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1 Department of Real Estate
2 320 W. 4th St., Room 350
3 Los Angeles, California 90013
4 Telephone: (213) 576-6982

FILED
JAN 31 2006
DEPARTMENT OF REAL ESTATE
By 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-31889 LA
12)
12 SEA BREEZE FINANCIAL SERVICES,)
12 INC.; and LEONARD JAMES) STIPULATION AND AGREEMENT
13 HAMILTON, individually and as)
13 designated officer of Sea)
14 Breeze Financial Services,)
14 Inc.,)
15)
16 Respondents.)

18 It is hereby stipulated by and between SEA BREEZE
19 FINANCIAL SERVICES, INC., and LEONARD JAMES HAMILTON (sometimes
20 referred to as Respondents), and their attorney Frank M. Buda,
21 and the Complainant, acting by and through James R. Peel,
22 Counsel for the Department of Real Estate, as follows for the
23 purpose of settling and disposing of the Accusation filed on May
24 5, 2005, in this matter.

26 1. All issues which were to be contested and all
27 evidence which was to be presented by Complainant and

1 Respondents at a formal hearing on the Accusation, which hearing
2 was to be held in accordance with the provisions of the
3 Administrative Procedure Act ("APA"), shall instead and in place
4 thereof be submitted solely on the basis of the provisions of
5 this Stipulation and Agreement ("Stipulation").

6 2. Respondents have received, read and understand the
7 Statement to Respondent, the Discovery Provisions of the
8 Administrative Procedure Act ("APA") and the Accusation filed by
9 the Department of Real Estate in this proceeding.

10 3. On May 19, 2005, Respondents filed a Notice of
11 Defense pursuant to Section 11506 of the Government Code for the
12 purpose of requesting a hearing on the allegations in the
13 Accusation. Respondents hereby freely and voluntarily withdraw
14 said Notice of Defense. Respondents acknowledge that they
15 understand that by withdrawing said Notice of Defense they will
16 thereby waive their right to require the Commissioner to prove
17 the allegations in the Accusation at a contested hearing held in
18 accordance with the provisions of the APA and that they will
19 waive other rights afforded to them in connection with the
20 hearing, such as the right to present evidence in defense of the
21 allegations in the Accusation and the right to cross-examine
22 witnesses.

23 4. This Stipulation is based on the factual
24 allegations contained in the Accusation filed in this
25 proceeding. In the interest of expedience and economy,
26 Respondents choose not to contest these factual allegations, but
27

1 to remain silent and understand that, as a result thereof, these
2 factual statements, will serve as a prima facie basis for the
3 disciplinary action stipulated to herein. The Real Estate
4 Commissioner shall not be required to provide further evidence
5 to prove such allegations.

6 5. This Stipulation and Respondents' decision not to
7 contest the Accusation is made for the purpose of reaching an
8 agreed disposition of this proceeding and is expressly limited
9 to this proceeding and any other proceeding or case in which the
10 Department of Real Estate ("Department"), the state or federal
11 government, or an agency of this state, another state or the
12 federal government is involved.

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

24 7. The Order or any subsequent Order of the Real
25 Estate Commissioner made pursuant to this Stipulation shall not
26 constitute an estoppel, merger or bar to any further
27 administrative or civil proceedings by the Department of Real

1 Estate with respect to any conduct which was not specifically
2 alleged to be causes for accusation in this proceeding.

3 DETERMINATION OF ISSUES

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

8 The conduct, acts and/or omissions of Respondent
9 SEA BREEZE FINANCIAL SERVICES, INC., as set forth in the
10 Accusation, constitute cause for the suspension or revocation of
11 all of the real estate licenses and license rights of Respondent
12 under the provisions of Section 10177(d) of the Business and
13 Professions Code ("Code") for violation Regulation 2834, Title
14 10, Chapter 6, California Code of Regulations.

15 The conduct, acts and/or omissions of Respondent
16 LEONARD JAMES HAMILTON, as set forth in the Accusation,
17 constitute cause for the suspension or revocation of all of the
18 real estate licenses and license rights of Respondent under Code
19 Section 10177(h).

20
21 ORDER

22 All licenses and licensing rights of Respondents SEA
23 BREEZE FINANCIAL SERVICES, INC., and LEONARD JAMES HAMILTON
24 under the Real Estate Law are suspended for a period of thirty
25 (30) days from the effective date of this Decision; provided,
26 however, said suspension shall be stayed for two (2) years upon
27 the following terms and conditions:

1
2 1. Respondents shall obey all laws, rules and
3 regulations governing the rights, duties and responsibilities of
4 a real estate licensee in the State of California; and

5 2. That no final subsequent determination be made,
6 after hearing or upon stipulation that cause for disciplinary
7 action occurred within two (2) years of the effective date of
8 this Decision. Should such a determination be made, the
9 Commissioner may, in his discretion, vacate and set aside the
10 stay order and reimpose all or a portion of the stayed
11 suspension. Should no such determination be made, the stay
12 imposed herein shall become permanent.

