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Department of Real Estate
320 W. 4TH Street, Suite 350
Los Angeles, CA 90013-1105

FILED

APR 23 2009

(213) 576-6982

DEPARTMENT OF REAL ESTATE
BY: *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
)
SOUTH BAY BROKERS INCORPORATED,)
a corporate real estate broker,)
and JAMES D. VAN ZANTEN, as)
designated officer of South Bay)
Brokers Incorporated,)
)
Respondents.)

No. H-33878 LA

STIPULATION
AND
AGREEMENT

It is hereby stipulated by and between Respondents SOUTH BAY BROKERS INCORPORATED, a corporate real estate broker, and JAMES D. VAN ZANTEN, individually and as designated officer of South Bay Brokers Incorporated, (sometimes collectively referred to as "Respondents"), represented by Law Offices of Mary E. Work, Esq., and David S. Bright, Esq. and by the Complainant, acting by and through Elliott Mac Lennan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation superseded by the Amended Accusation ("Accusation"):

1 1. All issues which were to be contested and all
2 evidence which was to be presented by Complainant and Respondents
3 at a formal hearing on the Accusation, which hearing was to be
4 held in accordance with the provisions of the Administrative
5 Procedure Act ("APA"), shall instead and in place thereof be
6 submitted solely on the basis of the provisions of this
7 Stipulation and Agreement ("Stipulation").

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

12 3. Respondents timely filed a Notice of Defense
13 pursuant to Section 11506 of the Government Code for the purpose
14 of requesting a hearing on the allegations in the Accusation.
15 Respondents hereby freely and voluntarily withdraw said Notice of
16 Defense. Respondents acknowledge that they understand that by
17 withdrawing said Notice of Defense they thereby waive their right
18 to require the Commissioner to prove the allegations in the
19 Accusation at a contested hearing held in accordance with the
20 provisions of the APA and that they will waive other rights
21 afforded to them in connection with the hearing such as the right
22 to present evidence in their defense the right to cross-examine
23 witnesses.
24

25 4. This Stipulation is based on the factual
26 allegations contained in the Accusation. In the interest of
27

1 expedience and economy, Respondents choose not to contest these
2 allegations, but to remain silent and understand that, as a
3 result thereof, these factual allegations, without being admitted
4 or denied, will serve as a prima facie basis for the disciplinary
5 action stipulated to herein. The Real Estate Commissioner shall
6 not be required to provide further evidence to prove said factual
7 allegations.

8 5. This Stipulation and Respondents decision not to
9 contest the Accusation is made for the purpose of reaching an
10 agreed disposition of this proceeding and is expressly limited to
11 this proceeding and any other proceeding or case in which the
12 Department of Real Estate ("Department"), is involved, and
13 otherwise shall not be admissible in any other criminal, civil or
14 administrative proceedings.

15 6. It is understood by the parties that the Real
16 Estate Commissioner may adopt this Stipulation as his Decision in
17 this matter thereby imposing the penalty and sanctions on
18 Respondents' real estate licenses and license rights as set forth
19 in the "Order" below. In the event that the Commissioner in his
20 discretion does not adopt the Stipulation, it shall be void and
21 of no effect and Respondents shall retain the right to a hearing
22 and proceeding on the Accusation under the provisions of the APA
23 and shall not be bound by any 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
27

1 constitute an estoppel, merger or bar to any further
2 administrative or civil proceedings by the Department of Real
3 Estate with respect to any matters which were not specifically
4 alleged to be causes for Accusation in this proceeding but do
5 constitute a bar, estoppel and merger as to any allegations
6 actually contained in the Accusations against Respondent herein.

7 DETERMINATION OF ISSUES

8 By reason of the foregoing, it is stipulated and agreed
9 that the following determination of issues shall be made:

10 I.

11 The conduct of SOUTH BAY BROKERS INCORPORATED, as
12 described in Paragraph 4, above, is in violation of Section
13 10177(g) of the Business and Professions Code and is a basis for
14 the discipline of Respondent's license and license rights as a
15 violation of said section.

16 II.

17 The conduct of JAMES D. VAN ZANTEN, as described in
18 Paragraph 4, above, is in violation of Section 10177(h) of the
19 Business and Professions Code and is a basis for the discipline
20 of Respondent's license and license rights as a violation of said
21 section.

