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FILED

NOV 29 2022

DEPT. OF REAL ESTATE
By *JL To*

9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation against

No. H-42398 LA

13 ESTES REAL ESTATE INC.;

ACCUSATION

14 CORNELIS OOSTERBAAN, as designated
15 officer of Estes Real Estate Inc.;

16 and

17 NORMA CATALINA NICKOL,

18 Respondents.

19 The Complainant, Veronica Kilpatrick, acting in her official capacity as a
20 Supervising Special Investigator of the State of California, for cause of Accusation against
21 ESTES REAL ESTATE INC. (EREI), CORNELIS OOSTERBAAN (OOSTERBAAN), and
22 NORMA CATALINA NICKOL (NICKOL) (collectively, "Respondents"), is informed and
23 alleges as follows:

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1. 1

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

5 **DEPARTMENT OF REAL ESTATE LICENSE HISTORY**

6 **ESTES REAL ESTATE INC.**

7 **(EREI)**

8 2.

9 Respondent EREI is presently licensed and/or has license rights under the Real
10 Estate Law (Part 1 of Division 4 of the Code) as a real estate broker (corporation) (REC),
11 Department of Real Estate (DRE) license ID 01269543.

12 3.

13 According to DRE records to date and publicly accessible online at
14 https://www2.dre.ca.gov/PublicASP/pplinfo.asp?License_id=01269543:

- 15 A. EREI was originally licensed by the DRE on or about October 28, 1999;
16 B. its mailing and main address of record on file with the DRE are the same:
17 31900 Mission Trail #220, Lake Elsinore, CA 92530 (Mission Trail
18 address);
19 C. it currently has one real estate salesperson (RES) affiliated with its license,
20 NORMA CATALINA NICKOL; and
21 D. it has no DBAs or branch offices.

22 4.

23 According to DRE records to date and publicly accessible online, CORNELIS
24 OOSTERBAAN is EREI's designated officer of record (D.O.) until his officer expiration date
25 of October 27, 2023.

5.

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2 According to DRE records to date and publicly accessible online, EREI's
3 DRE license will expire on October 27, 2023. Upon license expiration: pursuant to Code
4 Section 10201, Respondent retains renewal rights and pursuant to Code Section 10103, the
5 DRE retains jurisdiction.

6
7 **CORNELIS OOSTERBAAN**

8 **(OOSTERBAAN)**

9
10 6.

11 Respondent OOSTERBAAN is presently licensed and/or has license rights
12 under the Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker (REB),
13 DRE license ID 00918838.

14
15 7.

16 According to DRE records to date and publicly accessible online at
17 https://www2.dre.ca.gov/publicasp/pplinfo.asp?License_id=00918838:

- 18 A. OOSTERBAAN was originally licensed by the DRE as a RES on or about
19 March 21, 1986 and as a REB on or about May 5, 2000;
20 B. his mailing and main address of record on file with the DRE are the same:
21 27701 Murrieta Rd., #203, Sun City, CA 92586 (Murrieta Rd. address);
22 C. he currently has one RES affiliated with his license, Terry Allen Powell
23 (DRE license ID 01260099); and
24 D. he currently has one DBA for America West Realty (active as of May 5,
25 2000) and no branch offices.

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According to DRE records to date and publicly accessible online,
OOSTERBAAN is EREI's D.O. until his officer expiration date of October 27, 2023.

9.

According to DRE records to date and publicly accessible online,
OOSTERBAAN's DRE license will expire on May 4, 2024. Upon license expiration: pursuant
to Code Section 10201, Respondent retains renewal rights and pursuant to Code Section
10103, the DRE retains jurisdiction.

NORMA CATALINA NICKOL

(NICKOL)

10.

Respondent NICKOL is presently licensed and/or has license rights under the
Real Estate Law (Part 1 of Division 4 of the Code) as a RES, DRE license ID 012527774.

11.

According to DRE records to date and publicly accessible online at
https://www2.dre.ca.gov/publicasp/pplinfo.asp?License_id=01252774:

- A. NICKOL was originally licensed by the DRE on or about January 23, 1999;
- B. her mailing address of record P.O. Box 1015, Wildomar, CA 92595
(Wildomar address); and
- C. her DRE license is affiliated with EREI as her responsible REB.

12.

According to DRE records to date and publicly accessible online, NICKOL's
DRE license will expire on January 22, 2023. Upon license expiration: pursuant to Code

1 Section 10201, Respondent retains renewal rights and pursuant to Code Section 10103, the
2 DRE retains jurisdiction.

3 REAL ESTATE ACTIVITIES CONDUCTED BY EREI

4 13.

5 At all times mentioned, in the State of California, EREI, under the
6 supervision of D.O. OOSTERBAAN, performed licensed activities within the meaning of
7 Code Section 10131¹ and conducted property management activities, which require a real
8 estate license, including, but not limited to activities performed by EREI's RES, employees
9 and agents.

10 APPLICABLE SECTIONS OF THE REAL ESTATE LAW

11 Disclosure of Licensed Status in Advertising

12 (Code Section 10140.6 and Regulation 2773)

13 14.

14 Pursuant to Code Section 10140.6 *Disclosure of Licensed Status in Advertising*:

15 “(a) A real estate licensee shall not publish, circulate, distribute, or cause to be
16 published, circulated, or distributed in any newspaper or periodical, or by mail, any matter
17 pertaining to any activity for which a real estate license is required that does not contain a
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19 ¹ Pursuant to Code Section 10131 *Broker Defined*: “A real estate broker within this meaning of this part is a
20 person who, for a compensation or in expectation of a compensation, regardless of the form or time of payment,
21 does or negotiates to do one or more of the following acts for another or others: (a) Sells or offers to sell, buys or
22 offers to buy, solicits prospective sellers or purchasers of, solicits or obtains listings of, or negotiates the purchase,
23 sale or exchange of real property or a business opportunity. (b) Leases or rents or offers to lease or rent, or places
24 for rent, or solicits listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase or
25 exchanges of leases on real property, or on a business opportunity, or collects rents from real property, or
26 improvements thereon, or from business opportunities. (c) Assists or offers to assist in filing an application for the
27 purchase or lease of, or in locating or entering upon, lands owned by the state or federal government. (d) Solicits
borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or
note owners in connection with loans secured directly or collaterally by liens on real property or on a business
opportunity. (e) Sells or offers to sell, buys or offers to buy, or exchanges or offers to exchange a real property
sales contract, or a promissory note secured directly or collaterally by a lien on real property or on a business
opportunity, and performs services for the holders thereof.”

1 designation disclosing that he or she is performing acts for which a real estate license is
2 required.

3 (b)(1) A real estate licensee shall disclose his or her name, license identification
4 number and unique identifier assigned to that licensee by the Nationwide
5 Mortgage Licensing System and Registry, if that licensee is a mortgage loan
6 originator, and responsible broker's identity, as defined in Section 10015.4, on
7 all solicitation materials intended to be the first point of contact with consumers
8 and on real property purchase agreements when acting in a manner that requires
9 a real estate license or mortgage loan originator license endorsement in those
10 transactions. The commissioner may adopt regulations identifying the materials
11 in which a licensee must disclose a license identification number and unique
12 identifier assigned to that licensee by the Nationwide Mortgage Licensing
13 System and Registry, and responsible broker's identity.

14 (2) For purposes of this section, "solicitation materials" include business
15 cards, stationery, advertising flyers, advertisements on television, in print, or
16 electronic media, "for sale," rent, lease, "open house," and directional signs, and
17 other materials designed to solicit the creation of a professional relationship
18 between the licensee and a consumer.

19 (3) Nothing in this section shall be construed to limit or change the
20 requirement described in Section 10236.4 as applicable to real estate brokers.

21 (c) This section shall not apply to "for sale," rent, lease, "open house," and
22 directional signs that do either of the following:

23 (1) Display the responsible broker's identity, as defined in Section 10015.4,
24 without reference to an associate broker or licensee.

25 (2) Display no license identification information.
26

1 (d) "Mortgage loan originator," "unique identifier," and "Nationwide Mortgage
2 Licensing System and Registry" have the meanings set forth in Section 10166.01.

3 (e) This section shall become operative on January 1, 2018."

4 15.

5 Pursuant to Regulation 2773 *Disclosure of License Identification Number on*
6 *Solicitation Materials – First Point of Contact with Consumers:*

7 "(a) A real estate broker or salesperson, when engaging in acts for which a
8 license is required, shall disclose its, his or her eight (8) digit real estate license identification
9 number on all solicitation materials intended to be the first point of contact with consumers. If
10 the name of more than one licensee appears in the solicitation, the license identification
11 number of each licensee shall be disclosed. The license numbers of employing brokers or
12 corporate brokers whose names or logos or trademarks appear on solicitation materials along
13 with the names and license numbers of licensed employees or broker associates do not need to
14 appear on those materials. Solicitation materials intended to be the first point of contact with
15 consumers, and in which a licensee must disclose a license identification number, include the
16 following:

- 17 (1) Business cards;
18 (2) Stationery;
19 (3) Websites owned, controlled, and/or maintained by the soliciting real
20 estate licensee;
21 (4) Promotional and advertising fliers, brochures, email and regular
22 mail, leaflets, and any marketing or promotional materials designed
23 to solicit the creation of a professional relationship between the
24 licensee and a consumer, or which is intended to incentivize, induce
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or entice a consumer to contact the licensee about any service for which a license is required;

(5) Advertisements in electronic media (including, without limitation, radio, cinema and television ads, and the opening section of streaming video and audio);

(6) Print advertising in any newspaper or periodical; and

(7) "For Sale" signs placed on or around a property intended to alert the public the property is available for lease, purchase or trade."

(b) No license identification number is required where a "for sale," for rent," "for lease," "open house," or directional sign has no name, trademark, or other branding of a real estate licensee, or where the only licensee identified is a responsible broker as defined in Business and Professions Code Section 10015.4.

(c) "Advertisements in electronic media" that constitute a first point of contact solicitation are those advertisements that a licensee purchases or directly places on an electronic platform, where the licensee controls the content and presentation of the advertisement, and which include information that is intended to enable consumers to directly contact the licensee. Instances where another party controls the content and visual presentation of the licensee's information on a platform are excluded from "advertisements in electronic media," except where the licensee subsequently adopts the content and presentation of the content by distributing or forwarding the advertisement to a consumer."

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1 Trust Fund Handling/When Broker Handles Escrow

2 (Code Section 10145 and Regulations 2831; 2831.1; 2831.2; 2832; 2832.1; and 2834)

3 16.

4 Pursuant to Code Section 10145 *Handling of Trust Funds* (selected portions):

5 “(a)(1): A real estate broker who accepts funds belonging to others in
6 connection with a transaction subject to this part shall deposit all those funds that are not
7 immediately placed into a neutral escrow depository or into the hands of the broker’s principal,
8 into a trust fund account maintained by the broker in a bank or recognized depository in this
9 state. All funds deposited by the broker in a trust account shall be maintained there until
10 disbursed by the broker in accordance with instructions from the person entitled to the funds.

11 (2) Withdrawals may be made from a trust fund account of an individual
12 broker only upon the signature of that broker, or in the case of a corporate broker, only upon
13 the signature of an officer through whom the corporation is licensed pursuant to Section 10158
14 or 10211, or one, or more, of the following persons if specifically authorized in writing by the
15 individual broker or officer:

16 (A) A real estate salesperson licensed to the broker.

17 (B) Another broker acting pursuant to a written agreement with the
18 individual broker that conforms to the requirements of this part and any
19 regulations promulgated pursuant to this part.

20 (C) An unlicensed employee of the individual broker, if the broker has
21 fidelity bond coverage equal to at least the maximum amount of the trust
22 funds to which the unlicensed employee has access at any time. For
23 purposes of this section, bonds providing coverage may be written with
24 a deductible of up to 5 percent of the coverage amount. For bonds with
25 a deductible, the employing broker shall have evidence of financial
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1 responsibility that is sufficient to protect members of the public against
2 a loss subject to the deductible amount.

3 Evidence of financial responsibility shall include one or more of the
4 following:

5 (i) Separate fidelity bond coverage adequate to cover the amount
6 of the fidelity bond deductible.

