| 1        | ELLIOTT MAC LENNAN, Counsel (SBN 66674)  | - |
|----------|--|---|
| 2        | Department of Real Estate<br>320 W. 4 <sup>TH</sup> Street, Suite 350                |   |
| 3        | 200 migoros, en soors rives  |   |
| 4        | Telephone: (213) 576-6982 (Office)<br>-or- (213) 576-6911 (Direct) By Mule for       |   |
| 5        |  |   |
| 6        |  |   |
| 7        |  |   |
| 8        | BEFORE THE DEPARTMENT OF REAL ESTATE   |   |
| 9        | STATE OF CALIFORNIA  |   |
| 10       | * * *  |   |
| 11       | In the Matter of the Accusation of ) No. H-32352 LA<br>L-2006060295                  |   |
| 12       | CENTURY 21 BUTLER REALTY INC., )<br>a corporation; and CHARLES BAILEY ). STIPULATION |   |
| 13       | BUTLER, individually and as  |   |
| 14       | designated officer of Century 21 ) <u>AGREEMENT</u><br>Butler Realty Inc. and        |   |
| 15       | SYLVIA BUTLER,   |   |
| 16       | Respondents.   |   |
| 17       | )  |   |
| 18       | It is hereby stipulated by and between Respondents                                   |   |
| 19       | CENTURY 21 BUTLER REALTY INC., a corporate real estate broker,                       |   |
| 20       | and CHARLES BAILEY BUTLER, individually and as designated officer                    |   |
| 21       | of CENTURY 21 BUTLER REALTY INC. and SYLVIA BUTLER (sometimes                        |   |
| 22       | collectively referred to as "Respondents"), represented by Jerome                    |   |
| 23<br>24 | Zamos, Esq. and the Complainant, acting by and through Elliott                       |   |
| 24       | Mac Lennan, Counsel for the Department of Real Estate, as follows                    |   |
| 26       | for the purpose of settling and disposing of the Accusation                          |   |
| 27       | ("Accusation") filed on December 20, 2005, in this matter:                           |   |
|          | - 1 -  |   |
|          |  |   |
| I        |  |   |

<u>بر</u> ا

All issues which were to be contested and all 1. 1 evidence which was to be presented by Complainant and Respondents at a formal hearing on the Accusation, which hearing was to be 3 held in accordance with the provisions of the Administrative Procedure Act ("APA"), shall instead and in place thereof be 5 submitted solely on the basis of the provisions of this 6 7 Stipulation and Agreement ("Stipulation").

2

٨

27

8 Respondents have received, read and understand the 2. 9 Statement to Respondent, the Discovery Provisions of the APA and 10 the Accusation filed by the Department of Real Estate in this 11 proceeding.

12 3. Respondents timely filed a Notice of Defense 13 pursuant to Section 11506 of the Government Code for the purpose 14 of requesting a hearing on the allegations in the Accusation. 15 Respondents hereby freely and voluntarily withdraw said Notice of 16 Defense. Respondents acknowledge that they understand that by 17 withdrawing said Notice of Defense they thereby waive their right 18 to require the Commissioner to prove the allegations in the 19 Accusation at a contested hearing held in accordance with the 20 provisions of the APA and that they will waive other rights 21 afforded to them in connection with the hearing such as the right 22 23 to present evidence in their defense the right to cross-examine 24 witnesses.

25 4. This Stipulation is based on the factual 26 allegations contained in the Accusation. In the interest of

2 -

expedience and economy, Respondents choose not to contest these allegations, but to remain silent and understand that, as a result thereof, these factual allegations, without being admitted or denied, will serve as a prima facie basis for the disciplinary action stipulated to herein. The Real Estate Commissioner shall not be required to provide further evidence to prove said factual allegations.

8 5. This Stipulation and Respondents decision not to 9 contest the Accusation is made for the purpose of reaching an 10 agreed disposition of this proceeding and is expressly limited to 11 this proceeding and any other proceeding or case in which the 12 Department of Real Estate ("Department"), the state or federal 13 government, or any agency of this state, another state or federal 14 government is involved, and otherwise shall not be admissible in 15 any other criminal or civil proceedings. 16

6. It is understood by the parties that the Real Estate Commissioner may adopt this Stipulation as his Decision in this matter thereby imposing the penalty and sanctions on Respondents' real estate licenses and license rights as set forth in the "Order" herein below. In the event that the Commissioner in his discretion does not adopt the Stipulation, it shall be void and of no effect and Respondents shall retain the right to a hearing and proceeding on the Accusation under the provisions of the APA and shall not be bound by any stipulation or waiver made herein.

