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2 Department of Real Estate  
3 P.O. Box 137007  
4 Sacramento, CA 95813-7007

5 Telephone: (916) 576-8700

**FILED**

**JAN 13 2021**

DEPARTMENT OF REAL ESTATE  
By B. Nicholas

6  
7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )

12 MANAGEMENT CONSULTING GROUP, )  
13 INC., LANCE EDWARD ARMO, and )  
14 SALLIE WALKER MERKER, )

15 Respondents.)

No. H-6865 SAC

STIPULATION AND  
AGREEMENT

16 It is hereby stipulated by and between MANAGEMENT CONSULTING  
17 GROUP, INC. (MCGI), LANCE EDWARD ARMO (ARMO), and SALLIE WALKER  
18 MERKER (MERKER) (collectively "Respondents"), and the Complainant, acting by and  
19 through Truly Sughrue, Counsel for the Department of Real Estate (Department), as follows  
20 for the purpose of settling and disposing the Second Amended Accusation (Accusation) filed  
21 on November 4, 2020, in this matter:

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

1           2.       Respondents have received, read, and understand the Statement to  
2 Respondent, and the Discovery Provisions of the APA filed by the Department in this  
3 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 that Respondents understand that by withdrawing said Notice of Defense  
8 Respondents will thereby waive Respondents' rights to require the Real Estate Commissioner  
9 (Commissioner) to prove the allegations in the Accusation at a contested hearing held in  
10 accordance with the provisions of the APA, and that Respondents will waive other rights  
11 afforded to Respondents in connection with the hearing such as the right to present evidence in  
12 defense of the allegations in the Accusation and the right to cross-examine witnesses.

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

19           5.       This Stipulation and Agreement and Respondents' decision not to contest  
20 the Accusation are made for the purpose of reaching an agreed disposition of this proceeding and  
21 are expressly limited to this proceeding and any other proceeding or case in which the  
22 Department, the state or federal government, an agency of this state, or an agency of another  
23 state is involved.

24           6.       ARMO understands that by agreeing to this Stipulation and Agreement,  
25 ARMO agrees to pay, pursuant to Section 10148 of the California Business and Professions  
26 Code (Code), the cost of the audit FR17-0127, which resulted in the determination that ARMO  
27 committed the trust fund handling violation(s) found in Paragraph IV of the Determination of



1 Department, pursuant to Code Section 10100.2. MERKER is the President of MCGI, and is  
2 authorized to sign this declaration on behalf of MCGI.

3 MERKER, on behalf of MCGI, understands that by voluntarily surrendering  
4 MCGI's license(s), MCGI may be re-licensed as a corporate broker only by petitioning for  
5 reinstatement pursuant to section 11522 of the Government Code. MERKER, on behalf of  
6 MCGI, also understands that by voluntarily surrendering MCGI's license(s), MERKER agrees to  
7 the following:

8 1. The filing of this Declaration shall be deemed as MCGI's petition for  
9 voluntary surrender.

10 2. It shall also be deemed to be an understanding and agreement by  
11 MERKER that MCGI waives all rights MCGI has to require the Commissioner to prove the  
12 allegations contained in the Accusation filed in this matter at a hearing held in accordance with  
13 the provisions of the APA, and that MCGI also waives other rights afforded to MCGI in  
14 connection with the hearing such as the right to discovery, the right to present evidence in  
15 defense of the allegations in the Accusation and the right to cross-examine witnesses.

16 3. MERKER, on behalf of MCGI, further agrees that upon acceptance by the  
17 Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence  
18 obtained by the Department in this matter prior to the Commissioner's acceptance, and all  
19 allegations contained in the Accusation filed in the Department Case No. H-6865 SAC may be  
20 considered by the Department to be true and correct for the purpose of deciding whether to grant  
21 re-licensure or reinstatement pursuant to Government Code section 11522.

22 4. MCGI freely and voluntarily surrenders all MCGI's licenses and license  
23 rights under the Real Estate Law.

