



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

9           4.     This Stipulation and Agreement and Respondents' decision not to contest  
10 the Accusation are made for the purpose of reaching an agreed disposition of this proceeding and  
11 are expressly limited to this proceeding and any other proceeding or case in which the  
12 Department, the state or federal government, an agency of this state, or an agency of another state  
13 is involved.

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

21           6.     This Decision and Order or any subsequent Order of the Commissioner  
22 made pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger or bar  
23 to any further administrative or civil proceedings by the Department with respect to any matters,  
24 which were not specifically alleged in Accusation H-12266 SF.

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1 DETERMINATION OF ISSUES

2 By reason of the foregoing stipulations, admissions, and waivers and solely for the  
3 purpose of settlement of the pending Accusation without hearing, it is stipulated and agreed that  
4 the following Determination of Issues shall be made:

5 I

6 The acts and/or omissions of KRAUSE, as described in the Accusation, are  
7 grounds for the suspension or revocation of the licenses and license rights of KRAUSE under  
8 Business and Professions Code ("Code") Sections 10145, 10177(d), 10177(g), 10177(h),  
9 10176(g), 10159.2, and 10162, in conjunction with the California Code of Regulations  
10 ("Regulations"), Title 10, Sections 2725, 2831, 2831.1, 2831.2, 2832.1, and 2834.

11 II

12 The acts and/or omissions of NORCAL, as described in the Accusation, are  
13 grounds for the suspension or revocation of the licenses and license rights of NORCAL under  
14 Sections 10145, 10177(d), 10177(g), 10176(g), and 10162 of the Code, in conjunction with  
15 Sections 2831, 2831.1, 2831.2, 2832.1, and 2834 of the Regulations.

16 ORDER AS TO KRAUSE

17 I

18 All licenses and licensing rights of KRAUSE under the Real Estate Law are  
19 revoked; provided, however, a restricted real estate broker license shall be issued to KRAUSE  
20 pursuant to Section 10156.5 of the Code if KRAUSE makes application therefore for the  
21 restricted license within ninety (90) days from the effective date of this Decision and Order. The  
22 restricted license issued to KRAUSE shall be subject to all of the provisions of Section 10156.7  
23 of the Code and to the following limitations, conditions and restrictions imposed under authority  
24 of Section 10156.6 of that Code:

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

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

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

15                   4. All licenses and licensing rights of KRAUSE are indefinitely suspended  
16 unless or until KRAUSE provides proof satisfactory to the Commissioner, of having taken and  
17 successfully completed the continuing education course on trust fund accounting and handling  
18 specified in paragraph (3) of subdivision (a) of Section 10170.5 of the Code. Proof of  
19 satisfaction of these requirements includes evidence that KRAUSE has successfully completed  
20 the trust fund accounting and handling continuing education course, no earlier than one hundred  
21 twenty (120) days prior to the effective date of the Order in this matter. Proof of completion of  
22 the trust fund accounting and handling course must be delivered to the Department of Real  
23 Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013 or by fax at 916-263-  
24 3749, prior to the effective date of this Order.

25                   5. KRAUSE shall, within six (6) months from the effective date of this  
26 Order, take and pass the Professional Responsibility Examination administered by the  
27 Department, including the payment of the appropriate examination fee. If KRAUSE fails to

1 satisfy this condition, KRAUSE's real estate license shall automatically be suspended until  
2 KRAUSE passes the examination.

3 6. KRAUSE shall notify the Commissioner in writing within 72 hours of  
4 any arrest by sending a certified letter to the Commissioner at the Department of Real Estate,  
5 Post Office Box 137000, Sacramento, CA 95813-7000. The letter shall set forth the date of  
6 KRAUSE's arrest, the crime for which KRAUSE was arrested and the name and address of  
7 the arresting law enforcement agency. KRAUSE's failure to timely file written notice shall  
8 constitute an independent violation of the terms of the restricted license and shall be grounds  
9 for the suspension or revocation of that license.

