

FILED

DEC - 9 2008.

DEPARTMENT OF REAL ESTATE

By R. Henry

1 Department of Real Estate  
2 P. O. Box 187007  
3 Sacramento, CA 95818-7007  
4 Telephone: (916) 227-0789  
5  
6  
7

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

12	In the Matter of the Accusation of	)	NO. H-34596 LA
		)	
13		)	
14	S&J STADTLER, INC.; and JOHN G. STADTLER,	)	<u>STIPULATION AND AGREEMENT</u>
	individually and as DO of S&J STADTLER, INC.,	)	<u>IN SETTLEMENT</u>
15		)	<u>AND ORDER</u>
		)	
16	Respondents.	)	
		)	

17  
18 It is hereby stipulated by and between S&J STADTLER, INC. and  
19 JOHN G. STADTLER, and their attorney of record, Shannon B. Jones, and the Complainant,  
20 acting by and through David B. Seals, Counsel for the Department of Real Estate, as follows for  
21 the purpose of settling and disposing of the Accusation filed on December 17, 2007, in this  
22 matter:

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

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

4                   3. A Notice of Defense was filed on December 28, 2007 by Respondents S&J  
5 STADTLER, INC. and JOHN G. STADTLER, pursuant to Section 11505 of the Government  
6 Code for the purpose of requesting a hearing on the allegations in the Accusation. Respondents  
7 hereby freely and voluntarily withdraw said Notice of Defense. Respondents acknowledge that  
8 they understand that by withdrawing said Notice of Defense they will thereby waive their right to  
9 require the Commissioner to prove the allegations in the Accusation at a contested hearing held  
10 in accordance with the provisions of the APA and that they will waive other rights afforded to  
11 them in connection with the hearing such as the right to present evidence in defense of the  
12 allegations in the Accusation and the right to cross-examine witnesses.

13                   4. This Stipulation is based on the factual allegations contained in the Accusation.  
14 In the interests of expedience and economy, Respondents choose not to contest these allegations,  
15 but to remain silent and understand that, as a result thereof, these factual allegations, without  
16 being admitted or denied, will serve as a prima facie basis for the disciplinary action stipulated to  
17 herein. The Real Estate Commissioner shall not be required to provide further evidence to prove  
18 said factual allegations.

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

26                   6. The Order or any subsequent Order of the Real Estate Commissioner made  
27 pursuant to this Stipulation and Agreement in Settlement shall not constitute an estoppel, merger

1 or bar to any further administrative or civil proceedings by the Department of Real Estate with  
2 respect to any matters which were not specifically alleged to be causes for accusation in this  
3 proceeding.

4 DETERMINATION OF ISSUES

5 By reason of the foregoing stipulations, admissions and waivers and solely for the  
6 purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed  
7 that the facts alleged above are grounds for the suspension or revocation of the licenses and  
8 license rights of Respondent JOHN G. STADTLER under Section 10177(h) of the Business and  
9 Professions Code (hereinafter the "Code") and under Section 10159.2 of the Code and Section  
10 2725, Title 10, California Code of Regulations in conjunction with Section 10177(d) of the Code  
11 and as to Respondent S&J STADTLER, INC. under Section 10177.4 of the Code.

12 ORDER

13 I

14 All licenses and licensing rights of Respondent JOHN G. STADTLER under the  
15 Real Estate Law are suspended for a period of forty-five (45) days from the effective date of this  
16 Order; provided, however, that:

17 1. All forty-five (45) days of said suspension shall be stayed for two (2) years  
18 upon the following terms and conditions:

19 A. Respondent JOHN G. STADTLER shall obey all laws, rules and regulations  
20 governing the rights, duties and responsibilities of a real estate licensee in the State of  
21 California; and

22 B. That no final subsequent determination be made, after hearing or upon  
23 stipulation, that cause for disciplinary action occurred within two (2) years from the effective  
24 date of this Order. Should such a determination be made, the Commissioner may, in his  
25 discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed  
26 suspension. Should no such determination be made, the stay imposed herein shall become  
27 permanent.