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ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

All licenses and licensing rights of Respondents SOUTH BAY BROKERS INCORPORATED and JAMES D. VAN ZANTEN under the Real Estate Law suspended for a period of fifteen (15) days from the effective date of this Decision; provided, however, that

1. The fifteen (15) day suspension (or a portion thereof) shall be stayed upon condition that Respondents pay a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code at the rate of \$200.00 per day for each day of the suspension for a total monetary penalty of \$3,000 each or \$6,000 total.

2. Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be received by the Department prior to the effective date of the Decision in this matter.

3. If Respondents fail to pay the monetary penalty in accordance with the terms of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any part of the stayed suspension, in which event the Respondents shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the Department under the terms of this Decision.

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

4
5 DATED: 1-30-09

6 ELLIOTT MAC LENNAN, Counsel for
7 the Department of Real Estate

8 * * *

9 EXECUTION OF THE STIPULATION

10 We have read the Stipulation, and have discussed it
11 with our counsel. Its terms are understood by us and are
12 agreeable and acceptable to us. We understand that we are
13 waiving rights given to us by the California Administrative
14 Procedure Act (including but not limited to Sections 11506,
15 11508, 11509 and 11513 of the Government Code), and we willingly,
16 intelligently and voluntarily waive those rights, including the
17 right of requiring the Commissioner to prove the allegations in
18 the Accusation at a hearing at which we would have the right to
19 cross-examine witnesses against us and to present evidence in
20 defense and mitigation of the charges.

21 Respondents can signify acceptance and approval of the
22 terms and conditions of this Stipulation by faxing a copy of its
23 signature page, as actually signed by Respondents, to the
24 Department at the following telephone/fax number: Elliott Mac
25 Lennan at (213) 576-6917. Respondents agree, acknowledge and
26 understand that by electronically sending to the Department a fax
27

JAN-30-08 WED 01:53 PM

FAX NO.

P. 11/12

1 copy of Respondents' actual signature as they appear on the
 2 Stipulation, that receipt of the faxed copy by the Department
 3 shall be as binding on Respondents as if the Department had
 4 received the original signed Stipulation.

5
 6
 7 DATED: 2/20/09

John T. R. Gillespie
 SOUTH BAY BROKERS INCORPORATED, a
 corporate real estate broker.
 Respondent
 BY: JOHN T. R. GILLESPIE, Chief
 Executive Officer,

12 DATED: 2/20/09

James D. Van Zanten
 JAMES D. VAN ZANTEN, as designated
 officer of South Bay Brokers
 Incorporated, Respondent

16 DATED: 2/24/09

Mary E. Work
 MARY E. WORK, ESQ.
 Attorney for Respondent James D.
 Van Zanten
 Approved as to form

21 DATED: 1/30/08

David S. Bright
 DAVID S. BRIGHT, ESQ.
 Attorney for Respondent South Bay
 Brokers Incorporated
 Approved as to form

25 ///
 26 ///
 27

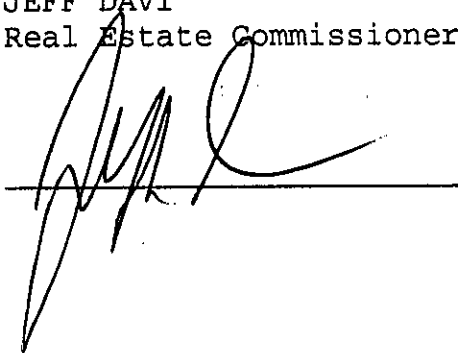
* * *

1 The foregoing Stipulation and Agreement is hereby
2
3 adopted as my Decision as to Respondents SOUTH BAY BROKERS
4 INCORPORATED and JAMES D. VAN ZANTEN, individually and as
5 designated officer of South Bay Brokers Incorporated, and shall
6 become effective at 12 o'clock noon on May 13, 2009.

7
8 IT IS SO ORDERED 3/31, 2009.

9
10 JEFF DAVI
11 Real Estate Commissioner

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A handwritten signature in black ink, appearing to read 'JEFF DAVI', is written over a horizontal line. The signature is stylized and cursive.

