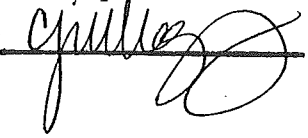


FILED

FEB 25 2015

BUREAU OF REAL ESTATE

By 

1 DIANE LEE, Counsel (SBN 247222)
2 Bureau of Real Estate
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013
5 Telephone: (213) 576-6982
6 (Direct) (213) 576-6907
7
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10
11 **BEFORE THE BUREAU OF REAL ESTATE**
12 **STATE OF CALIFORNIA**

13 * * *

14 In the Matter of the Accusation of) No. H-39752 LA
15 REAL ESTATE WEST, INC.; ROBERT)
16 WILLIAM SCHUMANN, as designated) ACCUSATION
17 officer of Real Estate West, Inc., and)
18 SUZANNE E. BUTLER,)
19 Respondents.)
20)
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22)
23)
24)
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27)

28 The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the
29 State of California, acting in her official capacity, for cause of Accusation against REAL
30 ESTATE WEST, INC. ("REW"), ROBERT WILLIAM SCHUMANN ("SCHUMANN"), as
31 designated officer of Real Estate West, Inc., and SUZANNE E. BUTLER ("BUTLER"), is
32 informed and alleges as follows:

33 1.

34 The Complainant, Maria Suarez, acting in her official capacity as Deputy Real
35 Estate Commissioner of the State of California, makes this Accusation.

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1 2.

2 Unless otherwise specified, all references to the "Code" are to the California
3 Business and Professions Code, and all references to "Regulations" are to Title 10, Chapter 6,
4 California Code of Regulations.

5 3.

6 A. REAL ESTATE WEST, INC.: From on or about June 4, 1983 through
7 the present, Respondent REWI has been and currently is licensed by the Bureau of Real Estate
8 as a real estate corporate broker (license no. 00707775).

9 B. ROBERT WILLIAM SCHUMANN: At all times mentioned below,
10 Respondent SCHUMANN has been and currently is the designated officer of REWI. From on
11 or about January 3, 1977 to January 2, 1981, SCHUMANN was licensed by the Bureau of Real
12 Estate as a real estate broker (license no. 00481263).

13 C. SUZANNE E. BUTLER: From on or about February 7, 1986 through
14 the present, Respondent BUTLER has been and currently is licensed by the Bureau of Real
15 Estate as a real estate salesperson (license no. 00912398). From on or about February 19, 1997
16 to July 23, 2003 and August 18, 2003 through the present, BUTLER's broker of record has
17 been and currently is REWI. From on or about May 16, 1997 through the present, Respondent
18 BUTLER has been and still is the president, chief executive officer, secretary, and chief
19 financial officer of Classic Property Management Company, Inc., a corporation that has neither
20 been licensed nor had license rights with the Bureau of Real Estate in any capacity at all times
21 mentioned herein.

22 4.

23 Whenever reference is made in an allegation in this Accusation to an act or
24 omission of "Respondents," such allegation shall be deemed to mean that the officers, directors,
25 employees, agents, and real estate licensees employed by or associated with Respondents
26 committed such act or omission while engaged in the furtherance of the business or operations
27

1 of Respondents and while acting within the course and scope of their corporate authority and
2 employment, including REWI, SCHUMANN, and BUTLER.

3 5.

4 At all times mentioned, in the County of Los Angeles, Respondents REWI,
5 SCHUMANN, and BUTLER engaged in the business of real estate brokers conducting licensed
6 activities within the meaning of Code sections 10131(a) and 10131(b). Respondents REWI,
7 SCHUMANN, and BUTLER engaged in selling, buying and/or soliciting prospective sellers or
8 purchasers, and/or negotiating the purchase, sale, or exchange of real property as well as
9 operated a real property management company by leasing, renting, and/or offering to rent places
10 for rent, soliciting for prospective tenants, and/or collecting rents from real property.

11
12 FIRST CAUSE OF ACCUSATION

13 (Trust Fund Audit)

14 6.

15 On or about April 30, 2014, the Bureau of Real Estate completed an audit
16 examination of REWI limited to its real estate sales and property management activities to
17 determine whether REWI handled and accounted for trust funds and conducted its real estate
18 activities in accordance with the Real Estate Law and Regulations. The audit examination
19 covered a period of time beginning on February 1, 2011 and ended on January 31, 2014. The
20 audit examination revealed violations of the Code and the Regulations set forth in the following
21 paragraphs, and more fully discussed in Audit Report LA130134 and the exhibits and work
22 papers attached to said audit report.

23 7.

24 In the course of activities described in Paragraph 5, above, and during the audit
25 examination period in Paragraph 6, above, Respondents REWI, SCHUMANN, and/or
26 BUTLER acted in violation of the Code and the Regulations as set forth below:

27

1 (a) Respondents REWI, SCHUMANN, and BUTLER failed to provide
2 proof of retention of all records of real estate activity during the audit period, including but not
3 limited to, property management records regarding the three (3) apartment complexes owned by
4 the McDougal trust under the control of Donald McDougal.¹ The three (3) apartment
5 complexes are at 137 South Broadway, Redondo Beach, CA 90277 (“Broadway Property”), 963
6 1st Street, Hermosa Beach, CA 90254 (“1st Street Property”), and 940 15th Street, Hermosa
7 Beach, CA 90254 (“15th Street Property”), in violation of Code section 10148.