7 (ii) A cash deposit held in a separate account, apart from other
8 funds of the broker, the broker's employees, or the broker's
9 principals, in a bank or recognized depository in this state
10 adequate to cover the amount of the fidelity bond deductible and
11 held exclusively and solely for the purpose of paying the fidelity
12 bond deductible amount.

13 (iii) Any other evidence of financial responsibility approved by
14 the commissioner.

15 (3) An arrangement under which a person enumerated in subparagraph
16 (A),(B), or (C) of paragraph (2) is authorized to make withdrawals from a trust fund account of
17 a broker shall not relieve an individual broker, nor the broker-officer of a corporate broker
18 licensee, from responsibility or liability as provided by law in handling trust funds in the
19 broker's custody.

20 ...
21 (4)(b) A real estate broker acting as a principal pursuant to Section 10131.1²
22 shall place all funds received from others for the purchase of real property sales contracts or
23

24 ² Pursuant to Code Section 10131.1 *Broker Definition Continued – Buying/Selling Notes, etc.*:“(a) A real state
25 broker within the meaning of this part is also a person who engages as a principal in the business of making loans
26 or buying from, selling to, or exchanging with the public, real property sales contracts or promissory notes secured
27 directly or collaterally by liens on real property...”

1 promissory notes secured directly or collaterally by liens on real property in a neutral escrow
2 depository unless delivery of the contract or notes is made simultaneously with the receipt of
3 the purchase funds.

4
5 (4)(g) The broker shall maintain a separate record of the receipt and disposition
6 of all funds described in subdivisions (a) and (b), including any interest earned on the funds...”

7 17.

8 Pursuant to Regulation 2831 *Trust Fund Records To Be Maintained*:

9 “(a) Every broker shall keep a record of all trust funds received, including
10 uncashed checks held pursuant to instructions of his or her principal. This record, including
11 records maintained under an automated data processing system, shall set forth in chronological
12 sequence the following information in columnar form:

13 (1) Date trust funds received.

14 (2) From whom trust funds received.

15 (3) Amount received.

16 (4) With respect to funds deposited in an account, date of said deposit.

17 (5) With respect to trust funds previously deposited to an account, check
18 number and date of related disbursement.

19 (6) With respect to trust funds not deposited in an account, identity of other
20 depository and date funds were forwarded.

21 (7) Daily balance of said account.

22 (b) For each bank account which contains trust funds, a record of all trust funds
23 received and disbursed shall be maintained in accordance with subdivision (a) or (c).

24 (c) Maintenance of journals of account cash receipts and disbursements, or
25 similar records, or automated data processing systems, including computer systems and
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1 electronic storage and manipulation of information and documents, in accordance with
2 generally accepted accounting principles, shall constitute compliance with subdivision (a)
3 provided that such journals, records, or systems contain the elements required by subdivision
4 (a) and that such elements are maintained in a format that will readily enable tracing and
5 reconciliation in accordance with Section 2831.2.

6 (d) Nothing in this section shall be construed to permit a violation of Section
7 10145 of the Code.

8 (e) A broker is not required to keep records pursuant to this section of checks
9 which are written by a principal, given to the broker and made payable to third parties for the
10 provision of services, including but not limited to escrow, credit and appraisal services, when
11 the total amount of such checks for any transaction from that principal does not exceed \$1,000.
12 Upon request of the Department or the maker of such checks, a broker shall account for the
13 receipt and distribution of such checks. A broker shall retain for three years copies of receipts
14 issued or obtained in connection with the receipt and distribution of such checks.”

15 18.

16 Pursuant to Regulation 2831.1 *Separate Record for Each Beneficiary or*
17 *Transaction:*

18 “(a) A broker shall keep a separate record for each beneficiary or transaction,
19 accounting for all funds which have been deposited to the broker’s trust bank account and
20 interest, if any, earned on the funds on deposit. The record shall include information sufficient
21 to identify the transaction and the parties to the transaction. Each record shall set forth in
22 chronological sequence the following information in columnar form:

23 (1) Date of deposit.

24 (2) Amount of deposit.

25 (3) Date of each related disbursement.

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(4) Check number of each related disbursement.

(5) Amount of each related disbursement.

(6) If applicable, dates and amounts of interest earned and credited to the account.

(7) Balance after posting transactions on any date.

(b) Maintenance of trust ledgers of separate beneficiaries or transactions, or similar records, or automated data processing systems, including computer systems and electronic storage and manipulation of information and documents, in accordance with generally accepted accounting principles will constitute compliance with subdivision (a), provided that such ledgers, records, or systems contain the elements required by subdivision (a) and that such elements are maintained in a format that will readily enable tracing and reconciliation in accordance with Section 2831.2.”

19.

Pursuant to Regulation 2831.2 *Trust Account Reconciliation*:

“The balance of all separate beneficiary or transaction records maintained pursuant to the provisions of Section 2831.1 must be reconciled with the record of all trust funds received and disbursed required by Section 2831, at least once a month, except in those months when the bank account did not have any activities. A record of the reconciliation must be maintained, and it must identify the bank account name and number, the date of the reconciliation, the account number or name of the principals or beneficiaries or transactions, and the trust fund liabilities of the broker to each of the principals, beneficiaries or transactions.”

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Pursuant to Regulation 2832 *Trust Fund Handling*:

“(a) Compliance with Section 10145 of the Code requires that the broker place funds accepted on behalf of another into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious name, as trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker’s salesperson.

(b) Except as expressly provided by subdivision (d) of Section 10145 of the Code or by a regulation in this article, the account into which the trust funds are deposited shall not be an interest-bearing account for which prior written notice can by law or regulation be required by the financial institution as a condition to the withdrawal of funds.

(c) A check received from the offeror may be held uncashed by the broker until acceptance of the offer if

(1) the check by its terms is not negotiable by the broker or if the offeror has given written instructions that the check shall not be deposited nor cashed until acceptance of the offer and

(2) the offeree is informed that the check is being so held before or at the time the offer is presented for acceptance.

(d) In these circumstances if the offeror’s check was held by the broker in accordance with subdivision (c) until acceptance of the offer, the check shall be placed into a neutral escrow depository or the trust fund account, or into the hands of the offeree if offeror and offeree expressly so provide in writing, not later than three business days following acceptance of the offer unless the broker receives written authorization from the offerree to continue to hold the check.

1 (e) Notwithstanding the provisions of subdivisions (a) and (d), a real estate
2 broker who is not licensed under the Escrow Law (Section 17000, et seq., of the Financial
3 Code) when acting in the capacity of an escrow holder in a real estate purchase and sale,
4 exchange or loan transaction in which the broker is performing acts for which a real estate
5 license is required shall place all funds accepted on behalf of another into the hands of the
6 owner of the funds, into a neutral escrow depository or into a trust fund account in the name of
7 the broker, or in a fictitious name if the broker is the holder of a license bearing such fictitious
8 name, as trustee at a bank or other financial institution not later than the next business day
9 following receipt of the funds by the broker or by the broker's salesperson."

10 21.

11 Pursuant to Regulation 2832.1 *Trust Fund Handling for Multiple Beneficiaries:*

12 "The written consent of every principal who is an owner of the funds in the
13 account shall be obtained by a real estate broker prior to each disbursement if such a
14 disbursement will reduce the balance of funds in the account to an amount less than the
15 existing aggregate trust fund liability of the broker to all owners of the funds."

16 22.

17 Pursuant to Regulation 2834 *Trust Account Withdrawals:*

18 "(a) Withdrawals may be made from a trust fund account of an individual
19 broker only upon the signature of the broker or one or more of the following persons if
20 specifically authorized in writing by the broker:

21 (1) a salesperson licensed to the broker.

22 (2) a person licensed as a broker who has entered into a written
23 agreement pursuant to Section 2726 with the broker.

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1 broker's license or deny renewal of the broker's license. The suspension or denial shall remain
2 in effect until the cost is paid or until the broker's right to renew a license has expired.

3 (d) The commissioner may maintain an action for the recovery of the cost of an
4 audit in any court of competent jurisdiction. In determining the cost incurred by the
5 commissioner for an audit, the commissioner may use the estimated average hourly cost for all
6 persons performing audits of real estate brokers.

7 (e) The bureau may suspend or revoke the license of any real estate broker, real
8 estate salesperson, or corporation licensed as a real estate broker, if the real estate broker, real
9 estate salesperson, or any director, officer, employee, or agent of the corporation licensed as a
10 real estate broker knowingly destroys, alters, conceals, mutilates, or falsifies any of the books,
11 papers, writings, documents, or tangible objects that are required to be maintained by this
12 section or that have been sought in connection with an investigation, audit, or examination of a
13 real estate licensee by the commissioner.”

14 **Broker Supervision**

15 **(Code Section 10159.2 and Regulation 2725)**

16 24.

17 Pursuant to Code Section 10159.2 *Responsibility of Corporate Officer in*
18 *Charge:*

19 “(a) The officer designated by a corporate broker licensee pursuant to Section
20 10211 shall be responsible for the supervision and control of the activities conducted on behalf
21 of the corporation by its officers and employees as necessary to secure full compliance with the
22 provisions of this division, including the supervision of salespersons licensed to the
23 corporation in the performance of acts for which a real estate license is required.

24 (b) A corporate broker licensee that has procured additional licenses in
25 accordance with Section 10158 through officers other than the officer designated pursuant to
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1 Section 10211 may, by appropriate resolution of its board of directors, assign supervisory
2 responsibility over salespersons licensed to the corporation to its broker-officers.

3 (c) A certified copy of any resolution of the board of directors assigning
4 supervisory responsibility over real estate salespersons licensed to the corporation shall be filed
5 with the Real Estate Commissioner within five days after the adoption or modification
6 thereof.”

7 25.

8 Pursuant to Regulation 2725 *Broker Supervision*:

9 “A broker shall exercise reasonable supervision over the activities of his or her
10 salespersons. Reasonable supervision includes, as appropriate, the establishment of policies,
11 rules, procedures and systems to review, oversee, inspect and manage:

12 (a) Transactions requiring a real estate license.

13 (b) Documents which may have a material effect upon the rights or obligations
14 of a party to the transaction.

15 (c) Filing, storage and maintenance of such documents.

16 (d) The handling of trust funds.

17 (e) Advertising of any service for which a license is required.

18 (f) Familiarizing salespersons with the requirements of federal and state laws
19 relating to the prohibition of discrimination.

20 (g) Regular and consistent reports of licensed activities of salespersons.

21 The form and extent of such policies, rules, procedures and systems shall take into
22 consideration the number of salespersons employed and the number and location of branch
23 offices. A broker shall establish a system for monitoring compliance with such policies, rules,
24 procedures and systems. A broker may use the services of brokers and salespersons to assist in
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1 administering the provisions of this section so long as the broker does not relinquish overall
2 responsibility for supervision of the acts of salespersons licensed to the broker.”

3 26.

4 **False or Fictitious Business Name**

5 **(Code Section 10159.5 and Regulation 2731(a) in conjunction with Code Section 10130)**

6 Pursuant to Code Section 10159.5(a)(1) *Fictitious Name*:

7 “Every person applying for a license under this chapter who desires to have the
8 license issued under a fictitious business name shall file with his or her application a certified
9 copy of his or her fictitious business name statement filed with the county clerk pursuant to
10 Chapter 5 (commencing with Section 17900) of Part 3 of Division 7.”

11 27.

12 Pursuant to Regulation 2731(a) *Use of False or Fictitious Name*:

13 “A licensee shall not use a fictitious name in the conduct of any activity for
14 which a license is required under the Real Estate Law unless the licensee is the holder of a
15 license bearing the fictitious business name.”

16 28.

17 Pursuant to Code Section 10130 *License Required*:

18 “It is unlawful for any person to engage in the business of, act in the capacity of,
19 advertise as, or assume to act as a real estate broker or a real estate salesperson within this state
20 without first obtaining a real estate license from the department, or to engage in the business
21 of, act in the capacity of, advertise as, or assume to act as a mortgage loan originator within
22 this state without having obtained a license endorsement. The commissioner may prefer a
23 complaint for violation of this section before any court of competent jurisdiction, and the
24 commissioner and his or her counsel, deputies, or assistants, may assist in presenting the law or
25 facts at the trial. Prosecution of Violations: It is the duty of the district attorney of each

1 county in this state to prosecute all violations of this section in their respective counties in
2 which the violations occur.”