Lock

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ELLIOTT MAC LENNAN, Counsel (SBN 66674)
Department of Real Estate
320 West Fourth St., #350
Los Angeles, CA 90013

(213) 576-6982
(213) 576-6911

FILED

FEB 23 2009

DEPARTMENT OF REAL ESTATE
BY: *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-33878 LA
)	
SOUTH BAY BROKERS INCORPORATED,)	
a corporate real estate broker,)	FIRST AMENDED
and JAMES D. VAN ZANTEN, as)	ACCUSATION
designated officer of South Bay)	
Brokers Incorporated,)	
)	
Respondents.)	

The Accusation filed on April 4, 2007, in this matter is amended in its entirety as follows:

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner, for cause of Accusation against SOUTH BAY BROKERS INCORPORATED, a corporate real estate broker and JAMES D. VAN ZANTEN, as designated officer of South Bay Brokers Incorporated, is informed and alleges as follows:

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1.

1 The Complainant, Robin Trujillo, a Deputy Real Estate
2 Commissioner of the State of California, makes this Accusation in
3 her official capacity.
4

2.

6 LICENSING

7 (a) Respondent SOUTH BAY BROKERS INCORPORATED
8 (hereinafter "Respondent SBBI") is presently licensed and at all
9 times relevant herein was licensed under the Real Estate Law,
10 Part 1 of Division 4 of the California Business and Professions
11 Code (hereinafter "Code"). Respondent SBBI has been, since
12 February 15, 1985, at all times herein mentioned, and is,
13 licensed by the Department of Real Estate of the State of
14 California (hereinafter "Department") as a corporate real estate
15 broker, license number 00879759.
16

17 (b) Respondent SBBI was and is authorized to act by
18 and through Respondent JAMES D. VAN ZANTEN as the designated
19 officer and broker responsible, pursuant to the provisions of
20 Code Section 10159.2 for the supervision and control of the
21 activities conducted on behalf of Respondent SBBI by Respondent
22 SBBI's officers and employees.

3.

24 (a) Respondent JAMES D. VAN ZANTEN (hereinafter
25 "Respondent VAN ZANTEN") is presently licensed and at all times
26 relevant herein was licensed under the Code. Respondent VAN
27

1 ZANTEN has been, since November 21, 1980, at all times herein
2 mentioned, and is, licensed by the Department as a real estate
3 broker, license number 00544011, individually, and as designated
4 officer of Respondent SBBI.

5 (b) At all times relevant herein, Respondent VAN
6 ZANTEN was the broker-officer of respondent SBBI designated
7 pursuant to Code Section 10159.2 to be responsible for the
8 supervision and control of the activities conducted on behalf of
9 Respondent SBBI by its officers and employees as necessary to
10 secure full compliance with the Real Estate Law. Respondent VAN
11 ZANTEN has been designated broker-officer of Respondent SBBI
12 since on or about December 10, 1998.

13 4.

14 LICENSED ACTIVITIES

15 At all times material herein, Respondents SBBI and VAN
16 ZANTEN, through salespeople licensed to Respondent SBBI, were
17 engaged in the business of, acted in the capacity of, advertised
18 or assumed to act as real estate brokers within the meaning of
19 Code Sections 10131(a), for another or others, for or in
20 expectation of compensation to solicit sellers and buyers for
21 listing, sale and purchase of real property and to negotiate the
22 sale and purchase of real property on behalf of buyers and
23 sellers.
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5.

In and through February 2005, Respondents SBBI and VAN ZANTEN failed to require that an update be made to an appropriate affiliated business disclosure statement, in violation of Code Sections 10177(g) and 10177(h).

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 SOUTH BAY BROKERS INCORPORATED, a corporate real estate broker, and JAMES D. VAN ZANTEN, as designated officer of South Bay Brokers Incorporated, under the Real Estate Law and for such other and further relief as may be proper under applicable provisions of law.

Dated at Los Angeles, California
this 7 day of February, 2009.



Robin Trujillo,
Deputy Real Estate Commissioner

cc: South Bay Brokers Incorporated
c/o James D. Van Zanten
James D. Van Zanten
Robin Trujillo
Sacto.

