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FILED

MAR 16 2021

DEPT. OF REAL ESTATE
By 

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

WATSON REALTY SERVICES INC.,
and KENNETH PAUL CARTER,
individually and as designated officer
of Watson Realty Services Inc.,

Respondents.

No.: H-03275-FR

STIPULATION AND AGREEMENT

It is hereby stipulated and agreed by and between Respondents WATSON REALTY SERVICES INC. ("WRS"), and KENNETH PAUL CARTER ("CARTER"), individually and as designated officer of WRS ("Respondents") and their attorney of record, Mark A. Chuang, Esq., of Shannon B. Jones Law Group, Inc., and the Complainant, acting by and through Laurence Haveson, Counsel for the Department of Real Estate ("Department"), as follows for the purpose of settling and disposing of the Accusation filed on December 24, 2019 ("Accusation") 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 ("Stipulation").

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

4 3. On January 8, 2020, Respondents filed a Notice of Defense pursuant to section
5 11506 of the Government Code for the purpose of requesting a hearing on the allegations in the
6 Accusation. Respondents hereby freely and voluntarily withdraw said Notice of Defense.
7 Respondents acknowledge that Respondents understand that by withdrawing said Notice of
8 Defense, Respondents will thereby waive Respondents' right to require the Real Estate
9 Commissioner ("Commissioner") to prove the allegations in the Accusation at a contested hearing
10 held in 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. Respondents, pursuant to the limitations set forth below, hereby admit that the
14 factual allegations in the Accusation filed in this proceeding are true and correct and the
15 Commissioner shall not be required to provide further evidence to prove such allegations.

16 5. This Stipulation and Respondents' decision not to contest the Accusation are made
17 for the purpose of reaching an agreed disposition of this proceeding and are expressly limited to
18 this proceeding and any other proceeding or case in which the Department, or another licensing
19 agency of this state, another state, or if the federal government is involved, and otherwise shall not
20 be admissible in any other criminal or civil proceedings.

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

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

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

3 DETERMINATION OF ISSUES

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

7 I.

8 The conduct, acts, and/or omissions of Respondent WRS as described in the Accusation,
9 constitute cause for the suspension or revocation of all real estate licenses and license rights of
10 Respondent WRS under California Business and Professions Code ("Code") Sections 10145 and
11 10145(a), and Title 10, Chapter 6, California Code of Regulations ("Regulations") Sections
12 2832.1, 2831, 2831.1, and 2834.

13 II.

14 The conduct, acts, and/or omissions of Respondent CARTER, as described in the
15 Accusation, constitute cause for the suspension or revocation of all real estate licenses and license
16 rights of Respondent CARTER under Code Sections 10177(h) for violation of Code Sections
17 10159.2 and 10177(h), and Regulations Section 2725.

18 ORDER

19 I.

20 All licenses and licensing rights of Respondent WRS under the Real Estate Law are
21 suspended for a period of sixty (60) days from the effective date of this Decision and Order;
22 provided, however, that:

23 1. Thirty (30) days of said suspension shall be stayed upon the condition that
24 Respondent WRS petitions pursuant to Code Section 10175.2 and pays a monetary penalty
25 pursuant to Code Section 10175.2 at a rate of fifty dollars (\$50.00) for each day of the suspension
26 for a total monetary penalty of \$1,500 (\$50.00 per day X thirty (30) days = \$1,500), and upon the
27 following terms and conditions:

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1 a. Said payment shall be in the form of a cashier's check made payable to the
2 Department of Real Estate. Said check must be delivered to the Department of Real
3 Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, prior to the
4 effective date of this Decision and Order. **Payment of said monetary penalty should not**
5 **be made until the Stipulation has been approved by the Commissioner.**

6 b. No further cause for disciplinary action against the Real Estate license(s) of
7 Respondent WRS occurs within two (2) years from the effective date of the Decision and
8 Order in this matter.

9 c. If Respondent WRS fails to pay the monetary penalty in accordance with
10 the terms and conditions of this Decision and Order, the suspension shall go into effect
11 automatically. Respondent WRS shall not be entitled to any repayment nor credit, prorated
12 or otherwise, for money paid to the Department under the terms of this Decision and
13 Order.

14 d. If Respondent WRS pays the monetary penalty and any other monies due
15 under this Stipulation and Agreement and if no further cause for disciplinary action against
16 the Real Estate license(s) of Respondent WRS occurs within two (2) years from the
17 effective date of this Decision and Order, the entire stay hereby granted pursuant to this
18 Decision and Order, shall become permanent.