8 (b) Respondents REWI, SCHUMANN, and BUTLER failed to maintain a
9 columnar record in chronological order of all “Trust Funds Received, Not Placed in Broker’s
10 Trust Account,” in violation of Code section 10145 and Regulations section 2831. Buyer
11 Janette Eaton’s earnest money deposit was neither placed in a trust an account nor logged into a
12 control record.

13 (c) Respondent REWI held buyer Janette Eaton’s earnest money deposit
14 more than three (3) days following the acceptance of an offer without written authorization
15 from the principal, in violation of Code section 10145 and Regulations section 2832(d).

16 (d) Respondent REWI failed to disclose its Bureau of Real Estate license
17 number on solicitation materials and/or residential purchase contracts intended to be the first
18 point of contact with the consumers, in violation of Code section 10140.6(b) and Regulations
19 section 2773.

20 (e) Respondents REWI, SCHUMANN, and BUTLER used the unlicensed
21 fictitious business name “Real Estate West” and “Classic Property Management” to conduct
22 licensed activities, in violation of Code section 10159.5 and Regulations section 2731.

23 (f) Respondent REWI failed to include a definite, specified date of final and
24 complete termination of its Exclusive-Residential Listing Agreement for the Patricia H. living
25 trust, in violation of Code section 10176(f).

26
27 ¹ After Donald McDougal passed away in or about 2012, his daughter Lesley Ann Holmes took control of the
three (3) apartment complexes.

1 (g) Respondents REWI and Schumann failed to maintain a written broker-
2 salesperson agreement with salesperson Janice Marie Panzarella (license no. 00811968), in
3 violation of Regulations section 2726.

4 (h) Respondents REWI and Schumann failed to retain and provide for
5 inspection the license certificates of its salespersons Barbara Bognini Brogden (license no.
6 01184007), Janice Marie Panzarella (license no. 00811968), and Judy B. Saavedra (license no.
7 00916443), in violation of Code section 10160 and Regulations section 2753.

8 8.

9 The conduct of Respondents REWI, SCHUMANN, and BUTLER described in
10 Paragraph 7, above, violated the Code and the Regulations as set forth below:

11 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
12 7(a)	Code section 10148
13 7(b)	Code section 10145 and Regulations section 2831
14 7(c)	Code section 10145 and Regulations section 2832(d)
15 7(d)	Code section 10140.6(b) and Regulations section 2773
16 7(e)	Code section 10159.5 and Regulations section 2731
17 7(f)	Code section Code section 10176(f)
18 7(g)	Regulations section 2726
19 7(h)	Code section 10160 and Regulations section 2753

20 The foregoing violations constitute cause for discipline of the real estate license and license
21 rights of Respondents REWI, SCHUMANN, and BUTLER under the provisions of Code
22 sections 10177(d) and/or 10177(g).

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SECOND CAUSE OF ACCUSATION

(Supervision and Compliance)

9.

The overall conduct of Respondent SCHUMANN constitutes a failure on said Respondent SCHUMANN's part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of Respondents REWI and BUTLER as required by Code section 10159.2, and to keep REWI and BUTLER in compliance with the Real Estate Law, and is cause for discipline of the real estate license and real estate license rights of Respondents REWI and SCHUMANN pursuant to Code sections 10177(d), 10177(g), and 10177(h) and Regulations section 2725.

THIRD CAUSE OF ACCUSATION

(Unlicensed Activity)

10.

From on or about May 16, 1997 through the present, Respondent BUTLER dba Classic Property Management, Inc. engaged in activities requiring a broker license (ex., advertising and providing property management services for the public and collecting rents and security deposits) without first obtaining a broker license from the Bureau of Real Estate, in violation of Code section 10130.

FOURTH CAUSE OF ACCUSATION

(Negligence)

11.

The overall conduct of Respondents REWI, SCHUMANN, and BUTLER constitutes negligence and is cause for discipline of the real estate license and license rights of said Respondents pursuant to the provisions of Code section 10177(g).

1 FIFTH CAUSE OF ACCUSATION

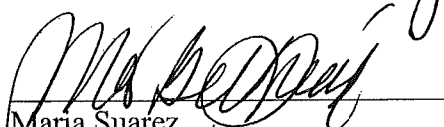
2 (Fiduciary Duty)

3 12.

4 The conduct, acts, and omissions of Respondents REWI, SCHUMANN, and
5 BUTLER constitute a breach of fiduciary duty owed to REWI's clients of good faith, trust,
6 confidence, and candor within the scope of their contractual relationship in violation of Code
7 section 10177(g), and constitutes cause for discipline of the real estate license and license rights
8 of said Respondents pursuant to the provisions of Code section 10177(g).

9 WHEREFORE, Complainant prays that a hearing be conducted on the
10 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
11 disciplinary action against the license and license rights of REAL ESTATE WEST, INC.,
12 ROBERT WILLIAM SCHUMANN, and SUZANNE E. BUTLER, under the Real Estate Law
13 (Part 1 of Division 4 of the California Business and Professions Code), and for the cost of
14 investigation and enforcement pursuant to Code section 10106 and as permitted by law, and for
15 such other and further relief as may be proper under other applicable provisions of law, and
16 with respect to REAL ESTATE WEST, INC. and ROBERT WILLIAM SCHUMANN, the
17 costs of audit pursuant to Code section 10148(b).

18 Dated at Los Angeles, California: 11 February, 2015.

19 
20 _____
21 Maria Suarez
22 Deputy Real Estate Commissioner

23 cc: Real Estate West, Inc. c/o Robert William Schumann
24 Robert William Schumann
25 Suzanne E. Butler
26 Maria Suarez
27 Sacto
Enforcement
Audits – Isabel Beltran