1 C. That Respondent JOHN G. STADTLER petition pursuant to Section 10175.2  
2 of the Code and pays a monetary penalty pursuant to Section 10175.2 of the Code at an equal  
3 rate for each day of the forty-five (45) suspension for a total monetary penalty of \$5,000:

4 1. Said payment shall be in the form of a cashier's check or certified check made  
5 payable to the Recovery Account of the Real Estate Fund. Said check must be delivered to the  
6 Department prior to the effective date of the Order in this matter.

7 2. No further cause for disciplinary action against the Real Estate licenses of  
8 said Respondent JOHN G. STADTLER occurs within two (2) years from the effective date of  
9 the decision in this matter.

10 3. If Respondent JOHN G. STADTLER fails to pay the monetary penalty as  
11 provided above prior to the effective date of this Order, the stay of the suspension shall be  
12 vacated as to Respondent JOHN G. STADTLER and the order of suspension shall be  
13 immediately executed, under this Paragraph I of this Order, in which event Respondent JOHN  
14 G. STADTLER shall not be entitled to any repayment nor credit, prorated or otherwise, for the  
15 money paid to the Department under the terms of this Order.

16 D. If Respondent JOHN G. STADTLER pays the monetary penalty and any  
17 other moneys due under this Stipulation and Agreement and if no further cause for disciplinary  
18 action against the real estate licenses of Respondent JOHN G. STADTLER occurs within two  
19 (2) years from the effective date of this Order, the entire stay hereby granted under Paragraph I  
20 of this Order, as to Respondent JOHN G. STADTLER only, shall become permanent.

21 II

22 All licenses and licensing rights of Respondent S&J STADTLER, INC. under the  
23 Real Estate Law are suspended for a period of forty-five (45) days from the effective date of this  
24 Order; provided, however, that:

25 1. All forty-five (45) days of said suspension shall be stayed for two (2) years  
26 upon the following terms and conditions:

27 ///

1                   A. Respondent S&J STADTLER, INC. shall obey all laws, rules and regulations  
2 governing the rights, duties and responsibilities of a real estate licensee in the State of  
3 California; and

4                   B. That no final subsequent determination be made, after hearing or upon  
5 stipulation, that cause for disciplinary action occurred within two (2) years from the effective  
6 date of this Order. Should such a determination be made, the Commissioner may, in his  
7 discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed  
8 suspension. Should no such determination be made, the stay imposed herein shall become  
9 permanent.

10                  C. That Respondent S&J STADTLER, INC. petition pursuant to Section 10175.2  
11 of the Code and pays a monetary penalty pursuant to Section 10175.2 of the Code at an equal  
12 rate for each day of the forty-five (45) suspension for a total monetary penalty of \$5,000:

13                  1. Said payment shall be in the form of a cashier's check or certified check made  
14 payable to the Recovery Account of the Real Estate Fund. Said check must be delivered to the  
15 Department prior to the effective date of the Order in this matter.

16                  2. No further cause for disciplinary action against the Real Estate licenses of  
17 said Respondent S&J STADTLER, INC. occurs within two (2) years from the effective date of  
18 the decision in this matter.

19                  3. If Respondent S&J STADTLER, INC. fails to pay the monetary penalty as  
20 provided above prior to the effective date of this Order, the stay of the suspension shall be  
21 vacated as to Respondent S&J STADTLER, INC. and the order of suspension shall be  
22 immediately executed, under this Paragraph II of this Order, in which event Respondent S&J  
23 STADTLER, INC. shall not be entitled to any repayment nor credit, prorated or otherwise, for  
24 the money paid to the Department under the terms of this Order.

25                  D. If Respondent S&J STADTLER, INC. pays the monetary penalty and any  
26 other moneys due under this Stipulation and Agreement and if no further cause for disciplinary  
27 action against the real estate licenses of Respondent S&J STADTLER, INC. occurs within two

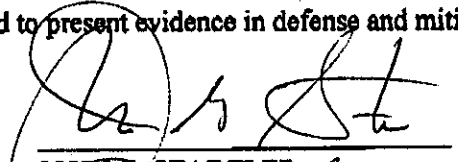
1 (2) years from the effective date of this Order, the entire stay hereby granted under Paragraph 11  
2 of this Order, as to Respondent S&J STADTLER, INC. only, shall become permanent.

