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**FILED**

AUG 11 2011

1 Department of Real Estate  
320 W. 4<sup>TH</sup> Street, Suite 350  
2 Los Angeles, CA 90013-1105  
3 Telephone: (213) 576-6982  
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8

DEPARTMENT OF REAL ESTATE  
BY: Dorothea Nalepis

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of )  
CORNERSTONE PROPERTIES AND )  
13 INVESTMENTS LTD; and PAUL WILLIAM )  
14 CHANDLER, individually and as )  
designated officer of Cornerstone )  
15 Properties and Investments Ltd, )  
16 Respondents, )

No. H-36739 LA  
L-2010100728

STIPULATION  
AND  
AGREEMENT

17 It is hereby stipulated by and between Respondent  
18 PAUL WILLIAM CHANDLER, represented by Frank M. Buda, Esq. and the  
19 Complainant, acting by and through James A. Demus, Counsel for  
20 the Department of Real Estate, as follows for the purpose of  
21 settling and disposing of the Accusation ("Accusation") filed on  
22 July 28, 2010, in this matter:  
23

24 1. All issues which were to be contested and all  
25 evidence which was to be presented by Complainant and Respondent  
26 at a formal hearing on the Accusation, which hearing was to be  
27 held in accordance with the provisions of the Administrative

1 Procedure Act ("APA"), shall instead and in place thereof be  
2 submitted solely on the basis of the provisions of this  
3 Stipulation and Agreement ("Stipulation").

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

8 3. Respondent timely filed a Notice of Defense  
9 pursuant to Section 11506 of the Government Code for the purpose  
10 of requesting a hearing on the allegations in the Accusation.  
11 Respondent hereby freely and voluntarily withdraws said Notice of  
12 Defense. Respondent acknowledges that he understands that by  
13 withdrawing said Notice of Defense he thereby waives the 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 right  
18 to present evidence in his defense of the allegations in the  
19 Accusation and the right to cross-examine witnesses.  
20

21 4. This Stipulation is based on the factual  
22 allegations contained in the Accusation. In the interest of  
23 expedience and economy, Respondent chooses not to contest these  
24 allegations, but to remain silent and understand that, as a  
25 result thereof, these factual allegations, without being admitted  
26 or denied, will serve as a prima facie basis for the disciplinary  
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1 action stipulated to herein. The Real Estate Commissioner shall  
2 not be required to provide further evidence to prove said factual  
3 allegations.

4 5. This Stipulation is made for the purpose of  
5 reaching an agreed disposition of this proceeding and is  
6 expressly limited to this proceeding and any other proceeding or  
7 case in which the Department of Real Estate ("Department"), the  
8 state or federal government, or any agency of this state, another  
9 state or federal government is a party.

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

21 7. The Order or any subsequent Order of the Real  
22 Estate Commissioner made pursuant to this Stipulation shall not  
23 constitute an estoppel, merger or bar to any further  
24 administrative or civil proceedings by the Department of Real  
25 Estate with respect to any matters which were not specifically  
26 alleged to be causes for Accusation in this proceeding but do  
27

1 constitute a bar, estoppel and merger as to any allegations  
2 actually contained in the Accusation against Respondent herein.

3 8. Respondent understands that by agreeing to this  
4 Stipulation, Respondent agrees to pay, pursuant to Business and  
5 Professions Code Section 10148, the cost of the audits which led  
6 to this disciplinary action. The cost of said audits was \$7,495.

7 9. Respondent has received, read, and understands the  
8 "Notice Concerning Costs of Subsequent Audit." Respondent  
9 further understands that by agreeing to this Stipulation, the  
10 findings set forth below in the Determination of Issues become  
11 final, and the Commissioner may charge Respondent for the cost of  
12 any subsequent audit conducted pursuant to Business and  
13 Professions Code Section 10148 to determine if the violations  
14 have been corrected.

15 DETERMINATION OF ISSUES

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

18 The conduct of PAUL WILLIAM CHANDLER as described in  
19 Paragraph 4 above, is a basis for discipline of Respondent's  
20 license and license rights as violations of the Real Estate law  
21 pursuant to Business and Professions Code ("Code") Sections  
22 10085, 10145, 10177(g) and 10177(h) and Title 10, Chapter 6,  
23 California Code of Regulations, Sections 2726, 2753, 2831.1,  
24 2831.2, 2832 and 2972.

25  
26 ///

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

All licenses and licensing rights of Respondent PAUL WILLIAM CHANDLER under the Real Estate Law are suspended for a period of sixty (60) days from the effective date of this Decision; provided, however, that sixty (60) days of said suspension, shall be stayed for one (1) year upon the following terms and conditions:

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

2. That no final subsequent determination be made, after hearing or upon stipulation that cause for disciplinary action occurred within one (1) year of the effective date of this Decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

II.