Janice Waddell

1 ELLIOTT MAC LENNAN, SBN 66674
2 Department of Real Estate
3 320 West 4th Street, Ste. 350
4 Los Angeles, California 90013-1105
5
6
7
8 Telephone: (213) 576-6911 (direct)
9 -or- (213) 576-6982 (office)

FILED
APR - 4 2007
DEPARTMENT OF REAL ESTATE
By *R. Wiedersholt*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

11	In the Matter of the Accusation of)	No. H- 33878 LA
12	SOUTH BAY BROKERS INCORPORATED,)	<u>A C C U S A T I O N</u>
13	a corporate real estate broker,)	
14	and JAMES D. VAN ZANTEN, as)	
15	designated officer of South Bay)	
16	Brokers Incorporated,)	
17	Respondents.)	

17 The Complainant, Janice Waddell, a Deputy Real Estate
18 Commissioner, for cause of Accusation against SOUTH BAY BROKERS
19 INCORPORATED, a corporate real estate broker and JAMES D. VAN
20 ZANTEN, as designated officer of South Bay Brokers Incorporated,
21 is informed and alleges as follows:

1.

24 The Complainant, Janice Waddell, a Deputy Real Estate
25 Commissioner of the State of California, makes this Accusation in
26 her official capacity.

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2.

LICENSING

(a) Respondent SOUTH BAY BROKERS INCORPORATED (hereinafter "Respondent SBBI") is presently licensed and at all times relevant herein was licensed under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereinafter "Code"). Respondent SBBI has been, since February 15, 1985, at all times herein mentioned, and is, licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker, license number 00879759.

(b) Respondent SBBI was and is authorized to act by and through Respondent JAMES D. VAN ZANTEN as the designated officer and broker responsible, pursuant to the provisions of Code Section 10159.2 for the supervision and control of the activities conducted on behalf of Respondent SBBI by Respondent SBBI's officers and employees.

3.

(a) Respondent JAMES D. VAN ZANTEN (hereinafter "Respondent VAN ZANTEN") is presently licensed and at all times relevant herein was licensed under the Code. Respondent VAN ZANTEN has been, since November 21, 1980, at all times herein mentioned, and is, licensed by the Department as a real estate broker, license number 00544011, individually, and as designated officer of Respondent SBBI.

1 (b) At all times relevant herein, Respondent VAN
2 ZANTEN was the broker-officer of respondent SBBI designated
3 pursuant to Code Section 10159.2 to be responsible for the
4 supervision and control of the activities conducted on behalf of
5 Respondent SBBI by its officers and employees as necessary to
6 secure full compliance with the Real Estate Law. Respondent VAN
7 ZANTEN has been designated broker-officer of Respondent SBBI
8 since on or about December 10, 1998.

9 4.

10 LICENSED ACTIVITIES AND BROKERAGE

11 At all times material herein, Respondents SBBI and VAN
12 ZANTEN, through salespeople licensed to Respondent SBBI,
13 (hereafter "agents") were engaged in the business of, acted in
14 the capacity of, advertised or assumed to act as real estate
15 brokers within the meaning of Code Sections 10131(a), for another
16 or others, for or in expectation of compensation to solicit
17 sellers and buyers for listing, sale and purchase of real
18 property and to negotiate the sale and purchase of real property
19 on behalf of buyers and sellers.

20 5.

21 GENERAL ALLEGATIONS

22 (a) Between in or about August 23, 2004 through in or
23 about February 2005, Respondents, and each of them, in connection
24 with their residential sales activities set forth in Paragraph 4
25 above, entered into a reinsurance participation agreement with
26 LandAmerica Reinsurance Services, Inc. (LARS), whereby Respondent
27 SBBI would receive 15% of a net title reinsurance premiums, based

1 on customer referrals to title insurance companies or
2 underwritten title companies including but not limited to
3 LandAmerica Lawyers Title Insurance Company, also known as
4 Lawyer's Title Company (hereafter LT).

5 6.

6 On or about September 22, 2004, LARS entered into a
7 Participation Agreement with Respondent SBBI through Respondent
8 VAN ZANTEN. Under this Participation Agreement, Respondent SBBI
9 deposited \$10,000 and a letter of credit in the amount of \$25,000
10 and would assume 15% liability for title insurance losses, if
11 any, from sales transactions generated by Respondent SBBI, in
12 exchange for receiving 15% of the title insurance Premium.

