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DEPARTMENT OF REAL ESTATE

By h dew

MEGAN LEE OLSEN, Counsel, (SBN 272554)

Department of Real Estate

P. O. Box 137007

Sacramento, CA 95813-7007

Telephone: (916) 576-8700

(916) 263-3767 (Fax)

(916) 576-7846 (Direct)

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of

ALL INCLUSIVE REALTY GROUP, INC.,

ALL INCLUSIVE CAPITAL, INC.,

KEITH ARNOLD KLASSEN

and MARK ANTHONY ATILANO,

Respondents.

) DRE No. H-6677 SAC

) OAH No. 2018101001

) STIPULATION AND AGREEMENT
) IN SETTLEMENT AND ORDER

It is hereby stipulated by and between ALL INCLUSIVE REALTY GROUP, INC. (AIR), ALL INCLUSIVE CAPITAL, INC. (AIC), KEITH ARNOLD KLASSEN (KLASSEN) and MARK ANTHONY ATILANO (ATILANO), collectively Respondents, represented by Alexander W. Munn, and the Complainant, acting by and through Megan Lee Olsen, Counsel for the Department of Real Estate (Department); as follows for the purpose of settling and disposing of the Accusation filed on July 23, 2018, in this matter:

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

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

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

13 4. This Stipulation is based on the factual allegations contained in the
14 Accusation. In the interest of expediency and economy, Respondents choose not to contest these
15 factual allegations, but to remain silent and understand that, as a result thereof, these factual
16 statements will serve as a prima facie basis for the "Determination of Issues" and "Order" set
17 forth below. The Commissioner shall not be required to provide further evidence to prove such
18 allegations.

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

26 6. The Order or any subsequent Order of the Commissioner made pursuant to
27 this Stipulation shall not constitute an estoppel, merger, or bar to any further administrative or

civil proceedings by the Department with respect to any matters which were not specifically alleged to be causes for accusation in this proceeding.

7. Respondents AIR and KLASSEN understand that by agreeing to this Stipulation, Respondents AIR and KLASSEN agrees to pay, pursuant to Section 10148 of the Code, the cost of the audit which resulted in the violations found in the Determination of Issues. The amount of such costs is \$4,047.00.

8. Respondents AIR and KLASSEN further understand that by agreeing to this Stipulation, the findings set forth below in the "Determination of Issues" become final, and that the Commissioner may charge said Respondents for the costs of any audit conducted pursuant to Section 10148 of the Code to determine if the violations have been corrected. The maximum cost of said audit shall not exceed \$5,058.75.

DETERMINATION OF ISSUES

ALL INCLUSIVE REALTY GROUP, INC. and KEITH ARNOLD KLASSEN

By reason of the foregoing stipulations, admissions and waivers, and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the acts and/or omissions of Respondents, as described in the Accusation, constitute grounds for the suspension or revocation of the licenses and license rights of Respondents under the provisions of Sections 10137, 10177 (d), and 10177 (g) of the Code.

ALL INCLUSIVE CAPITAL, INC. and KEITH ARNOLD KLASSEN

By reason of the foregoing stipulations, admissions and waivers, and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the acts and/or omissions of Respondents, as described in the Accusation, constitute grounds for the suspension or revocation of the licenses and license rights of Respondents under the provisions of Sections 10177 (d) and 10177 (g) of the Code.

KEITH ARNOLD KLASSEN

By reason of the foregoing stipulations, admissions and waivers, and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed

1 that the acts and/or omissions of Respondent KLASSEN, as described in the Accusation,
2 constitute grounds for the suspension or revocation of the licenses and license rights of
3 Respondent KLASSEN under the provisions of Sections 10177 (d), 10177 (g) and 10177 (h) of
4 the Code.

5 MARK ANTHONY ATILANO

6 By reason of the foregoing stipulations, admissions and waivers, and solely for
7 the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed
8 that the acts and/or omissions of Respondent ATILANO, as described in the Accusation,
9 constitute grounds for the suspension or revocation of the licenses and license rights of
10 Respondent ATILANO under the provisions of Sections 10130, 10137, 10177 (d) and 10177 (g)
11 of the Code.