1. Pursuant to Section 10148 of the Business and Professions Code, Respondent shall pay the Commissioner's reasonable cost for: a) the audit which led to this disciplinary action and b) a subsequent audit to determine if Respondent has

1 corrected the trust fund violations found in the Determination of  
2 Issues. In calculating the amount of the Commissioner's  
3 reasonable cost, the Commissioner may use the estimated average  
4 hourly salary for all persons performing audits of real estate  
5 brokers, and shall include an allocation for travel costs,  
6 including mileage, time to and from the auditor's place of work  
7 and per diem. Respondent shall pay such costs within 60 days of  
8 receiving an invoice from the Commissioner detailing the  
9 activities performed during the audit and the amount of time  
10 spent performing those activities. The Commissioner may, in his  
11 discretion, vacate and set aside the stay order, if payment is  
12 not timely made as provided for herein, or as provided for in a  
13 subsequent agreement between the Respondent and the Commissioner.  
14 The vacation and the set aside of the stay shall remain in effect  
15 until payment is made in full, or until Respondent enters into an  
16 agreement satisfactory to the Commissioner to provide for  
17 payment.  
18

19 III.

20 Respondent PAUL WILLIAM CHANDLER shall within six (6)  
21 months from the effective date of the Decision herein, take and  
22 pass the Professional Responsibility Examination administered by  
23 the Department including the payment of the appropriate  
24 examination fee. If Respondent PAUL WILLIAM CHANDLER fails to  
25 satisfy this condition, the Commissioner may order suspension of  
26 Respondent PAUL WILLIAM CHANDLER's license until Respondent  
27

1 passes the examination.

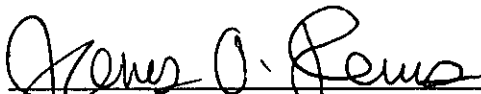
2 IV.

3 Respondent PAUL WILLIAM CHANDLER shall within six (6)  
4 months from the effective date of the Decision herein, submit  
5 proof satisfactory to the Commissioner of having taken and  
6 successfully completed the continuing education course on trust  
7 fund accounting and handling specified in subdivision (a) of  
8 Section 10170.5 of the Business and Professions Code. If  
9 Respondent PAUL WILLIAM CHANDLER fails to satisfy this condition,  
10 the Commissioner may order suspension of Respondent PAUL WILLIAM  
11 CHANDLER's license until Respondent submits proof satisfactory to  
12 the Commissioner of having taken and successfully completed the  
13 course.

14 V.

15 All licenses and licensing rights of Respondent PAUL  
16 WILLIAM CHANDLER are indefinitely suspended unless or until  
17 Respondent provides evidence satisfactory to the Real Estate  
18 Commissioner that he has made payment of restitution in the  
19 amount of \$600 to Virginia Lyons.

20 DATED: 6/9/11

21   
22 JAMES A. DEMUS, Counsel for  
23 the Department of Real Estate

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25 ///

26 ///

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06/06/2011 MON 14:18 FAX --- Frank Buda

0099/013

EXECUTION OF THE STIPULATION

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

Respondent can signify acceptance and approval of the terms and conditions of this Stipulation by faxing a copy of its signature page, as actually signed by Respondent, to the Department at the following telephone/fax number: James A. Demus at (213) 576-6917. Respondent agrees, acknowledges and understands that by electronically sending to the Department a fax copy of Respondent's actual signature as it appears on the Stipulation, that receipt of the faxed copy by the Department shall be as binding on Respondent as if the Department had received the original signed Stipulation.

DATED: 6-8-11

  
PAUL WILLIAM CHANDLER Respondent



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DATED: 6-8-11 Frank Buda

FRANK M. BUDA  
Attorney for Respondents

\* \* \*

The foregoing Stipulation and Agreement is hereby  
adopted as my Decision as to Respondent PAUL WILLIAM CHANDLER and  
shall become effective at 12 o'clock noon on  
SEP 01 2011, 2011.

IT IS SO ORDERED 6/28, 2011.

