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2 DEPARTMENT OF REAL ESTATE
3 320 West 4th Street, Suite 350
4 Los Angeles, California 90013-1105
5 Telephone: (213) 620-2072
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FILED

OCT 26 2020

DEPT. OF REAL ESTATE

By 

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * * *

12 In the Matter of the Accusation against

13 MELROY ASSET MANAGEMENT, INC. and
14 VIDA KAREN MELROY, individually and as
15 designated officer for Melroy Asset Management,
16 Inc.

17 Respondents.

DRE No. H-05132 SD
OAH No. 2020060797

STIPULATION AND
AGREEMENT IN SETTLEMENT
AND ORDER

18 It is hereby stipulated by and between Respondent Melroy Asset Management, Inc. and
19 Respondent Vida Karen Melroy (collectively "Respondents"), Respondents are represented by
20 attorney Frank J. Polek, and the Complainant, acting by and through Lissete Garcia, Counsel for
21 the Department of Real Estate ("Department"), as follows for the purpose of settling and
22 disposing the Accusation filed on February 28, 2020, with Department Case No. H-05132 SD
23 ("Accusation") in this matter:

24 1. All issues which were to be contested and all evidence which was to be presented
by Complainant and Respondents at a formal hearing on the Accusation, which hearing was to be
held in accordance with the provisions of the Administrative Procedure Act ("APA"), shall

Stipulation and Agreement
H-05132 SD

1 instead and in place thereof be submitted on the basis of the provisions of this Stipulation and
2 Agreement in Settlement and Order ("Stipulation").

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

5 3. Respondents filed a Notice of Defense pursuant to Section 11506 of the
6 Government Code for the purpose of requesting a hearing on the allegations in the Accusation.
7 Respondents hereby freely and voluntarily withdraw said Notice of Defense. Respondents
8 acknowledge and understand that by withdrawing said Notice of Defense, Respondents will
9 thereby waive Respondents' rights to require the Real Estate Commissioner ("Commissioner") to
10 prove the allegations in the Accusation at a contested hearing held in accordance with the
11 provisions of the APA and that Respondents will waive other rights afforded to Respondents in
12 connection with the hearing such as the right to present evidence in defense of the allegations in
13 the Accusation and the right to cross-examine witnesses.

14 4. This Stipulation is based on the factual allegations contained in the Accusation
15 filed in this proceeding. In the interest of expedience and economy, Respondents choose not to
16 contest these factual allegations, but to remain silent and understand that, as a result thereof,
17 these factual statements, will serve as a prima facie basis for the disciplinary action stipulated to
18 herein. The Real Estate Commissioner shall not be required to provide further evidence to prove
19 such allegations.

20 5. This Stipulation and Respondents' decision not to contest the Accusation are
21 made for the purpose of reaching an agreed disposition of this proceeding and are expressly
22 limited to this proceeding and any other proceeding or case in which the Department, or another
23 licensing agency of this state, another state or if the federal government is involved and
24 otherwise shall not be admissible in any other criminal or civil proceedings.

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

8 7. The Order or any subsequent Order of the Real Estate Commissioner made
9 pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger or bar to any
10 further administrative or civil proceedings by the Department of Real Estate with respect to any
11 matters which were not specifically alleged to be causes for accusation in this proceeding.

12 DETERMINATION OF ISSUES

13 By reason of the foregoing stipulation and agreement and solely for the purpose of
14 settlement of the pending Accusation without a hearing, it is stipulated and agreed that the
15 following determination of issues shall be made:

16 I.

17 The conduct, acts and/or omissions of Respondent MELROY ASSET MANAGEMENT,
18 INC. as set forth herein above in Paragraph 4, constitute cause for the suspension or revocation
19 of all real estate licenses and license rights of Respondent MELROY ASSET MANAGEMENT,
20 INC. pursuant to the provisions of Code section 10177, subdivisions (d), (g), and (j), for
21 violation of Code section 10145 and Regulations of the Real Estate Commissioner, Title 10,
22 Chapter 6, California Code of Regulations ("Regulations") 2832.1, 2831, 2831.1, 2831.2, 2832,
23 and 2834.