12 ORDER

13 ALL INCLUSIVE REALTY GROUP, INC

14 All licenses and licensing rights of AIR, under the Real Estate Law are revoked;
15 provided, however, a restricted corporate real estate broker license shall be issued to AIR,
16 pursuant to Section 10156.5 of the Code, if AIR makes application therefore and pays to the
17 Department the appropriate fee for the restricted license within 90 days from the effective date of
18 this Stipulation. The restricted license issued to AIR shall be subject to all of the provisions of
19 Section 10156.7 of the Code and to the following limitations, conditions, and restrictions
20 imposed under authority of Section 10156.6 of the Code:

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

25 2. AIR shall not be eligible to apply for the issuance of any unrestricted real
26 estate license nor the removal of any of the conditions, limitations, or restrictions of a restricted
27 license until two (2) years have elapsed from the effective date of this Stipulation. AIR shall not

1 be eligible to apply for any unrestricted licenses until all restrictions attaching to the license have
2 been removed.

3 ALL INCLUSIVE CAPITAL, INC.

4 All licenses and licensing rights of AIC, under the Real Estate Law are suspended
5 for a period of ninety (90 days) from the effective date of this Order.

6 KEITH ARNOLD KLASSEN

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

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

19 2. The restricted broker license issued to KLASSEN may be suspended
20 prior to hearing by Order of the Commissioner on evidence satisfactory to the Commissioner
21 that KLASSEN has violated provisions of the California Real Estate Law, the Subdivided
22 Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the
23 restricted license.

24 3. KLASSEN shall not be eligible to apply for the issuance of an unrestricted
25 real estate broker license nor for removal of any of the conditions, limitations or restrictions
26 of a restricted license broker license until two (2) years have elapsed from the effective date

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1 of this Decision and Order. KLASSEN shall not be eligible to apply for any unrestricted
2 licenses until all restrictions attaching to the license have been removed.

3 4. KLASSEN shall, within nine (9) months from the effective date of this
4 Stipulation, present evidence satisfactory to the Commissioner that KLASSEN has, since the
5 most recent issuance of an original or renewal real estate license, taken and successfully
6 completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate
7 Law for renewal of a real estate license. If KLASSEN fails to satisfy this condition, KLASSEN's
8 real estate license shall automatically be suspended until KLASSEN presents evidence
9 satisfactory to the Commissioner of having taken and successfully completed the continuing
10 education requirements. Proof of completion of the continuing education courses must be
11 delivered to the Department of Real Estate, Flag Section, at P.O. Box 137013, Sacramento, CA
12 95813-7013.

13 5. All licenses and licensing rights KLASSEN are indefinitely suspended
14 unless or until KLASSEN provides proof satisfactory to the Commissioner, of having taken and
15 successfully completed the continuing education course on trust fund accounting and handling
16 specified in paragraph (3) of subdivision (a) of Section 10170.5 of the Code. Proof of
17 satisfaction of these requirements includes evidence that KLASSEN has successfully completed
18 the trust fund account and handling continuing education courses, no earlier than 120 days prior
19 to the effective date of the Decision and Order in this matter. Proof of completion of the trust
20 fund accounting and handling course must be delivered to the Department of Real Estate, Flag
21 Section at P.O. Box 137013, Sacramento, CA 95813-7013 or by fax at 916-263-8758, prior to the
22 effective date of this Decision and Order.

23 6. KLASSEN shall notify the Commissioner in writing within 72 hours
24 of any arrest by sending a certified letter to the Commissioner at the Department of Real
25 Estate, Post Office Box 137000, Sacramento, CA 95813-7000. The letter shall set forth the
26 date of KLASSEN's arrest, the crime for which KLASSEN was arrested and the name and
27 address of the arresting law enforcement agency. KLASSEN's failure to timely file written

1 notice shall constitute an independent violation of the terms of the restricted license and
2 shall be grounds for the suspension or revocation of that license.

3 MARK ANTHONY ATILANO

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

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

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

21 3. ATILANO shall not be eligible to apply for the issuance of an
22 unrestricted real estate license nor for removal of any of the conditions, limitations or
23 restrictions of a restricted license until two (2) years have elapsed from the effective date of
24 this Decision and Order.

25 4. ATILANO shall submit with any application for license under an
26 employing broker, or any application for transfer to a new employing broker, a statement signed

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1 by the prospective employing real estate broker on a form approved by the Department which
2 shall certify:

3 (a) That the employing broker has read the Decision and Order of the
4 Commissioner which granted the right to a restricted license; and

5 (b) That the employing broker will exercise close supervision over the
6 performance by the restricted licensee relating to activities for which a real
7 estate license is required.

