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**FILED**

APR 16 2020

DEPT. OF REAL ESTATE  
By John Aguil

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of	)	No. H-41329 LA
	)	
DONALD EUGENE PETERS, doing	)	<u>FIRST AMENDED</u>
business as Equity Growth Properties,	)	<u>ACCUSATION</u>
JOHN CLAYTON LEWIS,	)	
A TRUE TREASURE, INC., doing	)	
business as Monarch Escrow	)	
A Non-Independent Broker Escrow	)	
and Realty Executives Temecula, and	)	
CARLA MARIE CISCEL-SHUMWAY,	)	
doing business as Realty Executives of	)	
the Foothills, individually and as	)	
designated officer of A True Treasure, Inc.,	)	
	)	
Respondents.	)	

1 This First Amended Accusation amends the Accusation filed on  
2 March 25, 2019. The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of  
3 the State of California, for cause of Accusation against DONALD EUGENE PETERS, doing  
4 business as Equity Growth Properties, JOHN CLAYTON LEWIS, A TRUE TREASURE,  
5 INC., doing business as Monarch Escrow A Non-Independent Broker Escrow and Realty  
6 Executives Temecula, and CARLA MARIE CISCEL-SHUMWAY, doing business as Realty  
7 Executives of the Foothills, individually and as designated officer of A True Treasure, Inc.,  
8 (“Respondents”), is informed and alleges as follows:

9 1.

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

14 2.

15 All references to the “Code” are to the California Business and Professions Code  
16 and all references to “Regulations” are to Title 10, Chapter 6, California Code of Regulations.

17 LICENSE HISTORY, RELATIONSHIPS, AND AFFILIATIONS

18 3.

19 Respondent DONALD EUGENE PETERS (“PETERS”) presently has license  
20 rights under the Real Estate Law, Part 1 of Division 4 of the Code as a real estate broker. The  
21 Department issued a real estate broker license to PETERS on January 11, 2017. From  
22 August 3, 1990 to January 10, 2017, PETERS was licensed by the Department as a real estate  
23 salesperson.

24 4.

25 Respondent JOHN CLAYTON LEWIS (“LEWIS”) presently has license rights  
26 as a real estate salesperson.

27 ///

1 5.

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

4 6.

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

7 7.

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

13 8.

14 From March 28, 2014, to March 22, 2016, Respondent PETERS was affiliated  
15 as a salesperson with employing broker Respondent CISCEL-SHUMWAY. From  
16 March 31, 2016, to January 10, 2017, Respondent PETERS was affiliated as a salesperson with  
17 employing broker Respondent TRUE TREASURE. From January 11, 2017, to  
18 January 22, 2018, PETERS was affiliated as a broker associate with employing broker TRUE  
19 TREASURE.

20 9.

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

24 10.

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

27 ///

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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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.

#### FINANCIAL CONDITION 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").

23.1.

On or about February 5, 2011, Respondent PETERS filed for Chapter 7 bankruptcy in the United States Bankruptcy Court, Central District of California, Case No. 6:11-bk-13905-DS. On or about May 24, 2011, PETERS was granted a discharge.

First Amended Accusation of Donald Eugene Peters, et al.

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 and that PETERS filed for bankruptcy and received a discharge.

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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. Under "Section VIII. DECLARATIONS" of the Uniform Residential Loan Application, in response to Question b., to wit, "Have you been declared bankrupt within the past 7 years?", PETERS answered "No" and failed to disclose the bankruptcy and discharge.

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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34.

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

35.

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

36.

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

37.

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

38.

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

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39.

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

40.

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

ACTS AND EVENTS AFTER PURCHASE OF 41165 CARDINAL FLOWER DRIVE

41.

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

42.

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

43.

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

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44.

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

UNSUCCESSFUL SALE OF 41165 CARDINAL FLOWER DRIVE

45.

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

46.

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

47.