27

17

18

19

20

21

22

23

24

25

26

1

2

3

4

5

6

7

- 3 -

7. The Order or any subsequent Order of the Real 2 Estate Commissioner made pursuant to this Stipulation shall not 3 constitute an estoppel, merger or bar to any further 4 administrative or civil proceedings by the Department of Real 5 Estate with respect to any matters which were not specifically б alleged to be causes for Accusation in this proceeding but do 7 8 constitute a bar, estoppel and merger as to any allegations 9 actually contained in the Accusations against Respondent herein. 10 8. Respondents CENTURY 21 BUTLER REALTY INC. and 11 CHARLES BAILEY BUTLER understand that by agreeing to this 12 Stipulation, they agree to pay, pursuant to Business and 13 Professions Code Section 10148, the cost of audit (LA040043, 14 LA040045, LA040046) which led to this disciplinary action. The 15 amount of said cost for the audit is \$4,513.24. 16 9. Respondents CENTURY 21 BUTLER REALTY INC. and 17 CHARLES BAILEY BUTLER have received, read, and understand the 18 "Notice Concerning Costs of Subsequent Audit". Respondents 19 CENTURY 21 BUTLER REALTY INC. and CHARLES BAILEY BUTLER further 20 understand that by agreeing to this Stipulation, the findings set 21 22 forth below in the Determination of Issues become final, and the Commissioner may charge Respondents for the cost of any 23 24 subsequent audit conducted pursuant to Business and Professions 25 Code Section 10148 to determine if the violations have been 26 corrected. The maximum cost of the subsequent audit will not 27

1

- 4

exceed \$4,513.24.

1

2

3

4

5

15

16

## DETERMINATION OF ISSUES

By reason of the foregoing, it is stipulated and agreed that the following determination of issues shall be made:

I.

The conduct, acts or omissions of CENTURY 21 BUTLER 6 REALTY INC., and CHARLES BAILEY BUTLER, as described in Paragraph 7 8 4, above, is in violation of Sections 10145 and 10240 of the 9 Business and Professions Code ("Code") and Sections 2731, 2831, 10 2831.2, 2832.1, 2835 and 2840 of Title 10, Chapter 6 of the 11 California Code of Regulations ("Regulations") and is a basis for 12 the suspension or revocation of Respondent's license and license 13 rights as a violation of the Real Estate Law pursuant to Code 14 Section 10177(g).

II.

The conduct, acts or omissions of CHARLES BAILEY 17 BUTLER, as described in Paragraph 4, above, is in violation of 18 Code Sections 10145 and 10240 and Regulations 2731, 2831, 2831.2, 19 2832.1, 2835 and 2840 of Title 10, Chapter 6 of the California 20 Code of Regulations ("Regulations") and is a basis for the 21 suspension or revocation of Respondent's license and license 22 rights as a violation of the Real Estate Law pursuant to Code 23 24 Section 10177(g). 25 111 26 111 27

- 5

| 1  | III.   |   |
|----|--|---|
| 2  | The conduct, acts or omissions of CHARLES BAILEY                 |   |
| 3  | BUTLER, as described in Paragraph 4, constitutes a failure to    |   |
| 4  | keep Century 21 Butler Realty Inc. in compliance with the Real   | • |
| 5  | Estate Law during the time that he was the officer designated by |   |
| 6  | a corporate broker licensee, in violation of Code Section        |   |
| 7  | 10159.2. This conduct is a basis for the suspension or           |   |
| 8  | revocation of Respondent's license pursuant to Code Section      |   |
| 9  | 10177(h).  |   |
| 10 | IV.  |   |
| 11 | The conduct, acts or omissions of SYLVIA BUTLER, as              |   |
| 12 | described in Paragraph 4, constitute negligence. This conduct is |   |
| 13 | a basis for the suspension or revocation of Respondent's license |   |
| 14 | pursuant to Code Section 10177(g).                               |   |
| 15 | ORDER  |   |
| 16 | WHEREFORE, THE FOLLOWING ORDER is hereby made:                   |   |
| 17 | I.   |   |
| 18 |  |   |
| 19 | All licenses and licensing rights of Respondent CENTURY          |   |
| 20 | 21 BUTLER REALTY INC. under the Real Estate Law suspended for a  |   |
| 21 | period of ninety (90) days from the effective date of this       |   |
| 22 | Decision; provided, however, that if Respondent requests, the    |   |
| 23 | initial thirty (30) days of said suspension (or a portion        |   |
| 24 | thereof) shall be stayed for two (2) years upon condition that:  |   |
| 25 | 1. Respondent pays a monetary penalty pursuant to                |   |
| 26 | Section 10175.2 of the Business and Professions Code at the rate |   |
| 27 |  |   |
|    |  |   |