1 II.

2 The conduct, acts and/or omissions of Respondent VIDA KAREN MELROY as set forth
3 herein above in Paragraph 4, constitute cause for the suspension or revocation of all real estate
4 licenses and license rights of Respondent VIDA KAREN MELROY pursuant to the provisions
5 of Code section 10177, subdivision (h), for violation of Code section 10159.2 and Regulation
6 2725.

7 ORDER

8 I.

9 All licenses and licensing rights of Respondent MELROY ASSET MANAGEMENT,
10 INC. under the Real Estate Law are revoked; provided, however, a restricted corporate real estate
11 broker license shall be issued to Respondent MELROY ASSET MANAGEMENT, INC.
12 pursuant to Section 10156.5 of the Code if Respondent makes application therefor and pays to
13 the Department the appropriate fee for the restricted license within 90 days from the effective
14 date of this Decision and Order. The restricted license issued to Respondent MELROY ASSET
15 MANAGEMENT, INC. shall be subject to all of the provisions of Section 10156.7 of the Code
16 and to the following limitations, conditions and restrictions imposed under authority of Section
17 10156.6 of that Code:

18 1. The restricted license issued to Respondent may be suspended prior to hearing by
19 Order of the Commissioner in the event of Respondent's conviction or plea of nolo contendere to
20 a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

21 2. The restricted license issued to Respondent may be suspended prior to hearing by
22 Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that
23 Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands
24

1 Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted
2 license.

3 3. Respondent shall not be eligible to petition for the issuance of any unrestricted
4 real estate license nor for removal of any of the conditions, limitations or restrictions of a
5 restricted license until three (3) years have elapsed from the effective date of this Decision and
6 Order. Respondent shall not be eligible to apply for any unrestricted licenses until all restrictions
7 attaching to the license have been removed.

8 4. Respondent MELROY ASSET MANAGEMENT, INC. shall pay, severally or
9 jointly with Respondent VIDA KAREN MELROY, the total sum of \$3,999.75 for the
10 Commissioner's reasonable cost of the investigation and enforcement which led to this
11 disciplinary action. Said payment shall be in the form of a cashier's check made payable to the
12 Department of Real Estate. **The investigative and enforcement costs must be delivered to the**
13 **Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013,**
14 **within 180 days of the effective date. Payment of investigation and enforcement costs**
15 **should not be made until the Stipulation has been approved by the Commissioner.** If

16 Respondents fail to satisfy this condition in a timely manner as provided for herein,
17 Respondents' real estate licenses shall automatically be suspended until payment is made in full,
18 or until a decision providing otherwise is adopted following a hearing held pursuant to this
19 condition.

20 5. Pursuant to Section 10148 of the Code, Respondent MELROY ASSET
21 MANAGEMENT, INC. shall pay, severally or jointly with Respondent VIDA KAREN
22 MELROY, the total sum of \$18,313.58 for the Commissioner's cost of the audit which led to this
23 disciplinary action. **Respondents shall pay such cost within sixty (60) days of receiving an**
24 **invoice therefore from the Commissioner. Payment of audit costs should not be made until**

1 **Respondents receive the invoice.** If Respondents fail to satisfy this condition in a timely
2 manner as provided for herein, Respondents' real estate licenses shall automatically be
3 suspended until payment is made in full, or until a decision providing otherwise is adopted
4 following a hearing held pursuant to this condition.

5 6. Pursuant to Section 10148 of the Code, Respondents shall pay the
6 Commissioner's reasonable costs for any subsequent audit to determine if Respondents have
7 corrected the violations found in the Determination of Issues. The maximum cost of the follow-
8 up audit will not exceed one-hundred twenty-five percent (125%) of the cost of the original
9 audit; in the instant case, the cost of the original audit is \$18,313.58, and the maximum cost of
10 the follow-up audit will not exceed \$22,891.98. Therefore, Respondents may be charged a
11 maximum of \$22,891.98 in the event of a subsequent audit. In calculating the amount of the
12 Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary
13 for all persons performing audits of real estate brokers, and shall include an allocation for travel
14 time to and from the auditor's place of work. **Respondents shall pay such cost within sixty**
15 **(60) days of receiving an invoice therefore from the Commissioner. Payment of the audit**
16 **costs should not be made until Respondents receive the invoice.** If Respondents fail to satisfy
17 this condition in a timely manner as provided for herein, Respondents' real estate licenses shall
18 automatically be suspended until payment is made in full, or until a decision providing otherwise
19 is adopted following a hearing held pursuant to this condition.