13 7.

14 On or about September 22, 2004, LARS entered into a
15 Reinsurance Agreement with title insurance companies, including
16 but not limited to LT, whereby the LARS would cede liability and
17 part of the premium, less \$300 processing fee, to SBBI. LT would
18 then rebate 15% of the premium to Respondent SBBI.

19 8.

20 The total amount of the title insurance premium
21 included the premium for the title policy paid for by seller for
22 the benefit of the buyer and for the policy insuring the lender,
23 paid for by the buyer. It was based on this total premium that
24 the 15% was calculated and paid to Respondent SBBI.

25 9.

26 The California Department of Insurance (DOI) has
27 indicated that the typical loss ratio as to title insurance is

1 three to five percent, meaning there is little or no risk
2 transferred to the reinsurer in exchange for the portion of
3 premium they are collecting, and in California, the normal
4 practice is not to have a reinsurer in connection with title
5 business. DOI determined that the reinsurance agreements were
6 not legitimate reinsurance agreements, but were a scheme under
7 which title insurers were paying real estate brokers illegal
8 rebates - in the form of "premiums" on fictitious reinsurance
9 paid to captive reinsurers - in exchange for the brokers
10 channeling business to the title companies.

11 10.

12 Between in or about August 23, 2004 through in or about
13 February 2005, Respondent SBBI received compensation of
14 approximately \$33,000 for referrals of its sellers and buyers to
15 the title insurance companies as a result of residential sales
16 negotiated by Respondent SBBI, sellers of which purchased title
17 insurance from one of the above identified title insurers through
18 escrow for the benefit of buyers, in those transactions set forth
19 below.

20 11.

21 NON DISCLOSURE

22 (a) Respondents did not disclose to sellers any
23 affiliation with LARS or LT. Respondents did not disclose to
24 their principals, sellers in the below transactions, at the time
25 of listing, or at any time, or to the buyers at any time, that
26 Respondent SBBI would receive compensation from the identified
27 title insurance companies if sellers and buyers used those title

1 insurance companies. Nor did Respondents disclose to sellers or
2 buyers the amount of the compensation fee or consideration which
3 it received in connection with the below described transactions.

4 12.

5 TRANSACTIONS

6 The General Allegations, non disclosures and deceit as above
7 alleged occurred while Respondent SBBI solicited and negotiated
8 for the following sales of real estate.

9 13.

10 1212 Cranbrook Avenue,

11 (a) On or about November 18, 2004, Respondents
12 completed negotiations for the sale of 1212 Cranbrook Avenue,
13 Torrance, California (hereafter the Cranbrook Property) by
14 sellers Joseph and Christina Brunsman to buyers Steve and Mary
15 Woerner. On or about November 18, 2004, escrow was opened at
16 Palm West Escrow Inc. (hereafter PWE) which closed on or about
17 January 11, 2005. LT issued title insurance to buyers and lender
18 for a total premium of \$2,558 paid for by sellers and buyers
19 through escrow. LT then paid \$342.45 to Respondent SBBI for
20 referral of sellers and buyers to LT.

21 (b) Respondents did not disclose to sellers any
22 affiliation with LARS or LT. Respondents did not disclose to
23 sellers in the this transaction, at the time of listing or at any
24 time, or to the buyers at any time, that Respondent SBBI would
25 receive compensation from the identified title insurance
26 companies if sellers and buyers used those title insurance
27 companies. Nor did Respondents disclose the amount of the

1 compensation fee or consideration which Respondent SBBI received
2 from LT through LARS in connection with this transaction.

3 14.

4 727 Esplanade #303

5 (a) On or about December 27, 2004, Respondents listed
6 727 Esplanade #303, Redondo Beach, California (the Esplanade
7 Property) from Ellen and Donald McCann, sellers, for sale. On or
8 about December 30, 2004, Respondents completed negotiations for
9 the sale of the Esplanade Property by sellers to buyers David and
10 Jeannine Saul. On or about December 30, 2004, escrow was opened
11 E-Escrows, Inc. which closed on or about January 28, 2005. LT
12 issued title insurance to buyers and lender for a total premium
13 of \$3,037 paid for by sellers and buyers through escrow. LT then
14 paid \$418.05 to Respondent SBBI for referral of sellers and
15 buyers to LT.

