

1 OREGON REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of)

5
6 SANFORD JONES)

STIPULATED FINAL ORDER

7
8
9
10 The Real Estate Agency (OREA) and Sanford Jones (Jones) do hereby agree and
11 stipulate to the following:

12 FINDINGS OF FACT
13 AND
14 CONCLUSIONS OF LAW

15 1.

16 1.1 At all times mentioned herein, Jones was licensed as a property manager doing
17 business under the registered business name of Canyon Property Management, LLC (Canyon
18 PM).

19 1.2 Jones' license expired on May 31, 2011, and lapsed on May 31, 2012, so he no
20 longer has any rights to reactivate his license.

21 1.3 On September 21, 2009, OREA received a complaint from Richard Madison
22 (Madison), partial owner in the East Park Place Apartments at 18837 SE Yamhill St., Portland,
23 Oregon (East Park), alleging that the property was being managed by Canyon PM without a
24 signed property management agreement, that they overcompensated themselves through
25 employee benefits and set up fees, that they failed to maintain security deposit funds in a
26 separate account, and that client trust account funds belonging to Westland Investment Realty
27 LLC (Westland IR) and Canyon PM were being commingled.

28 1.4 On September 24, 2009, OREA received a complaint from James Gratreack
29 (Gratreack), another partial owner in East Park, in addition to the Jeanne Anne Apartments
30 (Jeanne Anne) at 17846 E. Burnside, Portland, Oregon and the Rachel Anne (Rachel Anne)

1 Apartments at 16300 E. Burnside, Portland, Oregon, citing the same allegations as Madison.

2 The subsequent investigation found the following violations.

3 1.5 Jones failed to provide a copy of the written company policy for Canyon PM,
4 which contained provisions that detailed the duties and responsibilities of licensed and non-
5 licensed employees, as well as provisions regarding the supervision of employees and
6 contractors.

7 **Violation:** OAR 863-025-0015(2) (2005 Edition, 5/6/05), which requires that a property
8 manager develop and maintain a written company policy that includes provisions regarding the
9 duties and responsibilities of the licensees and employees.

10 1.6 Jones allowed two property management agreements to be executed with two
11 different ways security deposit funds could be handled, thereby not giving him written
12 agreement as to how the security deposit funds would be handled, and kept security deposit
13 funds with other funds in the clients' trust account without written authorization. (2 counts)

14 **Violation:** OAR 863-025-0030(1) (2005 Edition, 7/15/05), which requires that all
15 tenants' security deposits received by a property manager shall be deposited and maintained
16 in a clients' trust account – security deposits, unless otherwise authorized by the property
17 management agreement.

18 1.7 Jones failed to file the appropriate forms with OREA to notify and authorize
19 inspection of five clients' trust accounts maintained with U.S. Bank between March of 2003 and
20 June of 2008, and four clients' trust accounts maintained with Bank of America between
21 September of 2008 and May of 2009. (9 counts)

22 **Violations:** ORS 696.241(2) and (3) (2005 and 2007 Editions), which requires that
23 licensees submit the appropriate forms to notify OREA of each clients' trust account opened,
24 and to authorize OREA to examine any clients' trust account.

25 1.8 Jones allowed electronic withdrawals for expenses that were taken on one date
26 to be posted as checks written on a different date in the check register. (3 counts)

27 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
28 property manager post all receipts and disbursements on the check register and the owner's
29 ledger, and allows a property manager to engage in electronic banking if a record of the
30 transactions, sufficient to establish an audit trail, is created and maintained.

1 1.9 Jones disbursed funds from the clients' trust account for expenses, despite
2 ledgers that showed an absence of sufficient funds. (3 counts)

3 **Violation:** OAR 863-025-0025(11) (2008 Edition, 11/15/07), which states that a
4 property manager shall not disburse funds from a client's trust account unless there are
5 sufficient funds in the ledger account.

6 1.10 Jones maintained petty cash funds as stipulated in the property management
7 agreement as being \$500.00 and to be replenished a maximum of once a month, but
8 replenished those funds in an amount greater than \$500 and/or more than once a month.

9 **Violation:** ORS 696.301(12) (2007 Edition), which states that a licensee may be
10 disciplined if they have demonstrated incompetence in performing any act for which the
11 licensee is required to hold a license.

12 1.11 Jones disbursed funds from the clients' trust account for petty cash payments,
13 despite ledgers that showed an absence of sufficient funds. (3 counts)

14 **Violation:** OAR 863-025-0025(11) (2008 Edition, 11/15/07), which states that a
15 property manager shall not disburse funds from a client's trust account unless there are
16 sufficient funds in the ledger account.

17 1.12 Jones allowed electronic withdrawals for payroll reimbursement that were taken
18 on one date to be posted as checks written on a different date in the check register.

19 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
20 property manager post all receipts and disbursements on the check register and the owner's
21 ledger, and allows a property manager to engage in electronic banking if a record of the
22 transactions, sufficient to establish an audit trail, is created and maintained.

23 1.13 Jones allowed an electronic loan advance on one date to be recorded as a
24 deposit from SinglePoint on a different date in the check register.

25 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
26 property manager post all receipts and disbursements on the check register and the owner's
27 ledger, and allows a property manager to engage in electronic banking if a record of the
28 transactions, sufficient to establish an audit trail, is created and maintained.