24 \* \* \*

25 DETERMINATION OF ISSUES

1 By reason of the foregoing stipulations and waivers and solely for the purpose of  
2 settlement of the pending Accusation without a hearing, it is stipulated and agreed that the  
3 following determination of issues shall be made:

4 I

5 The acts and omissions of MCGI as described in the First Cause of Action of the  
6 Accusation are grounds for the suspension or revocation of MCGI's licenses and license rights  
7 under Sections 10145 and 10177(d) of the Code.

8 II

9 The acts and omissions of MCGI and MERKER as described in the Second  
10 Cause of Action of the Accusation are grounds for the suspension or revocation of MCGI and  
11 MERKER's licenses and license rights under Sections 10130, 10137, and 10177(d) of the Code.

12 III

13 The acts and omissions of ARMO as described in the Third Cause of Action of  
14 the Accusation are grounds for the suspension or revocation of ARMO's licenses and license  
15 rights under Section 10177(h) of the Code.

16 IV

17 The acts and omissions of ARMO as described in the Forth Cause of Action of  
18 the Accusation are grounds for the suspension or revocation of ARMO's licenses and license  
19 rights under Sections 10145, 10177(d), and 10177(h) of the Code.

20 \* \* \*

21 ORDER

22 I

23 MCGI's petition for voluntary surrender of its corporate real estate broker license  
24 is accepted as of the effective date of this Order as set forth below, based upon the understanding  
25 and agreement expressed in MCGI's Declaration incorporated herein as part of this Stipulation  
26 and Agreement. MCGI's license certificates, pocket cards and any branch office license  
27 certificates shall be sent to the below listed address so that they reach the Department on or

1 before the effective date of this Order:

2  
3 DEPARTMENT OF REAL ESTATE  
4 Attn: Licensing Flag Section  
5 P. O. Box 137013  
6 Sacramento, CA 95815-7013

7 II

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

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

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

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

27 4. ARMO shall, within nine (9) months from the effective date of this  
Decision and Order, present evidence satisfactory to the Commissioner that ARMO has, since



1 contendere to a crime which is substantially related to MERKER's fitness or capacity as a real  
2 estate licensee.

3           2.       The restricted license issued to MERKER may be suspended prior to  
4 hearing by Order of the Commissioner on evidence satisfactory to the Commissioner that  
5 MERKER has violated provisions of the California Real Estate Law, the Subdivided Lands Law,  
6 Regulations of the Commissioner or conditions attaching to the restricted license.

7           3.       MERKER shall not be eligible to apply for the issuance of an unrestricted  
8 real estate license nor for removal of any of the conditions, limitations, or restrictions of a  
9 restricted license until two (2) years have elapsed from the effective date of this Decision and  
10 Order. MERKER shall not be eligible to apply for any unrestricted licenses until all restrictions  
11 attaching to the license have been removed.

12           4.       MERKER shall submit with any application for license under an  
13 employing broker, or any application for transfer to a new employing broker, a statement signed  
14 by the prospective employing real estate broker on a form approved by the Department which  
15 shall certify:

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

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

21           5.       MERKER shall, within nine (9) months from the effective date of this  
22 Decision and Order, present evidence satisfactory to the Commissioner that MERKER has, since  
23 the most recent issuance of an original or renewal real estate license, taken and successfully  
24 completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate  
25 Law for renewal of a real estate license. If MERKER fails to satisfy this condition, MERKER's  
26 real estate license shall automatically be suspended until MERKER presents evidence  
27 satisfactory to the Commissioner of having taken and successfully completed the continuing



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

4 IV

5 1. Pursuant to Section 10148 of the Code, Respondents MCGI and ARMO  
6 shall, jointly and severally, pay the sum of \$4,246.50 for the Commissioner's cost of the audit  
7 SC18-0026 which led to this disciplinary action. MCGI and ARMO shall pay such cost within  
8 sixty (60) days of receiving an invoice therefore from the Commissioner. Payment of audit costs  
9 should not be made until MCGI and ARMO receive the invoice. If ARMO fails to satisfy this  
10 condition in a timely manner as provided for herein, ARMO's real estate license shall  
11 automatically be suspended until payment is made in full, or until a decision providing otherwise  
12 is adopted following a hearing held pursuant to this condition. Any petition for reinstatement  
13 made by MCGI pursuant to Government Code Section 11522 shall be denied if MCGI fails to  
14 satisfy this condition.

