Title 10, Chapter 6, California Code of Regulations.

2. Respondents are licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

Statement of Facts

Licenses

- 3. On April 14, 2016, the Department issued a real estate corporation license to Respondent BE COMMERCIAL REAL ESTATE, INC. ("BECREI"), License ID 01998339.
- 4. Respondent BECREI's license expired on April 13, 2020. Respondent BECREI has renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.
- 5. On or about November 13, 1981, the Department issued a real estate broker license to L T BUTLER ("Butler"), License ID 00561437.
 - 6. Butler is deceased. Butler passed away on April 4, 2019.
- 7. On April 7, 2008, the Department issued a real estate broker license to Respondent STACY LA VANCE MEADOWS ("MEADOWS"), License ID 01185059.
- 8. From April 14, 2016, through April 13, 2020, Respondent BECREI was licensed by the Department as a corporate real estate broker, by and through Respondent MEADOWS, as designated officer-broker of Respondent BECREI to qualify said corporation and to act for said corporation as a real estate broker.
- 9. From April 14, 2016, through April 13, 2020, MEADOWS was the designated officer-broker for Respondent BECREI, pursuant to section 10211 of the Code. As said designated officer-broker, MEADOWS was, at all times mentioned herein, responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of Respondent BECREI for which a license is required.

10. Whenever reference is made in an allegation in this Accusation to an act or omission of Respondent BECREI, such allegation shall be deemed to mean that the officers, directors, employees, agents and/or real estate licensees employed by or associated with Respondent BECREI committed such act or omission while engaged in the furtherance of the business or operations of such corporate respondent and while acting within the course and scope of their authority and employment.

Prior Discipline

11. On or about August 5, 1998, the Department filed an Accusation against Butler in Department Case No. H-27777 LA. On January 25, 1999, the Department revoked Butler's real estate broker license in Case No. H-27777 LA.

Corporation Status

- 12. BECREI is a corporation formed in California, on or about August 13, 2015, California Corporate Number C3816525. According to the California Secretary of State, Butler was the sole officer and director of BECREI.
- 13. On January 2, 2018, the California Franchise Tax Board suspended the entity's powers, rights, and privileges pursuant to the provisions of the California Revenue and Taxation Code. BECREI's powers, rights, and privileges remain suspended with the California Secretary of State.

In Aggravation

14. On December 15, 2015, the Department received a Corporation License

Application submitted by MEADOWS on behalf of BECREI. MEADOWS claimed to be the

Vice-President for BECREI. In "Section III-Regulation 2746" of BECREI's Corporation

License Application, MEADOWS certified that a Corporation Background Statement was not

needed for any officers or persons owning or controlling more than ten percent of the

corporation shares. MEADOWS failed to provide a Corporation Background Statement for Butler, BECREI's owner and officer, and thereby, MEADOWS failed to disclose the prior revocation of Butler's real estate broker license.

- 15. On or about July 30, 2018, MEADOWS submitted a Corporation Change Application on behalf of BECREI to the Department for change of the corporation's main and mailing address. MEADOWS failed to notify the Department of the suspension of BECREI's corporation status with the California Secretary of State.
- 16. The Department received a complaint from W.C. and M.C. ² concerning the purchase of real property located at 27400 Tinkers Valley Dr., in Solon, Ohio. The complaint alleged fraud or dishonest dealings by Butler and BECREI in 2017 through 2019. In response to an inquiry from a Special Investigator for the Department regarding the complaint, MEADOWS stated, "L T Butler was the owner of the company. I never knew what [he] was doing with [his] company..." MEADOWS claimed to have no knowledge of the out-of-state transaction.

Causes of Accusation

- 17. The suspension of Respondent BECREI is in violation of Regulation 2742, subdivision (c) and constitutes grounds to suspend or revoke Respondent BECREI's corporate real estate broker license pursuant to Code section 10177, subdivisions (d) and/or (g).
- 18. Said corporate suspension would have constituted grounds for the denial of Respondent's corporate real estate broker license under Regulation section 2742 of Chapter 6, Title 10, California Code of Regulations and is now cause to suspend or revoke the license and license rights of Respondent BECREI pursuant to Code section 10177, subdivision (f).

² Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

19. The conduct, acts and/or omissions of Respondent MEADOWS in failing to adequately supervise the activities of Respondent BECREI is in violation of Section 10159.2 of the Code and constitutes grounds to suspend or revoke the license and/or license rights of Respondent MEADOWS pursuant to Code section 10177, subdivisions (h), (d) and/or (g).

Investigation and Enforcement Costs

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

Statutory Provisions

- 21. <u>Regulation 2742</u> provides:
- "Regulation 2742. Certificate of Status, Qualification or Good Standing.
- (a) An applicant for an original broker license for a domestic corporation shall submit with the application, a Certificate of Status (Domestic Corporation) executed by the California Secretary of State not earlier than 30 days before the date of mailing or delivering the application to the headquarters office of the Bureau. However, if the applicant is a domestic corporation which filed its original Articles of Incorporation not earlier than six (6) months before the date of mailing or delivering the application to the headquarters office of the Bureau, Articles of Incorporation executed by the California Secretary of State may be submitted instead of a Certificate of Status.
- (b) An applicant for an original broker license for a foreign corporation shall submit with the application, a Certificate of Qualification or a Certificate of Good Standing (Foreign