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1 II.

2 All licenses and licensing rights of Respondent VIDA KAREN MELROY under the Real
3 Estate Law are revoked; provided, however, a restricted real estate broker license shall be issued
4 to Respondent VIDA KAREN MELROY pursuant to Section 10156.5 of the Code if Respondent
5 makes application therefor and pays to the Department the appropriate fee for the restricted
6 license within 90 days from the effective date of this Decision and Order. The restricted license
7 issued to Respondent VIDA KAREN MELROY shall be subject to all of the provisions of
8 Section 10156.7 of the Code and to the following limitations, conditions and restrictions imposed
9 under authority of Section 10156.6 of that Code:

10 1. The restricted license issued to Respondent may be suspended prior to hearing by
11 Order of the Commissioner in the event of Respondent's conviction or plea of nolo contendere to
12 a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

13 2. The restricted license issued to Respondent may be suspended prior to hearing by
14 Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that
15 Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands
16 Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted
17 license.

18 3. Respondent shall not be eligible to petition for the issuance of any unrestricted
19 real estate license nor for removal of any of the conditions, limitations or restrictions of a
20 restricted license until three (3) years have elapsed from the effective date of this Decision and
21 Order. Respondent shall not be eligible to apply for any unrestricted licenses until all restrictions
22 attaching to the license have been removed.

23 ///

1 4. Respondent VIDA KAREN MELROY is jointly liable with Respondent
2 MELROY ASSET MANAGEMENT, INC. to pay the total sum of \$3,999.75 for the
3 Commissioner's reasonable cost of the investigation and enforcement which led to this
4 disciplinary action. Said payment shall be in the form of a cashier's check made payable to the
5 Department of Real Estate. **The investigative and enforcement costs must be delivered to the**
6 **Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013,**
7 **within 180 days of the effective date. Payment of investigation and enforcement costs**
8 **should not be made until the Stipulation has been approved by the Commissioner.** If
9 Respondents fail to satisfy this condition in a timely manner as provided for herein,
10 Respondents' real estate licenses shall automatically be suspended until payment is made in full,
11 or until a decision providing otherwise is adopted following a hearing held pursuant to this
12 condition.

13 5. Respondent VIDA KAREN MELROY shall, **within nine (9) months from the**
14 **effective date of this Decision and Order**, present evidence satisfactory to the Commissioner
15 that Respondent has, since the most recent issuance of an original or renewal real estate license,
16 taken and successfully completed the continuing education requirements of Article 2.5 of
17 Chapter 3 of the Real Estate Law for renewal of a real estate license. The continuing education
18 courses must include the course on trust fund accounting and handling specified in paragraph (3)
19 of subdivision (a) of Section 10170.5 of the Business and Professions Code. Proof of
20 satisfaction of these requirements includes evidence that Respondent has successfully completed
21 the trust fund account and handling continuing education courses, no earlier than 120 days prior
22 to the effective date of the Decision and Order in this matter. If Respondent VIDA KAREN
23 MELROY fails to satisfy this condition, Respondent's real estate license shall automatically be
24 suspended until Respondent presents evidence satisfactory to the Commissioner of having taken

1 and successfully completed the continuing education requirements. **Proof of completion of the**
2 **continuing education courses must be delivered to the Department of Real Estate, Flag**
3 **Section at P.O. Box 137013, Sacramento, CA 95813-7013.**


4 6. Pursuant to Section 10148 of the Code, Respondent KAREN VIDA MELROY is
5 jointly liable with Respondent MELROY ASSET MANAGEMENT, INC. to pay the total sum
6 of \$18,313.58 for the Commissioner's cost of the audit which led to this disciplinary action.
7 **Respondents shall pay such cost within sixty (60) days of receiving an invoice therefore**
8 **from the Commissioner. Payment of audit costs should not be made until Respondents**
9 **receive the invoice.** If Respondents fail to satisfy this condition in a timely manner as provided
10 for herein, Respondents' real estate licenses shall automatically be suspended until payment is
11 made in full, or until a decision providing otherwise is adopted following a hearing held pursuant
12 to this condition.