3 **Place of Business: Contact Information**
4 **(Code Section 10162 and Regulation 2715)**

5 29.

6 Pursuant to Code Section 10162 *Place of Business: Contact Information:*

7 “(a) Every licensed real estate broker shall have and maintain a definite place of
8 business in the State of California that serves as his or her office for the transaction of
9 business. This office shall be the place where his or her license is displayed and where personal
10 consultations with clients are held.

11 (b) A real estate license does not authorize the licensee to do business except
12 from the location stipulated in the real estate license as issued or as altered pursuant to Section
13 10161.8.

14 (c) (1) Every real estate broker and salesperson licensee shall provide to the
15 commissioner his or her current office or mailing address, a current telephone number, and a
16 current electronic mail address that he or she maintains or uses to perform any activity that
17 requires a real estate license, at which the bureau may contact the licensee.

18 (2) Every real estate broker and salesperson licensee shall inform the
19 commissioner of any change to his or her office or mailing address, telephone number, or
20 electronic mail address no later than 30 days after making the change.

21 (d) Notwithstanding Section 10185, a violation of this section is not a
22 misdemeanor.”

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Pursuant to Regulation 2715 *Business and Mailing Addresses of Licensees*:

“Every broker, except a broker acting in the capacity of a salesperson to another broker under written agreement, shall maintain on file with the commissioner the address of his principal place of business for brokerage activities, the address of each branch business office and his current mailing address, if different from the business address. Every broker who is acting in the capacity of a salesperson to another broker under written agreement shall maintain on file with the commissioner the address of the business location where he expects to conduct most of the activities for which a license is required and his current mailing address.

A real estate salesperson shall maintain on file with the commissioner his current mailing address, and when applicable, the address of the principal business office of the broker to whom the salesperson is at the time licensed. Whenever there is a change in the location or address of the principal place of business or of a branch office of a broker, he shall notify the commissioner thereof not later than the next business day following the change. This section shall apply to the holder of a real estate license who fails to renew it prior to the period for which it was issued and who is otherwise qualified for such license as set forth in Section 10201 of the Code.”

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1 **Broker-Salesman Relationship Agreements**

2 **(Regulation 2726)**

3 31.

4 Pursuant to Regulation 2726 *Broker-Salesman Relationship Agreements*:

5 “Every real estate broker shall have a written agreement with each of his
6 salesmen, whether licensed as a salesman or as a broker under a broker-salesman agreement.
7 The agreement shall be dated and signed by the parties and shall cover material aspects of the
8 relationship between the parties, including supervision of licensed activities, duties and
9 compensation.”

10 **Broker Officers**

11 **(Regulation 2740)**

12 32.

13 Pursuant to Regulation 2740 *Broker Officers*:

14 “No acts for which a real estate license is required may be performed for, or in
15 the name of, a corporation when there is no officer of the corporation licensed under Section
16 10158³ or 10211⁴.”

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19 _____
20 ³ Pursuant to Code Section 10158 *Corporation License – Additional Licensees*: “When a real estate license is
21 issued to a corporation, if it desires any of its officers other than the officer designated by it pursuant to Section
22 10211, to act under its license as a real estate broker, it shall procure an additional license to retain each of those
23 additional officers. In the event of death or incapacity of a sole designated broker-officer, a corporation may
24 operate as a licensee without interruption under its existing license if notice of the death or incapacity and an
25 application for a new designated officer is filed with the department before midnight of the 10th business day after
26 the event.”

23 ⁴ Pursuant to Code Section 10211 *Corporation License – Fee for Additional Officer(s)*: “If the licensee is a
24 corporation, the license issued to it entitles one officer thereof, on behalf of the corporation, to engage in the
25 business of real estate broker without the payment of any further fee, such officer to be designated in the
26 application of the corporation for a license. For each officer other than the officer so designated, through whom it
27 engages in the business of real estate broker, the appropriate original or renewal fee is to be paid in addition to the
fee paid by the corporation.”

1 (g) The claiming or taking by a licensee of any secret or undisclosed amount of
2 compensation, commission, or profit or the failure of a licensee to reveal to
3 the buyer or seller contracting with the licensee the full amount of the
4 licensee's compensation, commission, or profit under any agreement
5 authorizing the licensee to do any acts for which a license is required under
6 this chapter for compensation or commission prior to or coincident with the
7 signing of an agreement evidencing the meeting of the minds of the
8 contracting parties, regardless of the form of the agreement, whether
9 evidenced by documents in an escrow or by any other or different
10 procedure.

11 (h) The use by a licensee of any provision, which allows the licensee an option
12 to purchase, in an agreement with a buyer or seller that authorizes the
13 licensee to sell, buy, or exchange real estate or a business opportunity for
14 compensation or commission, except when the licensee, prior to or
15 coincident with election to exercise the option to purchase, reveals in
16 writing to the buyer or seller the full amount of the licensee's profit and
17 obtains the written consent of the buyer or seller approving the amount of
18 the profit.

19 (i) Any other conduct, whether of the same or of a different character than
20 specified in this section, which constitutes fraud or dishonest dealing.

21 (j) Obtaining the signature of a prospective buyer to an agreement which
22 provides that the prospective buyer shall either transact the purchasing,
23 leasing, renting, or exchanging of a business opportunity property through
24 the broker obtaining the signature, or pay a compensation to the broker if
25 the property is purchased, leased, rented, or exchanged without the broker
26

1 first having obtained the written authorization of the owner of the property
2 concerned to offer the property for sale, lease, exchange, or rent.

3 (k) Failing to disburse funds in accordance with a commitment to make a
4 mortgage loan that is accepted by the applicant when the real estate broker
5 represents to the applicant that the broker is either of the following:

6 (1) The lender.

7 (2) Authorized to issue the commitment on behalf of the
8 lender or lenders in the mortgage loan transaction.

9 (l) Intentionally delaying the closing of a mortgage loan for the sole purpose of
10 increasing interest, costs, fees, or charges payable by the borrower.

11 (m) Violating any section, division, or article of law which provides that a
12 violation of that section, division, or article of law by a licensed person is a
13 violation of that person's licensing law, if it occurs within the scope of that
14 person's duties as a licensee."

15 **Further Grounds for Disciplinary Action**

16 (Code Section 10177)

17 34.

18 Pursuant to Code Section 10177 *Further Grounds for Disciplinary Action*:

19 "The commissioner may suspend or revoke the license of a real estate licensee,
20 delay the renewal of a license of a real estate licensee, or deny the issuance of a license to an
21 applicant, who has done any of the following, or may suspend or revoke the license of a
22 corporation, delay the renewal of a license of a corporation, or deny the issuance of a license to
23 a corporation, if an officer, director, or person owning or controlling 10 percent or more of the
24 corporation's stock has done any of the following:
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(a) Procured, or attempted to procure, a real estate license or license renewal, for themselves or a salesperson, by fraud, misrepresentation, or deceit, or by making a material misstatement of fact in an application for a real estate license, license renewal, or reinstatement.

(b) (1) Entered a plea of guilty or no contest to, or been found guilty of, or been convicted of, a felony, or a crime substantially related to the qualifications, functions, or duties of a real estate licensee, and the time for appeal has elapsed or the judgment of conviction has been affirmed on appeal, irrespective of an order granting probation following that conviction, suspending the imposition of sentence, or of a subsequent order under Section 1203.4 of the Penal Code allowing that licensee to withdraw that licensee's plea of guilty and to enter a plea of not guilty, or dismissing the accusation or information.

(2) Notwithstanding paragraph (1), and with the recognition that sentencing may not occur for months or years following the entry of a guilty plea, the commissioner may suspend the license of a real estate licensee upon the entry by the licensee of a guilty plea to any of the crimes described in paragraph (1). If the guilty plea is withdrawn, the suspension shall be rescinded and the license reinstated to its status prior to the suspension. The department shall notify a person whose license is subject to suspension pursuant to this paragraph of that person's right to have the issue of the suspension heard in accordance with Section 10100.

(c) Knowingly authorized, directed, connived at, or aided in the publication, advertisement, distribution, or circulation of a material false

1 statement or representation concerning their designation or certification
2 of special education, credential, trade organization membership, or
3 business, or concerning a business opportunity or a land or subdivision,
4 as defined in Chapter 1 (commencing with Section 11000) of Part 2,
5 offered for sale.

6 (d) Willfully disregarded or violated the Real Estate Law (Part 1
7 (commencing with Section 10000)) or Chapter 1 (commencing with
8 Section 11000) of Part 2 or the rules and regulations of the
9 commissioner for the administration and enforcement of the Real Estate
10 Law and Chapter 1 (commencing with Section 11000) of Part 2.

11 (e) Willfully used the term “realtor” or a trade name or insignia of
12 membership in a real estate organization of which the licensee is not a
13 member.

14 (f) Acted or conducted themselves in a manner that would have warranted
15 the denial of their application for a real estate license, or either had a
16 license denied or had a license issued by another agency of this state,
17 another state, or the federal government revoked, surrendered, or
18 suspended for acts that, if done by a real estate licensee, would be
19 grounds for the suspension or revocation of a California real estate
20 license, if the action of denial, revocation, surrender, or suspension by
21 the other agency or entity was taken only after giving the licensee or
22 applicant fair notice of the charges, an opportunity for a hearing, and
23 other due process protections comparable to the Administrative
24 Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter
25 4 (commencing with Section 11370), and Chapter 5 (commencing with
26

1 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
2 Code), and only upon an express finding of a violation of law by the
3 agency or entity.

4 (g) Demonstrated negligence or incompetence in performing an act for
5 which the officer, director, or person is required to hold a license.

6 (h) As a broker licensee, failed to exercise reasonable supervision over
7 the activities of that licensee's salespersons, or, as the officer designated
8 by a corporate broker licensee, failed to exercise reasonable supervision
9 and control of the activities of the corporation for which a real estate
10 license is required.

11 (i) Used their employment by a governmental agency in a capacity
12 giving access to records, other than public records, in a manner that
13 violates the confidential nature of the records.

14 (j) Engaged in any other conduct, whether of the same or of a different
15 character than specified in this section, that constitutes fraud or
16 dishonest dealing.

17 (k) Violated any of the terms, conditions, restrictions, and limitations
18 contained in an order granting a restricted license.

19 (l) (1) Solicited or induced the sale, lease, or listing for sale or lease of
20 residential property on the grounds, wholly or in part, of loss of value,
21 increase in crime, or decline of the quality of the schools due to the
22 present or prospective entry into the neighborhood of a person or
23 persons having a characteristic listed in subdivision (a) or (d) of Section
24 12955 of the Government Code, as those characteristics are defined in
25 Sections 12926 and 12926.1 of, subdivision (m) and paragraph (1) of
26

1 subdivision (p) of Section 12955 of, and Section 12955.2 of, the
2 Government Code.

3 (2) Notwithstanding paragraph (1), with respect to familial status,
4 paragraph (1) shall not be construed to apply to housing for older
5 persons, as defined in Section 12955.9 of the Government Code.

6 With respect to familial status, nothing in paragraph (1) shall be
7 construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5
8 of the Civil Code, relating to housing for senior citizens. Subdivision
9 (d) of Section 51 and Section 4760 of the Civil Code and
10 subdivisions (n), (o), and (p) of Section 12955 of the Government
11 Code shall apply to paragraph (1).

12 (m) Violated the Franchise Investment Law (Division 5 (commencing
13 with Section 31000) of Title 4 of the Corporations Code) or regulations
14 of the Commissioner of Business Oversight pertaining thereto.

15 (n) Violated the Corporate Securities Law of 1968 (Division 1
16 (commencing with Section 25000) of Title 4 of the Corporations Code)
17 or the regulations of the Commissioner of Business Oversight pertaining
18 thereto.

19 (o) Failed to disclose to the buyer of real property, in a transaction in
20 which the licensee is an agent for the buyer, the nature and extent of a
21 licensee's direct or indirect ownership interest in that real property. The
22 direct or indirect ownership interest in the property by a person related
23 to the licensee by blood or marriage, by an entity in which the licensee
24 has an ownership interest, or by any other person with whom the
25 licensee has a special relationship shall be disclosed to the buyer.
26

1 (p) Violated Article 6 (commencing with Section 10237).

