

## WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES



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STATE OF WISCONSIN  
BEFORE THE REAL ESTATE EXAMINING BOARD

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IN THE MATTER OF DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
MALICO K. WATSON AND ORANGE AVE :  
REALTORS, LLC, :  
RESPONDENTS. :

**0004303**

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Division of Legal Services and Compliance Case Nos. 13 REB 058 and 14 REB 033

The parties to this action for the purpose of Wis. Stat. § 227.53 are:

Malico K. Watson  
633 W. Wisconsin Avenue, #1006  
Milwaukee, WI 53203

Orange Ave. Realtors, LLC  
633 W. Wisconsin Avenue, #301  
Milwaukee, WI 53203

Wisconsin Real Estate Examining Board  
P.O. Box 8366  
Madison, WI 53708-8366

Division of Legal Services and Compliance  
Department of Safety and Professional Services  
P.O. Box 7190  
Madison, WI 53707-7190

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the Real Estate Examining Board (Board). The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent Malico K. Watson (dob 4/30/1971) is licensed in the State of Wisconsin as a Real Estate Broker, having license number 53411-90, first issued on January 5, 2006 and current through December 14, 2016. Malico K. Watson's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 633 W. Wisconsin Avenue, #1006, Milwaukee, Wisconsin 53203.

2. Respondent Orange Ave. Realtors, LLC is licensed in the State of Wisconsin as a Real Estate Business Entity, having license number 935942-91, first issued on January 24, 2006 and current through December 14, 2016. Orange Ave. Realtors, LLC's most recent address on file with the Department is 633 W. Wisconsin Avenue, #301, Milwaukee, Wisconsin 53203.

3. Respondent Watson is identified in Department records as the owner and managing broker of Respondent Orange Ave. Realtors, LLC.

4. Respondents provide property management services which include collection of rental funds and security deposits on behalf of various clients.

5. Between January 24, 2006 and December, 2011 Respondents received real estate rental funds and security deposits which were required to be deposited in a real estate trust fund.

6. Respondents did not establish and maintain a real estate trust account from January 24, 2006 through December, 2011.

7. Respondent established a real estate trust account in December 2011 at Chase Bank designated as Orange Ave. Realtors LLC Real Estate Trust Account with account number ending in -30.

8. Respondents did not notify the Department of the opening of the real estate trust account ending in -30 until November 7, 2013.

9. On February 19, 2014, an auditor with the Department audited Respondents' common real estate trust account ending in -30. The audit revealed the following:

a. Respondent did not timely deposit client funds into the real estate trust account.

b. Respondent did not deposit all received rental funds into the real estate trust account.

c. Respondent Watson removed monies from the trust account for his personal use.

d. Ledgers were not maintained.

e. Monthly account reconciliations and trial balances were not prepared in writing.

f. Validations were not completed.

g. At the time of the audit the trust account balance had a deficit of \$3,847.58.

9. Respondent Watson immediately deposited \$3,847.58 into the real estate trust account ending in account number -30 when advised of the deficit by the Department auditor.

10. On or about March 3, 2014, Respondents hired an independent tax accountant to assist them with the real estate trust account ending in -30.

11. In resolution of this matter, Respondent consents to the entry of the following Conclusions of Law and Order.

#### CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Examining Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 452.14, and is authorized to enter into the attached Stipulation pursuant to Wis. Stat. § 227.44(5).

2. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Stat. § 452.133(1)(f) by failing to safeguard trust funds and other property held by the broker as required by rules promulgated by the department under s. 452.13(5).

3. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Stat. § 452.13(2)(a) and Wis. Admin. Code § REEB 18.033(1) by failing to open a real estate trust account if the broker receives real estate trust funds.

4. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Stat. § 452.13(2)(b)(1) and Wis. Admin. Code § REEB 18.035(1) by failing to notify the department no later than 10 days after opening any real estate trust account.

5. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Stat. § 452.13(2)(c) and Wis. Admin. Code § REEB 18.031(1) by failing to deposit all real estate trust funds received in a real estate trust account within 48 hours of receipt of the trust funds.

6. By the conduct described in the Findings of Fact, Respondent Watson violated and Wis. Admin. Code § REEB 18.13(2) by failing to maintain a ledger.

7. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Admin. Code § REEB 18.13(3) by failing to reconcile the real estate trust account in writing each month except in the case where there has been no activity during the month.

8. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Admin. Code § REEB 18.13(4) by failing to prepare or have prepared, a balance of all open items in the real estate trust account.

9. By the conduct described in the Findings of Fact, Respondent Watson violated Wis. Admin. Code § REEB 18.13(5) by failing to review the reconciled account statement balance, the open ledger account listing, and the journal running balance to ensure that all of these records are valid and in agreement as of the date the account statement has been reconciled.

10. By the conduct described in the Findings of Fact, Respondent Orange Ave. Realtors LLC violated Wis. Admin. Code § REEB 24.17(3) by aiding and abetting the violations of ch. 452, Stats., or chs. REEB 11 to 26.

11. As a result of the above violations, Respondents are subject to discipline pursuant to Wis. Stat. § 454.14(3)(h),(i),(L) and Wis. Admin. Code § REEB 18.14.

