

Sachs

1 Department of Real Estate
2 320 W. 4TH Street, Suite 350
3 Los Angeles, CA 90013-1105
4
5 Telephone: (213) 576-6982 (Office)

FILED

OCT - 8 2008

DEPARTMENT OF REAL ESTATE
BY: *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 ALLIED DEVELOPMENT CORPORATION, dba)
13 Re/Max Tri-City; and MATOUS YOUNAN)
14 MATTI, as designated officer of)
15 Allied Development Corporation,)
16 Respondents.)

No. H-33893 LA

STIPULATION
AND
AGREEMENT

17 It is hereby stipulated by and between Respondents
18 ALLIED DEVELOPMENT CORPORATION, a corporate real estate broker,
19 and MATOUS YOUNAN MATTI, individually and as designated officer
20 of Allied Development Corporation, (sometimes collectively
21 referred to as "Respondents"), represented by Frank M. Buda,
22 Esq., and the Complainant, acting by and through Elliott Mac
23 Lennan, Counsel for the Department of Real Estate, as follows for
24 the purpose of settling and disposing of the Accusation
25 ("Accusation") filed on April 16, 2007, in this matter:

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

8 2. Respondents have received, read and understand the
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 to present evidence in their defense the right to cross-examine
23 witnesses.
24

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1 4. This Stipulation is based on the factual
2 allegations contained in the Accusation. In the interest of
3 expedience and economy, Respondents choose not to contest these
4 allegations, but to remain silent and understand that, as a
5 result thereof, these factual allegations, without being admitted
6 or denied, will serve as a prima facie basis for the disciplinary
7 action stipulated to herein. The Real Estate Commissioner shall
8 not be required to provide further evidence to prove said factual
9 allegations.

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

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

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2 7. The Order or any subsequent Order of the Real
3 Estate Commissioner made pursuant to this Stipulation shall not
4 constitute an estoppel, merger or bar to any further
5 administrative or civil proceedings by the Department of Real
6 Estate with respect to any matters which were not specifically
7 alleged to be causes for Accusation in this proceeding but do
8 constitute a bar, estoppel and merger as to any allegations
9 actually contained in the Accusations against Respondent herein.

10 DETERMINATION OF ISSUES

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

13 I.

14 The conduct of ALLIED DEVELOPMENT CORPORATION, as
15 described in Paragraph 4, above, is in violation of Section
16 10177(g) of the Business and Professions Code and is a basis for
17 the suspension or revocation of Respondent's license and license
18 rights as a violation said section.
19

20 II.

21 The conduct of MATOUS YOUNAN MATTI, as described in
22 Paragraph 4, above, is in violation of Section 10177(g) of the
23 Business and Professions Code and is a basis for the suspension
24 or revocation of Respondent's license and license rights as a
25 violation said section.

26 ///

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

All licenses and licensing rights of Respondents ALLIED DEVELOPMENT CORPORATION and MATOUS YOUNAN MATTI under the Real Estate Law suspended for a period of thirty (30) days from the effective date of this Decision; provided, however, that

1. Thirty (30) day suspension (or a portion thereof) shall be stayed for one (1) year upon condition that Respondents petition and pay a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of \$166.66 per day for each day of the suspension for a total monetary penalty of \$5,000 each or \$10,000 total.

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.

3. No further cause for disciplinary action against the real estate licenses of Respondents occurs within one (1) year from the effective date of the Decision in this matter.

4. If Respondents fail 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 Respondents

1 shall not be entitled to any repayment nor credit, prorated or
2 otherwise, for money paid to the Department under the terms of
3 this Decision.

4 5. If Respondents pay the monetary penalty and if no
5 further cause for disciplinary action against the real estate
6 license of Respondents occurs within one (1) year from the
7 effective date of the Decision, the stay hereby granted shall
8 become permanent.

9 6. Respondents shall obey all laws, rules and
10 regulations governing the rights, duties and responsibilities of
11 real estate licensees in the State of California.

12
13 DATED: 7-10-08

ELI
14 ELLIOTT MAC LENNAN, Counsel for
15 the Department of Real Estate

16 * * *


17 EXECUTION OF THE STIPULATION

18 We have read the Stipulation, and have discussed it
19 with our counsel. Its terms are understood by us and are
20 agreeable and acceptable to us. We understand that we are
21 waiving rights given to us by the California Administrative
22 Procedure Act (including but not limited to Sections 11506,
23 11508, 11509 and 11513 of the Government Code), and we willingly,
24 intelligently and voluntarily waive those rights, including the
25 right of requiring the Commissioner to prove the allegations in
26 the Accusation at a hearing at which we would have the right to
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1 cross-examine witnesses against us and to present evidence in
2 defense and mitigation of the charges.