15 2. Pursuant to Section 10148 of the Code, Respondent ARMO shall pay the  
16 sum of \$11,115.00 for the Commissioner's cost of the audit FR17-0127 which led to this  
17 disciplinary action. ARMO shall pay such cost within sixty (60) days of receiving an invoice  
18 therefore from the Commissioner. Payment of audit costs should not be made until ARMO  
19 receives the invoice. If ARMO fails to satisfy this condition in a timely manner as provided for  
20 herein, ARMO's real estate license shall automatically be suspended until payment is made in  
21 full, or until a decision providing otherwise is adopted following a hearing held pursuant to this  
22 condition.

23 3. Pursuant to Section 10148 of the Code, Respondent ARMO shall pay the  
24 Commissioner's reasonable cost, not to exceed \$13,893.75, for an audit to determine if ARMO  
25 has corrected the violation(s) found in Paragraph IV of the Determination of Issues. In  
26 calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the  
27 estimated average hourly salary for all persons performing audits of real estate brokers, and shall

1 include an allocation for travel time to and from the auditor's place of work. ARMO shall pay  
2 such costs within sixty (60) days of receiving an invoice therefore from the Commissioner.  
3 Payment of the audit costs should not be made until ARMO receives the invoice. If ARMO fails  
4 to satisfy this condition in a timely manner as provided for herein, ARMO's real estate license  
5 shall automatically be suspended until payment is made in full, or until a decision providing  
6 otherwise is adopted following a hearing held pursuant to this condition.

7  
8 19-Nov-2020  
9 DATED

  
10 TRULY SUGHRUE  
11 Counsel for Complainant

12 \* \* \*

13 I have read the Stipulation and Agreement, have discussed it with my counsel,  
14 and its terms are understood by me and are agreeable and acceptable to me. I understand that I  
15 am waiving rights given to me by the APA (including but not limited to Sections 11506,  
16 11508, 11509, and 11513 of the Government Code), and I willingly, intelligently, and  
17 voluntarily waive those rights, including the right of requiring the Commissioner to prove the  
18 allegations in the Accusation and Statement of Issues at a hearing at which I would have the  
19 right to cross-examine witnesses against me and to present evidence in defense and mitigation  
20 of the charges.

21 Respondent and Respondent's attorney further agree to send the original signed  
22 Stipulation and Agreement by mail to the following address no later than one (1) week from the  
23 date the Stipulation and Agreement is signed by Respondent and Respondent's attorney:  
24 *Department of Real Estate, Legal Section, P.O. Box 137007, Sacramento, California 95813-*  
25 *7007.* Respondent and Respondent's attorney understand and agree that if they fail to return the  
26 original signed Stipulation and Agreement by the due date, Complainant retains the right to set  
27 this matter for hearing.

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10/25/20  
DATED

Sallie Walker Merker  
Sallie Walker Merker,  
President  
MANAGEMENT CONSULTING GROUP, INC.,  
Respondent

11-6-20  
DATED

Lance Edward Armo  
LANCE EDWARD ARMO  
Respondent

10/25/20  
DATED

Sallie Walker Merker  
SALLIE WALKER MERKER  
Respondent

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

11-6-20  
DATED

Lance Edward Armo  
LANCE EDWARD ARMO  
Attorney for Respondents

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The foregoing Stipulation and Agreement is hereby adopted as my Decision and Order and shall become effective at 12 o'clock noon on FEB 03 2021.

IT IS SO ORDERED 1.7.21

DOUGLAS R. McCAULEY  
REAL ESTATE COMMISSIONER

Douglas R. McCauley