2 (q) Violated or failed to comply with Chapter 2 (commencing with
3 Section 2920) of Title 14 of Part 4 of Division 3 of the Civil Code,
4 relating to mortgages.

5 If a real estate broker that is a corporation has not done any of the foregoing acts, either
6 directly or through its employees, agents, officers, directors, or persons owning or controlling
7 10 percent or more of the corporation's stock, the commissioner may not deny the issuance or
8 delay the renewal of a real estate license to, or suspend or revoke the real estate license of, the
9 corporation, provided that any offending officer, director, or stockholder, who has done any of
10 the foregoing acts individually and not on behalf of the corporation, has been completely
11 disassociated from any affiliation or ownership in the corporation. A decision by the
12 commissioner to delay the renewal of a real estate license shall toll the expiration of that
13 license until the results of any pending disciplinary actions against that licensee are final, or
14 until the licensee voluntarily surrenders the licensee's license, whichever is earlier."

15 **FIRST CAUSE FOR DISCIPLINE**

16 **COMPLAINT-RELATED DRE AUDIT SD210023**

17 **(EREI Property Management Violations: July 1, 2020 to December 31, 2021)**

18 35.

19 Beginning in or about November 2021 and continuing to the present, the DRE
20 received consumer complaints and supplemental documents from property owners (Owners)
21 regarding property management activities performed by NICKOL and EREI, specifically
22 related to allegations regarding EREI and/or NICKOL's management of rental proceeds and
23 accounting records associated with Owners' respective properties.

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1 36.

2 On May 25, 2022, the DRE completed its complaint-related audit examination
3 of the books and records of Respondent EREI pertaining to its property management activities
4 only (Audit SD210023), which require a real estate license. The audit examination covered a
5 period of time beginning on July 1, 2020 and ending on December 31, 2021 (audit period).

6 37.

7 The field work on the audit period records was performed intermittently
8 between February 25, 2022 and March 28, 2022 via an examination of records and other
9 documents provided by OOSTERBAAN, NICKOL, EREI's bookkeeper and property manager,
10 and by NICKOL's boyfriend (non-DRE licensee). Records were examined and copied on a
11 sample basis where appropriate at the DRE's Los Angeles District Office (LADO) located at
12 320 W. 4th Street, Suite 350, Los Angeles, CA 90013), and at [the address EREI represented to
13 the DRE as its main office location at the time of the audit examination]: 31570 Railroad
14 Canyon Rd., Suite 104, Canyon Lake, CA 92587 (Railroad Canyon Rd. address).

15 38.

16 The final audit report dated May 25, 2022 revealed violations of the Code and
17 the Regulations as set forth in the following paragraphs, and more fully discussed in Audit
18 Report SD210023 (RE 4541 (Rev. 7/18)).

19 39.

20 Background

21 On February 9, 2022, the DRE auditor attempted to contact OOSTERBAAN at
22 both his cell phone number on file with the DRE as well as at his office phone number;
23 however, there was nobody to pick up the office phone and the voicemail box was full. Unable
24 to leave a message, the DRE auditor emailed OOSTERBAAN at his email address on file with
25 the DRE and informed that he needed to schedule an appointment for the audit examination
26

1 and review with him some basic information regarding EREI's property management
2 activities.

3 40.

4 When the auditor was finally able to reach OOSTERBAAN directly via telephone,
5 OOSTERBAAN was unable to provide answers to foundational questions such as the number
6 of properties managed by EREI and the name of the accounting software used by EREI. An
7 audit appointment was scheduled for February 25, 2022 at 9:30 AM at the Railroad Canyon
8 Rd. address.

9 41.

10 At the time of Audit SD210023, according to DRE licensing records dated
11 February 25, 2022:

- 12 A. EREI did not maintain any licensed fictitious business names (DBAs) or
13 branch offices;
- 14 B. OOSTERBAAN was EREI's D.O.;
- 15 C. EREI had one licensed employee, RES NICKOL; and
- 16 D. EREI's main office address of record was the Mission Trail address.

17 42.

18 An entrance conference was held on February 25, 2022 with OOSTERBAAN
19 and NICKOL at the Railroad Rd. address. On February 25, 2002, OOSTERBAAN and
20 NICKOL informed the auditor that EREI leased their new office location on Railroad Canyon
21 Rd. in or about October 2020, but that EREI did not move to this new location until November
22 2021.

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1 43.

2 According to its California Secretary of State (SOS) records (certified on May
3 20, 2022):

- 4 A. on October 1, 1999, EREI (SOS Entity No. 2148108) filed its Articles of
5 Incorporation with Richard L. Estes⁵ (Estes) as its initial agent for service
6 of process;
- 7 B. on March 14, 2019, EREI (through NICKOL) filed a Statement of
8 Information (SI) with the Mission Trail address and named NICKOL as
9 its Chief Executive Officer (CEO), Secretary, Chief Financial Officer
10 (CFO), [sole] Director, and agent for service of process;
- 11 C. on October 29, 2021, EREI (through NICKOL) filed another SI with the
12 Railroad Canyon Rd. address as its principal office in California and
13 NICKOL's Wildomar address as its mailing address; and
- 14 D. on November 12, 2021, EREI filed a Certificate of Amendment of
15 Articles of Incorporation "Name Change Only – Stock" and
16 changed/amended its name to Citadel Realty and Property Management
17 Inc. (CRPMI).

18 44.

19 On February 25, 2022, OOSTERBAAN informed the DRE auditor that the
20 corporate structure for EREI as of December 31, 2021 was as follows: NICKOL holds 100% of
21 its shares of stock and she is the CFO, CEO, and Secretary.

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24 ⁵ According to DRE records to date and publicly accessible online at
25 https://www2.dre.ca.gov/publicasp/pplinfo.asp?License_id=00544955, Richard Lynn Estes is presently licensed
26 and/or has license rights under the Real Estate Law as a REB, DRE license ID 00544955 and he was the D.O. of
27 EREI until October 28, 2019.

1 45.

2 Business Activities

3 According to OOSTERBAAN's representations to the auditor on February 25,
4 2022 and the records examined for the audit, during the last twelve (12) months of the audit
5 period (from 1/1/21 to 12/31/21), EREI managed about eighty-eight (88) properties with about
6 one hundred (100) units for about fifty-two (52) owners, and collected about \$1.6 million in
7 trust funds in connection with its property management activities. Depending on the property
8 management agreement (PMA) with the property owners, EREI charged a management fee of
9 eight percent (8%) of monthly collected rents or a flat fee between \$85.00 to \$95.00.

10 46.

11 According to NICKOL's February 25, 2022 representations to the auditor on,
12 she owned six (6) of the eighty-eight (88) properties that EREI managed:

- 13 a. #####3 Crescent Ave, Lake Elsinore, CA;
14 b. #####4 Pepper Dr., Lake Elsinore, CA;
15 c. #####8 Pepper Dr., Lake Elsinore, CA;
16 d. #####3 Dunn Street, Wildomar, CA;
17 e. #####8 Wildomar Trails, Wildomar, CA; and
18 f. ##### Geary Street, Menifee, CA.

19 47.

20 According to OOSTERBAAN's representations on February 25, 2022, during
21 the audit period, EREI did not close any real estate sales transactions and did not collect any
22 Earnest Money Deposits (EMDs). EREI did not maintain a trust account and did not maintain
23 a columnar record of trust funds received not placed in broker's trust in connection with sales
24 activities during the audit period.

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Bank Accounts

According to OOSTERBAAN and the records examined, EREI maintained three (3) bank accounts that handled trust fund receipts and disbursements related to its property management activities:

B/A 1

- * Bank: JPMorgan Chase Bank (JPM)
- * Bank Address: 31575 Canyon Estates Dr., Lake Elsinore, CA 92532
- * Account Name: Estes Real Estate Inc
- * Account No. #####0668
- * Signatories: Norma C Nickol
- * Signatures Required: one (1)

According to OOSTERBAAN and NICKOL's representations on February 25, 2022, B/A 1 was used for multiple beneficiaries and was maintained for handling the receipts and disbursements of trust funds (security deposits) in connection with EREI's property management activities during the audit period.

B/A 2

- * Bank: JPMorgan Chase Bank (JPM)
- * Bank Address: 31575 Canyon Estates Dr., Lake Elsinore, CA 92532
- * Account Name: Estes Real Estate Inc
- * Account No. #####1716
- * Signatories: Norma C Nickol
- * Signatures Required: one (1)

According to OOSTERBAAN and NICKOL's representations on February 25, 2022, B/A 2 was used for multiple beneficiaries and was maintained for handling the receipts and disbursements of trust funds (rents) in connection with EREI's property management activities during the audit period.

B/A 3

- * Bank: JPMorgan Chase Bank (JPM)
- * Bank Address: 31575 Canyon Estates Dr., Lake Elsinore, CA 92532
- * Account Name: Citadel Realty and Property Management Inc
- * Account No. #####7786
- * Signatories: Norma C Nickol
- * Signatures Required: one (1)

1 According to OOSTERBAAN and NICKOL's representations on February 25, 2022, B/A 3
2 was used for multiple beneficiaries and was maintained for handling the receipts and
3 disbursements of trust funds (security deposits and rents) in connection with property
4 management activities during the audit period.

5 49.

6 According to NICKOL, she opened B/A 3 on November 24, 2021 to replace
7 B/A 1 and B/A 2. Between November 24, 2021 and December 13, 2021, NICKOL made the
8 following transfers:

- 9 A. \$33,000 (security deposit funds) from B/A 1 to B/A 3 (on 11/29/21);
10 B. \$50,000 (rent funds) from B/A 2 to B/A 3 (on 11/24/21);
11 C. \$20,000 (rent funds) from B/A 2 to B/A 3 (on 11/29/21); and
12 D. \$10,000 (rent funds) from B/A 3 back to B/A 2 (on 12/13/21).

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1 **FIRST CAUSE FOR DISCIPLINE**

2 **AUDIT FINDINGS: VIOLATIONS OF THE REAL ESTATE LAW**

3 50.

4 In the course of the licensed real estate activities (property management)
5 described in paragraph 45, during the subject audit period described in 36, the DRE's auditor
6 (auditor) made findings that Respondents violated the Code and the Regulations, as described
7 below, and more fully discussed in the DRE Audit Report and Transmittal for Audit
8 SD210023 (RE 4541 (Rev. 7/18), dated May 25, 2022

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10 **Audit SD210023 - Issue One**

11 **Trust Fund Handling for Multiple Beneficiaries**

12 **(Code Section 10145 and Regulation 2832.1)**

13 A. B/A 1 and B/A 3 Combined – As of December 31, 2021: Based on an
14 examination of the books and records produced for the audit, B/A 1 and B/A 3 had a combined
15 minimum trust fund shortage of <\$80,196.34> as of December 31, 2021 (audit cut-off date).
16 Said <\$80,196.34> combined minimum shortage was caused by combined minimum bank
17 service charges totaling <\$570.80> and unidentified shortage totaling <\$79,625.54>. D.O.
18 OOSTERBAAN provided no evidence in the files examined that the owners of the trust funds
19 had given their written consent to allow OOSTERBAAN and/or EREI to reduce the balance of
20 funds in B/A 1 and B/A 3 combined to an amount less than the existing aggregate trust fund
21 liabilities, in violation of **Code Section 10145 and Regulation 2832.1**.

22 B. B/A 1 – As of December 31, 2020: Based on an examination of the books
23 and records produced for the audit, B/A 1 had a minimum trust fund shortage of <\$82,046.24>
24 as of December 31, 2020 (audit cut-off date). Said <\$82,046.24> minimum shortage was
25 caused by minimum bank service charges totaling <\$185.70> and unidentified shortage
26

1 totaling <\$81,860.54>. D.O. OOSTERBAAN provided no evidence in the files examined that
2 the owners of the trust funds had given their written consent to allow OOSTERBAAN and/or
3 EREI to reduce the balance of funds in B/A 1 to an amount less than the existing aggregate
4 trust fund liabilities, in violation of **Code Section 10145 and Regulation 2832.1**.

