 for the Cardinal Flower house was approximately \$1,800. The time period of the Lease was
8 from October 11, 2016, to October 11, 2017, but either party could terminate the Lease with a
9 60 day written notice.

10 65.

11 On or about October 21, 2016, Respondent PETERS changed the MLS listing
12 status for the Cardinal Flower house from active to hold. However, in the MLS listing, under
13 section "SHOWING INFORMATION", for "OCCUPANT TYPE", PETERS failed to change
14 "Vacant" to "Occupied" after Kline moved in.

15 66.

16 From approximately October 2016 to April 2017, Respondent PETERS
17 collected approximately \$6,500 in rent from Kline for the Cardinal Flower house. PETERS
18 converted this \$6,500 in trust funds.

19 67.

20 On or about November 18, 2016, Hansen served Respondent PETERS a
21 "Demand for Payment and Notice of Intent to Foreclose" based on the 2nd Deed for the
22 Cardinal Flower house.

23 68.

24 On or about December 6, 2016, Hansen served and recorded a "NOTICE OF
25 DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST" dated
26 December 5, 2016, based on the 2nd Deed for the Cardinal Flower house.

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Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 69.

2 On or about March 13, 2017, Hansen served and recorded a "NOTICE OF
3 TRUSTEE'S SALE" dated March 7, 2017, based on the 2nd Deed for the Cardinal Flower
4 house, and the date of sale was set for April 6, 2017.

5 70.

6 On or about April 6, 2017, the Cardinal Flower house was foreclosed upon at the
7 Trustee's Sale. Hansen was the winning bidder for the Cardinal Flower house, having bid
8 \$118,544.89, the amount of the debt due under the 2nd Deed.

9 71.

10 On or about April 10, 2017, the "TRUSTEE'S DEED UPON SALE" was
11 recorded, and title to the Cardinal Flower house was in Hansen's name.

12 72.

13 On or about April 10, 2017, Hansen attempted to obtain refinancing for the
14 1st Deed on the Cardinal Flower house. The hold status in the MLS listing for the Cardinal
15 Flower house prevented Hansen from being able to obtain refinancing.

16 PRIOR DISCIPLINE OF RESPONDENTS BY
17 SOUTHWEST RIVERSIDE COUNTY ASSOCIATION OF REALTORS

18 73.

19 On or about April 21, 2017, Hansen filed a complaint with the Southwest
20 Riverside County Association of Realtors ("Association"), Case No. DS17-04, against
21 Respondents PETERS, LEWIS, and CISCEL-SHUMWAY regarding the Cardinal Flower
22 house ("Hansen's Complaint").

23 74.

24 On or about April 21, 2017, the Association informed Respondent PETERS of
25 Hansen's Complaint. PETERS made a written request to the Association to be provided with
26 an Ethics Advocate to assist with the Association's disciplinary process.

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Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 75.

2 On or about April 21, 2017, Respondent PETERS changed the MLS listing
3 status for the Cardinal Flower house from hold to withdrawn. PETERS failed to change the
4 MLS listing status to cancelled, and failed to ask Respondents TRUE TREASURE or
5 CISCEL-SHUMWAY to cancel the MLS listing. PETERS failed to change the MLS listing to
6 update the fact that he no longer had a "vested interest in property."

7 76.

8 On or about May 10, 2017, Hansen obtained refinancing for the 1st Deed on the
9 Cardinal Flower house.

10 77.

11 On or about August 15, 2017, Respondent PETERS submitted a response to the
12 Association regarding Hansen's Complaint. Portions of PETERS'S response included: "Todd
13 Hansen was an investor only with a second Trust deed with the anticipation of profit, a business
14 transaction only."; "Don Peters has no Real Estate fiduciary obligation in this transaction
15 because it was a private business venture."; "The (HOLD) status was placed on the property
16 because we could not produce clear title to escrow from all encumbrances and demands put on
17 the title by Todd Hansen."; "Ernie Kline was a renter, tentent only with no other affiliation.";
18 "The Bear Creek was my personal residence and was not and investment or flip."; "Mark
19 McKinnon was an in house Real Estate broker and partner and investor in the Gates and Hass
20 investment company."; "As soon as I found out of second Trust Deed foreclosure I withdrew
21 the property see exhibit."; and "This was and investment by me only with Todd as a investor
22 partner, please see partner agreement that Todd and I signed to put the property up for sale and
23 make a profit."

