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2 REAL ESTATE AGENCY  
3 BEFORE THE REAL ESTATE COMMISSIONER

4 In the Matter of the Real Estate License of

5  
6 TERESA L. WILLIAMS

7 )  
8 ) FINAL ORDER BY DEFAULT  
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11 **PROCEDURAL HISTORY**

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13 1.1 On May 24, 2019, the Real Estate Commissioner issued, by certified mail, a  
14 Notice Of Intent To Revoke Teresa L. Williams' (Williams) property manager license. The  
15 Oregon Real Estate Agency (Agency) sent the Notice Of Intent to Williams' last known address  
16 of record with the Agency (201 E Main St., Rogue River, OR 97537). The Notice Of Intent was  
17 also mailed to Williams by regular first class mail in a handwritten envelope. Neither mailings  
18 of the Notice Of Intent were returned to the Agency. The Notice Of Intent was also emailed to  
19 Williams at her email address on file with the Agency.

20 1.2 By letter dated June 10, 2019, Williams requested a hearing.

21 1.3 On July 1, 2019, the Real Estate Commissioner issued by certified mail an  
22 Amended Notice Of Intent. The Agency mailed the Amended Notice Of Intent by certified mail  
23 to Williams' two new addresses of record (1104 Fielder Creek Rd., Rogue River, OR 97537,  
24 and PO Box 878 Rogue River, OR 97537). The Amended Notice Of Intent was also mailed to  
25 Williams by regular first class in a handwritten envelope to both new addresses. The certified  
26 mailing receipt was signed by Williams for the mailing to the PO Box 878 Rogue River  
27 address. The certified mailing to 1104 Fielder Creek Rd was returned to the Agency marked  
28 "RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD." Neither first class mailings  
29 in the handwritten envelopes have been returned to the Agency. The Amended Notice of  
30 Intent corrected a citation in the original Notice and advised Respondent that pursuant to ORS

1 696.775 the Agency retained jurisdiction over her and her license despite the expiration of her  
2 license on July 1, 2019.

3 1.4 Also on July 1, 2019, the Agency referred the matter to the Office of  
4 Administrative Hearings for Hearing in this matter. A pre-hearing conference was held at 1:00  
5 pm on August 13, 2019, during which Respondent Williams verbally withdrew her request for a  
6 hearing. Respondent re-confirmed her withdrawal of the request for hearing, in writing, in a  
7 subsequent email dated August 13, 2019 and sent at 4:47 pm.

8 1.5 As noted in paragraph 6 of the Amended Notice of Intent to Revoke, the  
9 Agency's entire investigation file was designated as the record for purposes of presenting a  
10 *prima facie* case upon default, including submissions from Respondent and all information in  
11 the administrative file relating to the mailing of notices and any responses received.

12 2.

13 **NOW THEREFORE**, based upon the foregoing, and upon review of the Agency's file in  
14 this matter, the Real Estate Commissioner enters the following Order:

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16 **FINDINGS OF FACT**

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18 2.1 At all relevant times mentioned herein, Respondent Williams was licensed as a  
19 real estate property manager doing business under the registered business name of Rogue  
20 River Property Management, LLC (RRPM).

21 2.2 On October 30, 2018, the Agency notified Williams that her clients' trust account  
22 (CTA ending in -2524) was selected for a Mandatory Clients' Trust Account Reconciliation  
23 Review. The Agency requested Williams submit her August 2018 reconciliation and  
24 supporting documentation to the Agency within 30 days.

25 2.3 On January 7, 2019, the Agency received a letter from Williams, stating, "I  
26 couldn't send the reconciliation to your [sic] for August 2018 as you requested because it was  
27 no good." Williams submitted the December 2018 reconciliations of both her CTA ending in  
28 -2524 and her clients' trust account- security deposits (CTA-SD ending in -2516).

29 2.4 On February 12, 2019, Agency Compliance Coordinator Deanna Hewitt (Hewitt)  
30 contacted Williams and asked what she meant by the August 2018 reconciliation being no

1 good. Williams said they weren't accurate but she had corrected them. Hewitt asked if there  
2 were funds missing from the account and Williams said there were. Williams was asked who  
3 took the funds, and Williams said she had. Hewitt instructed Williams to send a copy of the  
4 August 2018 reconciliation for both accounts (unaltered) and to submit them to the Agency by  
5 February 19, 2019.

6 2.5 On February 19, 2019, the Agency received another letter from Williams, along  
7 with the August 2018 reconciliations of her CTA ending in -2524 and CTA-SD ending in -2516.  
8 Williams wrote that she had been short \$11,220.89 in the CTA ending in -2524 for a few  
9 months and \$35,715.00 in the CTA-SD ending in -2516 for a lot longer. Williams indicated she  
10 had borrowed money to replace the missing funds and stated both clients' trust accounts were  
11 now "perfect to the penny and will stay that way."