5 C. [Trust Fund Balance and Accountability] B/A 2 and B/A 3 Combined – As
6 of December 31, 2021:

7 1. Due to the inadequacy of the control record for B/A 2 provided for the
8 audit examination, a minimum adjusted bank balance for B/A 2 could
9 not be determined. Due to the inadequacy of the separate beneficiaries'
10 records for B/A 2 provided for the audit, a minimum accountability for
11 B/A 2 could not be determined.

12 2. B/A 3 for multiple beneficiaries (opened 11/24/21) had been
13 established under the name “Citadel Realty and Property Management
14 Inc” (CRPMI) and was maintained for handling the receipts and
15 disbursements of trust funds (rents and security deposits) in connection
16 with EREI’s property management activity during the period from
17 November 24, 2021 to December 31, 2021 (audit cut-off date).

18 3. A combined bank reconciliation for B/A 2 and B/A 3 as of December
19 31, 2021 (audit cut-off date) was not performed due to the inadequacy of
20 the control record and the separate beneficiary records provided for the
21 audit. The auditor prepared an analysis for B/A 2 and B/A 3.

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Audit SD210023- Issue Three

Trust Fund Records To Be Maintained

(Code Section 10145 and Regulation 2831)

A. B/A 1: The control record maintained for B/A 1, which was used for handling the receipts and disbursements of the security deposit trust funds in connection with EREI's property management activities, was inaccurate and incomplete, in violation of **Code Section 10145 and Regulation 2831**. The control record of B/A 1 did not have an accurate daily balance:

1. Some receipts were recorded on the B/A 1 control record, but were not deposited into B/A 1.
2. Some receipts were deposited into B/A 1, but were not recorded on the B/A 1 control record.
3. Some disbursements were recorded on the B/A 1 control record, but were not disbursed from B/A 1.
4. Some disbursements were made from B/A 1, but were not recorded on the B/A 1 control record.

B. B/A 2: The control record maintained for B/A 2, which was used for handling the receipts and disbursements of the rents trust funds in connection with EREI's property management activity, was inaccurate and incomplete, in violation of **Code Section 10145 and Regulation 2831**. The control record of B/A 2 did not have an accurate daily balance:

1. Some disbursements were recorded on the B/A 2 control record, but were not disbursed from B/A 2.

1 2. Some disbursements were made from B/A 2, but were not recorded
2 on the B/A 2 control record.

3 3. An examination of the check register of B/A 2 showed that
4 disbursements were incorrectly recorded. Some checks were posted as
5 voided checks, but cleared B/A 2, and incorrect check amounts were
6 recorded on the check register as compared to the actual check amounts
7 that cleared B/A 2.

8 53.

9 **Audit LA 210004 - Issue Four**

10 **Separate Record for Each Beneficiary or Transaction**

11 **(Code Section 10145 and Regulation 2831.1)**

12 A. B/A 1: The separate records maintained for B/A 1, which was used for
13 handling the receipts and disbursements of the security deposit trust funds in connection with
14 EREI's property management activities, were inaccurate and incomplete, in violation of **Code**
15 **Section 10145 and Regulation 2831.1**. The separate records of B/A 1 did not have an
16 accurate running balance:

- 17 1. Some receipts were recorded on the separate records of B/A 1, but
18 were not deposited into B/A 1.
- 19 2. Some receipts were deposited into B/A 1, but were not recorded on
20 the separate records of B/A 1.
- 21 3. Some disbursements were recorded on the separate records of B/A 1,
22 but were not disbursed from B/A 1.
- 23 4. Some disbursements were made from B/A 1, but were not recorded
24 on the separate records of B/A 1.

1 5. Some properties that were inactive and no longer managed by EREI
2 and had security deposit balances as of December 31, 2021 (audit cut-
3 off date).

4 B. B/A 2: The separate records maintained for B/A 2, which was used for
5 handling the receipts and disbursements of the rents trust funds in connection with EREI's
6 property management activities, were inaccurate and incomplete, in violation of **Code Section**
7 **10145 and Regulation 2831.1**. The separate records of B/A 2 did not have an accurate
8 running balance:

9 1. Some disbursements were recorded on the separate records of B/A 2,
10 but were not disbursed from B/A 2.

11 2. Some disbursements were made from B/A 2, but were not recorded
12 on the separate records of B/A 2.

13 5. In some instances, check numbers were not recorded on the separate
14 records of B/A 2.

15 54.

16 **Audit SD210023 - Issue Five**

17 **Trust Account Reconciliation**

18 **(Code Section 10145 and Regulation 2831.2)**

19 During the audit period, EREI did not perform the monthly reconciliation
20 comparing the balance of all the separate records to the balance of the control record for B/A 1,
21 B/A 2 and B/A 3, as required in connection with the property management activities it
22 performed during the audit period, in violation of **Code Section 10145 and Regulation**
23 **2831.2**.

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1 55.

2 **Audit SD210023 - Issue Six**

3 **Trust Fund Handling/Trust Account Designation**

4 **(Code Section 10145 and Regulation 2832)**

5 Based on an examination of the bank signature cards maintained at JPMorgan
6 Chase Bank for B/A 1, B/A 2 and B/A 3, which were used for handling the receipts and
7 disbursements of trust funds (rents and security deposits) in connection with EREI's property
8 management activities during the audit period, the bank accounts B/A 1, B/A 2 and B/A 3 were
9 not designated as trust accounts, in violation of **Code Section 10145 and Regulation 2832**.
10 B/A 3 was not set up in the name of ESTES REAL ESTATE INC. as trustee, but as "Citadel
11 Realty and Property Management Inc" instead.

12 56.

13 **Audit SD210023 - Issue Seven**

14 **Trust Fund Account Withdrawals**

15 **(Code Section 10145 and Regulation 2834)**

16 Based on an examination of the bank signature cards maintained at JPMorgan
17 Chase Bank for B/A 1, B/A 2 and B/A 3, which were used for handling the receipts and
18 disbursements of trust funds (rents and security deposits) in connection with EREI's property
19 management activities during the audit period, D.O. OOSTERBAAN was not a signer on B/A
20 1, B/A 2, and B/A 3, as required, during the audit period, in violation of **Code Section 10145**
21 **and Regulation 2834**. OOSTERBAAN did not retain a written authorization on file to
22 authorize RES NICKOL to sign on and make withdrawals from B/A 1, B/A 2, and B/A 3.

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1 57.

2 **Audit SD210023 - Issue Eight**

3 **Disclosure of Licensed Identification on Solicitation Materials –**

4 **First Point of Contact with Consumers**

5 **(Code Section 10140.6 and Regulation 2773)**

6 EREI’s website (www.citadelrealtyrentals.com) did not disclose D.O.
7 OOSTERBAAN’s individual license identification number as its first point of contact with
8 consumers, in violation of **Code Section 10140.6 and Regulation 2773**.

9 58.

10 **Audit SD210023 - Issue Nine**

11 **Use of False or Fictitious Name**

12 **(Code Section 10159.5 and Regulation 2731)**

13 EREI used the unlicensed fictitious business name (FBN) “Citadel Realty and
14 Property Management, Inc” in connection with its property management activities during the
15 audit period when EREI was not the holder of a license bearing said FBN, in violation of **Code**
16 **Section 10159.5 and Regulation 2731**. According to the California Secretary of State (SOS)
17 website and certified records, EREI changed/amended its name to “Citadel Realty and Property
18 Management Inc” on November 12, 2021. In addition, EREI used the unlicensed FBN
19 “America West Realty” in connection with its property management activity during the audit
20 period, without first obtaining a license from the DRE bearing said FBN, in violation of **Code**
21 **Section 10159.5 and Regulation 2731**.

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1 59.

2 **Audit SD210023 – Issue Ten**

3 **Place of Business**

4 **(Code Section 10162)**

5 EREI used the office address located at 31570 Railroad Canyon Rd., Suite 104,
6 Canyon Lake, CA 92587 and the mailing address of P.O. Box 10,15 Wildomar, CA 92595 in
7 connection with its property management activity without notifying the DRE of said addresses,
8 in violation of **Code Section 10162**.

9 60.

10 **Audit SD210023 - Issue Eleven**

11 **Broker-Salesman Relationship Agreements**

12 **(Regulation 2726)**

13 EREI did not maintain a written broker-salesperson relationship agreement with
14 RES NICKOL, in violation of **Regulation 2726**. According to the DRE's licensing records,
15 NICKOL has been registered under/licensed to EREI since December 7, 2015.

16 61.

17 **Retention of Documents**

18 **(Code Section 10148)**

19 D.O. OOSTERBAAN and the agent for service of process, NICKOL, did not
20 make all the records requested for the audit available for examination on March 28, 2022 (the
21 due date of the DRE's *Subpoena Duces Tecum*), in violation of **Code Section 10148**.

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SECOND CAUSE FOR DISCIPLINE**DISHONEST DEALING****(Code Section 10176(i))**

According to information submitted to the DRE by property owners (Property Owners #1 through #14), EREI and/or NICKOL mishandled trust funds, including, but not limited to failing to forward rental proceeds, security deposits, owner's reserve amounts, and/or failing to provide accounting records related to the trust funds received and disbursed with respect to the owners' respective properties. To date, EREI, OOSTERBAAN and NICKOL have provided no evidence that the alleged missing trust funds or records have been properly delivered to their respective property owners. The property owners believe EREI and/or NICKOL owe an aggregate amount of over \$100,000 to them:

	Property Owner		Estimated Loss To Date
1	John P.		\$4,081.00
2	JoAnn C.		\$7,615.00
3	William A.		\$1,435.00
4	John C.		\$1,550.00
5	Michael S.		\$826.00
6	David & Amanda G.		\$16,925.00
7	Paul N.		\$7,290.00
8	Damon B.		\$3,938.00
9	Mary Kate J.		\$27,070.00
10	Anthony J.		\$8,503.00
11	Joelle H.		\$4,852.00
12	Melanie B.		\$233.00
13	Surjit B.		\$2,800.00
14	Bradley S.		\$18,670.00
		Total:	\$105,788.00

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1 64.

2 **Property Owner #1: John P.**

3 **(Pepper Dr. Property; estimated loss to date of \$4,081)**

4 According to John P., he is the owner of real property located at #####0 Pepper
5 Dr., Lake Elsinore, CA 92530 (Pepper Dr. property), and he hired EREI “operated by Norma
6 Nickol” to manage his Pepper Dr. property since at least 2019.

7 65.

8 Beginning in 2021, John P. received inconsistent rent proceeds. For the months
9 of February 2021, March 2021, April 2021, May 2021, June 2021 and September 2021, John
10 P. received rental proceeds checks that were less than the usual amount of \$1,595 per month;
11 for the month of July 2021, John P. received no rent proceeds check at all. John P. has no
12 method by which to determine the reasons behind his receipt of deficient rent proceeds, as
13 EREI and/or NICKOL have provided no accounting records beyond January 2021.

14 66.

15 According to John P.’s tenant, Shari S., she has made timely rent payments to
16 EREI in the amount of \$663 per month for the months of January 2021 thorough and including
17 September 2021. According to the September 17, 2019 residential lease agreement Shari S.
18 entered with John P. as the landlord and EREI as the property manager, Shari S. was required
19 to pay a \$2,000 security deposit and monthly rent was \$1,595. Each month, Shari S. personally
20 paid \$663 per month for rent, while the Riverside Housing Authority’s supplemented paid the
21 balance.

22 67.

23 Although John P. has made multiple attempts to contact NICKOL (via
24 telephone and in-person visits to NICKOL’s office) regarding rent proceeds, records and
25 security deposits, EREI/NICKOL remain non-responsive.
26

1 68.

2 On September 17, 2021, John P. sent his written notice to EREI and NICKOL,
3 via certified mail to the Railroad Canyon Rd. address and via e-mail to
4 info@estesrealestate.com, to terminate his PMA and to demand: a full accounting on the
5 Pepper Dr. property for the year 2021 for monies received and disbursed; the tenant Shari S.'
6 \$2,000 security deposit; and any other funds being held by EREI and/or NICKOL for the
7 Pepper Dr. property.

8 69.

9 To date, John P. believes EREI/NICKOL owe him the total amount of \$4,081,
10 comprised of the missing rental proceeds totaling \$1,781, the tenant's security deposit of
11 \$2,000, and the owner's reserve of \$300.