III

of \$150 per day for each day of the suspension for a total monetary penalty of \$4,500.

1

2

11

27

2. Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be received by the Department prior to the effective date of the Decision in this matter.

8 3. No further cause for disciplinary action against
 9 the real estate license of Respondent occurs within two (2) years
 10 from the effective date of the Decision in this matter.

4. If Respondent fails to pay the monetary penalty in accordance with the terms of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any part of the stayed suspension, in which event the Respondent shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the Department under the terms of this Decision.

19 5. If Respondent pays the monetary penalty and if no 20 further cause for disciplinary action against the real estate 21 license of Respondent occurs within two (2) years from the 22 effective date of the Decision, the stay hereby granted shall 23 become permanent

6. The remaining sixty (60) days of the ninety (90) day suspension shall be stayed for two (2) years upon the following terms and conditions:

- 7 -

| •        |   |
|----------|---|
|          |   |
|          | (a) Respondent shall obey all laws, rules and                     |
| 1        | regulations governing the rights, duties and responsibilities of  |
| · 2      | a real estate licensee in the State of California; and            |
| 3        | (b) That no final subsequent determination be made                |
| 4        | after hearing or upon stipulation, that cause for disciplinary    |
| 5        | action occurred within two (2) years from the effective date of   |
| 7        | this Decision. Should such a determination be made, the           |
| , 8      | Commissioner may, in his discretion, vacate and set aside the     |
| , C<br>9 | stay order and reimpose all or a portion of the stayed            |
| 10       | suspension. Should no such determination be made, the stay        |
| 11       | imposed herein shall become permanent.                            |
| . 12     |   |
| 13       |   |
| 14       | All licenses and licensing rights of Respondent CHARLES           |
| 15       | BAILEY BUTLER under the Real Estate Law suspended for a period of |
| 16       | ninety (90) days from the effective date of this Decision;        |
| 17       | provided, however, that if Respondent requests, the initial       |
| 18       | thirty (30) days of said suspension (or a portion thereof) shall  |
| 19       | be stayed for two (2) years upon condition that:                  |
| 20       | 1. Respondent pays a monetary penalty pursuant to                 |
| 21       | Section 10175.2 of the Business and Professions Code at the rate  |
| 22       | of \$133.33 per day for each day of the suspension for a total    |
| 23       | monetary penalty of \$4,000.                                      |
| 24       | 2. Said payment shall be in the form of a cashier's               |
| 25       | check or certified check made payable to the Recovery Account of  |
| 26       | the Real Estate Fund. Said check must be received by the          |
| 27       |   |
|          | - 8 -   |
|          |   |

Department prior to the effective date of the Decision in this matter.

1

2

3. No further cause for disciplinary action against 3 the real estate license of Respondent occurs within two (2) years 4 from the effective date of the Decision in this matter. 5 If Respondent fails to pay the monetary penalty in 4. 6 accordance with the terms of the Decision, the Commissioner may, 7 8 without a hearing, order the immediate execution of all or any 9 part of the stayed suspension, in which event the Respondent 10 shall not be entitled to any repayment nor credit, prorated or 11 otherwise, for money paid to the Department under the terms of 12 this Decision. 13 5. If Respondent pays the monetary penalty and if no 14 further cause for disciplinary action against the real estate 15 license of Respondent occurs within two (2) years from the 16 effective date of the Decision, the stay hereby granted shall 17 become permanent 18 6. The remaining sixty (60) days of the ninety (90) 19 day suspension shall be stayed for two (2) years upon the 20 following terms and conditions: 21 (a) Respondent shall obey all laws, rules and 22 23 regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California; and 24 25 (b) That no final subsequent determination be made 26 after hearing or upon stipulation, that cause for disciplinary 27

