

1 Kevin H. Sun, Counsel (SBN 276539)
2 Department of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013-1105
5 Telephone: (213) 443-9271
6 Email: Kevin.Sun@dre.ca.gov
7 *Attorney for Complainant*

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DEPT. OF REAL ESTATE
By *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of) No. H-43245 LA
12)
13 SEGO HOLDINGS INC., and KENDRA JO) ACCUSATION
14 HARTSELL, individually and as designated)
15 officer of Sego Holdings Inc.,)
16 Respondent(s).)
17)

18 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
19 State of California, for cause of Accusation against SEGO HOLDINGS INC. and KENDRA JO
20 HARTSELL (collectively “Respondents”) alleges as follows:

21 1.

22 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
23 State of California, makes this Accusation in her official capacity.

24 2.

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

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1 5.

2 (PRIOR DISCIPLINE)

3 On or about June 17, 2022, in case no. H-42111 LA, a Stipulation and
4 Agreement was entered into between the Department and Respondents, effective July 22, 2022,
5 issuing: (1) for SHI, suspensions of 60 days (30 days stayed based on monetary penalty and 30
6 days stayed for 2 years on terms and conditions) for violation of Code sections 10141.6, 10145,
7 10176(e), and 10176(i), and Regulations sections 2831, 2831.1, 2831.2, 2832, 2832.1 and
8 2951; and (2) for HARTSELL, suspensions of 60 days (30 days stayed based on monetary
9 penalty and 30 days stayed for 2 years on terms and conditions) for violation of Code sections
10 10159.2 and 10177(h).

11 LICENSED ACTIVITIES

12 6.

13 At all times relevant herein Respondents were engaged in the business of, acted
14 in the capacity of, advertised or assumed to act as a real estate corporation, within the meaning
15 of Section 10131 (b) of the Code. Respondents' activities included the leasing or renting of real
16 property and the collection of rents and security deposits for real property on behalf of others
17 for compensation or in expectation of compensation.

18 7.

19 (AUDIT SD250001)

20 On or about November 21, 2025, the Department completed an audit
21 examination of the books and records of Respondents pertaining to the property management
22 activities described in Paragraph 6 above. The audit examination covered the period of time
23 from January 1, 2024 to June 30, 2025 ("audit period"). The primary purposes of the
24 examination was to determine whether Respondents conducted real estate activities that
25 complied with the Real Estate Law, especially with regard to the terms and conditions of the
26 stipulation described in Paragraph 5. The audit examination revealed violations of the Code and
27

1 the Regulations as set forth in the following paragraphs, and more fully discussed in Audit No.
2 SD250001, and the exhibits and work papers attached to said audit report.

3 8.

4 At all times mentioned herein, and in connection with the property management
5 activities described in Paragraph 6, above, Respondents accepted or received funds, including
6 funds in trust (“trust funds”) from or on behalf of actual or prospective parties to transactions
7 handled by Respondents and thereafter made deposits and/or disbursements of such funds.
8 According to the documents provided, Respondents maintained three (3) bank account for
9 handling of the receipts and disbursements of funds during the audit period in connection with
10 the property management activities as well as a general account for business purposes. The
11 bank account is as follows:

12 Bank Account 1 (“BA 1”)

13 Bank: HomeStreet Bank
14 Account Name: Sego Holdings In DBA Remax Horizon
15 Account Number: xxxxxxxx1701
16 Signatories: Kendra Hartsell, Jennifer Hartsell, Lydia A. Thompson
17 Signatures Required: One
18 Purpose: BA 1 was maintained to handle trust funds in the property management
19 activities for multiple beneficiaries, including, but not limited to, rents.

20 Bank Account 2 (“BA 2”)

21 Bank: HomeStreet Bank
22 Account Name: Sego Holdings In DBA Remax Horizon
23 Account Number: xxxxxxxx1912
24 Signatories: Kendra Hartsell, Jennifer Hartsell, Lydia A. Thompson
25 Signatures Required: One
26 Purpose: BA 2 was maintained to handle trust funds in the property management
27 activities for multiple beneficiaries, including, but not limited to, security deposits.

1 Trust Account 1 ("TA 1")

2 Bank: Provident Bank

3 Account Name: Sego Holdings In DBA Remax Horizon "Trust Account"

4 Account Number: xxxxxxxx8079

5 Signatories: Jennifer M. Hartsell, Kendra J. Hartsell, Kevin J. O'Neill

6 Signatures Required: One

7 Purpose: TA 1 was maintained to handle trust funds in the property management
8 activities for multiple beneficiaries, including, but not limited to, rents and security deposits.

9 Violations of the Real Estate Law

10 9.

11 The audit examination revealed violations of the Code and the Regulations, as
12 set forth in the following paragraphs, and more fully discussed in Audit Report No. SD250001,
13 and the exhibits and work papers attached to the audit report:

14 (a) **Trust Fund Handling For Multiple Beneficiaries (Code section 10145**
15 **and Regulations sections 2832.1)**. Based on an examination of BA 1's records, there was a
16 combined minimum trust fund shortage of \$4,276.00 as of June 30, 2025 in violation of Code
17 section 10145 and Regulations sections 2832.1. There is no evidence that Respondents were
18 given written consent from the owners of the trust funds to allow Respondents to reduce the
19 balance of the funds in BA 1 to an amount less than the aggregate trust fund liabilities to all
20 owners of the trust funds.