3 Respondents can signify acceptance and approval of the
4 terms and conditions of this Stipulation by faxing a copy of its
5 signature page, as actually signed by Respondents, to the
6 Department at the following telephone/fax number: Elliott Mac
7 Lennan at (213) 576-6917. Respondents agree, acknowledge and
8 understand that by electronically sending to the Department a fax
9 copy of Respondents' actual signatures as they appear on the
10 Stipulation, that receipt of the faxed copy by the Department
11 shall be as binding on Respondents as if the Department had
12 received the original signed Stipulation.
13

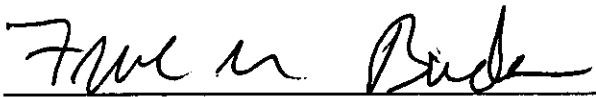
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15 DATED: 7-22-08


ALLIED DEVELOPMENT CORPORATION, a
corporate real estate broker,
BY: MATOUS YOUNAN MATTI, D.O.,
Respondent

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17
18
19 DATED: 7-22-08


MATOUS YOUNAN MATTI individually
and as designated officer of Allied
Development Corporation, Respondent

20
21
22
23 DATED: 7-18-08


FRANK M. BUDA
Attorney for Respondents
Approved as to form

*Photo
File*

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ELLIOT MAC LENNAN, Counsel (SBN 66674)
Department of Real Estate
320 West Fourth St., #350
Los Angeles, CA 90013

(213) 576-6982
(213) 576-6911

FILED
APR 16 2007
DEPARTMENT OF REAL ESTATE

By *K. Rederholt*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H- 33893	LA
)		
ALLIED DEVELOPMENT CORPORATION, dba)		
Re/Max Tri-City; MATOUS YOUNAN MATTI,)	<u>A C C U S A T I O N</u>	
individually and as former designated)		
officer of Allied Development)		
Corporation,)		
)		
Respondents.)		
)		

The Complainant, Janice Waddell, a Deputy Real Estate Commissioner, for cause of Accusation against ALLIED DEVELOPMENT CORPORATION, a real estate corporation doing business as Re/Max Tri-City, RE/MAX Tri-City Escrow, RE/MAX Tri-City Escrow Division, and Re/Max Tri-City Realty; and MATOUS YOUNAN MATTI, aka Matthew Matti, individually and as designated officer of Allied Development Corporation, is informed and alleges as follows:

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1.

1 The Complainant, Janice Waddell, a Deputy Real Estate
2 Commissioner of the State of California, makes this Accusation in
3 her official capacity.
4

2.

5 Respondent ALLIED DEVELOPMENT CORPORATION (hereinafter
6 "Respondent ALLIED") is presently licensed and at all times
7 relevant herein was licensed by the Department of Real Estate of
8 the State of California under the Real Estate Law, Part 1 of
9 Division 4 of the California Business and Professions Code
10 (hereinafter "Code") as a corporate real estate broker.
11

12 Respondent ALLIED was originally licensed by the Department as a
13 corporate real estate broker on or about August 2, 1989.
14

3.

15 Beginning on or before October 20, 1997 and continuing
16 through the present time, Respondent ALLIED was authorized to act
17 as a real estate broker by and through Respondent MATOUS YOUNAN
18 MATTI as the designated officer and broker responsible, pursuant
19 to the provisions of Code Section 10159.2, for the supervision
20 and control of the activities conducted on behalf of Respondent
21 ALLIED by Respondent ALLIED's officers and employees.
22

4.

23 Respondent MATOUS YOUNAN MATTI (hereinafter "Respondent
24 MATTI") is currently licensed by the Department as a restricted
25 real estate broker. Respondent MATTI was originally licensed by
26
27

1 the Department as a real estate broker in or before 1997.
2 Beginning October 20, 1997 and continuing to the present time,
3 Respondent MATTI was licensed by the Department as the broker
4 officer of Respondent ALLIED designated pursuant to Code Section
5 10159.2 to be responsible for the supervision and control of the
6 activities conducted on behalf of Respondent ALLIED by its
7 officers and employees as necessary to secure full compliance
8 with the Real Estate Law.

9
10 5.

11 At all times material herein, Respondents ALLIED and
12 MATTI (collectively referred to herein as "Respondents"), engaged
13 in the business of real estate brokers within the meaning of Code
14 Sections 10131(a) and (d), representing others in the purchase
15 and sale of real property, negotiating loans secured by real
16 property, and performing escrow services in relation to those
17 transactions pursuant to Financial Code Section 10076(a)(4).

18 6.

19 All further references to "Respondents", unless
20 otherwise specified, include the parties identified in Paragraphs
21 2 through 4 above, and also include the employees, agents and
22 real estate licensees employed by or associated with said
23 parties, who at all times herein mentioned were engaged in the
24 furtherance of the business or operations of said parties and who
25 were acting within the course and scope of their authority and
26 employment.
27

1 National Title Insurance Company, Chicago Title Insurance
2 Company, Security Union Title Insurance Company, and Ticor Title
3 Insurance Company (hereafter collectively referred to as
4 "Fidelity").

5 10.