On or about July 6, 2016, buyers J. Estevez and R. Estevez submitted an offer to Respondent PETERS purchase the Cardinal Flower house through a signed Residential 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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59.

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

60.

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

61.

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

62.

On or about October 10, 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, and also demanded that Respondent PETERS apply PETERS'S real estate commission to escrow, pay the final judgment and tax lien, and waive unlicensed contractor Baker's demand for payment.

63.

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

///

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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69.

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

70.

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

71.

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

72.

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

PRIOR DISCIPLINE OF RESPONDENTS BY  
SOUTHWEST RIVERSIDE COUNTY ASSOCIATION OF REALTORS

73.

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

74.

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

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75.

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

76.

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

77.

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

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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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 vendors 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 were 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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85.

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

86.

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

87.

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

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FIRST CAUSE OF ACTION

SUBSTANTIAL MISREPRESENTATION, FALSE PROMISE, CONVERSION, FRAUD

88.

The conduct, acts, and omissions of Respondent PETERS, as described in Paragraphs 22 through 87 above, constitute cause under Code sections 10176(a), 10176(b), 10176(c), 10176(i), and/or 10177(j) for the suspension or revocation of all the licenses and license rights of PETERS.

SECOND CAUSE OF ACTION

FAILURE TO MAINTAIN A PLACE OF BUSINESS

89.

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

THIRD CAUSE OF ACTION

USE OF UNLICENSED FICTITIOUS BUSINESS NAME

90.

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

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1   FOURTH CAUSE OF ACTION

2                             FAILURE TO DISCLOSE REAL ESTATE IDENTIFICATION NUMBER

3   91.

4                     The conduct, acts, or omissions of Respondents PETERS and TRUE  
5 TREASURE, as described in Paragraphs 45 through 63 above, in not disclosing TRUE  
6 TREASURE'S real estate identification number on solicitation materials intended to be the first  
7 point of contact with consumers, including, but not limited to, the MLS listing for the Cardinal  
8 Flower house, the Residential Purchase Agreements for the Cardinal Flower house, and the Sale  
9 Escrow Instructions the Cardinal Flower house, are in violation of Code section 10140.6 and  
10 Regulations section 2773, and constitute cause under Code sections 10177(d) and/or 10177(g)  
11 for the suspension or revocation of all the licenses and license rights of PETERS and TRUE  
12 TREASURE.

13   FIFTH CAUSE OF ACTION

14                     WILLFUL DISREGARD OR VIOLATION OF THE REAL ESTATE LAW,  
15   NEGLIGENCE OR INCOMPETENCE

16   92.

17                     The conduct, acts, and omissions of Respondent PETERS, as described in  
18 Paragraphs 22 through 87 above, constitute cause under Code sections 10177(d) and/or  
19 10177(g) for the suspension or revocation of all the licenses and license rights of PETERS.

20   SIXTH CAUSE OF ACTION

21                     SUBSTANTIAL MISREPRESENTATION, FALSE PROMISE, FRAUD

22   93.

23                     The conduct, acts, and omissions of Respondent LEWIS, as described in  
24 Paragraphs 27 through 36, 42 and 43, and 83 through 85, above, constitute cause under Code  
25 sections 10176(a), 10176(b), 10176(i), 10177(d), 10177(g), and/or 10177(j) for the suspension  
26 or revocation of all the licenses and license rights of LEWIS.

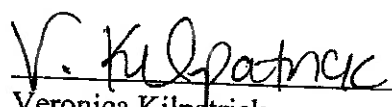
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all the licenses and license rights of Respondents DONALD EUGENE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

Dated at San Diego, California  
this 14 day of April, 2020

  
Veronica Kilpatrick  
Supervising Special Investigator

cc: DONALD EUGENE PETERS  
JOHN CLAYTON LEWIS  
A TRUE TREASURE, INC.  
CARLA MARIE CISCEL-SHUMWAY  
Veronica Kilpatrick  
Sacto.