- 9 -

action occurred within two (2) years from the effective date of this Decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

## III.

8 All licenses and licensing rights of Respondent 9 CHARLES BAILEY BUTLER, are indefinitely suspended unless or 10 until Respondent provides proof satisfactory to the 11 Commissioner, of having taken and successfully completed the 12 continuing education course on trust fund accounting and 13 handling specified in paragraph (3) of subdivision (a) of 14 Section 10170.5 of the Business and Professions Code. Proof of 15 satisfaction of this requirement includes evidence that 16 respondent has successfully completed the trust fund account and 17 handling continuing education course within 120 days prior to 18 the effective date of the Decision in this matter. 19

IV.

21 Respondent CHARLES BAILEY BUTLER shall within six (6) 22 months from the effective date of the Decision herein, take and 23 pass the Professional Responsibility Examination administered by 24 the Department including the payment of the appropriate 25 examination fee. If Respondent fails to satisfy this condition,

27

26

20

1

2

3

4

5

б

7

the Commissioner may order suspension of Respondent's license until Respondent passes the examination.

1

2

3

4

27

## Pursuant to Section 10148 of the Business and

Professions Code, Respondents CENTURY 21 BUTLER REALTY INC. and 5 CHARLES BAILEY BUTLER, shall pay the Commissioner's reasonable 6 cost for (a) the audit which led to this disciplinary action (b) 7 8 a subsequent audit to determine if Respondents are now in 9 compliance with the Real Estate Law. The cost of the audit which 10 led to this disciplinary action is \$4,513.24. In calculating the 11 amount of the Commissioner's reasonable cost, the Commissioner 12 may use the estimated average hourly salary for all persons 13 performing audits of real estate brokers, and shall include an 14 allocation for travel time to and from the auditor's place of 15 Said amount for the prior and subsequent audits shall not work. 16 exceed \$9,026.48. 17

Said Respondents shall pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

The Commissioner may suspend the license of Respondents pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the Respondent and the Commissioner. The suspension shall remain

- 11 -

| 1   | in effect until payment is made in full or until Respondents      |
|-----|---|
| 2   | enters into an agreement satisfactory to the Commissioner to      |
| 3   | provide for payment, or until a decision providing otherwise is   |
| 4   | adopted following a hearing held pursuant to this condition.      |
| 5   | . VI.   |
| 6   | Respondent SYLVIA BUTLER is publicly reproved.                    |
| 7   |   |
| 8   | DATED: 11-03-06   |
| 9   | ELLIOTT MAC LENNAN, Counsel for<br>the Department of Real Estate  |
| 10  | * * *   |
| 11  | EXECUTION OF THE STIPULATION                                      |
| 12  | We have read the Stipulation and discussed it with our            |
| 13  | counsel. Its terms are understood by us and are agreeable and     |
| 14  | acceptable to us. We understand that we are waiving rights given  |
| 15  | to us by the California Administrative Procedure Act (including   |
| 16  | but not limited to Sections 11506, 11508, 11509 and 11513 of the  |
| 17  |   |
| 18  | Government Code), and we willingly, intelligently and voluntarily |
| 19  | waive those rights, including the right of requiring the          |
| 20  | Commissioner to prove the allegations in the Accusation at a      |
| 21  | hearing at which we would have the right to cross-examine         |
| 22  | witnesses against us and to present evidence in defense and       |
| 23  | mitigation of the charges.  |
| 24  | 111   |
| 25. | 111   |
| 26  | 111   |
| 27  |   |
|     |   |

- 12 -

Respondents can signify acceptance and approval of the 1 terms and conditions of this Stipulation by faxing a copy of its 2 signature page, as actually signed by Respondents, to the 3 Department at the following telephone/fax number: Elliott Mac Lennan at (213) 576-6917. Respondents agree, acknowledge and 5 understand that by electronically sending to the Department a fax б copy of Respondents' actual signature as they appear on the 7 8 Stipulation, that receipt of the faxed copy by the Department 9 shall be as binding on Respondents as if the Department had 10 received the original signed Stipulation. 11

Chorla B Butter

CENTURY 21 BUTLER REALTY INC., a corporate real estate broker, BY: CHARLES BAILEY BUTLER, D.O., Respondent