3  
4 DATED: \_\_\_\_\_  
5 DAVID B. SEALS, Counsel  
6 DEPARTMENT OF REAL ESTATE

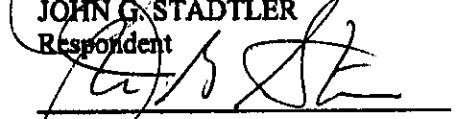
7 \* \* \*

8 I have read the Stipulation and Agreement, have discussed it with my counsel,  
9 and its terms are understood by me and are agreeable and acceptable to me. I understand that I  
10 am waiving rights given to me by the California Administrative Procedure Act (including but not  
11 limited to Sections 11506, 11508, 11509, and 11513 of the Government Code), and I willingly,  
12 intelligently, and voluntarily waive those rights, including the right of requiring the  
13 Commissioner to prove the allegations in the Accusation at a hearing at which I would have the  
14 right to cross-examine witnesses against me and to present evidence in defense and mitigation of  
15 the charges.

16 DATED: 10/14/08

17   
18 JOHN G. STADTLER  
19 Respondent

20 DATED: 10/14/08

21   
22 S&J STADTLER, INC.  
23 Respondent

24 \* \* \*


25 I have reviewed the Stipulation and Agreement as to form and content and have  
26 advised my clients accordingly.

27 DATED: \_\_\_\_\_  
SHANNON B. JONES  
Attorney for Respondents

\* \* \*

1 (2) years from the effective date of this Order, the entire stay hereby granted under Paragraph 11  
 2 of this Order, as to Respondent S&J STADTLER, INC. only, shall become permanent.

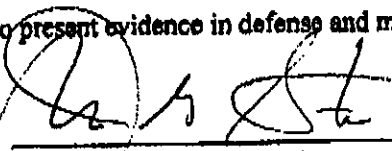
3  
 4 DATED: Oct 21, 2008

  
 5 DAVID B. SEALS, Counsel  
 6 DEPARTMENT OF REAL ESTATE


7 \*\*\*

8 I have read the Stipulation and Agreement, have discussed it with my counsel,  
 9 and its terms are understood by me and are agreeable and acceptable to me. I understand that I  
 10 am waiving rights given to me by the California Administrative Procedure Act (including but not  
 11 limited to Sections 11506, 11508, 11509, and 11513 of the Government Code), and I willingly,  
 12 intelligently, and voluntarily waive those rights, including the right of requiring the  
 13 Commissioner to prove the allegations in the Accusation at a hearing at which I would have the  
 14 right to cross-examine witnesses against me and to present evidence in defense and mitigation of  
 15 the charges.

16 DATED: 10/14/08

  
 17 JOHN G. STADTLER  
 18 Respondent

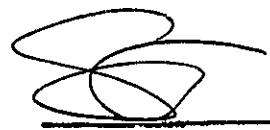
19 DATED: 10/14/08

  
 20 S&J STADTLER, INC.  
 21 Respondent

22 \*\*\*

23 I have reviewed the Stipulation and Agreement as to form and content and have  
 24 advised my clients accordingly.

25 DATED: 10/14/08

  
 26 SHANNON B. JONES  
 27 Attorney for Respondents

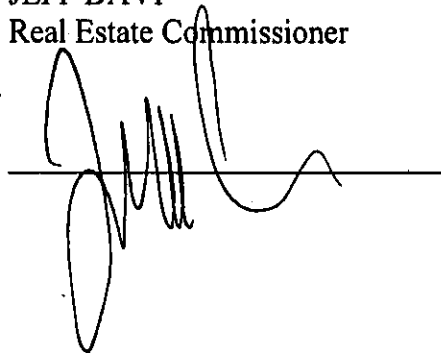
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The foregoing Stipulation and Agreement in Settlement is hereby adopted by the  
Real Estate Commissioner as his Decision and Order and shall become effective at 12 o'clock  
noon on DEC 29 2008

IT IS SO ORDERED 11-25-08

JEFF DAVI  
Real Estate Commissioner



A handwritten signature in black ink, appearing to read 'Jeff Davi', is written over a horizontal line. The signature is stylized and cursive.