ORDER

1. The attached Stipulation is accepted.
2. Respondent Malico K. Watson is REPRIMANDED.
3. Respondent Orange Ave. Realtors, LLC is REPRIMANDED.
4. The Real Estate Broker license issued to Respondent Malico K. Watson (license number 53411-90) is LIMITED as follows:
  - a. Within 90 days of the date of this Order, Respondent Watson shall successfully complete 6 hours of education in real estate trust accounts offered by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses.
  - b. Respondent Watson shall submit proof of successful completion of the ordered education and passage of any examination in the form of verification from the institution providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board or Department, and also may not be used in future attempts to upgrade a credential in Wisconsin.
5. The Real Estate Broker license issued to Respondent Malico K. Watson (license number 53411-90) is further LIMITED as follows:
  - a. Within 90 days of the date of this Order, Respondent Watson shall submit a monthly trust account report prepared since the date of this Order to the Department Monitor at the address listed below. The report shall include:
    - i. A cash journal in accordance with Wis. Admin. Code § REEB 18.13(1) showing all real estate trust account transactions for the period in chronological order, along with a daily running balance;
    - ii. Ledgers in accordance with Wis. Admin. Code § REEB 18.13(2) for all transactions involving client funds either deposited or disbursed during the period;
    - iii. The bank statements for the trust account for the period under review;
    - iv. A reconciliation of the bank statements in accordance with Wis. Admin. Code § REEB 18.13(3);

- v. A trial balance in accordance with Wis. Admin. Code § REEB 18.13(4) that itemizes all deposits on hand and identifies the transaction or parties to which each deposit pertains; and
- vi. A validation pursuant to Wis. Admin. Code § REEB 18.13(5).

b. The trust account report shall be reviewed by the Department Auditor for compliance with Wis. Admin. Code ch. REEB 18. The Board or its designee may require Respondent Watson to appear before it at any time to answer any questions related to the trust account and the trust account report, provided that written notice is given to Respondent Watson at his most recent address on file with the Department at least 30 days before any scheduled meeting.

6. The limitations shall be removed from Respondent Watson's license after satisfying the Board or its designee that Respondent Watson has successfully completed all of the ordered education, passage of any examinations, and submission of a current trust account report.

7. Within 90 days from the date of this Order, Respondent Watson shall pay a FORFEITURE in the amount of \$500 and one half of the COSTS of this matter in the amount of \$472.00.

8. Within 90 days from the date of this Order, Respondent Orange Ave. Realtors, LLC shall pay a FORFEITURE in the amount of \$500 and one half of the COSTS of this matter in the amount of \$472.00.

9. Proof of successful course completion, passage of any examinations, submission of a current trust account report and payment of forfeitures and costs shall be made payable to the Wisconsin Department of Safety and Professional Services and sent by Respondents to the Department Monitor at the address below:

Department Monitor  
Division of Legal Services and Compliance  
Department of Safety and Professional Services  
P.O. Box 7190, Madison, WI 53707-7190  
Telephone (608) 267-3817; Fax (608) 266-2264  
DSPSMonitoring@wisconsin.gov

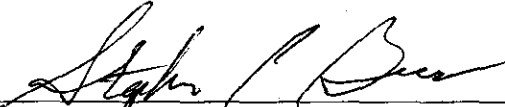
10. Violation of any of the terms of this Order may be construed as conduct imperiling public health, safety and welfare and may result in a summary suspension of Respondents' licenses. The Board in its discretion may in the alternative impose additional conditions and limitations or other additional discipline for a violation of any of the terms of this Order. In the event either Respondent fails to timely submit payment of their forfeiture and/or costs as ordered or Respondent Watson fails to timely submit successful course completion, passage of any examinations, and a current trust account report as ordered above, Respondents' licenses (nos. 935942-91 and 53411-90) may, in the discretion of the Board or its designee, be SUSPENDED, without further notice or hearing, until Respondents have complied with payment

of the forfeitures and costs or until Respondent Watson has complied with successful course completion, passage of any examinations, and submission of a current trust account report.

11. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE EXAMINING BOARD

by:

  
A Member of the Board

10-15-15  
Date






5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of Legal Services and Compliance for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

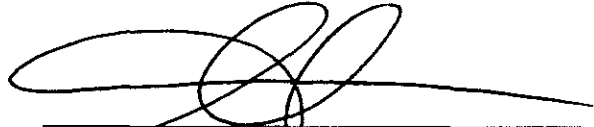
6. The parties to this Stipulation agree that the attorney or other agent for the Division of Legal Services and Compliance and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondents, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondents are informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

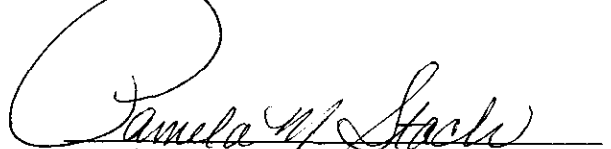
8. The Division of Legal Services and Compliance joins Respondents in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
Malico K. Watson, Respondent  
633 W. Wisconsin Ave., #1006  
Milwaukee, WI 53203  
License no. 53411-90

9-18-15  
Date

  
Orange Ave. Realtors, LLC, Respondent  
By: Authorized Representative  
633 W. Wisconsin Ave., #301  
Milwaukee, WI 53203  
License no. 935942-91

9-18-15  
Date

  
Pamela M. Stach, Attorney  
Division of Legal Services and Compliance  
P.O. Box 7190  
Madison, WI 53707-7190

9-25-15  
Date