CHARLES BAILEY BUTLER, individually and as designated officer of Century 21 Butler Realty Inc., Respondent

BUTLER, Respondent SYLVIA

JEROME ZAMOS, ESQ. Attorney for Respondents Approved as to form

- 13 -

The foregoing Stipulation and Agreement is hereby adopted as my Decision as to Respondents CENTURY 21 BUTLER REALTY INC., CHARLES BAILEY BUTLER and SYLVIA BUTLER, individually and as designated officer of Century 21 Butler Realty, and shall JAN - 2 2007 become effective at 12 o'clock noon on \_ б IT IS SO ORDERED \_\_\_\_\_, 2006. JEFF DAVI Real Estate Commissioner - 14 -

| 1<br>2<br>3<br>4<br>5<br>6<br>7<br>8<br>9<br>10<br>11<br>12<br>13<br>14 | ELLIOTT MAC LENNAN, Counsel<br>State Bar No. 66674<br>Department of Real Estate<br>320 West Fourth Street, Suite 350<br>Los Angeles, California 90013-1105<br>(213) 576-6911<br>BEFORE THE DEPARTMENT OF REALTY<br>STATE OF CALIFORNIA<br>***<br>In the Matter of the Accusation of ) H- 32352 LA<br>CENTURY 21 BUTLER REALTY INC., )<br>and CHARLES BAILEY BUTLER ) A C C U S A T I O N<br>individually and as designated )<br>officer of Century 21 BUTLER )<br>Real Estate Inc., and SYLVIA BUTLER, ) |
|---|--|
| 15  <br>16  <br>17  | Respondents. )   |
| 17  | The Complainant, Maria Suarez, a Deputy Real Estate  |
| 19  | Commissioner of the State of California, for cause of Accusation   |
| 20.   | against BUTLER REALTY INC., and CHARLES BAILEY BUTLER,   |
| 21  | individually and as designated officer of Century 21 Butler<br>Realty Inc., and SYLVIA BUTLER, is informed and alleges as  |
| 22  | follows:   |
| 23  | ///  |
| 24  |  |
| 25<br>26  | 111  |
| 27  | 111  |
|   | - 1 -  |

1.

1

The Complainant, Maria Suarez, a Deputy Real Estate 2 Commissioner of the State of California makes this Accusation in 3 4 her official capacity. 5 2. 6 All references to the "Code" are to the California 7 Business and Professions Code and all references to 8 "Regulations" are to Title 10, Chapter 6, California Code of 9 Regulations. 10 3. 11 CENTURY 21 BUTLER REALTY INC., (hereinafter "CBRI") 12 and CHARLES BAILEY BUTLER, individually and as designated 13 officer of Butler Realty Inc., (hereinafter "CHARLES BUTLER") 14 and SYLVIA BUTLER (hereinafter "SYLVIA BUTLER") (sometimes 15 hereinafter collectively referred to as Respondents) are 16 presently licensed or have license rights under the Real Estate 17 Law (Part 1 of Division 4 of the Business and Professions Code, 18 19 hereinafter "Code"). 20 LICENSE HISTORY OF RESPONDENTS 21 4. 22 CENTURY 21 BUTLER REALTY INC. At all times Α. 23 material herein, CBRI was licensed by the Department of Real 24 Estate of the State of California (hereinafter "Department") as 25 a corporate real estate broker by and through CHARLES BUTLER, as 26 the designated officer and broker responsible, pursuant to Code 27

- 2 -

Section 10159.2 of the Business and Professions Code for 1 supervising the activities requiring a real estate license 2 conducted on behalf CBRI by CBRI's officers, agents and 3 employees. CBRI was originally licensed on May 17, 1979. 4 CHARLES BAILEY BUTLER was originally licensed as a в. 5 real estate broker on March 7, 1979. б SYLVIA BUTLER was originally licensed on August 8, Ċ. 7 1979, as a real estate salesperson. From August 22, 2003, to 8 9 date, SYLVIA BUTLER has been employed by CBRI. 10 5. 11 All further references to "Respondents", unless 12 otherwise specified, includes the parties identified in 13 Paragraphs 3 and 4, above, and also includes the officers, 14 directors, managers, employees, agents and/or real estate 15 licensees employed by or associated with said parties, who at 16 all times material herein were engaged in the furtherance of the 17 business or operations of said parties and who were acting 18 within the course and scope of their authority, agency, or 19 employment. 20 6. 21 At all times material herein, Respondent CBRI engaged 22 in the business as a real estate broker as follows: 23 24 Code Section 10131(a) of the Code. CBRI operated a Α. 25 residential property resale brokerage; 26 27

3

B. Code Section 10131(b) of the Code. CBRI operated a property management brokerage; and

1

2

3

4

5

16

17

C. Code Section 10131(d) of the Code. CBRI operated a mortgage loan brokerage.

7.