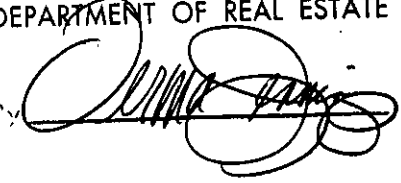


SAND  
Flag

1 JAMES R. PEEL, Counsel (SBN 47055)  
2 Department of Real Estate  
3 320 West Fourth St., #350  
4 Los Angeles, CA 90013

4 (213) 576-6982  
5 (213) 576-6913

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DEC 17 2007  
DEPARTMENT OF REAL ESTATE



8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of ) No. H-34596 LA  
12 )  
13 S&J STADTLER, INC.; and ) A C C U S A T I O N  
14 JOHN G. STADTLER, individually )  
15 and as designated broker- )  
16 officer of S&J Stadtler, Inc., )  
17 Respondents. )

17 The Complainant, Robin L. Trujillo, a Deputy Real  
18 Estate Commissioner, for cause of accusation against  
19 S&J STADTLER, INC.; and JOHN G. STADTLER, individually and as  
20 designated broker-officer of S&J Stadtler, Inc., dba Re/Max  
21 Accord, is informed and alleges as follows:

22 1.

23 The Complainant, Robin L. Trujillo, a Deputy Real  
24 Estate Commissioner of the State of California, makes this  
25 Accusation in her official capacity.

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27 ///

1 2.

2 Respondent S&J STADTLER, INC., dba Re/Max Accord  
3 (hereinafter "S&J STADTLER"), is presently licensed and at all  
4 times relevant herein was licensed by the Department of Real  
5 Estate of the State of California ("Department") under the Real  
6 Estate Law, Part 1 of Division 4 of the California Business and  
7 Professions Code (hereinafter "Code"), as a corporate real estate  
8 broker. Respondent S&J STADTLER was originally licensed by the  
9 Department as a corporate real estate broker on or about  
10 June 20, 2005.  
11

12 3.

13 At all times relevant herein, Respondent S&J STADTLER  
14 was and is authorized to act as a real estate broker by and  
15 through Respondent JOHN G. STADTLER (hereinafter "STADTLER") as  
16 the designated officer and broker responsible, pursuant to the  
17 provisions of Code Section 10159.2, for the supervision and  
18 control of the activities conducted on behalf of Respondent S&G  
19 STADTLER by Respondent S&G STADTLER's officers and employees.  
20

21 4.

22 At all times material herein, Respondent S&G STADTLER,  
23 engaged in the business of, acted in the capacity of, advertised  
24 or assumed to act as a real estate broker within the meaning of  
25 Code Section 10131(a), representing another or others in the  
26 purchase, sale or exchange of real property.  
27

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1 5.

2 All further references to "Respondents", unless  
3 otherwise specified, include the parties identified in Paragraphs  
4 2 through 4 above, and also include the employees, agents and  
5 real estate licensees employed by or associated with said  
6 parties, who at all times herein mentioned were engaged in the  
7 furtherance of the business or operations of said parties and who  
8 were acting within the course and scope of their authority and  
9 employment.

10 UNLAWFUL REFERRAL OF CUSTOMERS FOR COMPENSATION

11 (Business and Professions Code Section 10177.4)

12 "Participation Agreement"

13 6.

14 Beginning on or about June 1, 2003, Respondents, and  
15 each of them, in connection with their real estate sales  
16 activities set forth in Paragraph 4 above, engaged in a  
17 reinsurance program with Land America Reinsurance Services, Inc.,  
18 and its affiliates (hereafter collectively referred to as  
19 "LARS"). Pursuant to this agreement, in connection with the sale  
20 of homes brokered by Respondents, the title companies would issue  
21 title insurance policies, and in exchange, Respondents would  
22 claim, demand and receive compensation in the form of reinsurance  
23 "premiums" and additional periodic distributions of capital.

24 7.

