

FILED March 6, 2014 (Date)

BEFORE THE IOWA REAL ESTATE COMMISSION
200 EAST GRAND, SUITE 350
DES MOINES, IOWA 50309

105c
Board / Commission
[Redacted Signature]
Signature Executive Officer

IN RE:)	
)	CASE NUMBER: 13-287
Joseph D. Schafbuch)	
Broker (B55886000))	COMBINED STATEMENT OF
)	CHARGES, INFORMAL
Signature Resources, Inc.)	SETTLEMENT AGREEMENT,
1615 Golden Aspen Drive #104)	AND CONSENT ORDER IN A
Ames, IA 50010)	DISCIPLINARY CASE
)	
Respondent.)	

The Iowa Real Estate Commission (Commission) and **Joseph D. Schafbuch** (Respondent) enter into this Combined Statement of Charges, Informal Settlement Agreement, and Consent Order in a Disciplinary Case (Order) pursuant to Iowa Code Sections 17A.10(1) and 272C.3(4) (2013).

1. The Commission issued the Respondent real estate broker license number B55886000 on June 15, 2007. Respondent's license is current and in full force and effect through December 31, 2015. At all times relevant to this matter, the Respondent was a licensed real estate broker officer, assigned to Signature Resources, Inc., license number F05009000, located in Ames, Iowa.

2. The Commission has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 543B (2013). Licenses issued by the Commission are subject to the laws of the State of Iowa and to the administrative rules of the Commission.

STATEMENT OF CHARGES

COUNT I

3. Respondent is charged with engaging in practices harmful or detrimental to the public in violation of Iowa Code sections 543B.29(1)(k), 543B.34, and 543B.46 (2013) by:

- (a) Failing to maintain the general ledger, individual ledgers, and monthly bank reconciliation to reflect accurate current balances. See 193E Iowa Administrative Code §§ 13.1(6)(a), 13.1(6)(a)(3), 13.1(6)(b), 18.14(5)(e).

- (b) Failing to disburse unclaimed trust funds from the real estate trust account that are three years or older. See 193E Iowa Administrative Code §§ 13.1(8), 13.1(14).
- (c) Exceeding more than \$500 of broker's personal funds in the real estate trust account. See 193E Iowa Administrative Code §§ 13.1(c), 18.14(5)(f)(8).

CIRCUMSTANCES

4. On or about December 2013 on the 3rd and 5th day of the month, an audit of the Respondent's Iowa real estate trust account and records was conducted by the Commission auditor.

5. The auditor found that the Respondent is failing to properly maintain individual ledger accounts, identified by the property or the principal.

6. The auditor found that the Respondent was not providing a means for a monthly reconciliation on a written worksheet to ensure agreement of the general ledger balance, reconciled bank balance, and sum of the individual ledgers.

7. The auditor found three (3) earnest money deposits from transactions that took place over three years ago, that were not properly disbursed from the Respondent's trust account.

8. The auditor found that the Respondent was maintaining an amount of \$524.35 of personal funds in the real estate trust account.

9. The auditor found a variance between the total of the Individual Ledgers, the General Ledger balance, and the Reconciled Bank Balance. The General Ledger Balance was \$112,294.13, the Reconciled Bank Balance was \$107,892.95, and the sum of the Individual Ledgers was \$112,294.13; resulting in a shortage in the trust account in the amount of \$4,401.18.

SETTLEMENT AGREEMENT

10. Respondent admits to each and every allegation in the above-stated Statement of Charges. This case shall constitute one (1) violation for purposes of Iowa Code section 543B.29(4) (2013).

11. Respondent acknowledges that he has a right to receive notice of the above-stated charges and to request a hearing before the Commission on the merits of the charges. By freely and voluntarily entering into this Order, the Respondent waives his right to notice and a hearing and all attendant rights, including the right to seek judicial review. This Order constitutes discipline against the Respondent, and is the final agency order in this contested case pursuant to Iowa Code section 17A.10 and 193 Iowa Administrative Code 7.4.