On September 15, 2004, the Department completed an 6 audit examination of the books and records of CBRI pertaining to 7 its residential resale property and broker-escrow activities, 8 requiring a real estate license as described in Paragraph 4. 9 The audit examination covered a period of time beginning 10 11 December 1, 2002 to July 7, 2004. The audit examination 12 revealed violations of the Code and the Regulations as set forth 13 below, and more fully discussed in Audit Report LA 040043, LA 14 040045 and LA 040046 and the exhibits and workpapers attached to 15 said audit report.

8.

At all times material herein, in connection with the 18 activities described in Paragraph 6, above, Respondents CBRI, 19 CHARLES BUTLER and SYLVIA BUTLER accepted or received funds 20 including funds in trust (hereinafter "trust funds") from or on 21 behalf of actual or prospective parties to transactions handled 22 by Respondents CBRI, CHARLES BUTLER and SYLVIA BUTLER and ' 23 thereafter made deposits and or disbursements of such funds. 24 From time to time herein mentioned during the audit period, said 25 trust funds were deposited and/or maintained by Respondents 26 27

- 4 -

CBRI, CHARLES BUTLER and SYLVIA BUTLER in the bank account as 1 follows: 2 "Century 21 Butler Realty Inc. Trust Account" 3 ("trust account") Account No. 1127661" Santa Barbara Bank & Trust 4 Santa Barbara, California 5 9. 6 In the course of activities described in Paragraphs 6 7 and 8, above, and during the examination period described in 8 Paragraph 7, Respondents CBRI, CHARLES BUTLER and/or SYLVIA 9 BUTLER, acted in violation of the Code and the Regulations in 10 that: 11 (a) Respondents CBRI, CHARLES BUTLER and/or SYLVIA 12 BUTLER represented to lender Washington Mutual and to sellers 13 Gustavo and Alba Granja for the real property located at 302 W. 14 Montecito St. Santa Barbara, California, that they had received 15 earnest money deposits per the written sales contracts, when in 16 fact they had not received they had not received said earnest 17 18 money deposits on the Montecito property, in violation of Code 19 Section 10176(a)... 20 (b) as of July 7, 2004, the trust account had a 21 shortage in the amount of approximately \$16,132.98. Respondents 22 CBRI and CHARLES BUTLER caused, permitted and/or allowed, the 23 withdrawal or disbursement of trust funds from the escrow trust 24 account, thereby reducing the balance of funds in the account to 25 an amount less than the aggregate trust fund liability of the 26 broker to all owners of the trust funds without prior written 27

- 5 -

consent of every principal who then was an owner of funds in the account, in violation of Code Section 10145 and Regulation 2832.1. The shortage was cured during the audit.

1

2

3

13

(c) Respondents CBRI and CHARLES BUTLER failed to 4 maintain an adequate control record in the form of a columnar 5 record in chronological order of all trust funds received, 6 deposited into, and disbursed from the trust account, in 7 violation of Code Section 10145 and Regulation 2831. Earnest 8 money deposits received from buyers Lazaro and Cavalli were 9 10 received by CBRI, CHARLES BUTLER and SYLVIA BUTLER, but not 11 recorded and/or not recorded accurately on a record of trust 12 funds received but not deposited into a trust account.

(d) CBRI and CHARLES BUTLER failed to perform a monthly reconciliation of the balance of all separate beneficiary or transaction records maintained pursuant to Regulation 2831.1 with the record of all trust funds received and disbursed by the trust account, as required by Code Section 10145 and Regulation 2831.2.

(e) CBRI and CHARLES BUTLER failed to disburse from
the trust account, broker's fees totaling \$287.02, in violation
of Code Section 10145 and Regulation 2835. The aforesaid fees
were not disbursed within twenty-five (25) days of deposit, as
required by Regulation 2835.