8 5. ATILANO shall, within nine (9) months from the effective date of this
9 Decision and Order, present evidence satisfactory to the Commissioner that ATILANO has,
10 since the most recent issuance of an original or renewal real estate license, taken and
11 successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of
12 the Real Estate Law for renewal of a real estate license. If ATILANO fails to satisfy this
13 condition, ATILANO's real estate license shall automatically be suspended until ATILANO
14 presents evidence satisfactory to the Commissioner of having taken and successfully
15 completed the continuing education requirement.

16 6. ATILANO shall notify the Commissioner in writing within seventy-two
17 (72) hours of any arrest by sending a certified letter to the Commissioner at the Department of
18 Real Estate, P.O. Box 137000, Sacramento, CA 95813-7000. The letter shall set forth the date of
19 ATILANO's arrest, the crime for which ATILANO was arrested and the name and address of the
20 arresting law enforcement agency. ATILANO's failure to timely file written notice shall
21 constitute an independent violation of the terms of the restricted license and shall be grounds for
22 the suspension or revocation of that license.

23 ALL INCLUSIVE REALTY GROUP, INC. and KEITH ARNOLD KLASSEN

24 1. Pursuant to Section 10148 of the Code, AIR and KLASSEN shall, jointly
25 and severally, pay the sum of \$4,047.00 for the Commissioner's cost of the audit which led to this
26 disciplinary action. AIR and KLASSEN shall pay such cost within sixty (60) days of receiving
27 an invoice therefore from the Commissioner. Payment of audit costs should not be made until

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

5 2. Pursuant to Section 10148 of the Code, AIR and KLASSEN shall pay the
6 Commissioner's reasonable cost, not to exceed \$5,058.75 for an audit to determine if AIR and
7 KLASSEN have corrected the violations found in the "Determination of Issues". In calculating
8 the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated
9 average hourly salary for all persons performing audits of real estate brokers, and shall include an
10 allocation for travel time to and from the auditor's place of work. AIR and KLASSEN shall pay
11 such cost within sixty (60) days of receiving an invoice therefore from the Commissioner.
12 Payment of the audit costs should not be made until AIR and KLASSEN receives the invoice. If
13 AIR and KLASSEN fails to satisfy this condition in a timely manner as provided for herein, AIR
14 and KLASSEN's real estate licenses shall automatically be suspended until payment is made in
15 full, or until a decision providing otherwise is adopted following a hearing held pursuant to this
16 condition.

17 ALL INCLUSIVE REALTY GROUP, INC., ALL INCLUSIVE CAPITAL INC.,

18 KEITH ARNOLD KLASSEN AND MARK ANTHONY ATILANO

19 All licenses and licensing rights of Respondents are indefinitely suspended
20 unless or until Respondents, jointly and severally, pay the sum of \$5,443.40 for the
21 Commissioner's reasonable cost of the investigation and enforcement which led to this
22 disciplinary action. Said payment shall be in the form of a cashier's check made payable to the
23 Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, prior
24 to the effective date of this Stipulation.

25 3/29/2019

26 DATED


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MEGAN LEE OLSEN, Counsel III
DEPARTMENT OF REAL ESTATE

I have read the Stipulation and Agreement in Settlement and Order and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and I willingly, intelligently, and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges. I understand that I must sign and return this Stipulation by fax to (916) 263-3767 or by email to Megan.Olsen@dre.ca.gov. I further agree to mail the original Stipulation no later than five days after signing it to: DEPARTMENT of Real Estate, Legal Section, P.O. Box 137007, Sacramento, California 95813-7007. I understand that failure to mail the original back may result in this matter going to hearing.

3-19-19

DATED



ALL INCLUSIVE REALTY GROUP, INC.

Respondent

BY: KEITH ARNOLD KLASSEN

Designated Officer

3-19-19

DATED



ALL INCLUSIVE CAPITAL, INC.

Respondent

BY: KEITH ARNOLD KLASSEN

Designated Officer

3-19-19

DATED



KEITH ARNOLD KLASSEN

Respondent

3-19-19

DATED



MARK ANTHONY ATILANO

Respondent

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

3/11/19
DATED


ALEXANDER W. MUNN
Attorney for Respondents

The foregoing Stipulation and Agreement In Settlement and Order is hereby
adopted by the Real Estate Commissioner as his Decision and Order and shall become effective
at 12 o'clock noon on MAY 15 2019.

IT IS SO ORDERED April 22, 2019.

DANIEL J. SANDRI
ACTING REAL ESTATE COMMISSIONER