29 1.14 Despite ledgers for the Jeanne Anne operating CTA that showed an absence of
30 sufficient funds, Jones made a disbursement on May 7, 2008, for a security deposit refund.

1 **Violation:** OAR 863-025-0025(11) (2008 Edition, 11/15/07), which states that a
2 property manager shall not disburse funds from a client's trust account unless there are
3 sufficient funds in the ledger account.

4 1.15 Jones failed to ensure that the owner of Jeanne Anne had filled out the property
5 management agreement completely. By allowing the space for the written amount for
6 "ordinary and necessary repairs" permitted without owner approval to be left blank, Jones
7 failed to obtain the required written authorization.

8 **Violation:** OAR 863-025-0020(1) (2005 Edition, 7/15/05), which states that all authority
9 and powers given by the owner to the property manager must be included in the property
10 management agreement.

11 1.16 Ledgers and bank statements for Jeanne Anne show electronic withdrawals on
12 one date and are posted as a check on another date for expenses related to the payment of
13 labor and use of the reserve account.

14 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
15 property manager post all receipts and disbursements on the check register and the owner's
16 ledger, and allows a property manager to engage in electronic banking if a record of the
17 transactions, sufficient to establish an audit trail, is created and maintained.

18 1.17 Despite ledgers that showed an absence of sufficient funds, Jones disbursed
19 funds from the clients' trust account related to labor expenses.

20 **Violation:** OAR 863-025-0025(11) (2008 Edition, 11/15/07), which states that a
21 property manager shall not disburse funds from a client's trust account unless there are
22 sufficient funds in the ledger account.

23 1.18 Although Jones had received verbal instructions from owners to maintain an
24 interest-bearing clients' trust account, he did not ensure he had written authority to do so in the
25 property management agreement.

26 **Violation:** OAR 863-025-0020(3) (2008 Edition, 11/15/07), which requires that if trust
27 funds are received by a property manager and are deposited in an interest-bearing clients'
28 trust account, the property management agreement must specify whether the interest will go to
29 the owner or the property manager.

30

1 1.19 Jones allowed a deposit on September 26, 2008, of \$15,000 according to the
2 bank statement for Jeanne Anne, to be posted in the check register as a deposit on September
3 24, 2008, from Coin Master.

4 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
5 property manager post all receipts and disbursements on the check register and the owner's
6 ledger.

7 1.20 Jones allowed a deposit on September 26, 2008, of \$15,000 according to the
8 bank statement for Rachel Anne, to be posted in the check register as a deposit on September
9 25, 2008, from Coin Master.

10 **Violation:** OAR 863-025-0040(3) and (7) (2008 Edition, 11/15/07), which requires that a
11 property manager post all receipts and disbursements on the check register and the owner's
12 ledger.

13 1.21 By posting deposits on August 29, 2008, to his check register, when the bank
14 statement showed the deposits occurred on September 3 and 8, 2008, Jones allowed the
15 check register to show a lack of sufficient funds for the month-end payroll disbursements.

16 **Violation:** OAR 863-025-0040(3) and OAR 863-025-0025(11) (2008 Edition, 11/15/07),
17 which requires that a property manager post all receipts and disbursements on the check
18 register and the owner's ledger, and states that a property manager shall not disburse funds
19 from a client's trust account unless there are sufficient funds in the ledger account.

20 2.

21 OREA reserves the right to investigate and pursue additional complaints that may be
22 received in the future regarding this licensee.

23 STIPULATION & WAIVER

24 I have read and reviewed the above findings of fact and conclusions of law which have
25 been submitted to me by OREA and further, the order which follows hereafter. I understand
26 that the findings of fact, conclusions of law and this stipulation and waiver embody the full and
27 complete agreement and stipulation between OREA and me. I further understand that if I do
28 not agree with this stipulation I have the right to request a hearing on this matter and to be
29 represented by legal counsel at such a hearing. Hearings are conducted in accordance with
30 the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and

1 Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily
2 waive my rights to a hearing, to representation by legal counsel at such a hearing, and to
3 judicial review of this matter.

4 I hereby agree and stipulate to the above findings of fact and conclusions of law and
5 understand that the order which follows hereafter may be completed and signed by the Real
6 Estate Commissioner or may be rejected by the Real Estate Commissioner, in which case an
7 amended notice of intent may be issued in this matter. I understand that, in accordance with
8 the provisions of ORS 696.445(3), notice of this order shall be published in the Oregon Real
9 Estate News Journal.

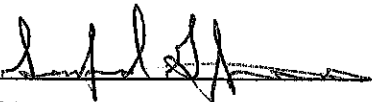
10 ORDER

11 IT IS HEREBY ORDERED that Jones' license be, and hereby is, reprimanded.

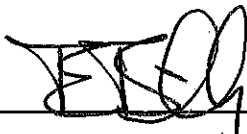
12 IN ADDITION, Jones agrees not to re-apply for a real estate license with OREA in the
13 future.

14
15 IT IS SO STIPULATED:

IT IS SO ORDERED:

16
17
18 

19 SANFORD JONES

20
21 

22 GENE BENTLEY

Real Estate Commissioner

23 Date 2-13-13

Date 2.19.13

24 DATE of service: 2-19-13