19 2. The remaining thirty (30) days of said suspension shall be stayed for two (2) years
20 upon the following terms and conditions:

21 a. Respondent WRS shall obey all laws, rules and regulations governing the
22 rights, duties and responsibilities of a real estate licensee in the State of California; and,

23 b. That no final subsequent determination be made, after hearing or upon
24 stipulation, that cause of disciplinary action occurred within two (2) years from the
25 effective date of this Decision and Order. Should such a determination be made, the
26 Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all
27 or a portion of the stayed suspension. Should no such determination be made, the stay
28 imposed herein shall become permanent.

1 3. Respondent WRS shall pay, severally or jointly with Respondent CARTER, the
2 sum of \$4,465.10 for the Commissioner's reasonable cost of the investigation and enforcement
3 which led to this disciplinary action **within one-hundred and eighty (180) days from the**
4 **effective date of this Decision and Order.** Said payment shall be in the form of a cashier's check
5 made payable to the Department of Real Estate. **The investigative and enforcement costs must**
6 **be delivered to the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento,**
7 **CA 95813-7013. Payment of investigation and enforcement costs should not be made until**
8 **the Stipulation has been approved by the Commissioner.** If Respondents fail to satisfy this
9 condition in a timely manner as provided for herein, Respondents' real estate licenses shall
10 automatically be suspended until payment is made in full, or until a decision providing otherwise
11 is adopted following a hearing held pursuant to this condition.

12 4. Pursuant to section 10148 of the Code, Respondent WRS shall pay, severally or
13 jointly with Respondent CARTER, the sum of \$3,926.52 for the Commissioner's cost of the audit
14 which led to this disciplinary action. **Respondents shall pay such cost within sixty (60) days of**
15 **receiving an invoice therefore from the Commissioner. Payment of audit costs should not be**
16 **made until Respondents receive the invoice.** If Respondents fail to satisfy this condition in a
17 timely manner as provided for herein, Respondents' real estate licenses shall automatically be
18 suspended until payment is made in full, or until a decision providing otherwise is adopted
19 following a hearing held pursuant to this condition.

20 5. Respondents understand that by agreeing to this Stipulation, the findings set forth
21 below in the Determination of Issues become final, and the Commissioner may charge
22 Respondents for the cost of any subsequent audit, if a subsequent audit is conducted, pursuant to
23 Code section 10148 to determine if the violations have been corrected and that Respondents are in
24 compliance with trust fund handling requirements of the Real Estate Law. The maximum cost of
25 the follow-up audit will not exceed one-hundred twenty-five percent (125%) of the cost of the
26 original audit; in the instant case, the cost of the original audit is \$3,926.52 and the maximum cost
27 of the follow-up audit will not exceed \$4,908.15. Therefore, Respondents may be charged a
28 maximum of \$4,908.15 in the event of a subsequent audit.

1 6. Pursuant to Section 10148 of the Code, Respondents shall pay the Commissioner's
2 reasonable cost, not to exceed \$4,908.15, for any subsequent audit, if one is performed, to
3 determine if Respondents have corrected the violations found in the Determination of Issues and
4 that Respondents are in compliance with trust fund handling requirements of the Real Estate Law.
5 In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the
6 estimated average hourly salary for all persons performing audits of real estate brokers, and shall
7 include an allocation for travel time to and from the auditor's place of work. Respondents shall
8 pay such cost within sixty (60) days of receiving an invoice therefore from the Commissioner.
9 **Payment of the audit costs should not be made until Respondents receive the invoice.** If
10 Respondents fail to satisfy this condition in a timely manner as provided for herein, Respondents'
11 real estate licenses shall automatically be suspended until payment is made in full, or until a
12 decision providing otherwise is adopted following a hearing held pursuant to this condition.