12 70.

13 According to the DRE auditor's review of John P.'s rental agreement for the
14 Pepper Dr. property, the security deposit amount owed to John P. should have been \$2,000,
15 held by EREI in B/A 1 as of December 31, 2021. The auditor was unable to review or verify
16 the rent payments or rent proceeds disbursements for Pepper Dr. deposited into, and withdrawn
17 from, B/A 2 because the deposit tickets/ACH receipts and the ACH disbursements batches
18 were not provided for examination. OOSTERBAAN and NICKOL provided no evidence to
19 the DRE that rent proceeds were forwarded to John P.

20 71.

21 **Property Owner #2: JoAnn C.**

22 **(Multiple Properties (4) in Lake Elsinore, CA; estimated loss to date of \$7,615)**

23 According to JoAnn C., she is the owner of four (4) Lake Elsinore, CA real
24 properties located at: ###70 Half Moon Dr., ###30 Half Moon Dr., ####1 Shadow Mountain
25 Ln., and #####5 Sweetwood Ln., and she entered into a PMA with EREI under former owner
26

1 Rick Estes (Richard L. Estes) over ten (10) years ago, with EREI first managing ###70 Half
2 Moon Dr. beginning on August 9, 2010, ###30 Half Moon Dr. beginning on or about
3 September 2, 2014, ###1 Shadow Mountain Ln. beginning on or about December 11, 2015,
4 and ###5 Sweetwood Ln. beginning on or about February 17, 2012. When NICKOL
5 purchased EREI in approximately 2016, JoAnn C.'s PMAs were grandfathered in, and she was
6 not provided with new agreements when NICKOL took over.

7 72.

8 Beginning in March 2021, JoAnn C. received no monthly owner statements,
9 and for October 2021, she did not receive rent proceeds.

10 73.

11 Although JoAnn C. has made multiple attempts to contact EREI/NICKOL
12 regarding rent proceeds and owner statements, EREI/NICKOL remain non-responsive.

13 74.

14 On October 28, 2021, JoAnn C. sent her written notice to EREI and NICKOL,
15 via e-mail to accounting@estesrealestate.com, to terminate her PMA.

16 75.

17 Upon termination, NICKOL provided owner statements to JoAnn C. for each of
18 her Lake Elsinore properties, but did not provide lease agreements, keys or tenant contact
19 information.

20 76.

21 When JoAnn C. terminated the property management services of
22 EREI/NICKOL, each tenant was notified and instructed not to make rents payable to EREI
23 and/or NICKOL. However, the tenants at both of the Half Moon Dr. properties continued
24 paying rent to EREI, with the tenant for ###70 Half Moon Dr. paying November 2021 rent to
25
26

1 EREI in the amount of \$1,795, and the tenant for ###30 Half Moon Dr. paying rent for four (4)
2 months in the total amount of \$5,600 to EREI for November 2021 through February 2022.

3 77.

4 According to the DRE auditor's review of JoAnn C.'s rental agreements for the
5 Lake Elsinore properties, the total amount of security deposits owed to JoAnn C. by EREI
6 should have been \$7,625, comprised of \$2,000.00 for ###70 Half Moon Dr., \$2,600.00 for
7 ###30 Half Moon Dr., \$1,650.00 for ####1 Shadow Mountain Ln., and \$1,375.00 for #####5
8 Sweetwood Ln., held by EREI in B/A 1 as of December 31, 2021. OOSTERBAAN and
9 NICKOL provided no evidence to the DRE that rent proceeds were forwarded to JoAnn C.

10 78.

11 The auditor was unable to review or verify the rent payments or rent proceeds
12 disbursements for the Lake Elsinore properties deposited into, and withdrawn from, B/A 2
13 because the deposit tickets/ACH receipts and the ACH disbursements batches were not
14 provided for examination. OOSTERBAAN and NICKOL provided no evidence to the DRE
15 that rent proceeds were forwarded to JoAnn C.

16 79.

17 At the time she submitted her complaint regarding EREI and NICKOL to the
18 DRE, JoAnn C. believed EREI/NICKOL owed her \$15,840, comprised of the missing rent
19 proceeds [that EREI collected subsequent to JoAnn C.'s termination of their property
20 management agreement] totaling \$7,395, the tenants' security deposits of \$8,045, and the
21 owner's reserve of \$400.

22 80.

23 According to JoAnn C., in small claims court, NICKOL presented evidence that
24 she deposited \$8,225 to JoAnn C.'s owner's account on or about June 29, 2022.

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81.

To date, JoAnn C. believes EREI/NICKOL owe her the total amount of \$7,615 (which represents the difference between the aforementioned total amount \$15,840 minus the \$8,225 deposit by NICKOL).

82.

Property Owner #3: William A.

(Hot Springs Rd. Property; estimated loss to date of \$1,435)

According to William A., he is the owner of real property located at: ##### Hot Springs Rd., in Corona, CA (Hot Springs Rd. property), and on August 17, 2017, he entered into a PMA with EREI “operated by NORMA NICKOL” to manage his Hot Springs Rd. property.

83.

Beginning in 2021, William A. received minimal communication and documentation from NICKOL, including unpaid invoices and missing receipts. Between September 2021 and November 2021, William A. received either no rent proceeds or only partial rent proceeds, without explanation. After multiple requests, NICKOL/EREI issued a check to William A. for the missing rent proceeds, despite the months-long dormancy of the online portal since February 2021.

84.

According to the DRE auditor’s review of William A.’s rental agreement for the Hot Springs Rd. property, the total amount of security deposit owed to William A. by EREI should have been \$2,400 as of December 31, 2021. OOSTERBAAN and NICKOL provided no evidence to the DRE that security deposit trust funds were forwarded to William A.

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1 85.

2 The auditor was unable to review or verify the rent payments or rent proceeds
3 disbursements for the Hot Springs Rd. properties deposited into, and withdrawn from, B/A 2
4 because the deposit tickets/ACH receipts and the ACH disbursements batches were not
5 provided for examination. OOSTERBAAN and NICKOL provided no evidence to the DRE
6 that rent proceeds totaling \$1,855 (comprised of \$1,950 December 2021 rent minus a \$95.00
7 management fee) were forwarded to William A. Neither did OOSTERBAAN and NICKOL
8 provide evidence to the DRE of any invoices for Waste Management and/or air conditioning
9 repairs.

10 86.

11 On December 1, 2021, William A. sent his 30-day written notice to EREI and
12 NICKOL to terminate his PMA and to demand: rental agreements, tenant ledgers, keys and
13 relevant records pertaining to the Hot Springs Rd. property.

14 87.

15 To date, NICKOL has not forwarded any records to William A.'s new property
16 management company, and although the tenant told William A. that December 2021 rent was
17 paid to NICKOL, William A. has not received any rent proceeds for December 2021. Neither
18 has William A. received the Form 1099 for tax year 2021.

19 88.

20 Subsequent to filing his complaint against EREI and NICKOL with the DRE on
21 December 13, 2021, William A. has received a payment of \$1,600 from CRPMI.

22 89.

23 To date, William A. believes EREI/NICKOL owe him the total amount of
24 \$1,435, comprised of the missing rent proceeds for December 2021 totaling \$185, the tenant's
25 security deposit of \$1,000, and the owner's reserve of \$250.

1 90.

2 **Property Owner #4: John C.**

3 **(Robin Drive Property; estimated loss to date of \$1,550)**

4 According to John C., he is the owner of real property located at ### Robin
5 Drive, Lake Elsinore, CA 92530 (Robin Dr. property), and he entered into a PMA with EREI
6 under former owner Rick Estes (Richard Estes) over ten (10) years ago to manage his Robin
7 Drive property. When NICKOL purchased the company in approximately 2016, John C.'s
8 PMA was grandfathered in, and he was not provided with a new agreement when NICKOL
9 took over.

10 91.

11 Beginning in or about March 2020, John C. received delayed rent proceeds,
12 despite his tenant's timely payment of rent on the first of each month. With each successive
13 month, proceeds were paid later and later throughout the month.

14 92.

15 According to John C.'s tenant, Shaun C., on February 2, 2018, he entered into a
16 residential lease agreement with John C. as the landlord and EREI as the property manager.
17 Upon move-in, Shaun C. was required to pay a \$1,800 security deposit, and rent was \$1,450
18 per month. According to Shaun C. and to John C.'s owner's account ledger, Shaun C. has
19 made timely rent payments to EREI in the amount of \$1,450 per month from lease inception in
20 February 2018 up to and including June 2022.

21 93.

22 In or about November 2021, John C. sent his written notice to EREI and
23 NICKOL, to terminate his PMA effective January 1, 2022 and to demand: the rental
24 agreement, the tenant's security deposit, and the owner's repair reserve. On December 14,
25 2021, John C. sent further written notice to EREI and NICKOL, via e-mail to
26

1 normaawr@yahoo.com to inform that he himself would take over property management
2 responsibilities for the Robin Drive property effective January 1, 2022 and to demand: the
3 rental agreement, the tenant's security deposit, owner's reserve, and the spare key.

4 94.

5 Although John C. has made multiple attempts to contact EREI/NICKOL (via
6 text message, email, voicemail and U.S. Mail), EREI/NICKOL remain non-responsive.

7 95.

8 To date, John C. has not received any records or Form 1099 for the tax year
9 2021; the last document John C. received from EREI/NICKOL was a monthly statement for
10 July 2020.

11 96.

12 To date, John C. believes EREI/NICKOL owe him the total amount of \$1,550,
13 comprised of the tenant's security deposit of \$1,450 and the owner's reserve of \$100.

14 97.

15 **Property Owner #5: Michael S.**

16 **(Lowell St. Property; estimated loss to date of \$826)**

17 According to Michael S., he is the owner of real property located at ##6 N.
18 Lowell St., Lake Elsinore, CA 92530 (Lowell St. property), and on September 12, 2017, he
19 entered into a PMA with EREI "operated by NICKOL" to manage his Lowell St. property.

20 98.

21 Beginning in 2019, Michael S.' tenant was unable to reach EREI/NICKOL for
22 repairs and maintenance or to confirm the receipt of rents; the tenant ultimately moved out of
23 the Lowell St. property in 2021. Also beginning in 2019, Michael S. received minimal
24 communication and documentation from NICKOL. Michael S. received no owner statements
25 for February 2021 through September 2021. After numerous requests, Michael S. finally
26

1 received said February through September 2021 owner statements; by the time he received said
2 statements, he was also missing October 2021 through January 2022, which he also had to
3 obtain by way of begging NICKOL.

4 99.

5 Although Michael S. has made multiple attempts to contact EREI/NICKOL (via
6 text message, e-mail and telephone), EREI/NICKOL remain non-responsive.

7 100.

8 On December 14, 2021, Michael S., sent his written notice to EREI and
9 NICKOL, via e-mail to accounting@estesrealestate.com and info@estesrealestate.com, to
10 terminate his PMA, effective December 31, 2022 and to demand: a full accounting on the
11 Lowell St. property for 2021 for monies received and disbursed; Form 1099 for tax year 2021;
12 owner statements for October 2021 through January 2022; and the tenant's security deposit.

13 101.

14 To date, Michael S. believes EREI/NICKOL owe him and his former tenant the
15 total amount of \$826, comprised of the missing rent proceeds for June 2019 and December
16 2021 totaling \$358, the owner's reserve of \$250, and [a refund to the tenant of] the tenant's
17 security deposit of \$218.

18 102.

19 **Property Owner(s) #6: David and Amanda G.**

20 **(La Paz and View Crest Dr. Properties; estimated total loss to date of \$16,925)**

21 According to David and Amanda G., they are the owners of real property
22 located at #####0 La Paz, Temecula, CA 92592 (La Paz property) and #####3 View Crest Dr.,
23 Wildomar, CA 92595 (View Crest Dr. property), and they entered into a PMA with EREI
24 under former owner Rick Estes (Richard Estes) to manage the La Paz property since the
25 property had already been under EREI's management since 2012 (when Amanda G.'s mother,
26
27

1 Ruth D., was the owner). David and Amanda G. subsequently also entered into a PMA with
2 EREI under former owner Estes to manage their View Crest Dr. property. When NICKOL
3 purchased EREI in approximately 2016, all of the PMAs for David and Amanda G. and Ruth
4 D. were grandfathered in, and when NICKOL took over, they were not provided new
5 agreements or notified of the sale.