(f) CBRI and CHARLES BUTLER failed to provide and/or maintain a statement in writing containing all the information 27

- 6 -

required by Section 10241 of the Code to borrower Roth before Roth became obligated to perform under the terms of their loans. This omission is a violation of Code Section 10240 and Regulation 2840.

1

2

3

4

(q) CBRI and CHARLES BUTLER used the fictitious name 5 of "Century 21 Butler Realty" to conduct broker-controlled 6 escrow activities by placing said unlicensed name on the trust 7 account, without holding a license bearing this fictitious 8 9 business name, in violation of Code Section 10159.5 and 10 Regulation 2731. This violation was corrected during the audit. 11 10. 12 The conduct, acts and omissions of Respondents 13 CBRI, CHARLES BUTLER and/or SYLVIA BUTLER, as described in 14 Paragraph 9, above, violated the Code and the Regulations as set 15 forth below: 16 PROVISIONS VIOLATED 17 PARAGRAPH 18 Code Section 10176(a) 9(a) (All Respondents) 19 20 Code Section 10145 9(b) and Regulation 2832.1, 21 (CBRI and CHARLES BUTLER) 22 Code Section 10145 9(c) 23 and Regulation 2831 (All Respondents) 24 25 Code Section 10145 9(d) 26 and Regulation 2831.2, (CBRI and CHARLES BUTLER) 27

- 7 -

| ·  |   |
|----|---|
|    |   |
| 1  |   |
| 2  | 9(e) Code Section 10145<br>and Regulation 2835  |
| 3  | (CBRI and CHARLES BUTLER)   |
| 4  | 9(f) Code Section 10240   |
| 5  | and Regulation 2840<br>(CBRI and CHARLES BUTLER)  |
| 6  |   |
| 7  | 9(g) Code Section 10159.5   |
| 8  | and Regulation 2731<br>(CBRI and CHARLES BUTLER)  |
| 9  | the second se |
| 10 | Each of the foregoing violations constitutes cause for the  |
| 11 | suspension or revocation of all real estate licenses and license  |
| 12 | rights of Respondents CBRI, CHARLES BUTLER and SYLVIA BUTLER,   |
| 13 | under the provisions of Code Sections 10176(a), 10177(d) and/or   |
| 14 | 10177(g).   |
| 15 | 11.   |
| 16 | The overall conduct, acts and/or omissions of CBRI,   |
| 17 | CHARLES BUTLER and SYLVIA BUTLER constitutes negligence, in   |
| 18 | violation of Code Section 10177(g).   |
| 19 | 12.   |
| 20 | The overall conduct, acts and/or omissions of CHARLES   |
| 21 | BUTLER, in causing, allowing, or permitting CBRI to violate the   |
| 22 | Real Estate Law, as described, herein above, constitutes failure  |
| 23 | on the part of Respondent CHARLES BUTLER, as the officer  |
| 24 | designated by a corporate broker licensee, to exercise the  |
| 25 | reasonable supervision and control over the licensed activities   |
| 26 | of CBRI, as required by Code Section 10159.2. Said conduct is   |
| 27 |   |
|    | - 8 -   |

1 cause to suspend or revoke the real estate licenses and license 2 rights of BUTLER pursuant to the provisions of Code Sections 3 10177(d), 10177(g) and 10177(h).

WHEREFORE, Complainant prays that a hearing be 4 conducted on the allegations made by the Accusation and, that 5 upon proof thereof, a decision be rendered imposing disciplinary 6 action against all licenses and license rights of Respondent 7 BUTLER REALTY INC., CHARLES BAILEY BUTLER, individually and as 8 designated officer of Century 21 Butler Realty Inc., and SYLVIA 9 BUTLER, under the Real Estate Law (Part 1 of Division 4 of the 10 Business and Professions Code) and for such other and further 11 relief as may be proper under other applicable provisions of 12 13 law. Dated at Los Angeles, California His 16th day of 14 December 2005 15 16 17 Deplity Beal Estate Commissioner 18 19 20 21 22 23 Century 21 Butler Realty Inc. cc: 24 c/o Charles Bailey Butler 25 Maria Suarez LA Audit Section - Vaughn Weaver 26 Sacto. JN 27