13 II.

14 All licenses and licensing rights of Respondent CARTER under the Real Estate Law are
15 suspended for a period of sixty (60) days from the effective date of this Decision and Order;
16 provided, however, that:

17 1. Thirty (30) days of said suspension shall be stayed upon the condition that
18 Respondent CARTER petitions pursuant to Code Section 10175.2 and pays a monetary penalty
19 pursuant to Code Section 10175.2 at a rate of fifty dollars (\$50.00) for each day of the suspension
20 for a total monetary penalty of \$1,500 (\$50.00 per day X thirty (30) days = \$1,500), and upon the
21 following terms and conditions:

22 a. Said payment shall be in the form of a cashier's check made payable to the
23 Department of Real Estate. Said check must be delivered to the Department of Real
24 Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, prior to the
25 effective date of this Decision and Order. **Payment of said monetary penalty should not**
26 **be made until the Stipulation has been approved by the Commissioner.**

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1 b. No further cause for disciplinary action against the Real Estate license(s) of
2 Respondent CARTER occurs within two (2) years from the effective date of the Decision
3 and Order in this matter.

4 c. If Respondent CARTER fails to pay the monetary penalty in accordance
5 with the terms and conditions of this Decision and Order, the suspension shall go into
6 effect automatically. Respondent CARTER shall not be entitled to any repayment nor
7 credit, prorated or otherwise, for money paid to the Department under the terms of this
8 Decision and Order.

9 d. If Respondent CARTER pays the monetary penalty and any other monies
10 due under this Stipulation and Agreement and if no further cause for disciplinary action
11 against the Real Estate license(s) of Respondent CARTER occurs within two (2) years
12 from the effective date of this Decision and Order, the entire stay hereby granted pursuant
13 to this Decision and Order, shall become permanent.

14 2. The remaining thirty (30) days of said suspension shall be stayed for two (2) years
15 upon the following terms and conditions:

16 a. Respondent CARTER shall obey all laws, rules and regulations governing
17 the rights, duties and responsibilities of a real estate licensee in the State of California; and,

18 b. That no final subsequent determination be made, after hearing or upon
19 stipulation, that cause of disciplinary action occurred within two (2) years from the
20 effective date of this Decision and Order. Should such a determination be made, the
21 Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all
22 or a portion of the stayed suspension. Should no such determination be made, the stay
23 imposed herein shall become permanent.

24 3. All license and licensing rights of Respondent CARTER are indefinitely suspended
25 unless or until Respondent CARTER provides evidence satisfactory to the Commissioner of
26 having taken and successfully completed the continuing education course on trust fund accounting
27 and handling specified in paragraph (3) of subdivision (a) of Section 10170.5 of the Business and
28 Professions Code. Proof of satisfaction of these requirements includes evidence that Respondent

1 has successfully completed the trust fund account and handling continuing education courses, no
2 earlier than one hundred and twenty (120) days prior to the effective date of this Decision and
3 Order. Proof of completion of the trust fund accounting and handling course must be delivered to
4 the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento, CA 95813-7013, no
5 earlier than one hundred and twenty (120) days prior to the effective date of this Decision and
6 Order.

7 4. Respondent CARTER shall, within six (6) months from the effective date of this
8 Decision and Order, take and pass the Professional Responsibility Examination administered by
9 the Department, including the payment of the appropriate examination fee. If Respondent
10 CARTER fails to satisfy this condition, the Commissioner may order suspension of Respondent
11 CARTER's license until Respondent passes the examination.

12 5. Respondent CARTER shall pay, severally or jointly with Respondent WRS, the
13 sum of \$4,465.10 for the Commissioner's reasonable cost of the investigation and enforcement
14 which led to this disciplinary action **within one-hundred and eighty (180) days from the**
15 **effective date of this Decision and Order.** Said payment shall be in the form of a cashier's check
16 made payable to the Department of Real Estate. **The investigative and enforcement costs must**
17 **be delivered to the Department of Real Estate, Flag Section at P.O. Box 137013, Sacramento,**
18 **CA 95813-7013. Payment of investigation and enforcement costs should not be made until**
19 **the Stipulation has been approved by the Commissioner.** If Respondents fail to satisfy this
20 condition in a timely manner as provided for herein, Respondents' real estate licenses shall
21 automatically be suspended until payment is made in full, or until a decision providing otherwise
22 is adopted following a hearing held pursuant to this condition.

23 6. Pursuant to section 10148 of the Code, Respondent CARTER shall pay, severally
24 or jointly with Respondent WRS, the sum of \$3,926.52 for the Commissioner's cost of the audit
25 which led to this disciplinary action. **Respondents shall pay such cost within sixty (60) days of**
26 **receiving an invoice therefore from the Commissioner. Payment of audit costs should not be**
27 **made until Respondents receive the invoice.** If Respondents fail to satisfy this condition in a
28 timely manner as provided for herein, Respondents' real estate licenses shall automatically be

1 suspended until payment is made in full, or until a decision providing otherwise is adopted
2 following a hearing held pursuant to this condition.