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2 On or about October 24, 2017, a Hearing Panel of the Association (“Hearing
3 Panel”) held a disciplinary hearing regarding Hansen’s Complaint. Hansen, Respondent
4 PETERS, and Respondent LEWIS testified under oath. The Hearing Panel found that PETERS
5 is “in violation of Articles 1, 2, 9, 11, and 12 of the Code of Ethics” and “in violation of
6 Sections 7.11, 8.3, 10.1, and 12.10, and 12.21 of the MLS Rules and Regulations”. The
7 Hearing Panel found that LEWIS is “in violation of Article 11 of the Code of Ethics”. The
8 Hearing Panel found that Respondent CISCEL-SHUMWAY is “in violation of Article 11 of the
9 Code of Ethics” and “in violation of Sections 7.11, 8.3, and 12.10 of the MLS Rules and
10 Regulations”.

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2 On or about December 28, 2017, Respondent PETERS submitted a request for
3 review of the decision and discipline recommended by Hearing Panel regarding Hansen's
4 Complaint. Portions of PETERS'S request for review included: "Ernie Kline has been a friend
5 for years and that was stated in the first hearing, unlicensed contractor, I was told he is licensed
6 in the State of Hawaii and was in the process of the California licensing process and that it
7 would be completed as soon as possible."; "Rented the property to Ernie Kline on short term
8 lease with a 60 day vacate clause to defer costs, when called by and agent on Hold status I
9 explained the situation and if they wanted to make an acceptable offer we needed a 60 day close
10 of escrow. My MLS access is to withdraw only not cancel and did so when I found out about
11 Hansen ownership, see exhibits."; "Hansen could not of financed the property if it was listed on
12 the MLS so I withdrew the listing because it was not my property and didn't want to be in a
13 Real Estate transaction with Hansen."; "In violation of Section 7.11 but when called by an
14 agent I explained the situation and said we needed at least a 60 day close with an excepted
15 offer."; "In violation of Section 10.1 Change of status."; "In violation 12.10 of change of status
16 of the 2 day rule did immediately when I got notification from the County of Riverside of
17 change of ownership to Hansen and his girl friend Nicole Fuller."; "In violation of 12.21 2 day
18 status change but did with notification from the County of Riverside of the change of ownership
19 there was no other way I could of found out."; and "In violation of change of status of none
20 vacancy and not changing status of none ownership."

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22 On or about January 22, 2018, Respondent PETERS resigned from Respondent
23 TRUE TREASURE after Respondent CISCEL-SHUMWAY and Respondent LEWIS gave
24 PETERS an ultimatum to quit or be fired.

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1 81.

2 On or about February 2, 2018, Respondent PETERS withdrew his request for
3 review of the decision and discipline recommended by Hearing Panel regarding Hansen's
4 Complaint.

5 82.

6 On or about March 7, 2018, a Review Panel of the Association's Board of
7 Directors adopted the decision of the Hearing Panel regarding Hansen's Complaint.

8 ACTS AND EVENTS AFTER DISCIPLINE BY ASSOCIATION OF REALTORS

9 83.

10 On or about April 2, 2018, the Department submitted a request to Respondents
11 PETERS, TRUE TREASURE, and CISCEL-SHUMWAY to provide documents related to the
12 Cardinal Flower house.

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2 On or about April 18, 2018, Respondent PETERS submitted a printed letter to
3 the Department. Portions of PETERS'S letter included: "Michael was a licensed contractor in
4 the state of Hawaii where he lived. In moving to the state of California he told me that he was
5 in the process of obtaining his California Contractors license. As we had started the
6 rehabilitation our original thought was to use him for demolition only. But soon found out he
7 was capable of all the rehabilitation that was needed and after confirming with Hanson we
8 decided to maintain his services along with other venders for completion of project."; "Rent
9 receipts. Ernie Kline had just lost his wife of 25 years to Cancer and with that loss needed to
10 sell their residence. Ernie needed a place to live short term before moving to Colorado to be
11 with his son and daughter."; "Please see lease agreement. All rent receipts where given to
12 Mr. Kline and I do not have copies or have knowledge of Mr. Kline's wear bounce to get
13 copies. Time in residence approximately five months. The approximate income from the rents
14 was \$6,500. I used this money to offset some expenses derived from owning the property Todd
15 after foreclosing on the property would not honor the lease agreement."; and "Rent analysis:
16 Rents in that area for a four-bedroom. two bath house were about \$1,800 a month."

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1 85.