BARBARA J. BIGBY  
Acting Real Estate Commissioner

Barbara J. Bigby

*Actual*  
*2/20*

1 JAMES DEMUS, Counsel (SBN 225005)  
2 Department of Real Estate  
3 320 West 4th Street, Suite 350  
4 Los Angeles, California 90013-1105

**FILED**

JUL 28 2010

4 Telephone: (213) 576-6982  
5 (Direct) (213) 576-6910

DEPARTMENT OF REAL ESTATE  
BY: *R. Trujillo*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11	In the Matter of the Accusation of	)	No. H-36739LA
12	CORNERSTONE PROPERTIES AND	)	<u>A C C U S A T I O N</u>
13	INVESTMENTS LTD; and PAUL WILLIAM	)	
14	CHANDLER, individually and as	)	
15	designated officer of Cornerstone	)	
16	Properties and Investments Ltd,	)	
	Respondents.	)	

17 The Complainant, Robin Trujillo, a Deputy Real Estate  
18 Commissioner of the State of California, for cause of Accusation  
19 against CORNERSTONE PROPERTIES AND INVESTMENTS LTD and PAUL  
20 WILLIAM CHANDLER, individually and as designated officer of  
21 Cornerstone Properties and Investments Ltd, alleges as follows:

22 1.

23 The Complainant, Robin Trujillo, acting in her official  
24 capacity as a Deputy Real Estate Commissioner of the State of  
25 California, makes this Accusation against CORNERSTONE PROPERTIES  
26 AND INVESTMENTS LTD and PAUL WILLIAM CHANDLER.  
27

1 2.

2 All references to the "Code" are to the California  
3 Business and Professions Code and all references to "Regulations"  
4 are to Title 10, Chapter 6, California Code of Regulations.

5 LICENSE HISTORY

6 3.

7 A. At all times mentioned, CORNERSTONE PROPERTIES AND  
8 INVESTMENTS LTD ("CORNERSTONE ") and PAUL WILLIAM CHANDLER  
9 ("CHANDLER") were licensed or had license rights issued by the  
10 Department of Real Estate ("Department") as real estate brokers.

11 B. At all times mentioned, CORNERSTONE was licensed by  
12 the Department as a corporate real estate broker by and through  
13 CHANDLER, as the designated officer and broker responsible,  
14 pursuant to Code Section 10159.2 for supervising the activities  
15 requiring a real estate license conducted on behalf CORNERSTONE,  
16 or by CORNERSTONE's officers, agents and employees, including  
17 CHANDLER. CORNERSTONE was originally licensed on November 1,  
18 2005.

19 C. At all times mentioned, PAUL WILLIAM CHANDLER  
20 ("CHANDLER") was licensed or had license rights issued by the  
21 Department as a real estate broker. On December 16, 1993,  
22 CHANDLER was originally licensed as a real estate broker. On  
23 November 1, 2005, CHANDLER was licensed as the designated officer  
24 of CORNERSTONE.

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BROKERAGE

CORNERSTONE PROPERTIES AND INVESTMENTS LTD

4.

At all times mentioned, CORNERSTONE and CHANDLER acted as real estate brokers conducting licensed activities within the meaning of Code Sections 10131(a) and 10131(d) by buying or offering to buy real property, and by collecting payments or performing services for borrowers in connection with loans secured directly or collaterally by liens on real property.

AUDIT

CORNERSTONE PROPERTIES AND INVESTMENTS LTD

5.

On February 11, 2010, the Department completed an audit examination of the books and records of CORNERSTONE, pertaining to the mortgage and loan activities described in Paragraph 4 which require a real estate license. The audit examination covered a period of time beginning on July 1, 2007 to September 30, 2009. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Reports LA090027 and LA090131 and the exhibits and workpapers attached to said audit reports.

TRUST ACCOUNT

6.

During the audit period CORNERSTONE did not maintain a trust account.

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1 VIOLATIONS OF THE REAL ESTATE LAW

2 7.

3 In the course of activities described in Paragraph 4  
4 above, and during the examination period described in Paragraph  
5 5, Respondents CORNERSTONE and CHANDLER acted in violation of the  
6 Code and the Regulations in that:

7 (a) Trust funds received were not deposited into a  
8 trust account. Instead, trust funds were deposited and  
9 commingled with CORNERSTONE's funds in its general account, in  
10 violation of Code Sections 10145 and 10176(e), as well as  
11 Regulation 2832.

12 (b) CORNERSTONE and CHANDLER failed to maintain a  
13 correct columnar record of trust funds received and disbursed in  
14 connection with its sales and loan modification activities, in  
15 violation of Code Section 10145 and Regulation 2831.

16 (c) CORNERSTONE and CHANDLER did not maintain a  
17 separate record of trust funds received and disbursed for each  
18 beneficiary or transaction, constituting violations of Code  
19 Section 10145 and Regulation 2831.1.