12 2.6 In her February 19, 2019, letter Williams wrote in part, "As for excuse for this  
13 misuse of funds, I don't know where I should begin. In going through an ugly divorce, I found  
14 myself not able to pay all the bills having a mortgage higher than the value of my home. It  
15 didn't take long to find myself in over my head. Somewhat depressed and completely, alone, I  
16 found myself in a hole everyday stressing out on how I was going to get out."

17 2.7 On March 12, 2019, Agency Investigator Aaron Grimes (Grimes) and  
18 Compliance Coordinator Rob Pierce (Pierce) met with Williams. Williams provided Grimes and  
19 Pierce with online banking records for each account.

20 2.8 It appears Williams started taking security deposit funds out of the CTA-SD  
21 ending in -2516 in January 2015. The balance in the account at the start of 2015 was  
22 \$34,315.50, and through transfers to the CTA ending in -2524 and to Williams' business  
23 account ending in -2508, the balance at the end of February 2015 was down to \$22,815.50.  
24 Williams brought the balance under \$10,000 in September 2015 and ended 2015 with a  
25 balance of \$400.00. Absent much turnover in her rentals, she ended 2016 with a balance of  
26 \$2,200.00, and ended 2017 with a balance of \$315.00.

27 2.9 Williams told Grimes and Pierce there was a combination of factors that led her  
28 to take money from the clients' trust accounts, giving similar reasons to her February 19, 2019  
29 letter. She said after her divorce she got behind in her house payments and eventually lost her  
30 home. She confirmed she initially took funds from the CTA-SD ending in -2516.

1           2.10 The balance in the CTA-SD ending in -2516 at the beginning of December 2018  
2 was \$2,015.00. On December 12, 2018, Williams deposited \$29,435.00. Williams continued  
3 to put funds back and ended 2018 with a balance of \$47,960.00.

4           2.11 During the meeting with Grimes and Pierce, Williams took full responsibility for  
5 taking the trust funds and cited a combination of factors that led to her taking the money.  
6 William said she used a fictitious owners' ledger, Joe Cabo, to disguise the theft.

7           2.12 Williams said she never bounced a check or failed to pay her owners what they  
8 were owed. She said that every month, all of the owners' funds were distributed to each of the  
9 owners, leaving no owners' funds in the CTA ending in -2524 at the end of the month.

10          2.13 On multiple occasions, Williams deposited or disbursed money to/from the CTA  
11 ending in -2524, per the bank statement, but failed to post the activity on the check register:

- 12           • August 3, 2018, \$9,235 was deposited per the bank statement, but was not posted
- 13           on the check register;
- 14           • August 27, 2018, \$145.00 was transferred to Williams' business account ending in
- 15           -2508, but was not posted on the check register;
- 16           • August 31, 2018, \$15.00 was withdrawn, but was not posted on the check register;
- 17           • December 7, 2018, \$495.00 was transferred to Williams' business account ending in
- 18           -2508, but was not posted to the check register; and,
- 19           • December 12, 2018, \$39,435.00 was deposited in to the CTA account, but was not
- 20           posted on the check register.

21          2.14 Williams said she put all funds back into both clients' trust accounts in December  
22 2018.

23          2.15 When Williams was repaying funds to the CTA ending in -2524, she posted the  
24 transactions as "Other Income" on the check register. A review of the check register showed  
25 "Other Income" postings for the following deposits:

- 26           • December 13, 2018, \$8,395.12 was deposited into the account
- 27           • December 17, 2018, \$25,000 was deposited into the account.

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2           **(2) Violation:** The law pertaining to second noticed violation is as follows. OAR 863-  
3 025-0040(5) (1-1-2018 Edition), requires that upon any activity, the property manager must  
4 record each receipt, deposit, or disbursement as required in this rule and record each deposit  
5 or disbursement on the corresponding owner's ledger.  
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7           **(3) Violation:** The law pertaining to third noticed violation is as follows. ORS  
8 696.890(4) states that a real estate property manager owes the property owner the following  
9 affirmative duties: (a) to deal honestly and in good faith; (c) to exercise reasonable care and  
10 diligence; (e) to act in a fiduciary manner in all matters relating to trust funds; and, (f) to be  
11 loyal to the owner by not taking action that is adverse or detrimental to the owner's interest.  
12 ORS 696.301 states a licensee may be subject to discipline if they have: (12) demonstrated  
13 incompetence or untrustworthiness in performing any actions for which the licensee is required  
14 to hold a license; (14) committed an act of fraud or engaged in dishonest conduct substantially  
15 related to the fitness of the applicant or licensee to conduct professional real estate activity; or,  
16 (15) engaged in any conduct that is below the standard of care for the practice of professional  
17 real estate activity in Oregon as established by the community of individuals engaged in the  
18 practice of professional real estate activity in Oregon.  
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20           **(4) Violation:** The law pertaining to fourth noticed violation is as follows. OAR 863-  
21 025-0028(2) and (3) (1-1-2018 Edition), require a property manager to reconcile each clients'  
22 trust account and security deposit account within 30 calendar days of the date of the bank  
23 statement, and states the reconciliation must contain the three required components.  
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25           In establishing the violations alleged above, the Agency may rely on one or more  
26 definitions contained in ORS 696.010.  
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28           Pursuant to ORS 696.775, the expiration of Williams' license does not prohibit the  
29 Commissioner from proceeding with further action.  
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3 **ULTIMATE FINDINGS OF FACT**