25 Specifically, on or about June 1, 2003, Respondent  
26 STADTLER, under the name of S&J STADTLER, INC., a California  
27 corporation which Respondent owned or controlled, executed a

1 "Participation Agreement" with LARS. Pursuant to the  
2 Participation Agreement, Respondents would claim, demand and  
3 receive fees and compensation for every real estate transaction  
4 in which the parties purchased title insurance from one of the  
5 LARS affiliates.

6 8.

7 In 2005, the California Department of Insurance (DOI)  
8 held public hearings relating to the business practice of  
9 entering into the types of reinsurance agreements described  
10 above. At these hearings, it was determined that the typical  
11 loss ratio as to title insurance is three to five percent. DOI  
12 found that there is in fact little or no risk transferred to the  
13 reinsurer (such as, in this case, the real estate broker) in  
14 exchange for the portion of premium they are collecting.  
15 Further, DOI found that in California, the normal practice is not  
16 to have a reinsurer in connection with title business. DOI  
17 determined that the reinsurance agreements of the type entered  
18 into between the title companies and Respondents were not  
19 legitimate reinsurance agreements. Rather, these agreements were  
20 created as part of a scheme under which title insurers were  
21 paying real estate brokers illegal rebates in the form of  
22 "premiums" on fictitious reinsurance paid to captive reinsurers  
23 in exchange for the brokers channeling business to the title  
24 companies.

25 ///

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1 9.

2 For the period between June of 2003 and December of  
3 2007, Respondents claimed, demanded and received distributions of  
4 \$41,969.44 in fees and compensation for referring parties to LARS  
5 and LARS' affiliates as a result of real property purchase and  
6 sale transactions negotiated by Respondent S&J STADTLER.

7 10.

8 The conduct, acts and/or omissions of Respondent  
9 S&J STADTLER, as set forth in Paragraphs 2 through 9 above, are  
10 in violation of Code Section 10177.4, and constitute grounds to  
11 suspend or revoke Respondent S&J STADTLER's real estate broker  
12 license pursuant to Business and Professions Code Sections  
13 10177(d) and 10177(g) for claiming, demanding or receiving  
14 commissions, fees or other consideration from a title insurance  
15 company for referral of customers to the title insurance company.

16 11.

17 The conduct, acts and/or omissions of Respondent  
18 STADTLER, as set forth in Paragraphs 2 through 9 above, are in  
19 violation of Code Section 10177.4, and constitute grounds to  
20 suspend or revoke Respondent's real estate licenses and/or  
21 license rights pursuant to Business and Professions Code Section  
22 10177(g) and/or 10177(d).

23 12.

24 The conduct, acts and/or omissions of Respondents  
25 S&J STADTLER and STADTLER in claiming or taking a secret or  
26 undisclosed amount of compensation, commission or profit in  
27 relation to the referral of customers to LARS affiliated title

1 insurance companies constitutes grounds to discipline  
2 Respondents' real estate licenses and/or licensing rights  
3 pursuant to Business and Professions Code Section 10176(g)  
4 and/or 10177(j).

5 13.

6 The failure of Respondent STADTLER to ensure Respondent  
7 S&J STADTLER's full compliance with the Real Estate Law, as set  
8 forth in Paragraphs 2 through 9 above in violation of Code  
9 Section 10159.2, constitutes grounds to discipline the broker  
10 license and license rights of Respondent STADTLER, pursuant to  
11 Code Sections 10177(d), 10177(g) and/or 10177(h) for failing to  
12 exercise required supervision over the activities of the  
13 officers, employees and agents of Respondent S&J STADTLER.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and/or license rights of Respondents S&J STADTLER, INC.; and JOHN G. STADTLER, individually and as designated broker-officer of S&J Stadtler, Inc., and for such other and further relief as may be proper under applicable provisions of law.

Dated at Los Angeles, California  
this 14 day of December, 2007.

  
\_\_\_\_\_  
ROBIN L. TRUJILLO  
Deputy Real Estate Commissioner

cc: S&J Stadtler, Inc.  
John G. Stadtler  
Robin L. Trujillo  
Sacto.