16 (b) Respondents did not disclose to sellers any
17 affiliation with LARS or LT. Respondents did not disclose to
18 sellers in the this transaction, at the time of listing or at any
19 time, or to the buyers at any time, that Respondent SBBI would
20 receive compensation from the identified title insurance
21 companies if sellers and buyers used those title insurance
22 companies. Nor did Respondents disclose the amount of the
23 compensation fee or consideration which Respondent SBBI received
24 from LT through LT in connection with this transaction.

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1 15.

2 868 Caballo Avenue

3 (a) On or about September 21, 2004, Respondents listed
4 868 Caballo Avenue, Glendora, California (the Caballo Property)
5 from Steve Dabich, sellers, for sale. On or about October 25,
6 2004, Respondents completed negotiations for the sale of the
7 Caballo Property by sellers to buyers Karen and Steve
8 Dondanville. On or about October 25, 2004, escrow was opened at
9 E-Escrow Inc. which closed on or about December 13, 2004. LT
10 issued title insurance to buyers and lender for a total premium
11 of \$1,852 paid for by sellers and buyers through escrow. LT then
12 paid \$247.80 to Respondent SBBI for referral of sellers and
13 buyers to LT.

14 (b) Respondents did not disclose to sellers any
15 affiliation with LARS or LT. Respondents did not disclose to
16 sellers in the this transaction, at the time of listing or at any
17 time, or to the buyers at any time, that Respondent SBBI would
18 receive compensation from the identified title insurance
19 companies if sellers and buyers used those title insurance
20 companies. Nor did Respondents disclose the amount of the
21 compensation fee or consideration which Respondent SBBI received
22 from LT through LARS in connection with this transaction.

23 16.

24 649 Prospect Avenue #103

25 (a) On or about December 14, 2004, Respondents listed
26 649 Prospect Avenue #103 Redondo Beach, California (the Prospect
27 Property) from Andrew Martinssen, seller, for sale. On or about

1 December 22, 2004, Respondents completed negotiations for the
2 sale of the Prospect Property by sellers to buyers Michael Backes
3 and Jocelyn Weisblatt. On or about December 23, 2004, escrow was
4 opened at E-Escrow Inc. which closed on or about February 1,
5 2005. LT issued title insurance to buyers and lender for a total
6 premium of \$1,891 paid for by sellers and buyers through escrow.
7 LT then paid \$246.15 to Respondent SBBI for referral of sellers
8 and buyers to LT.

9 (b) Respondents did not disclose to sellers any
10 affiliation with LARS or LT. Respondents did not disclose to
11 sellers in the this transaction, at the time of listing or at any
12 time, or to the buyers at any time, that Respondent SBBI would
13 receive compensation from the identified title insurance
14 companies if sellers and buyers used those title insurance
15 companies. Nor did Respondents disclose the amount of the
16 compensation fee or consideration which Respondent SBBI received
17 from LT in connection with this transaction.

18 17.

19 1911 Nelson Avenue #B,

20 (a) On or about August 26, 2004, Respondents listed
21 1911 Nelson Avenue #B, Redondo Beach, California (the Nelson
22 Property) from Keith and Theresa Sanchez, sellers, for sale. On
23 or about September 23, 2004, Respondents completed negotiations
24 for the sale of the Nelson Property by sellers to buyers Jeffrey
25 F. Oram and Lauren M. Duda. On or about September 27, 2004,
26 escrow was opened at Palm West Escrow Inc. which closed on or
27 about November 19, 2004. LT issued title insurance to buyers and

1 lender for a total premium of \$2,716 paid for by sellers and
2 buyers through escrow. LT then paid \$373.65 to Respondent SBBI
3 for referral of sellers and buyers to LT.

4 (b) Respondents did not disclose to sellers any
5 affiliation with LARS or LT. Respondents did not disclose to
6 sellers in the this transaction, at the time of listing or at any
7 time, or to the buyers at any time, that Respondent SBBI would
8 receive compensation from the identified title insurance
9 companies if sellers and buyers used those title insurance
10 companies. Nor did Respondents disclose the amount of the
11 compensation fee or consideration which Respondent SBBI received
12 from LT in connection with this transaction.

13 18.