6 103.

7 Beginning in March 2021, David and Amanda G. received no owner statements.
8 Although David and Amanda G. received rent proceeds for April through July 2021, along
9 with two random payments in October 2021 and December 2021, they received no rent
10 proceeds for 2022. Additionally, David and Amanda G.'s tenants have been unsuccessful in
11 their attempts to contact NICKOL regarding repairs.

12 104.

13 Although David and Amanda G. have made multiple attempts to contact
14 EREI/NICKOL (via telephone, e-mail, and U.S. Mail), EREI/NICKOL remain non-responsive

15 105.

16 According to David and Amanda G.'s owner statements for both properties, the
17 tenants have made timely rent payments to EREI in the amounts of \$1,350 per month for the
18 La Paz property from November 2020 through and including February 2021, and \$1,300 per
19 month for the View Crest Dr. property from March 2020 through and including February 2021.

20 106.

21 On March 10, 2022, David and Amanda G. sent their 30-day written notice to
22 EREI and NICKOL, via email to norma@estesrealestate.com to terminate their PMA, effective
23 April 10, 2022.

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25 ///

1 107.

2 To date, David and Amanda G. believe EREI/NICKOL owe them the total
3 amount of \$16,925, comprised of the missing rent proceeds for December 2020 to May 2022
4 for both the La Paz and View Crest Dr. properties in the amount \$13,825, the tenants' security
5 deposits for both properties in the total amount \$2,900, and the owner's reserve of \$200 (\$100
6 per property).

7 108.

8 **Property Owner #7: Paul N.**

9 **(Pine Creek Property; estimated loss to date of \$7,290)**

10 According to Paul N., he is the owner of real property located at #####7 Pine
11 Creek, Menifee, CA 92584 (Pine Creek property), and on April 6, 2009, he entered into a PMA
12 with NICKOL, doing business as America West Realty, to manage his Pine Creek property.
13 According to Paul N., NICKOL has since switched all agreements to EREI agreements.

14 109.

15 Between February 2022 and April 2022, Paul N. received no rent proceeds, no
16 monthly account statements or a year-end cash flow statement for 2021, and no Form 1099 for
17 tax year 2021. Neither has Paul N. received invoices for repairs. According to Paul N., and
18 there are repairs that commenced under NICKOL, but which were never finished and of which
19 Paul N. was never informed.

20 110.

21 Although Paul N. has made multiple attempts to contact EREI/NICKOL (via
22 telephone and text messaging, EREI/NICKOL remain non-responsive.

23 111.

24 According to Paul N.'s tenants, Eric E. and Amber R., on September 22, 2017,
25 they entered into a residential lease agreement with Paul N. as the landlord and EREI as the
26

1 property manager. Upon move-in, Eric E. and Amber R. were required to pay a \$1,800
2 security deposit, and monthly rent was \$1,495. According to the tenant ledger, Eric E. and
3 Amber R. timely paid their monthly rent of \$1,495 to EREI from lease inception through and
4 including April 2022.

5 112.

6 On March 24, 2022, Paul N. sent NICKOL, via e-mail to
7 normaawr@yahoo.com, his 30-day notice to terminate his PMA, effective May 1, 2022 and to
8 demand: an accounting of the prior twelve (12) months and invoices for all work completed.
9 To date, NICKOL has neither forwarded any records to Paul N.'s new property management
10 company, nor responded to Paul N.'s attempts to communicate.

11 113.

12 To date, Paul N. believes EREI/NICKOL owe him the total amount of \$7,290,
13 comprised of the February 2022 to April 2022 rent proceeds in the total amount of \$4,740, the
14 tenant's security deposit of \$1,800, the tenant's pet deposit of \$500, and the owner's reserve of
15 \$250.

16 114.

17 **Property Owner #8: Damon B.**

18 **(Landerville Blvd. Property; estimated loss to date of \$3,938)**

19 According to Damon B., he is the owner of real property located at #####0
20 Landerville Blvd., Lake Elsinore, CA 92530 (Landerville Blvd. property), and he entered into a
21 PMA with EREI "operated by former owner Rick Estes" to manage his Landerville Blvd.
22 property. When "Norma Nickol took ownership" in September 2016, Damon B.'s PMA was
23 grandfathered in.

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115.

Damon B. did not receive rent for the months of November 2021, February 2022, and March 2022. On March 30, 2022, Damon B. sent NICKOL a text message upon his discovery that February and March 2022 proceeds were not received; although NICKOL replied to Damon B. that she would call him back, that was Damon B.'s last contact with NICKOL.

116.

Although Damon B. has made multiple attempts to contact EREI/NICKOL (via telephone and an in-person visit to EREI/NICKOL's office), EREI/NICKOL remain non-responsive. On March 31, 2022, Damon B. arrived to EREI's office during business hours; however, the office was locked, nobody answered the telephone, and the attached voicemail box was full.

117.

According to Damon B.' tenant, Jamie R., on August 2, 2018, he entered into a residential lease agreement with Damon B. as the landlord and EREI as the property manager. Upon move-in, Jamie R. was required to pay a \$2,000 security deposit and monthly rent was [initially] \$1,795. According to Jamie R.'s bank statements, he has made timely rent payments to ERE including the amount of \$1,823 for the month of November 2021 and \$1840 for the months of February 2022 and March 2022.

118.

Upon receiving his Jamie R.'s bank statements, Damon B. realized that, in addition to not having received for February and March 2022, that he has not received rental proceeds for November 2021 either.

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1 119.

2 On April 1, 2022, Damon B. sent his written notice to EREI and NICKOL, via
3 text message, to terminate his PMA and to notify NICKOL of the commencement of his small
4 claims court action for the missing rent proceeds for November 2021, February 2022 and
5 March 2022. On April 25, 2022, NICKOL responded to Damon B.'s April 1, 2022 with
6 instructions to e-mail his termination notice to normaawr@yahoo.com.

7 120.

8 On April 25, 2022, pursuant to NICKOL's instructions, Damon B. sent his
9 written notice to EREI and NICKOL, via e-mail to normaawr@yahoo.com, to terminate his
10 PMA, effective immediately.

11 121.

12 According to Damon B., EREI/NICKOL eventually paid him the rent proceeds
13 for February 2022 and March 2022.

14 122.

15 To date, Damon B. believes EREI/NICKOL owe him the total amount of
16 \$3,938, comprised of the missing rent proceeds totaling \$1,738 (for November 2021), the
17 tenant's security deposit of \$2,000, and the owner's reserve of \$200.

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1 123.

2 **Property Owners#9 & #10: Mary Kate and Anthony J.**

3 (Multiple Properties (4) in Lake Elsinore, CA;

4 estimated loss to date of \$27,070 + \$8,503 = \$35,573)

5 **Mary Kate J. (Pederson Street, Schaper St., and Zinck Way)**

6 According to Mary Kate J., her mother (Katherine I.) is the owner of Lake
7 Elsinore, CA real property located at: #####7 Pederson Street (Pederson Street property), #####5
8 Schaper St. (Schaper St. property), and #####0 Zinck Way (Zinck Way property), and she, on
9 behalf of her mother, manages said properties and is named on all paperwork and on her
10 mother's account associated with said properties. In or about 2014, Mary Kate J. first hired
11 EREI and/or NICKOL to manage her mother's Lake Elsinore properties. On September 18,
12 2016, Mary J. and Katherine I. entered into PMAs with EREI to manage Katherine I.'s Schaper
13 St. and Zinck Way properties.

14 124.

15 Beginning in or about the middle of 2021, all of Mary Kate J.'s attempts to
16 contact NICKOL (via telephone, e-mail and text message) were unsuccessful, as NICKOL was
17 non-responsive and her voicemail box was always full.

18 125.

19 Beginning in March 2021, Mary Kate J. received no owner statements, and
20 when she visited EREI's website, she noted a name change to Citadel, a new broker
21 (OOSTERBAAN), and a new physical address, to which she drove and discovered to be a P.O.
22 Box inside of a photography studio.

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1 126.

2 For the months of January 2022, February 2022 and March 2022, Mary Kate J.
3 received no rent proceeds for any of the Pederson Street, Schaper St. and Zinck Way
4 properties.

5 127.

6 According to Mary Kate J.'s tenant at the Pederson Street property, Michael P.,
7 on December 18, 2020, he entered into a residential lease agreement with Mary Kate J. and
8 Katherine I. as the landlords and EREI as the property manager. Upon move-in, Michael P.
9 was required to pay a \$2,500 security deposit and monthly rent was \$1,250. According to
10 Michael P.'s tenant ledger, he has timely paid his monthly rent of \$1,250 to EREI from lease
11 inception through and including July 2022.

12 128.

13 According to Mary Kate J.'s tenant at the Schaper St. property, Ana L., on
14 November 29, 2016, she entered into a residential lease agreement with EREI as the landlord.
15 Upon move-in, Ana L. was required to pay a \$1,350 security deposit and monthly rent was
16 \$1,250. According to Ana L. and her bank statements, she has timely paid her monthly rent of
17 \$1,250 to EREI for the months of January 2020 through December 2021, excepting June 2020
18 and July 2020, which Ana L. stated she abstained from paying due to COVID-19 relief.
19 According to Ana L. she did not pay rent for July 2020, she paid \$625 for repairs.

20 129.

21 On February 15, 2022, Mary Kate J., sent her 30-day written notice to EREI and
22 NICKOL, via U.S. Mail to the Railroad Canyon Rd. address to terminate her PMAs for the
23 Pederson Street, Schaper St. and Zinck Way properties, and to demand: the books, records,
24 monies (including reserves, security deposits and any other trust funds), keys and Form 1099
25 relating to said properties.

1 130.

2 When Mary Kate J. hired a new property management firm to manage Katherine
3 I.'s properties, the new firm was able to communicate with two of the three tenants to establish
4 new leases and paperwork; however, Mary Kate J. discovered that the third set of tenants had
5 been instructed by NICKOL to refrain from speaking to the new property management
6 company.

7 131.

8 At the time that Mary Kate and Anthony J. submitted their complaints regarding
9 EREI/NICKOL to the DRE, Mary Kate J. believed EREI/NICKOL owed her a total amount of
10 \$30,175, comprised of [for all three (3) properties]: missing rent proceeds for 2021 totaling
11 \$14,850, missing rent proceeds for January to March 2022 totaling \$10,545, the tenants'
12 security deposits totaling \$4,030, and the owner's reserve of \$750 (\$250 per property). To
13 date, Mary Kate J. has since received a check from NICKOL in the amount of \$3,105 to which
14 NICKOL did not specify what the amount represents. Therefore, to date, Mary Kate J.
15 believes EREI/NICKOL owe her the total amount of \$27,070.

16 **Anthony J. (Lowell St.)**

17 132.

18 According to Anthony J., he is the owner real property located at: ##4 N.
19 Lowell St. (2Lowell St. property), and on September 19, 2016, he entered into a PMA with
20 EREI "operated by NORMA NICKOL to manage his 2Lowell St. property.

21 133.

22 In or about the beginning of 2021, Anthony J. noticed irregularities in
23 accounting performed by EREI and/or NICKOL and received inconsistent rent proceeds and no
24 monthly ledgers. When Anthony J. inquired as to these issues, NICKOL stated that the
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1 accounting irregularities were due to COVID-19 personnel shortages and that the missing rent
2 payments were due to COVID-19 financial issues.

3 134.

4 When Anthony J. contacted NICKOL in September 2021 to inform that he
5 would be selling the 2Lowell St. property, NICKOL responded that she would provide notice
6 to the tenants. NICKOL failed to provide status updates regarding tenant notice of Anthony
7 J.'s intent to sell; on November 15, 2021, Anthony J. visited 2Lowell St. and discovered it was
8 vacant.

9 135.

10 Although Anthony J. made multiple attempts to contact EREI/NICKOL (via
11 text message, e-mail, voicemail and in-person visits to NICKOL's office), EREI/NICKOL
12 were non-responsive until December 1, 2021, when NICKOL sent a reply text message that the
13 tenants had moved out and had a key for return.