2 On or about April 18, 2018, Respondents CISCEL-SHUMWAY and LEWIS
3 submitted a printed email to the Department. CISCEL-SHUMWAY and LEWIS wrote
4 regarding Respondent PETERS'S purchase of the Cardinal Flower house, "This brokerage was
5 aware that mr. Peters had bought this property to fix it up as an investment."
6 CISCEL-SHUMWAY and LEWIS wrote regarding PETERS putting a status of hold in the
7 MLS for the Cardinal Flower house, "One of the mistakes Mr. Peters did was and I don't know
8 why he doesn't know since he is a broker the difference between withdrawn and cancelled. He
9 has had training, experience on the job and has obtained a Brokers license. So this is
10 unacceptable that he did not cancel in a timely manner", and "him stating that he didn't know
11 the difference between withdrawn and cancelled." CISCEL-SHUMWAY and LEWIS wrote
12 regarding PETERS renting the Cardinal Flower house to his friend Kline, "And then he let his
13 friend in as a tenant without telling us."

14 86.

15 The current main office address maintained by Respondent PETERS with the
16 Department is 23905 Clinton Keith Road 114-353, Wildomar, CA 92595. PETERS does not
17 maintain an office at this address nor has PETERS informed the Real Estate Commissioner of
18 any new main office address.

19 87.

20 A May 18, 2018, investigation revealed that Respondent PETERS was not
21 conducting business at the address set forth in Paragraph 86 above.

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1 FIRST CAUSE OF ACTION

2 SUBSTANTIAL MISREPRESENTATION, FALSE PROMISE, CONVERSION, FRAUD

3 88.

4 The conduct, acts, and omissions of Respondent PETERS, as described in
5 Paragraphs 31 through 87 above, constitute cause under Code sections 10176(a), 10176(b),
6 10176(c), 10176(i), and/or 10177(j) for the suspension or revocation of all the licenses and
7 license rights of PETERS.

8 SECOND CAUSE OF ACTION

9 FAILURE TO MAINTAIN A PLACE OF BUSINESS

10 89.

11 The conduct, acts, or omissions of Respondent PETERS as described in
12 Paragraphs 86 and 87 above, in failing to maintain a place of business at the main office
13 address, are in violation Code section 10162 and Regulations section 2715, and constitute cause
14 under Code sections 10165, 10177(d), and/or 10177(g) for the suspension or revocation of all
15 the licenses and license rights of PETERS.

16 THIRD CAUSE OF ACTION

17 USE OF UNLICENSED FICTITIOUS BUSINESS NAME

18 90.

19 The conduct, acts, or omissions of Respondents PETERS, LEWIS, TRUE
20 TREASURE, and CISCEL-SHUMWAY, as described in Paragraphs 48 through 53 above, in
21 using the unlicensed fictitious business names "Realty Executives OTF" and "Realty
22 Executives", are in violation of Code section 10159.5 and Regulations section 2731, and
23 constitute cause under Code sections 10177(d) and/or 10177(g) for the suspension or revocation
24 of all the licenses and license rights of PETERS, LEWIS, TRUE TREASURE, and
25 CISCEL-SHUMWAY.

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Accusation of Donald Eugene Peters, John Clayton Lewis, A True Treasure, Inc., Carla Marie Ciscel-Shumway

1 SIXTH CAUSE OF ACTION

2 FAILURE TO SUPERVISE

3 93.

4 The conduct, acts, or omissions of Respondent CISCEL-SHUMWAY, as
5 described in Paragraphs 31 through 87 above, in failing to ensure compliance of the Real Estate
6 Law by Respondents TRUE TREASURE, PETERS, and LEWIS, are in violation of Code
7 section 10159.2 and Regulations section 2725 and constitute cause under Code
8 sections 10177(d), 10177(g), and/or 10177(h) for the suspension or revocation of all the
9 licenses and license rights of CISCEL-SHUMWAY.

10 94.

11 Code section 10106 provides, in pertinent part, that in any order issued in
12 resolution of a disciplinary proceeding before the Department of Real Estate, the Commissioner
13 may request the administrative law judge to direct a licensee found to have committed a
14 violation of this part to pay a sum not to exceed the reasonable costs of the investigation and
15 enforcement of the case.

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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all the licenses and license rights of Respondents DONALD
4 EUGENE PETERS, JOHN CLAYTON LEWIS, A TRUE TREASURE, INC., and CARLA
5 MARIE CISCEL-SHUMWAY under the Real Estate Law, for the cost of investigation and
6 enforcement as permitted by law, and for such other and further relief as may be proper under
7 other applicable provisions of law.

8
9 Dated at San Diego, California

10 this 22 day of March, 2019

11
12 
13 Veronica Kilpatrick
14 Supervising Special Investigator

15
16 cc: DONALD EUGENE PETERS
17 JOHN CLAYTON LEWIS
18 A TRUE TREASURE, INC.
19 CARLA MARIE CISCEL-SHUMWAY
20 Veronica Kilpatrick
21 Sacto.