

1 REAL ESTATE AGENCY
2 BEFORE THE REAL ESTATE COMMISSIONER
3

4 In the Matter of the Real Estate License of

5
6 GERALDINE P. HENTHORN

7
8 } STIPULATED FINAL ORDER
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10 The Oregon Real Estate Agency (OREA) and Geraldine P. Henthorn (Henthorn) do
11 hereby agree and stipulate to the following:

12 FINDINGS OF FACT
13 &
14 CONCLUSIONS OF LAW

15 1

16 1.1 At all times mentioned herein, Henthorn was licensed as a principal broker with
17 Ivalor LLC. Henthorn, and her daughter Lorie Henthorn, a broker, both performed property
18 management activity under the registered business name Ivalor LLC (Ivalor).

19 1.2 On August 10, 2011, OREA received a complaint from Elizabeth Sprint (Sprint)
20 against Ivalor LLC, the property management company through which Sprint's three properties
21 were managed. Sprint stated that Ivalor was terminated from their management agreement in
22 July 2011, for several reasons, one of which was improper accounting.

23 1.3 On September 21, 2011, OREA opened an investigation against Henthorn.
24 Initially attorney Norm Hill (Hill) was the attorney for Ivalor. Later in the investigation, attorney
25 Wes Hill (Wes) took over the case for Hill.

26 1.4 Ivalor provided to Sprint and to OREA for this investigation, a document titled
27 "Transaction Detail Report for S-06," which covered the financial details for Sprint's property on
28 Miller St. during July 2010, and had reference to the tenant "Duren." Ivalor received and
29 posted Duren's security deposit check of \$200.00 on July 2, 2010 to the clients' trust account.

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1 1.5 On July 30, 2010, the \$200.00 security deposit was transferred out to the security
2 deposit account. Another security deposit was received for Duren on August 3, 2010, also for
3 \$200.00. The funds were not transferred to the security deposit account until August 15, 2010.

4 **Violation:** By failing to transfer security deposit funds out of the clients' trust account
5 and into the security deposits account within three banking days after deposit of the check into
6 the clients' trust account, Henthorn violated OAR 863-025-0030(2) (6/15/2010 Edition), which
7 states that if a security deposit is received as part of a larger check containing funds other than
8 security deposits, the property manager may deposit the check into a clients' trust account of
9 the property manager, however, the portion of the funds constituting security deposits must be
10 deposited into the security deposits account within three banking days after deposit of the
11 check into the clients' trust account.

12 1.6 On January 17, 2012 OREA investigator Peter Bale (Bale) spoke with Henthorn
13 at Ivalor. Henthorn brought attorney Hill and others to the interview. Hill said they had
14 discovered that a previous bookkeeper, Ginger Stang (Stang), had embezzled money from
15 Ivalor. The thefts began in 2007 and were uncovered in October 2011.

16 1.7 On January 18, 2012, OREA opened a second investigation involving possible
17 clients' trust account issues, including reconciliations.

18 1.8 Ivalor had enlisted the help of Joe Minniti, a certified public accountant, to review
19 the accounting and undertake a forensic accounting of the past several years. Ivalor's attorney
20 at the time, Wes, stated that the monthly clients' trust account reconciliations were initiated by
21 Stang for Henthorn's review during this period. Henthorn would review and approve the
22 monthly reconciliations. Ivalor found through the forensic accounting that Stang had
23 manipulated the accounting software and the monthly reconciliations. Henthorn was unaware
24 that QuickBooks could be manipulated as Stang had done.

25 1.9 Multiple accounting documents were submitted to OREA. Wes submitted a copy
26 of the August 2007 reconciliation of the clients' trust account ending in -0305. After
27 examination, the following was noted: a) the reconciliation was not signed and dated, b) the
28 owners' ledger balance of \$9,698.14 was not equal to the reconciled bank balance and check
29 register balance of \$13,107.37, yet there was no full and complete explanation for the
30 difference of \$3,409.23, and c) no check register was provided to verify that the reconciled

1 bank balance amount and check register amount matched.

2 **Violation:** By failing to: a) sign and date the review of the reconciliation; b) provide full
3 and complete explanations for the \$3,409.23 difference between the reconciled bank balance
4 and the total of the owners' ledgers; and c) provide a check register to verify the reconciled
5 bank balance amount and check register matched, Henthorn violated OAR 863-025-0025(19)
6 (4/13/07 Edition), which requires a property manager to sign and date the completed
7 reconciliation, and requires that the reconciliation demonstrate that the reconciled bank
8 balance, balance of the check register and the total of all positive owners' ledgers are equal,
9 and if they are not equal, the reconciliation must contain full and complete explanations for any
10 discrepancies.

11 1.10 Wes submitted a copy of the June 2009 reconciliation for the clients' trust
12 account ending in -3058 with Frontier Bank. This reconciliation was not signed and dated by
13 Henthorn to indicate that she had reviewed and approved it. The supporting documentation for
14 the bank balance did not match what was stated on the reconciliation. Additionally, no check
15 register was submitted to back up the amount listed as held in the check register.

16 **Violation:** By failing to: a) sign and date the review of the reconciliation; b) provide
17 supporting documentation to show the reconciled bank balanced matched the amount stated
18 on the reconciliation; and c) provide supporting documentation to show the check register
19 matched the amount stated in the reconciliation, Henthorn violated OAR 863-025-0025(20)
20 (1/9/09 Edition), which requires a property manager to sign and date the reconciliation
21 document and requires that the reconciliation demonstrate that the following three
22 components are equal: reconciled bank statement balance, check register balance, and sum of
23 all positive owners' ledgers. If any adjustment is needed, the adjustment must be clearly
24 identified and explained on the reconciliation document.

25 2.

26 2.1 OREA reserves the right to investigate and pursue additional complaints that
27 may be received in the future regarding this licensee.

28 STIPULATION & WAIVER

29 I have read and reviewed the above findings of fact and conclusions of law which have
30 been submitted to me by OREA and further, the order which follows hereafter. I understand

1 that the findings of fact, conclusions of law and this stipulation and waiver embody the full and
2 complete agreement and stipulation between OREA and me. I further understand that if I do
3 not agree with this stipulation I have the right to request a hearing on this matter and to be
4 represented by legal counsel at such a hearing. Hearings are conducted in accordance with
5 the procedures set forth in ORS Chapter 183 and in accordance with the Rules of Practice and
6 Procedure adopted by the Attorney General of the State of Oregon. I freely and voluntarily
7 waive my rights to a hearing, to representation by legal counsel at such a hearing, and to
8 judicial review of this matter.

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

15 ORDER

16 IT IS HEREBY ORDERED, pursuant to ORS 696.301 and based on the violations
17 above, that Henthorn's principal broker license be, and hereby is, reprimanded.

18 IT IS FURTHER ORDERED that Henthorn must: a) complete the 27-hour Property
19 Manager Advanced Practices course and provide documentation, such as a certificate of
20 attendance to OREA within four months from the date of this order,

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22 IT IS SO STIPULATED:

IT IS SO ORDERED:

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26 GERALDINE P. HENTHORN

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26 GENE BENTLEY

27 Real Estate Commissioner

28 Date 4-9-14

28 Date 4.16.14

30 DATE of service: 4-16-2014