

Flat

Bureau of Real Estate
320 West Fourth Street, Ste. 350
Los Angeles, California 90013

(213) 576-6982

FILED

AUG - 2 2017

BUREAU OF REAL ESTATE

By *[Signature]*

BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

To:)	
)	NO. H-40735 LA
FLAT FEE GROUP, INC.)	
doing business as Flat Fee Access)	ORDER TO DESIST AND
and as Smart Realty Group; and)	REFRAIN
MICHAEL E. HARRISON,)	
individually and as Designated)	(B&P Code Section 10086)
Officer of Flat Fee Group, Inc.)	
)	
Respondents.)	

The Real Estate Commissioner of the State of California has caused an investigation to be made of the activities of FLAT FEE GROUP, INC. ("FFGI") doing business as Flat Fee Access and as Smart Realty Group, and MICHAEL E. HARRISON ("HARRISON"), individually and as Designated Officer of FFGI, (sometimes collectively referred to as "Respondents") and based on the findings of that investigation is of the opinion that FFGI and HARRISON have violated Sections 10140, and 10235 of the Business and Professions Code ("Code") as well as Section 2950(h) of Chapter 6, Title 10, California Code of Regulations ("Regulations").

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1 FINDINGS OF FACT

2 1. FFGI is presently licensed and/or has license rights under the Real Estate Law
3 (Part 1 of Division 4 of the Code) as a real estate corporation acting by and through HARRISON
4 as its designated broker-officer. The license of FFGI was issued effective June 1, 2016, and will
5 expire on May 31, 2020, unless renewed.

6 2. HARRISON is presently licensed and/or has license rights under the Real
7 Estate Law as a real estate broker. At all times relevant herein HARRISON was the designated
8 officer for FFGI. HARRISON's real estate broker license was issued effective June 8, 2002, and
9 will expire on June 7, 2018, unless renewed.

10 3. Licensed real estate broker Max Edward McDermott is the 100% owner of
11 FFGI and of Arbor One Escrow, Inc., an independent escrow company licensed by the California
12 Department of Business Oversight.

13 4. Whenever acts referred to below are attributed to FFGI or HARRISON those
14 acts are alleged to have been done by either or both of them, acting alone, or by and/or through
15 one or more agents, associates, affiliates, and/or co-conspirators, including but not limited to
16 each of those named herein, and using a fictitious name(s) unknown at this time.

17 5. At all times mentioned herein, FFGI and HARRISON, on behalf of others and
18 in expectation of compensation, engaged in the business, acted in the capacity of, advertised or
19 assumed to act as real estate brokers in the State of California within the meaning of Section
20 10131 subpart (a) of the Code, including advertising for prospective sellers or purchasers of real
21 property, and negotiating for the purchase, sale or exchange of real property.

22 6. At various times beginning in June, 2016, and continuing to the present time,
23 FFGI and HARRISON knowingly advertised, printed, displayed, published, and distributed
24 statements or representations on an internet website, among other media, with regard to the terms
25 or conditions for their listing of properties on the Multiple Listing Service ("MLS") which were
26 false, misleading or deceptive.

27 7. During the time period described in Paragraph 6, above, FFGI and

1 HARRISON, using the fictitious business names "Flat Fee Access" and "Smart Realty Group,"
2 solicited prospective home sellers offering to list their homes for sale in the Multiple Listing
3 Service ("MLS") by making false, misleading or deceptive representations that include but are
4 not limited to the following material set forth on the website "flatfeeaccess.com":

5 a. (For 6 months) "Pay just \$75 listing commission when your home sells, no
6 other listing fee. No asterisk."

7 b. (For 12 months) "Pay just \$125 listing commission when your home sells, no
8 other listing fee. No asterisk."

9 c. "We are California's largest flat fee listing service."

10 8. The representations set forth in Paragraph 7, above, are false, misleading and
11 deceptive in that in order for prospective sellers to be listed in the MLS by FFGI and
12 HARRISON, as advertised, the prospective sellers are required to enter into a Residential Listing
13 Agreement with Smart Realty Group which contains the following term: "Seller agrees to broker
14 choice of closing services. Escrow to be opened with Arbor One Escrow."

15 9. At no time does FFGI or HARRISON disclose to the prospective seller that the
16 owner of FFGI has an interest as owner of Arbor One Escrow.

17 10. Respondents have no basis for the assertion, as made on the website
18 flatfeeaccess.com, that FFGI is "California's largest flat fee listing service."

19 CONCLUSIONS OF LAW

20 11. The activities described in Paragraphs 5 through 10, above, are activities
21 requiring a real estate license.

22 12. The activities described in Paragraphs 7 and 8, above, are in violation of Code
23 Sections 10140, and 10235.

24 12. The activity described in Paragraph 9, above, is in violation of Code Section
25 2950(h) of the Regulations.

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1 DESIST AND REFRAIN ORDER

2 Based on the Findings of Fact and Conclusions of Law stated herein:

3 IT IS HEREBY ORDERED THAT FLAT FEE GROUP, INC. ("FFGI") doing
4 business as Flat Fee Access, Smart Realty Group, or under any other name, and MICHAEL E.
5 HARRISON DESIST AND REFRAIN from:

6 1. Advertising, printing, displaying, publishing, and distributing statements or
7 representations with regard to the terms or conditions for their listing of properties on the
8 Multiple Listing Service ("MLS") which are false, misleading or deceptive; and

9 2. Failing to disclose to prospective sellers that the owner of Flat Fee Group, Inc.
10 is also the owner of Arbor One Escrow, Inc., an independent escrow company.

11 DATED: 7/28/17

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13 WAYNE S. BELL
Real Estate Commissioner

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16 By: DANIEL J. SANDRI
Chief Deputy Commissioner

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18
19 cc: FLAT FEE GROUP, INC.
20 14032 Enderle Center Drive, Suite 112
21 Tustin, CA 92780

22 MICHAEL E. HARRISON
23 17592 17th Street, Suite 100
Tustin, CA 92780