

1 Department of Real Estate
320 West Fourth Street, #350
2 Los Angeles, California 90013

3 (213) 576-6982
4 (213) 620-6430

FILED
JUNE 27, 2008
DEPARTMENT OF REAL ESTATE

By C. S. [Signature]

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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-34390 LA .
12) L-2007110043
13 RONALD CALVIN WILLIAMS,)
14) STIPULATION AND
Respondent.) AGREEMENT

15 It is hereby stipulated by and between RONALD CALVIN
16 WILLIAMS (sometimes referred to herein as "Respondent"),
17 represented by Russell H. Takasugi, Esq., and the Complainant,
18 acting by and through Martha J. Rosett, Counsel for the
19 Department of Real Estate, as follows for the purpose of
20 settling and disposing of the Accusation filed on October 11,
21 2007 in this matter:

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

1 thereof be submitted solely on the basis of the provisions of
2 this Stipulation and Agreement.

3 2. Respondent has received, read and understands the
4 Statement to Respondent, the Discovery Provisions of the APA
5 and the Accusation filed by the Department of Real Estate in
6 this proceeding.

7 3. On October 19, 2007, Respondent filed a Notice of
8 Defense pursuant to Section 11506 of the Government Code for
9 the purpose of requesting a hearing on the allegations in the
10 Accusation. In order to effectuate this settlement, Respondent
11 hereby freely and voluntarily withdraws said Notice of Defense.
12 Respondent acknowledges that he understands that by withdrawing
13 said Notice of Defense, he will thereby waive his right to
14 require the Commissioner to prove the allegations in the
15 Accusation at a contested hearing held in accordance with the
16 provisions of the APA and that he will waive other rights
17 afforded to him in connection with the hearing such as the
18 right to present evidence in defense of the allegations in the
19 Accusation and the right to cross-examine witnesses.

20 4. Respondent, pursuant to the limitations set forth
21 below, although not admitting or denying the truth of the
22 allegations, will not contest the factual allegations contained
23 in the Accusation filed in this proceeding and the Real Estate
24 Commissioner shall not be required to provide further evidence
25 of such allegations.

26 5. It is understood by the parties that the Real
27 Estate Commissioner may adopt the Stipulation and Agreement as

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

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

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

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1 Department prior to the effective date of the Decision in this
2 matter.

3 3. No further cause for disciplinary action against
4 the real estate license of Respondent occurs within two years
5 from the effective date of the Decision in this matter.

6 4. If Respondent fails to pay the monetary penalty
7 in accordance with the terms and conditions of the Decision,
8 the Commissioner may, without a hearing, order the immediate
9 execution of all or any part of the stayed suspension in which
10 event the Respondent shall not be entitled to any repayment nor
11 credit, prorated or otherwise, for the money paid to the
12 Department under the terms of this Decision.

13 5. If Respondent pays the monetary penalty and if no
14 further cause for disciplinary action against the real estate
15 license of Respondent occurs within two years from the
16 effective date of the Decision, the stay hereby granted shall
17 become permanent without any further action by Respondent.

18
19 DATED: _____

5/20/08


20 MARTHA J. ROSETT
21 Counsel for Complainant

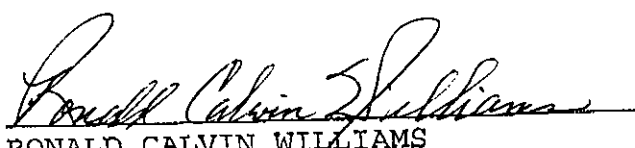
22 * * *

23 I have read the Stipulation and Agreement, have discussed
24 it with counsel, and its terms are understood by me and are
25 agreeable and acceptable to me. I understand that I am waiving
26 rights given to me by the California Administrative Procedure
27 Act (including but not limited to Sections 11506, 11508, 11509


1 right of requiring the Commissioner to prove the allegations in
2 the Accusation at a hearing at which I would have the right to
3 cross-examine witnesses against me and to present evidence in
4 defense and mitigation of the charges.