20 (d) CORNERSTONE and CHANDLER did not maintain a  
21 written monthly reconciliation of receipt and disbursement  
22 records, with the total balance of separate beneficiary records  
23 for the bank account used to handle trust funds. This violated  
24 Code Section 10145 and Regulation 2831.2.

25 (e) Trust funds deposited into CORNERSTONE's general  
26 account were used for its general operating expenses without  
27 authorization from each beneficiary. The balance of the general

1 account was reduced to an amount less than the amount of trust  
2 funds deposited. This violated Code Sections 10145 and 10177(j).

3 (f) CORNERSTONE received advance fees for the purpose  
4 of performing loan modification services without first obtaining  
5 an approved advance fee agreement from the Real Estate  
6 Commissioner, in violation of Code Section 10085 and Regulation  
7 2970.

8 (g) CORNERSTONE deposited advance fees collected from  
9 borrowers into a general business account which was not set up as  
10 a trust account. CORNERSTONE also failed to maintain and provide  
11 an accounting for the services rendered and details of how the  
12 advance fees were to be disbursed, in violation of Code Section  
13 10146 and Regulation 2972.

14 (h) The salesperson license certificate of Ricardo  
15 Antonio Hernandez was not retained at CORNERSTONE's main business  
16 office and was not available for inspection during the audit, in  
17 violation of Code Section 10160 and Regulation 2753.

18 (i) CORNERSTONE did not provide a Broker-Salesperson  
19 Relationship Agreement for Ricardo Antonio Hernandez during the  
20 audit, in violation of Regulation 2726.

21 (j) CORNERSTONE operated in the business of a real  
22 estate broker when CORNERSTONE was not in good legal standing  
23 with the Office of the Secretary of State, in violation of  
24 Regulation 2742(c).

25 (k) CORNERSTONE did not retain records of deposit  
26 receipts and cancelled checks concerning its general account for  
27 audit examination for the audit period July 1, 2007 to September

1 30, 2009, in violation of Code Section 10148

2 8.

3 The conduct of Respondents CORNERSTONE and CHANDLER,  
4 described in Paragraph 7, above, violated the Code and the  
5 Regulations as set forth below:

6	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
7		
8	7(a)	Code Sections 10145 and 10176(e)
9		and Regulation 2832
10		
11	7(b)	Code Section 10145 and Regulation
12		2831
13		
14	7(c)	Code Section 10145 and Regulation
15		2831.1
16		
17	7(d)	Code Section 10145 and Regulation
18		2831.2
19		
20	7(e)	Code Sections 10145 and 10177(j)
21		
22	7(f)	Code Section 10085 and Regulation
23		2970
24		
25	7(g)	Code Section 10146 and Regulation
26		2972
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- 7(h) Code Section 10160 and Regulation 2753
- 7(i) Regulation 2726
- 7(j) Regulation 2742(c)
- 7(k) Code Section 10148

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of CORNERSTONE and CHANDLER, under the provisions of Code Sections 10176(e), 10177(j), 10177(d) and/or 10177(g).

NEGLIGENCE

9.

The overall conduct of Respondents CORNERSTONE and CHANDLER constitutes negligence or incompetence. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to Code Section 10177(g).

SUPERVISION AND COMPLIANCE

10.

The overall conduct of Respondent CHANDLER constitutes a failure on his part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of CORNERSTONE as required by Code Section 10159.2, and to keep CORNERSTONE in compliance



1 with the Real Estate Law, and is cause for the suspension or  
2 revocation of the real estate license and license rights of  
3 CHANDLER pursuant to the provisions of Code Sections 10177(d),  
4 10177(g) and 10177(h).

5 WHEREFORE, Complainant prays that a hearing be  
6 conducted on the allegations of this Accusation and that upon  
7 proof thereof, a decision be rendered imposing disciplinary  
8 action against the license and license rights of Respondents  
9 CORNERSTONE PROPERTIES AND INVESTMENTS LTD and PAUL WILLIAM  
10 CHANDLER, individually and as designated officer of Cornerstone  
11 Properties and Investments Ltd, under the Real Estate Law (Part 1  
12 of Division 4 of the Business and Professions Code) and for such  
13 other and further relief as may be proper under other applicable  
14 provisions of law.

15 Dated at Los Angeles, California

16  
17 this 20 day of July, 2010.

18  
19   
20 Robin Trujillo  
Deputy Real Estate Commissioner

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22  
23  
24 cc: CORNERSTONE PROPERTIES AND INVESTMENTS LTD  
25 c/o PAUL WILLIAM CHANDLER D.O.  
26 Robin Trujillo  
Sacto  
27 Audits (Daryl M. Thomas)