12. Respondent agrees that the State's attorney and/or Commission staff may present this Order to the Commission and may have *ex parte* communications with the Commission while presenting it. Respondent waives any right of notice of this meeting or any right that the Respondent might have to participate in the discussion of this Order among the Commission, the Commission staff and the State's attorney.

13. This Order shall be part of the permanent record of Respondent and shall be considered by the Commission in determining the nature and severity of any future disciplinary action to be imposed in the event of any future violations of the laws and rules governing the practice of real estate by the Respondent.

14. Failure to comply with the terms of this Order shall be prima facie evidence of a violation of Iowa Code sections 543B.29(3), 543B.34(2) and 272C.3(2)(a) (2013) and shall be grounds for further disciplinary action. However, no action may be taken against the Respondent for violations of this Order without a hearing, or waiver of hearing.

15. This Order is not binding on the Iowa Real Estate Commission until it has been formally approved by a majority of the Commission members.

(a) In the event that this Order is rejected by the Commission it shall be of no force or effect to either party, and it shall not be admissible for any purpose in further proceedings in this matter.

(b) If the Commission approves this Order, it shall fully dispose of all issues in this case.

16. Upon acceptance by both the Commission and Respondent, this Combined Statement of Charges, Informal Settlement and Consent Order shall be a public record available for inspection and copying in its entirety in accordance with the requirements of Iowa Code chapter 22 (2013).

CONSENT ORDER

IT IS THEREFORE ORDERED:

17. **REPRIMAND**. Pursuant to 193E Iowa Administrative Code section 18.14(1)(j), the Respondent is reprimanded.

18. CIVIL PENALTY. Respondent shall pay a civil penalty to the Commission in the amount of two thousand, five hundred dollars (\$2,500.00) no later than one hundred eighty (180) calendar days after acceptance of this Order by the Commission. The civil penalty must come under a cover letter addressed to the Commission's Executive Officer and refer to Case 13-287.

19. EDUCATION. The Respondent shall attend the Commission approved eight (8) hour course "Trust Accounts." These hours shall be in addition to any real estate continuing education required by law for license renewal. The original certificate of attendance must be submitted to the Iowa Real Estate Commission within twelve (12) months of the signing of this agreement by the Commission and must come under a cover letter addressed to the Commission's Executive Officer and refer to Case 13-287.

20. CPA AUDIT. The Respondent shall hire an Iowa licensed Certified Public Accountant (CPA), at the Respondent's expense to audit and to establish trust account records following Generally Accepted Accounting Principles. When completed, a copy of the trust account records shall be promptly submitted to the Commission. The CPA's audit report demonstrating Respondent's compliance with applicable standards, Iowa law, and Commission trust account rules must be submitted on or before June 30, 2014. The audit must come under a cover letter addressed to the Commission's Executive Officer and refer to Case 13-287.

21. FUTURE COMPLIANCE. The Respondent also shall at all future times fully and promptly comply with all pertinent Orders of the Commission and the statutes and Commission rules regulating the practice of real estate.

WHEREFORE, the terms of this Combined Statement of Charges, Informal Settlement Agreement, and Consent Order are agreed to and accepted by the Iowa Real Estate Commission and the Respondent.

FOR THE RESPONDENT:

Voluntarily agreed to and accepted by Joseph D. Schaffbuch on this 25 day of February, 2014.


By: JOSEPH D. SCHAFFBUCH, Respondent

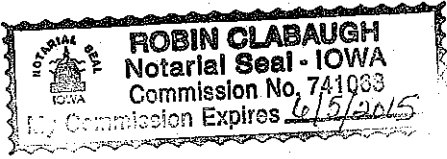
State of Iowa

County of Story

Signed and sworn to before me on this 25th day of February, 2014, by:

[Redacted Signature]

Notary Public, State of Iowa
Printed Name: Robin Clabaugh
My Commission Expires: 6/5/2015



FOR THE COMMISSION:

6² Voluntarily agreed to and accepted by the IOWA REAL ESTATE COMMISSION on this day of March, 2014.

[Redacted Signature]

SUSAN J. SANDERS, Chair
Iowa Real Estate Commission