21 Based on an examination of BA 2's records, there was a combined minimum
22 trust fund shortage of \$250.00 as of June 30, 2025 in violation of Code section 10145 and
23 Regulations sections 2832.1. There is no evidence that Respondents were given written consent
24 from the owners of the trust funds to allow Respondents to reduce the balance of the funds in
25 BA 2 to an amount less than the aggregate trust fund liabilities to all owners of the trust funds.

26 Based on an examination of TA 1's records, there was a combined minimum
27 trust fund shortage of \$1,678.47 as of June 30, 2025 in violation of Code section 10145 and

1 Regulations sections 2832.1. There is no evidence that Respondents were given written consent
2 from the owners of the trust funds to allow Respondents to reduce the balance of the funds in
3 TA 1 to an amount less than the aggregate trust fund liabilities to all owners of the trust funds.

4 (b) **Trust Fund Records to be Maintained (Code Section 10145 and**
5 **Regulations Sections 2831).** Based on an examination of TA 1's records, Respondents failed
6 to maintain complete and accurate columnar record for all trust funds received and disbursed
7 (control record) in TA 1 which were used for Respondents' property management activities
8 during the audit period in violation of Code Section 10145 and Regulations Sections 2831.

9 (c) **Separate Records for Each Beneficiary or Transaction (Code section**
10 **10145 and Regulations sections 2831.1).** Respondents failed to maintain complete and
11 accurate separate records for each beneficiary or transaction of all trust fund receipts and
12 disbursements for TA 1 in connection with Respondents' property management activities
13 during the audit period in violation of Code section 10145 and Regulations section 2831.1.

14 (d) **Trust Account Reconciliation (Code section 10145 and Regulations**
15 **section 2831.2).** Based on an examination of BA 1, BA 2, and TA 1's records, Respondents
16 failed to accurately perform monthly reconciliation for BA 1, BA 2, and TA 1 during the audit
17 period in violation of Code section 10145 and Regulations section 2831.2.

18 (e) **Trust Funds Handling/Trust Account Designation (Code Section 10145**
19 **and Regulations Section 2832).** Based on an examination of BA 1's records, BA 1 was not set
20 up as a trust account. BA 1 was used to collect trust funds in connection with SHI's property
21 management activity in violation of Code Section 10145 and Regulations Section 2832.

22 Based on an examination of BA 2's records, BA 2 was not set up as a trust
23 account. BA 2 was used to collect trust funds in connection with SHI's property management
24 activity in violation of Code Section 10145 and Regulations Section 2832.

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1 (f) **Trust Fund Handling/Commingling/Excess Broker Funds Held in Trust**
2 **Accounts (Code Sections 10145 and 10176(e) and Regulations 2835)**. SHI maintained its
3 funds in TA1 during the audit period and funds in excess of \$200.00 in TA 2 during the audit
4 period in violation of Code Sections 10145 and 10176(e) and Regulations 2835.

5 (g) **Secret Profit or Undisclosed Compensation/Broker Placement of Trust**
6 **Funds with Financial Institutions (Code Section 10176(g) and Regulations Section 2830)**.
7 According to BA 1 records, Respondents did not disclose in writing to their clients that they
8 maintained an earnings credit relationship with HomeStreet Bank for BA 1 in violation of Code
9 Section 10176(g) and Regulations Section 2830.

10 According to BA 2 records, Respondents did not disclose in writing to their
11 clients that they maintained an earnings credit relationship with HomeStreet Bank for BA 2 in
12 violation of Code Section 10176(g) and Regulations Section 2830.

13 (h) **Responsibility of Corporate Office in Charge/Broker Supervision (Code**
14 **sections 10159.2 and Regulations section 2725)**. Based on the violations in Paragraphs 9 (a)-
15 (g) above, Respondent HARTSELL failed to exercise adequate supervision and control over
16 SHI's property management activities in violation of Code section 10159.2. Respondent
17 HARTSELL failed to provide established policies, rules, procedures, and systems to review,
18 oversee, inspect, and manage transactions requiring a real estate license and the handling of
19 trust funds in violation of Regulations section 2725.

20 Additional Violations of the Real Estate Law

21 10.

22 The overall conduct of Respondents violates the Real Estate Law and constitutes
23 cause for the suspension or revocation of its real estate license and license rights under the
24 provisions of **Code Section 10177(g)** for negligence and **Code Section 10177(d)** for willful
25 disregard of the Real Estate Law.

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11.

Each of the foregoing violations in Paragraphs 9 (a)-(h) above constitute cause for the suspension or revocation of the real estate license and/or license rights of Respondents under the provisions of Code sections 10177(d), 10177(g), and 10177(h) (as to HARTSELL).

COSTS

(AUDIT COSTS)

12.

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

(INVESTIGATION AND ENFORCEMENT COSTS)

13.

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

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