13 7. Pursuant to Section 10148 of the Code, Respondents shall pay the
14 Commissioner's reasonable costs for any subsequent audit to determine if Respondents have
15 corrected the violations found in the Determination of Issues. The maximum cost of the follow-
16 up audit will not exceed one-hundred twenty-five percent (125%) of the cost of the original
17 audit; in the instant case, the cost of the original audit is \$18,313.58, and the maximum cost of
18 the follow-up audit will not exceed \$22,891.98. Therefore, Respondents may be charged a
19 maximum of \$22,891.98 in the event of a subsequent audit. In calculating the amount of the
20 Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary
21 for all persons performing audits of real estate brokers, and shall include an allocation for travel
22 time to and from the auditor's place of work. **Respondents shall pay such cost within sixty**
23 **(60) days of receiving an invoice therefore from the Commissioner. Payment of the audit**
24 **costs should not be made until Respondents receive the invoice.** If Respondents fail to satisfy

1 this condition in a timely manner as provided for herein, Respondents' real estate licenses shall
2 automatically be suspended until payment is made in full, or until a decision providing otherwise
3 is adopted following a hearing held pursuant to this condition.

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5 * * *

6 DATED: 9/17/2020


Lissete Garcia, Counsel
Department of Real Estate

8 * * *

9 We have read this Stipulation and its terms are understood by us and are agreeable and
10 acceptable to us. We understand that we are waiving rights given to us by the California APA
11 (including, but not limited to, Sections 11506, 11508, 11509, and 11513 of the Government
12 Code), and we willingly, intelligently, and voluntarily waive those rights, including the right of
13 requiring the Commissioner to prove the allegations in the Accusation at a hearing at which we
14 would have the right to cross-examine witnesses against us and to present evidence in defense
15 and mitigation of the charges.

16 Respondents can signify acceptance and approval of the terms and conditions of this
17 Stipulation and Agreement by electronically e-mailing a copy of the signature page, as actually
18 signed by Respondents, to the Department. Respondents agree, acknowledge, and understand
19 that by electronically sending to the Department an electronic copy of Respondents' actual
20 signatures, as they appear on the Stipulation, that receipt of the emailed copy by the Department
21 shall be as binding on Respondents as if the Department had received the original signed
22 Stipulation. By signing this Stipulation, Respondents understand and agree that Respondents
23 may not withdraw Respondents' agreement or seek to rescind the Stipulation prior to the time the
24

1 Commissioner considers and acts upon it or prior to the effective date of the Stipulation and
2 Order.

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4 DATED: 9-4-2020


Respondent MELROY ASSET MANAGEMENT, INC.

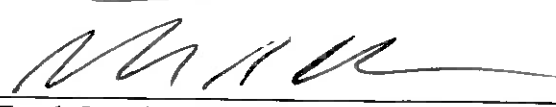
By (Printed Name): Vida Melroy

Title: President

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8 DATED: 9-4-2020


Respondent VIDA KAREN MELROY

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10 DATED: 9-14-20

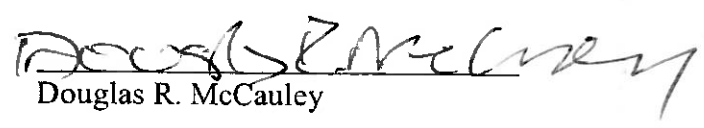

Frank J. Polek, Esq., Counsel for Respondents
Approved as to Form

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12 * * *

13 The foregoing Stipulation and Agreement in Settlement and Order is hereby adopted by
14 me as my Decision in this matter and shall become effective at 12 o'clock noon
15 on November 25, 2020.

16 IT IS SO ORDERED 10.20.20

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18 REAL ESTATE COMMISSIONER

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21 Douglas R. McCauley
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23
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