3 7. Respondents understand that by agreeing to this Stipulation, the findings set forth
4 below in the Determination of Issues become final, and the Commissioner may charge
5 Respondents for the cost of any subsequent audit, if a subsequent audit is conducted, pursuant to
6 Code section 10148 to determine if the violations have been corrected and that Respondents are in
7 compliance with trust fund handling requirements of the Real Estate Law. The maximum cost of
8 the follow-up audit will not exceed one-hundred twenty-five percent (125%) of the cost of the
9 original audit; in the instant case, the cost of the original audit is \$3,926.52 and the maximum cost
10 of the follow-up audit will not exceed \$4,908.15. Therefore, Respondents may be charged a
11 maximum of \$4,908.15 in the event of a subsequent audit.

12 8. Pursuant to Section 10148 of the Code, Respondents shall pay the Commissioner's
13 reasonable cost, not to exceed \$4,908.15, for any subsequent audit, if one is performed, to
14 determine if Respondents have corrected the violations found in the Determination of Issues and
15 that Respondents are in compliance with trust fund handling requirements of the Real Estate Law.
16 In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the
17 estimated average hourly salary for all persons performing audits of real estate brokers, and shall
18 include an allocation for travel time to and from the auditor's place of work. Respondents shall
19 pay such cost within sixty (60) days of receiving an invoice therefore from the Commissioner.

20 **Payment of the audit costs should not be made until Respondents receive the invoice.** If
21 Respondents fail to satisfy this condition in a timely manner as provided for herein, Respondents'
22 real estate licenses shall automatically be suspended until payment is made in full, or until a
23 decision providing otherwise is adopted following a hearing held pursuant to this condition.

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25 DATED: 11/13/2020



Laurence D. Haveson
Counsel for Complainant

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2 EXECUTION OF THE STIPULATION

3 We have read this Stipulation and its terms are understood by us and are agreeable and
4 acceptable to us. We understand that we are waiving rights given to us by the California APA
5 (including, but not limited to, sections 11506, 11508, 11509, and 11513 of the Government Code),
6 and we willingly, intelligently, and voluntarily waive those rights, including the right of requiring
7 the Commissioner to prove the allegations in the Accusation at a hearing at which we would have
8 the right to cross-examine witnesses against us and to present evidence in defense and mitigation
9 of the charges.

10 Respondents can signify acceptance and approval of the terms and conditions of this
11 Stipulation and Agreement by electronically e-mailing a copy of the signature pages, as actually
12 signed by Respondents, to the Department. Respondents agree, acknowledge, and understand that
13 by electronically sending to the Department an electronic copy of Respondents' actual signatures,
14 as they appear on the Stipulation, that receipt of the emailed copy by the Department shall be as
15 binding on Respondents as if the Department had received the original signed Stipulation. By
16 signing this Stipulation, Respondents understand and agree that Respondents may not withdraw
17 their agreement or seek to rescind the Stipulation prior to the time the Commissioner considers
18 and acts upon it or prior to the effective date of the Stipulation and Order.

19 MAILING

20 Respondents and their counsel shall, within five (5) business days from signing the
21 Stipulation, mail the original signed signature page(s) of the Stipulation herein to Laurence
22 Haveson, Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Room 350,
23 Los Angeles, California 90013-1105.

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Respondents' signatures below constitute acceptance and approval of the terms and conditions of this Stipulation. Respondents agree, acknowledge, and understand that by signing this Stipulation Respondents are bound by its terms as of the date of such signature and that this agreement is not subject to rescission or amendment at a later date except by a separate Decision and Order of the Real Estate Commissioner.

DATED: 10/27/20 
Respondent WATSON REALTY SERVICES INC.

By (Printed Name): Kenneth Carter
Title: President

DATED: 10/27/20 
Respondent KENNETH PAUL CARTER

DATED: 10/4/2020 
Mark A. Chuang
Shannon B. Jones Law Group, Inc.
Attorney for Respondents
Approved as to Form

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The foregoing Stipulation and Agreement in Settlement and Order is hereby adopted by me
as my Decision in this matter and shall become effective at 12 o'clock noon on
04/06/2021, 2020.

IT IS SO ORDERED 2-12-21, 2020.

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER

Douglas R. McCauley