5 Respondent may signify acceptance and approval of the
6 terms and conditions of this Stipulation and Agreement by faxing
7 a copy of his signature page, as actually signed by Respondent,
8 to the Department at the following fax number (213) 576-6917.
9 Respondent agrees, acknowledges and understands that by
10 electronically sending to the Department a fax copy of his actual
11 signature as it appears on the Stipulation, that receipt of the
12 faxed copy by the Department shall be as binding on Respondent as
13 if the Department had received the original signed Stipulation
14 and Agreement.

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16 DATED: 4/23/08


RONALD CALVIN WILLIAMS
Respondent

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19 DATED: 04/23/08


RUSSELL H. TAKASUGI, ESQ.
Counsel for Respondent

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3 The foregoing Stipulation and Agreement is hereby
4 adopted as my Decision in this matter and shall become
5 effective at 12 o'clock noon on July 17, 2008.

6 IT IS SO ORDERED

6-24-08

7 JEFF DAVI
8 Real Estate Commissioner

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FILED
OCT 11 2007
DEPARTMENT OF REAL ESTATE

By _____

STATE OF CALIFORNIA

* * * *

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner, for cause of Accusation against RONALD CALVIN WILLIAMS is informed and alleges as follows:

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- 1 -

1 Respondent was originally licensed by the Department as a real
2 estate broker on or before May 19, 1970. Beginning on or about
3 December 19, 2002, and continuing until on or about December 18,
4 2006, Respondent was licensed by the Department as the broker-
5 officer of L And H Associates, Inc., dba Century 21 Hilltop-La
6 Carre (hereinafter "L And H"), designated to be responsible for
7 the supervision and control of the activities conducted on behalf
8 of L And H by its officers and employees as necessary to secure
9 full compliance with the Real Estate Law. At all times relevant
10 herein, Respondent was also Chief Executive Officer and/or
11 President of First Meridian Services, Inc.

12 3.

13 At all times relevant herein, L And H Associates, Inc.,
14 dba Century 21 Hilltop-La Carre (hereinafter "L And H"), is and
15 was licensed by the Department as a corporate real estate broker.
16 L And H was originally licensed by the Department as a corporate
17 real estate broker on or about December 19, 2002. At all times
18 relevant herein, L And H was authorized to act as a real estate
19 broker by and through Respondent RONALD CALVIN WILLIAMS as the
20 designated officer and broker responsible, pursuant to the
21 provisions of Code Section 10159.2, for the supervision and
22 control of the activities conducted on behalf of L And H by L And
23 H's officers and employees.

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4.

First Meridian Services, Inc. (hereinafter "First Meridian") is a California Corporation. First Meridian is not now and has never been licensed in California as a real estate broker. At all times relevant herein, Respondent was the Chief Executive Officer and/or President of First Meridian.

5.

At all times material herein, Respondent and L and H, engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers within the meaning of Code Section 10131(a), representing another or others in the purchase, sale or exchange of real property.

6.

All further references to "Respondent", unless otherwise specified, includes the party identified in Paragraph 2 above, and also include the employees, agents and real estate licensees employed by or associated with said party, who at all times herein mentioned were engaged in the furtherance of the business or operations of said party and who were acting within the course and scope of their authority and employment.

Unlawful Referral of Customers for Compensation
(Business and Professions Code Section 10177.4)

7.

On or about May 7, 2004, Respondent filed articles of incorporation with the California Secretary of State, creating

1 First Meridian Services, Inc. An additional Statement of
2 Information filed with the Secretary of State on August 30, 2004
3 described the business of the corporation as "Insurance revenue
4 holding company."

5 "Participation Agreement"

6 8.

7 Beginning on or about May 18, 2004, and continuing
8 through on or about February 4, 2005, Respondent, in connection
9 with his real estate sales activities set forth in Paragraph 6
10 above, engaged in a reinsurance program with Fidelity National
11 Group of Insurers, and its affiliates, including Fidelity Title,
12 Chicago Title, and Ticor Title (hereinafter collectively referred
13 to as "FNF"). Pursuant to this agreement, in connection with the
14 sales of homes "that involved" First Meridian, or its "affiliate"
15 L & H Associates, the title companies would issue title insurance
16 policies, and in exchange, First Meridian would receive
17 compensation in the form of reinsurance "premiums" and additional
18 periodic distributions of capital.