13 3. Pursuant to Section 10148 of the Business and
14 Professions Code, Respondent SEA BREEZE FINANCIAL SERVICES, INC.
15 shall pay the Commissioner's reasonable cost for the audit which
16 led to this disciplinary action and Respondent SEA BREEZE
17 FINANCIAL SERVICES, INC. shall pay the Commissioner's reasonable
18 cost for a subsequent audit to determine if Respondent SEA
19 BREEZE FINANCIAL SERVICES, INC. has corrected the violations
20 found in the Determination of Issues. In calculating the amount
21 of the Commissioner's reasonable cost, the Commissioner may use
22 the estimated average hourly salary for all persons performing
23 audits of real estate brokers, and shall include an allocation
24 for travel costs, including mileage, time to and from the
25 auditor's place of work and per diem. Respondent shall pay such
26 cost within 45 days of receiving an invoice from the
27

1 Commissioner detailing the activities performed during the audit
2 and the amount of time spent performing those activities. The
3 Commissioner may, in his discretion, vacate and set aside the
4 stay order, if payment is not timely made as provided for
5 herein, or as provided for in a subsequent agreement between the
6 Respondent and the Commissioner. The vacation and the set aside
7 of the stay shall remain in effect until payment is made in
8 full, or until Respondent enter into an agreement satisfactory
9 to the Commissioner to provide for payment. Should no order
10 vacating the stay be issued, either in accordance with this
11 condition or condition "2", the stay imposed herein shall become
12 permanent.

13
14 DATED: Nov. 28, 2005

James R. Peel
15 JAMES R. PEEL, Counsel for the
16 Department of Real Estate

17 * * *

18 We have read the Stipulation and Agreement, have
19 discussed it with our counsel, and its terms are understood by
20 us and are agreeable and acceptable to us. We understand that
21 we are waiving rights given to us by the California
22 Administrative Procedure Act (including but not limited to
23 Sections 11506, 11508, 11509 and 11513 of the Government Code),
24 and we willingly, intelligently and voluntarily waive those
25 rights, including the right of requiring the Commissioner to
26 prove the allegations in the Accusation at a hearing at which we
27 would have the right to cross-examine witnesses against us and
to present evidence in defense and mitigation of the charges.

1 Respondents can signify acceptance and approval of the
2 terms and conditions of this Stipulation and Agreement by faxing
3 a copy of the signature page, as actually signed by Respondents,
4 to the Department at the following telephone/fax number:

5 (213) 576-6917. Respondents agree, acknowledge and understand
6 that by electronically sending to the Department a fax copy of
7 his or her actual signature as it appears on the Stipulation and
8 Agreement, that receipt of the faxed copy by the Department
9 shall be as binding on Respondents as if the Department had
10 received the original signed Stipulation and Agreement.

11 Further, if the Respondents are represented, the
12 Respondents' counsel can signify his or her agreement to the
13 terms and conditions of the Stipulation and Agreement by
14 submitting that signature via fax.

15
16 DATED: _____

SEA BREEZE FINANCIAL SERVICES,
INC., Respondent

17
18
19 DATED: _____

LEONARD JAMES HAMILTON
Respondent

20
21 DATED: _____

FRANK M. BUDA
Counsel for Respondents

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24 //

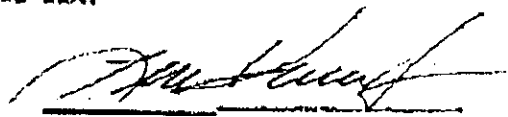
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11 Further, if the Respondents are represented, the
 12 Respondents' counsel can signify his or her agreement to the
 13 terms and conditions of the Stipulation and Agreement by
 14 submitting that signature via fax.

15
 16 DATED: 11/23/05 
 17 SEA BREEZE FINANCIAL SERVICES,
 18 INC., Respondent

19 DATED: 11/23/05 
 20 LEONARD JAMES HAMILTON
 21 Respondent

22 DATED: 11-23-05 
 23 FRANK M. BUDA
 24 Counsel for Respondents

24 //
 25 //
 26 //
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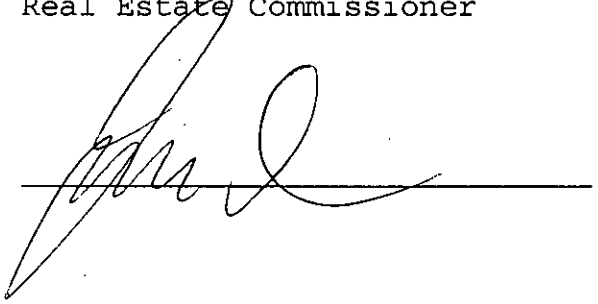
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The foregoing Stipulation and Agreement is hereby
adopted as my Decision and Order in this matter, and shall
become effective at 12 o'clock noon on February 21, 2006.