14 136.

15 Anthony J. made multiple attempts (via text message, e-mail, and through the
16 EREI's owner portal) for a final accounting of the 2Lowell St. property before and after the
17 sale of the property. Although NICKOL eventually posted a property ledger and a Form 1099
18 on the owner portal, they were discrepant and erroneous.

19 137.

20 For the months of February 2021, June 2021, August 2021 and September
21 2021, Anthony J. did not receive rent proceeds.

22 138.

23 Although the Form 1099 that Anthony J. was provided shows \$17,603.08 was
24 collected as rent, his owner packet only shows that \$10,350 was paid by the tenant, a
25 difference of \$7,253.08, which is the total of the four (4) rent payments made by the tenant that
26

1 were not input. Also according to the owner statement, NICKOL/ESTES indicated that they
2 paid Anthony J. \$1,589.40 on January 6, 2021 when in fact he was paid only \$589.40, a
3 difference of \$1,000.

4 139.

5 To date, Anthony J. believes EREI/NICKOL owe him \$8,503, comprised of
6 missing rent proceeds for 2021 totaling \$8,253, and the owner's reserve of \$250. Additionally,
7 Anthony J. believes EREI/NICKOL owes the tenant their [unknown]
8 security deposit amount.

9 140.

10 **Property Owner #11: Joelle H.**

11 **(Turner St. Properties (2); estimated loss to date of \$4,852)**

12 According to Joelle H., she is the owner of real property located at #####0 and
13 #####2 Turner St., Lake Elsinore, CA 92530 (Turner St. properties), and in or about 2002, she
14 entered into a PMA with EREI under former owner Rick Estes (Richard Estes) to manage her
15 Turner St. properties. When NICKOL purchased the company in approximately 2016, Joelle
16 H's PMAs were grandfathered in.

17 141.

18 Between February 2022 and April 2022, Joelle H. received no rent proceeds.
19 When Joelle H. contacted NICKOL on April 26, 2022 regarding the \$6,747 in missing rent
20 proceeds, EREI/NICKOL sent her a check in the amount of \$3,648.

21 142.

22 On May 6, 2022, Joelle H. sent written notice to EREI and NICKOL, via e-mail
23 to normaawr@yahoo.com that she would be contacting another property management company
24 to manage her Turner St. properties and to demand: all documentation and a full accounting on
25
26
27

1 the Turner St. properties. To date, Joelle H. has received no responsive documents from
2 NICKOL, and has since hired a new property management company.

3 143.

4 On or about June 25, 2020, Joelle H.'s tenants at her #####0 Turner St. property,
5 Omar S. and Briana P., entered into a residential lease agreement with Joelle H. as the landlord
6 and EREI as the property manager. Upon move-in, Omar S. and Briana P. were required to
7 pay a \$1,800 security deposit; and rent was \$1,500 per month.

8 144.

9 On or about April 1, 2008, Joelle H.'s tenants at her #####2 Turner St. property,
10 Cesar A. and Mariana R., entered into a residential lease agreement with EREI as the landlord.
11 Upon move-in, Cesar A. and Mariana R. were required to pay a \$900 security deposit, and rent
12 was \$825 per month.

13 145.

14 On May 6, 2022, Joelle H. sent EREI/NICKOL the e-mail described above in
15 paragraph 119, to normaawr@yahoo.com, to request pertinent documents related to her Turner
16 St. properties and to provide notice of her PMA termination. EREI/NICKOL have since
17 forwarded the balance of the rent proceeds to Joelle H.; however, EREI/NICKOL have not
18 forwarded the requested information, the tenant's security deposits or owner reserves.
19 Additionally, when Joelle H. contacted the water company to substitute in the new property
20 management company's name, she discovered a past due bill in the amount of \$1,551.35 that
21 was to have been paid by EREI/NICKOL.

22 146.

23 To date, Joelle H. believes EREI/NICKOL owe her the total amount of \$4,852,
24 comprised of the tenants' security deposits totaling \$2,700, the owner's reserve of
25 approximately \$600 (\$300 per property), and the outstanding water bill amount of \$1,552
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1 147.

2 **Property Owner #12: Melanie B.**

3 **(Ellis St. Property; estimated loss to date of \$233)**

4 According to Melanie B., she is the owner of real property located at ###, Units
5 A and B Ellis St., Lake Elsinore, CA 92530 (Ellis St. property), and on September 29, 2011,
6 she entered into a PMA with EREI under former owner Rick Estes (Richard Estes) to manager
7 her Ellis St. property. When NICKOL purchased EREI in approximately 2016, her PMAs
8 were grandfathered in, but she was not provided with new agreements when NICKOL took
9 over.

10 148.

11 Beginning in 2021, Melanie received inconsistent rent proceeds and received no
12 monthly owner statements.

13 149.

14 Although Melanie B. made multiple attempts to contact EREI/NICKOL
15 regarding rent proceeds and owner statements, EREI/NICKOL were either non-responsive, or
16 NICKOL would state that she already sent the money to Melanie B. via U.S. Mail; to date,
17 Melanie B. has not received any rent proceeds sent by mail from EREI or NICKOL. In the
18 alternative, NICKOL would also cite COVID-19 as the reason tenants did not pay rent.

19 150.

20 On June 25, 2021, Melanie B. sent her written notice to EREI and NICKOL, via
21 e-mail to accounting@estesrealestate.com and norma@estesrealestate.com, to terminate her
22 PMA, effective immediately, and to demand: a copy of the rent applications and current lease,
23 an accounting for the last three (3) years, and a return of the tenants' security deposits.
24 Additionally, Melanie B. instructed EREI/NICKOL not to collect rent for July 2021.

25 ///

1 151.

2 To date, Melanie B. believes EREI/NICKOL owe her a total amount of \$233,
3 based on this amount appearing as the “ending cash balance” on the final owner statement
4 generated by EREI/NICKOL.

5 152.

6 **Property Owner #13: Surjit B.**

7 **(Promise Rd. Property; estimated loss to date of \$2,800)**

8 According to Surjit B., he is the owner of real property located at #####0
9 Promise Rd., Lake Elsinore, CA 92532 (Promise Rd. property), and [on an unlisted date]
10 entered into a PMA EREI to manage his Promise Rd. property.

11 153.

12 According to Surjit B., in 2021, EREI/NICKOL received a security deposit in
13 the amount of \$2,800 from Surjit B.’s tenant, Brandy [Doe].

14 154.

15 Beginning on or before April 2022, Surjit B. received inconsistent or late rent
16 proceeds, despite Brandy [Doe] making timely rent payments each month.

17 155.

18 Although Surjit B. attempted to contact EREI/NICKOL multiple times, both
19 telephonically and via e-mail, EREI/NICKOL remain non-responsive.

20 156.

21 In or about April 2022, Surjit B. terminated his PMA with EREI. While tenant
22 Brandy [Doe] continues to live at the Promise Rd. property, neither Brandy [Doe] nor Surjit B.
23 have received a return of the Brandy [Doe]’s \$2,800 security deposit from EREI/NICKOL.

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1 157.

2 To date, Surjit B. believes EREI/NICKOL owe him (his tenant) the total
3 amount of \$2,800, comprised of the tenant's security deposit.

4 158.

5 **Property Owner #14: Bradley S.**

6 **(Multiple Properties (16) in Lake Elsinore, CA; estimated loss to date of \$18,670)**

7 According to Bradley S., he is the owner of Lake Elsinore, CA real property
8 located on Chestnut Street, N. Kellogg St., Lindsay St., Peck St., Lakeview Terrace, and
9 Pepper Dr., and he entered into a PMA with EREI under former owner Rick Estes (Richard
10 Estes). When NICKOL purchased EREI in approximately 2016, Bradley S.' PMAs were
11 grandfathered in, and he was not provided with new agreements when NICKOL took over.

12 159.

13 Beginning in August 2021, Bradley S. began received erroneous owner
14 statements and inconsistent rent proceeds, while vendors that provided repairs on properties
15 managed by EREI/NICKOL were not being paid for their services.

16 160.

17 According to Bradley S., he personally intervened to remedy the unpaid vendor
18 situation, but NICKOL failed to correct the errant accounting of the books and records related
19 to his properties, including but not limited to double management fees. In addition, NICKOL
20 failed to provide receipts for repairs performed by the handyman (her boyfriend).

21 161.

22 Since April 2022, Bradley S. has received no owner statements indicative of
23 rents collected and/or delinquent rent amounts.

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1 162.

2 According to Bradley S.' tenants at one of the Peck St. properties, Oscar P. and
3 Rubicelli V., on August 3, 2015 they entered into a residential lease agreement with EREI as
4 the landlord, and were required to pay a \$1,000 security deposit and monthly rent in the
5 amount of \$795.

6 163.

7 According to Bradley S.' tenant at one of the Chestnut Street properties,
8 Lashawn W., on or about July 1, 2008, she entered into a residential lease agreement with
9 EREI as the landlord, and was required to pay a \$1,750 security deposit and monthly rent in the
10 amount of \$875.

11 164.

12 According to Bradley S.' tenant, Ricky R., he resides at one of the Lindsay St.
13 properties, and according to the tenant ledger, he has made timely rent payments to EREI in the
14 amount \$900 per month [and all subsequent increased rent amounts] from the inception of his
15 lease in December 2009 up to and including September 2022. According to Ricky R. and the
16 tenant ledger, he was required to pay a \$900 security deposit.

17 165.

18 According to Bradley S.' tenant at one of the Kellogg St. properties, Maria M.
19 (a.k.a. Mariauh S.), on November 1, 2019, she entered into a residential lease agreement with
20 Bradley S. as the landlord and EREI as the property manager, and was required to pay a \$1,200
21 security deposit and monthly rent in the amount of \$995.

22 166.

23 According to Bradley S.' tenant at one of the Kellogg St. properties, Willie B.,
24 he paid a \$2,500 security deposit on May 24, 2021 (check number 107).
25 995.

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167.

Although Bradley S. [and his tenants] have attempted to contact EREI/NICKOL multiple times (via text message, email, telephone and voicemail) EREI/NICKOL remain non-responsive.

168.

On May 25, 2022, Bradley S. sent his 30-day written notice to EREI and NICKOL, via e-mail to normaawr@yahoo.com, to terminate his PMA and to demand: keys and a full accounting on his Lake Elsinore properties for monies received and disbursed. On June 2, 2022, NICKOL replied to Bradley S. via text message that the minimum is 30 days to close accounts.

169.

To date, Bradley S. believes EREI/NICKOL owe him \$18,670, comprised of the tenants' security deposits totaling approximately \$13,000, ending cash balances and/or cleaning deposits totaling approximately \$3,440, refund of the double management fee charged for the Lindsay St. property in the amount \$94; and missing rents totaling \$2,140.

170.

In the course of the activities described above, and based on the facts discovered by the Department, as described above in Paragraphs 64 through 169, the acts and/or omissions of Respondents **ESTES REAL ESTATE INC., CORNELIS OOSTERBAAN, and NORMA CATALINA NICKOL** are in violation of **Code Section 10176(i)** and constitute cause for the suspension or revocation of all licenses, license rights and license endorsements of Respondents **ESTES REAL ESTATE INC., CORNELIS OOSTERBAAN, and NORMA CATALINA NICKOL** under the Real Estate Law.

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1 **ADDITIONAL VIOLATIONS OF THE REAL ESTATE LAW**

2 **(Code Sections 10177(d), (g) and (h))**

3 171.

4 The overall conduct of Respondents **ESTES REAL ESTATE INC.,**
5 **CORNELIS OOSTERBAAN, and NORMA CATALINA NICKOL** is in violation of the
6 Real Estate Law and constitutes cause for the suspension or revocation of the real estate
7 licenses and license rights of ESTES REAL ESTATE INC., CORNELIS OOSTERBAAN, and
8 NORMA CATALINA NICKOL under the provisions of **Code Section 10177(d)** (for willful
9 disregard of the Real Estate Law); **Code Section 10177(g)** (for negligence) and
10 [OOSTERBAAN only] **Code Section 10177(h)** (failure to exercise reasonable supervision).

11 **COSTS**

12 172.

13 **Investigation & Enforcement Costs**

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

19 173.

20 **Audit Costs**

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

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