19 9.

20 Specifically, on or about May 18, 2004, Respondent,
21 signing as "President" of First Meridian, executed a
22 "Participation Agreement" with FNF. Pursuant to the
23 Participation Agreement, First Meridian would receive a
24 percentage of the premium paid to FNF for every real estate
25 transaction in which the parties, in connection with sales of
26 real estate involving First Meridian or its affiliate (L And H),
27 purchased title insurance from one of the FNF affiliates. Under

1 this Participation Agreement, Respondent paid a one time \$10,000
2 "Participation Fee", an annual "Participant Expense Fee" of
3 \$10,000, and a security deposit of \$25,000. Pursuant to a
4 subsequent "Reinsurance Agreement," Respondent agreed to assume
5 10% liability for title insurance losses, if any, from real
6 estate transactions generated by First Meridian and/or its
7 affiliates, as "reinsurance." In exchange, FNF and/or its
8 affiliates would pay First Meridian 10% of the title insurance
9 premiums collected per transaction, plus a \$350.00 processing
10 fee, per transaction.

11 10.

12 In 2005, the California Department of Insurance (DOI)
13 held public hearings relating to the business practice of
14 entering into the types of reinsurance agreements described
15 above. At these hearings, it was determined that the typical
16 loss ratio as to title insurance is three to five percent. DOI
17 found that there is in fact little or no risk transferred to the
18 reinsurer in exchange for the portion of premium they are
19 collecting. Further, DOI found that in California, the normal
20 practice is not to have a reinsurer in connection with title
21 business. DOI determined that the reinsurance agreements of the
22 type entered into between FNF and related affiliates and
23 Respondents were not legitimate reinsurance agreements. Rather,
24 these agreements were created as part of a scheme under which
25 title insurers were paying real estate brokers illegal rebates -
26 in the form of "premiums" on fictitious reinsurance paid to
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1 captive reinsurers - in exchange for the brokers channeling
2 business to the title companies.

3 11.

4 As of on or about February 4, 2005, for the period
5 between August 1, 2004 and February 4, 2005, First Meridian was
6 credited with earning premiums of \$21,482.93, and with receiving
7 cash distributions of \$14,712.68 as compensation for referrals of
8 parties to FNF and FNF affiliates as a result of real property
9 purchase and sale transactions negotiated by L And H.

10 12.

11 The conduct, acts and/or omissions of Respondent, as
12 set forth in Paragraphs 7 through 9 above, are in violation of
13 Code Section 10177.4, and constitute grounds to suspend or revoke
14 Respondent's real estate licenses pursuant to Business and
15 Professions Code Sections 10177(d) and 10177(g) for claiming,
16 demanding or receiving commissions, fees or other consideration
17 from a title insurance company for referral of customers to the
18 title insurance company.

19 13.

20 The conduct, acts and/or omissions of Respondent, in
21 claiming or taking a secret or undisclosed amount of
22 compensation, commission or profit in relation to the referral of
23 customers to FNF affiliated title insurance companies constitutes
24 grounds to discipline Respondent's real estate licenses and/or
25 licensing rights pursuant to Business and Professions Code
26 Sections 10176(g) and/or 10177(j).

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The conduct, acts and/or omissions of Respondent in creating First Meridian as a separate corporation, solely for the purpose of circumventing the real estate laws and hiding additional compensation received for referral of customers to title companies, constitutes grounds to discipline Respondent's licenses and/or licensing rights pursuant to Business and Professions Code Sections 10176(i) and/or 10177(j).

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and/or license rights of Respondent RONALD CALVIN WILLIAMS, and for such other and further relief as may be proper under applicable provisions of law.

Dated at Los Angeles, California

this 5 day of October, 2007.


Robin Trujillo
Deputy Real Estate Commissioner

cc: Ronald Calvin Williams
Robin Trujillo
Sacto.