6 On or about June 11, 2004, Respondent MATTI, on behalf
7 of Respondent ALLIED, executed a "Participation Agreement" with
8 Fidelity. Pursuant to the Participation Agreement, Respondents
9 would receive \$350.00 per transaction, plus a percentage of the
10 premium paid to Fidelity for every real estate transaction in
11 which the parties purchased title insurance from one of the
12 Fidelity affiliates. Under this Participation Agreement,
13 Respondents paid an annual "Participation Fee" of \$10,000.00. In
14 addition, Respondents provided Fidelity with a letter of credit
15 in their favor in the amount of \$25,000. Respondent ALLIED
16 agreed to assume 15% liability for title insurance losses, if
17 any, from real estate transactions generated by Respondent
18 ALLIED, or "reinsurance." In exchange, Fidelity and/or its
19 affiliates would pay Respondent ALLIED 15% of the title insurance
20 premiums collected per transaction, plus a \$350.00 processing
21 fee, per transaction.

22 11.

23 In relation to these reinsurance agreements, in 2005,
24 the California Department of Insurance (DOI) held public hearings
25 at which it was determined that the typical loss ratio as to
26 title insurance is three to five percent. DOI found that there
27 is in fact little or no risk transferred to the reinsurer (such

1 as, in this case, the real estate broker) in exchange for the
2 portion of premium they are collecting. Further, DOI found that
3 in California, the normal practice is not to have a reinsurer in
4 connection with title business. DOI determined that the
5 reinsurance agreements of the type entered into between Fidelity
6 and related affiliates and Respondent ALLIED were not legitimate
7 reinsurance agreements. Rather, these agreements were created as
8 part of a scheme under which title insurers were paying real
9 estate brokers illegal rebates - in the form of "premiums" on
10 fictitious reinsurance paid to captive reinsurers - in exchange
11 for the brokers channelling business to the title companies.

12 12.

13 Between on or about June 11, 2004 through on or about
14 February 5, 2005, in connection with their real estate brokerage
15 activities set forth in Paragraph 5 above, Respondent ALLIED was
16 credited \$16,033.24 for referrals of parties to Fidelity and
17 Fidelity affiliates as a result of real property purchase and
18 sale transactions and loans negotiated by Respondent ALLIED.
19 These credited amounts were not disclosed to the parties of the
20 underlying real estate transactions. However, the Participation
21 Agreement was terminated before disbursement of any funds to
22 Respondents.

23 13.

24 The conduct, acts and/or omissions of Respondent ALLIED
25 as set forth in Paragraphs 9 through 12 above are in violation of
26 Code Section 10177.4, and constitute grounds to suspend or revoke
27 Respondent ALLIED's real estate broker license pursuant to

1 Business and Professions Code Sections 10177(d) and 10177(g) for
2 claiming, demanding or receiving commissions, fees or other
3 consideration from a title insurance company for referral of
4 customers to the title insurance company.

5 14.

6 The conduct, acts and/or omissions of Respondent MATTI
7 as set forth in Paragraphs 9 through 12 above are in violation of
8 Code Section 10177.4, and constitute grounds to suspend or
9 revoked Respondent MATTI real estate broker license or license
10 rights pursuant to Business and Professions Code Sections
11 10177(g) and/or 10177(d).

12 15.

13 The conduct, acts and/or omissions of Respondent MATTI
14 in claiming or taking a secret and/or undisclosed amount of
15 compensation, commission or profit in relation to the referral of
16 customers to Fidelity affiliated title insurance companies
17 constitutes grounds to discipline Respondent's real estate
18 licenses or licensing rights pursuant to Business and Professions
19 Code Section 10176(g).

20 16.

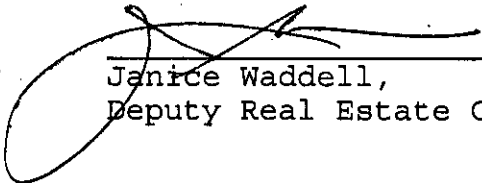
21 The failure of Respondent MATTI to ensure Respondent
22 ALLIED's full compliance with the Real Estate Law, as set forth
23 in Paragraphs 9 through 12 above, in violation of Code Section
24 10159.2, constitutes grounds to discipline Respondent MATTI's
25 broker licenses or license rights as the designated broker-
26 officer of Respondent ALLIED, pursuant to Code Sections 10177(d),
27 10177(g) and/or 10177(h), for failing to exercise required

1 required supervision over the activities of the officers and
2 employees of Respondent ALLIED.

3 WHEREFORE, Complainant prays that a hearing be
4 conducted on the allegations of this Accusation and that upon
5 proof thereof, a decision be rendered imposing disciplinary
6 action against all licenses and/or license rights of Respondent
7 ALLIED DEVELOPMENT CORPORATION, a corporate real estate broker,
8 and Respondent MATOUS YOUNAN MATTI, individually and as
9 designated officer of Allied Development Corporation under the
10 Real Estate Law and for such other and further relief as may be
11 proper under applicable provisions of law.

12 Dated at Los Angeles, California

13 this 20 day of March, 2007.

14
15 
16 _____
17 Janice Waddell,
18 Deputy Real Estate Commissioner
19
20

21 cc: Allied Development Corporation
22 Matous Younan Matti
23 Janice Waddell
24 Sacto.
25
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27