10 ORDER AS TO NORCAL

11 I

12 All licenses and licensing rights of NORCAL under the Real Estate Law are  
13 revoked; provided, however, a restricted real estate corporate broker license shall be issued to  
14 NORCAL pursuant to Section 10156.5 of the Code if NORCAL makes application therefore for  
15 the restricted license within ninety (90) days from the effective date of this Decision and Order.

16 The restricted license issued to NORCAL shall be subject to all of the provisions of Section  
17 10156.7 of the Code and to the following limitations, conditions and restrictions imposed under  
18 authority of Section 10156.6 of that Code:

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

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

1 and Order. NORCAL shall not be eligible to apply for any unrestricted license until all  
2 restrictions attaching to the license have been removed.

3 ORDER AS TO KRAUSE AND NORCAL

4 I

5 1. All licenses and licensing rights of Respondents are indefinitely suspended  
6 unless or until Respondents, jointly and severally, pay the sum of \$2,201.75 for the  
7 Commissioner's reasonable costs of the investigation and enforcement which led to this  
8 disciplinary action. Said payment shall be in the form of a cashier's check or certified check  
9 made payable to the Department. The investigative and enforcement costs must be delivered to  
10 the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013,  
11 prior to the effective date of this Order.

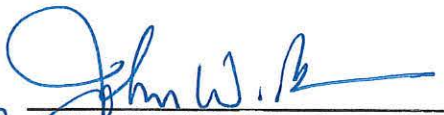
12 2. Respondents, jointly and severally, shall pay the sum of \$8,830.01 for  
13 the Commissioner's cost of the audit which led to this disciplinary action. Respondents shall  
14 pay such cost within sixty (60) days of receiving an invoice therefore from the Commissioner.  
15 The Commissioner shall indefinitely suspend all licenses and licensing rights of Respondents  
16 pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if  
17 payment is not timely made as provided for herein, or as provided for in a subsequent  
18 agreement between Respondents and the Commissioner. The suspension shall remain in effect  
19 until payment is made in full or until Respondents enter into an agreement satisfactory to the  
20 Commissioner to provide for payment, or until a decision providing otherwise is adopted  
21 following a hearing held pursuant to this condition.

22 3. Pursuant to Section 10148 of the Code, Respondents, jointly and  
23 severally, shall pay the Commissioner's reasonable cost, not to exceed \$11,037.51, for an audit  
24 to determine if Respondents has corrected the violation(s) found in audit no. OK 170031(PM).  
25 In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use  
26 the estimated average hourly salary for all persons performing audits of real estate brokers, and  
27 shall include an allocation for travel time to and from the auditor's place of work. Respondents

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

7  
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9 DATED

5/14/19

  
for ADRIANA Z. BADILAS, Counsel  
Department of Real Estate

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11 \* \* \*

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

19 Respondent can signify acceptance and approval of the terms and conditions of  
20 this Stipulation and Agreement by faxing a copy of the signature page, as actually signed by  
21 Respondent, to the Department at fax number (916) 263-3767 or by e-mail to  
22 [adriana.badilas@DRE.ca.gov](mailto:adriana.badilas@DRE.ca.gov). Respondents agree, acknowledge, and understand that by  
23 electronically sending to the Department a fax copy of Respondents' actual signature as it  
24 appears on the Stipulation and Agreement, that receipt of the faxed copy by the Department  
25 shall be as binding on Respondents as if the Department had received the original signed  
26 Stipulation and Agreement.

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4-26-2019

DATED



DAVID ABRAHAM KRAUSE  
Respondent

4-26-2019

DATED



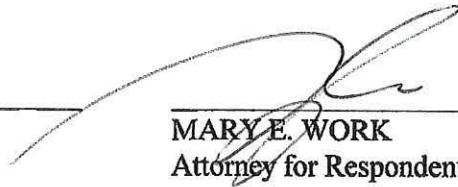
NORCALPROPERTY MANAGEMENT,  
INC.  
By: David A. Krause, Designated Officer  
Respondent

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

5-9-2019

DATED



MARY E. WORK  
Attorney for Respondents

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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 **AUG 08 2019**

IT IS SO ORDERED July 9, 2019

DANIEL J. SANDRI  
ACTING REAL ESTATE COMMISSIONER

