



Accounting for Funds

Duty to Properly Account for All Funds

This case examines a scenario in which a real estate licensee acting as a residential property manager failed to adequately manage and account for all funds in which her client had an ownership interest. When a real estate licensee is engaged as a property manager, he has a legal obligation to account for, in a timely manner, all money and property received in which the owner has or may have an interest.

The Situation:

On March 16, 2018, Jennifer Lesotho was issued a real estate salesperson's license.

On April 1, 2019, a Business entity license was issued to Lesotho d/b/a 123 Property Management (123-PM).

On December 14, 2020, Mary Thomson, a landlord, entered into a Property Management Agreement with 123-PM, with Lesotho, as Property Manager, to manage Thomson's property located at 112 Wilson Avenue, Fredericksburg, VA.

On January 13, 2025, the Department of Professional and Occupational Regulation (DPOR) received a written complaint from Mary Thomson regarding Lesotho.

The Investigation:

Mary Thomson filed a complaint with the Department of Professional and Occupational Regulation (DPOR) against real estate licensee Jennifer Lesotho. Thomson had entered into a Property Management Agreement with Lesotho's company, 123 Property Management (123-PM), to manage her residential property located at 112 Wilson Avenue, Fredericksburg, VA.

Later, through a separate leasing agreement involving Gates Companies as broker and Lesotho as leasing agent, tenant Karla Brown leased the property. The lease terms required Brown to pay a \$2,350 security deposit and a \$200 pet deposit, which Brown paid via a portal managed by Lesotho, with payments going to 123-PM.

Although the lease named 123-PM as managing agent, Lesotho claimed the deposits were paid to Gates. However, Gates' associate broker, Rob Dawkins, confirmed Gates neither handled such deposits nor authorized Lesotho to say otherwise. Thomson never received the deposits and eventually refunded Brown herself after the lease was mutually terminated.

Following the expiration of Brown's lease, Thomson terminated her property management agreement with Lesotho. Despite multiple requests, Lesotho did not return the deposits, a \$350 account balance, or the keys to the property. Lesotho also failed to provide the requested documentation to DPOR within the required timeframe and made a material misrepresentation to the investigator about the deposit recipient.

Lesotho's actions demonstrated a failure to properly manage and account for client funds and property, as well as a failure to comply with investigative requirements and provide accurate information.

The Result:

Lesotho was found to have violated Virginia Code section 54.1-2135(A)(5) which requires licensees engaged to manage real estate to account for, in a timely manner, all money and property received in which the owner has or may have an interest. The Board found that Lesotho's failure to account for the funds due to the owner in connection with the management of the property constituted a breach of the statutory obligations. Lesotho was fined \$3,450.00, had her license placed on probation for six months, and was required to complete six hours of continuing education in contract writing.

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