14 624 Marine Avenue

15 (a) On or about October 23, 2004, Respondents listed
16 624 Marine Avenue, Manhattan Beach, California (the Marine Avenue
17 Property) from Adam and Tamy Romo, sellers, for sale. On or
18 about November 15, 2004, Respondents completed negotiations for
19 the sale of the Marine Avenue Property by sellers to buyers
20 Huntley Castner and Kimberly Castner. On or about November 16,
21 2004, escrow was opened at E-Escrow Inc. which closed on or about
22 December 16, 2004. LT issued title insurance to buyers and
23 lender for a total premium of \$4,122 paid for by sellers and
24 buyers through escrow. LT then paid \$580.80 to Respondent SBBI
25 for referral of sellers and buyers to LT.

26 (b) Respondents did not disclose to sellers any
27 affiliation with LARS or LT. Respondents did not disclose to

1 sellers in the this transaction, at the time of listing or at any
2 time, or to the buyers at any time, that Respondent SBBI would
3 receive compensation LT if sellers and buyers used LT. Nor did
4 Respondents disclose the amount of the compensation fee or
5 consideration which Respondent SBBI received from LT in
6 connection with this transaction.

7 19.

8 CONDUCT

9 Respondents, and each of them, intentionally engaged in
10 the conduct or omissions above set forth. In the alternative,
11 Respondents and each of them engaged in negligent non disclosures
12 in transactions for which a real estate license is required.

13 20.

14 FAILURE TO SUPERVISE

15 In the alternative, Respondent VAN ZANTEN as the
16 broker-officer designated by Respondent SBBI to supervise the
17 activities of the corporation for which a real estate license is
18 required, willfully failed to exercise reasonable supervision
19 over the activities of the Respondent SBBI for which a real
20 estate license is required, in violation of Code Section 10177(d)
21 for willful violation of Code Section 10159.2, and Code Section
22 10177(h).

23 21.

24 CAUSES FOR DISCIPLINARY ACTION

25 Respondents' conduct as hereinabove set forth, singly
26 or together, subjects both their real estate licenses and license
27 rights to suspension or revocation, under the provisions of the

1 following Code Sections:

2 (a) 10176(a) for substantial non disclosures that
3 Respondent SBBI would receive compensation from title insurance
4 companies;

5 (b) 10176(c) for a continued and flagrant course of non
6 disclosure through real estate agents or salespeople that
7 respondent SBBI would receive compensation;

8 (c) 10176(i) or 10177(j) for fraud or dishonest dealing
9 in failing to disclose to their sellers that respondent SBBI
10 would receive compensation from title insurance companies;

11 (d) 10176(i) or 10177(j) for fraud or dishonest dealing
12 in failing to disclose to sellers and buyers the amount of
13 compensation actually received from title insurance companies.

14 (e) 10177(d), 10177(g) and/or 10177(h) for Respondent
15 VAN ZANTEN's failure to exercise reasonable supervision over the
16 activities of the officers and employees of Respondent SBBI so as
17 to prevent the violations from having occurred.

18 (f) 10177(g) for negligent non disclosures in
19 transactions for which a real estate license is required; and/or

20 (g) 10177.4 for claiming, demanding or receiving
21 commissions, fees or other consideration from a title insurance
22 company for referral of customers to the title insurance company.

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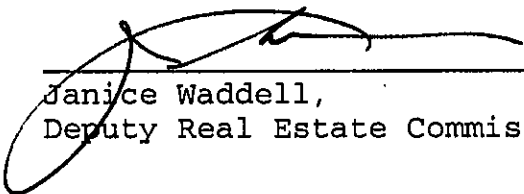
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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and/or license rights of Respondent
5 SOUTH BAY BROKERS INCORPORATED, a corporate real estate broker,
6 and JAMES D. VAN ZANTEN, as designated officer of South Bay
7 Brokers Incorporated under the Real Estate Law and for such other
8 and further relief as may be proper under applicable provisions
9 of law.

10 Dated at Los Angeles, California
11 this 26 day of March, 2007

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14 
15 _____
16 Janice Waddell,
17 Deputy Real Estate Commissioner

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25 cc: South Bay Brokers Incorporated
26 c/o James D. Van Zanten
27 Janice Waddell
 Sacto.