- 4 1. Respondent removed security deposit funds from the CTA-SD ending in -2516  
5 and used them for personal use,  
6 2. On multiple occasions, Williams deposited or disbursed money to/from the CTA  
7 ending in -2524, per the bank statement, but failed to post the activity on the  
8 check register:  
9 3. Respondent removed funds from the CTA ending in -2524 and used them for  
10 personal use,  
11 4. Respondent failed to complete the required monthly reconciliations for her CTA  
12 ending in -2524 and CTA-SD ending in -2516.

13 **CONCLUSIONS OF LAW**

- 14  
15 1. Pursuant to ORS 183.417(4) and OAR 137-003-0670 Respondent is in default.  
16 2. The violations set forth in the Notice of Intent to Revoke and set forth herein in  
17 the Statement of Law are grounds for discipline pursuant to ORS 696.301.  
18 3. Based on these violations, the Agency may revoke Williams' property manager  
19 license.  
20 4. A revocation of Williams' license is appropriate for violations of ORS 696.301(12)  
21 and (14).  
22 5. A revocation of Williams' property manager license is appropriate under ORS  
23 696.396(2)(c)(B) and (C). According to ORS 696.396, the Agency may revoke a  
24 real estate license if the material facts establish a violation of a ground for  
25 discipline under ORS 696.301 that exhibits incompetence in the performance of  
26 professional real estate activity or exhibits dishonesty or fraudulent conduct.

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## OPINION

The Agency takes its consumer protection role extremely seriously. Respondent's taking and using of client funds for personal use is a clear, and egregious, violation of the law. The fact that Respondent ultimately replaced the funds, and admitted to her illegal actions, does not erase the serious violations of law that occurred.

By removing security deposit funds from the CTA-SD ending in -2516 and using them for personal use, Williams violated ORS 696.301(3) as it incorporates OAR 863- 025-0030(1)(1-1-2018 Edition), ORS 696.301(3) as it incorporates ORS 696.890(4)(a),(c),(e) and(f)(2017Edition,and ORS 696.30(12),(14),and(15)(2017Edition).

By failing to post all deposits and disbursements on the check register for the CTA ending in -2524, Williams violated ORS 696.301(3) as it incorporates OAR 863-025- 0040(5) (1-1-2018 Edition), which requires that upon any activity, the property manager must record each receipt, deposit, or disbursement as required in this rule and record each deposit or disbursement on the corresponding owner's ledger.

By removing funds from the CTA ending in -2524 and using them for personal use, Williams violated ORS 696.301(3) as it incorporates ORS 696.890(4)(a),(c),(e), 5 and (f) (2017 Edition), and ORS 696.301(12), (14), and (15) (2017 Edition).

By failing to complete the required monthly reconciliations for her CTA ending in -2524 and CTA-SD ending in -2516, Williams violated ORS 696.301(3) as it incorporates OAR 863-025-0028(2) and (3) (1-1-2018 Edition), which requires a property manager to reconcile each clients' trust account and security deposit account within 30 calendar days of the date of the bank statement, and states the reconciliation must contain the three required components.

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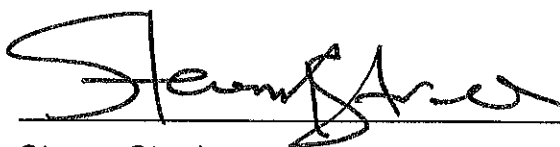
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**ORDER**

IT IS HEREBY ORDERED that Williams' property manager license is revoked.

Dated this 17<sup>th</sup> day of SEPTEMBER, 2019.

OREGON REAL ESTATE AGENCY



Steven Strode  
Real Estate Commissioner

Date of Service: 9/12/2019

NOTICE: You are entitled to judicial review of this order. Judicial review may be obtained by filing a petition for review within 60 days from the date of service of this order. Judicial review is pursuant to the provisions of ORS 183.482.