IT IS SO ORDERED 12-7-05.

JEFF DAVI
Real Estate Commissioner



A handwritten signature in cursive script, appearing to read 'Jeff Davi', is written over a horizontal line.

Handwritten mark

1 JAMES R. PEEL, Counsel (SBN 47055)
Department of Real Estate
2 320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105
3
4 Telephone: (213) 576-6982
-or- (213) 576-6913 (Direct)

FILED
MAY - 5 2005
DEPARTMENT OF REAL ESTATE
Signature

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

11	In the Matter of the Accusation of)	No. H-31889 LA
12	SEA BREEZE FINANCIAL SERVICES,)	A C C U S A T I O N
13	INC.; and LEONARD JAMES)	
14	HAMILTON, individually and as)	
15	designated officer of Sea)	
16	Breeze Financial Services, Inc.,)	
17)	
18	Respondents.)	

17 The Complainant, Janice A. Waddell, a Deputy Real Estate
18 Commissioner of the State of California, for cause of accusation
19 against SEA BREEZE FINANCIAL SERVICES, INC.; and LEONARD JAMES
20 HAMILTON, individually and as designated officer of Sea Breeze
21 Financial Services, Inc., alleges as follows:

I

23 The Complainant, Janice A. Waddell, acting in her
24 official capacity as a Deputy Real Estate Commissioner of the
25 State of California, makes this Accusation against SEA BREEZE
26 FINANCIAL SERVICES INC., and LEONARD JAMES HAMILTON.

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II

SEA BREEZE FINANCIAL SERVICES, INC., and LEONARD JAMES HAMILTON, individually and as designated officer of said corporation (hereinafter referred to as "Respondents"), are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) (hereinafter Code).

III

At all times herein mentioned, Respondent SEA BREEZE FINANCIAL SERVICES, INC., was licensed as a real estate broker through Respondent LEONARD JAMES HAMILTON as its designated broker-officer.

IV

At all times material herein, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California, within the meaning of Section 10131(d) of the Code, including negotiating loans on real property.

V

On or about May 21, 2004, the Department completed an examination of Respondent's books and records, pertaining to the activities described in Paragraph IV above, covering a period from November 1, 2002, through April 30, 2004, which examination revealed violations of the Code and of Title 10, Chapter 6, California Code of Regulations (hereinafter Regulations) as set forth below.

1 VI

2 The examination described in Paragraph V, above,
3 determined that, in connection with the activities described in
4 Paragraph IV above, Respondents accepted or received funds,
5 including funds in trust (hereinafter "trust funds") from or on
6 behalf of principals, and thereafter made deposit or disbursement
7 of such funds.

8 VII

9 In the course of activities described in Paragraphs IV
10 through VI and during the examination period described in
11 Paragraph V, Respondents acted in violation of the Code and the
12 Regulations as follows, and as more specifically set forth in
13 Audit Report Nos. LA 030355 and LA 030379 and related exhibits:

14 (1) Violated Regulation 2831.1 in that the separate
15 records were not complete and accurate with the result that the
16 trust accounts incorrectly reflected an unidentified overage at
17 various times.

18 (2) Violated Regulation 2831.2 by maintaining monthly
19 reconciliations that were not complete and accurate.

20 (3) Violated Regulation 2834 by allowing unlicensed
21 employees to be trust account signatories. The fidelity bond
22 coverage was inadequate and included deductibles which are not
23 allowed.

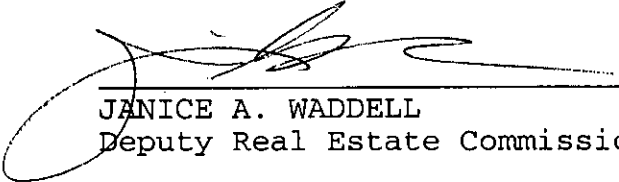
24 (4) Violated Section 10240 of the Code by failing to
25 provide borrowers Frontuto, Kottmeier, Vose and Esparza with the
26 required Mortgage Loan Disclosure Statement.

27

1 further relief as may be proper under other applicable provisions
2 of law.

3 Dated at Los Angeles, California

4 this 6 day of April, 2005.

5
6 
7 JANICE A. WADDELL
8 Deputy Real Estate Commissioner
9
10

11 cc: Sea Breeze Financial Services, Inc.
12 Leonard James Hamilton
13 Janice A. Waddell
14 Audit Section
15 Sacto.
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