

FILED February 7, 2019 (Date)
Incl
Board / Commission
M. L.
Signature Executive Officer

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

IN RE:)	
)	CASE NUMBERS: 18-084, 18-094
Kurt W. Friedrich)	
Broker (B33215000))	COMBINED STATEMENT OF
)	CHARGES, INFORMAL
R. Friedrich & Sons, Inc.)	SETTLEMENT AGREEMENT,
100 6 th Street)	AND CONSENT ORDER IN A
Ames, IA 50010)	DISCIPLINARY CASE
)	
RESPONDENT)	

The Iowa Real Estate Commission (Commission) and **Kurt W. Friedrich** (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) (2018).

1. The Commission issued the Respondent real estate broker license number B33215000 on July 30, 1999. Respondent's license is in full force and effect until December 31, 2019. At all times relevant to this matter, the Respondent served both as the designated broker in charge and a licensed real estate broker officer of R. Friedrich & Sons, Inc., license number F00485000, located in Ames, Iowa.

2. The Commission has jurisdiction of this disciplinary matter pursuant to Iowa Code chapters 17A, 272C, and 543B (2018). 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 (CASE NO. 18-084)

3. Respondent is charged with knowingly aiding or abetting an unlicensed person, by allowing the unlicensed practice of real estate in Iowa in violation of Iowa Code sections 543B.1, 543B.3, 543B.29(1), 543B.34 (2018). See 193E Iowa Administrative Code sections 7.13, 18.2(6), 18.14(5)(s), 21.2(7).

CIRCUMSTANCES

4. At all times relevant to this matter, the Respondent served both as the designated

broker in charge and a licensed real estate broker officer of the firm. As the designated broker in charge, the Respondent was responsible for ensuring that R. Friedrich & Sons, Inc. complied with all applicable statutes and regulations relating to its operations as a real estate brokerage firm, including supervising the acts or activities of unlicensed personnel.

5. On April 17, 2018, an onsite examination of the Respondent's Iowa real trust account and transaction records was conducted by the Commission auditor (auditor).

6. The Commission's investigation revealed that two nonlicensed support personnel for the Respondent was engaged in acts contained in the definition of a real estate broker for rental properties in Ames, Iowa by performing real estate property management duties for a fee.

7. Consequently, the Respondent knowingly aided or abetted the unlicensed practice of real estate in Iowa.

COUNT II (CASE NO. 18-094)

8. Respondent is charged with engaging in practices harmful or detrimental to the public in violation of Iowa Code sections 543B.29(1)(d), 543B.29(1)(k), 543B.34(1), 543B.46 (2018) by:

- (a) Failing to maintain at all times a record of the Respondent's trust account and improper trust account procedures. *See* 193E Iowa Administrative Code §§ 13.1(6), 18.14(5)(e), 18.14(5)(f).
- (b) Using the Respondent's trust account as a business operating account by depositing commission checks into the trust account. *See* 193E Iowa Administrative Code §§ 13.1(1)(e), 18.14(5)(f)(8).
- (c) Failing to provide a means for a monthly reconciliation of the Respondent's trust account to ensure agreement of the general ledger balance, reconciled bank balance and individual ledger accounts. *See* 193E Iowa Administrative Code §§ 13.1(6)(a)(3), 18.14(5)(e), 18.14(5)(f).

CIRCUMSTANCES

9. Respondent was assigned as the designated broker in charge of real estate brokerage firm R. Friedrich & Sons, Inc. at all times relevant to this matter. As the designated broker in charge of the real estate brokerage firm, the Respondent is responsible for ensuring compliance with all applicable rules and regulations governing the firm's operations in the state of Iowa, including maintenance of the trust account used by the firm.

10. On April 17, 2018, an onsite examination of the Respondent's Iowa real trust account and transaction records was conducted by the Commission auditor (auditor).

11. The auditor discovered that the Respondent is depositing commissions earned on real estate transactions into his Iowa real estate trust account.

12. The auditor found that for the Respondent's Iowa real estate trust account, there was not an accurate monthly reconciliation being performed to ensure agreement of the general ledger balance, reconciled bank balance and sum of the individual ledgers.

13. The auditor found that for an unknown period of time, the Respondent had a shortage in the Iowa real estate trust account in the amount of \$9,472.76.

14. The Respondent rectified the deficiency by depositing \$9,472.76 in his Iowa real estate trust account on April 17, 2018.

SETTLEMENT AGREEMENT

15. Respondent admits each and every allegation in the above-stated Statement of Charges. This case shall constitute one violation for purposes of Iowa Code section 543B.29(4) (2018).

16. 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.

17. 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.

18. 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.

19. Failure to comply with the terms of this Order shall be prima facie evidence of a violation of Iowa Code sections 543B.29(1)(d), 543B.34(1) and 272C.3(2)(a) (2018) 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.

20. 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.

21. 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 (2018).

CONSENT ORDER

IT IS THEREFORE ORDERED:

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

23. CIVIL PENALTY. Respondent shall pay a civil penalty to the Commission in the amount of three thousand, five hundred dollars (\$1000 for Case No. 18-084, \$2500 for Case No. 18-094) no later than twelve (12) months after acceptance of this Order by the Commission. The civil penalty must come under a cover letter addressed to the Commission's Executive Officer, referencing Case Numbers 18-084, 18-094.

24. 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 no later than six (6) months after acceptance of this Order by the Commission. The certificate of attendance must come under a cover letter addressed to the Commission's Executive Officer, referencing Case Numbers 18-084, 18-094.

25. REVIEW. The Respondent shall be subject to an audit, conducted by the Commission auditor no later than twelve (12) months after acceptance of this Order by the Commission.

26. 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 Kurt W. Friedrich on this 3rd day of DECEMBER, 2018.

Kurt W. Friedrich
By: **KURT W. FRIEDRICH**, Respondent

State of Iowa)

County of Story)

Signed and sworn to before me on this 3rd day of December, 2018, by:



Karin B. Christianson
Notary Public, State of Iowa
Printed Name: Karin B. Christianson
My Commission Expires: 2/22/19

FOR THE COMMISSION:

Voluntarily agreed to and accepted by the **IOWA REAL ESTATE COMMISSION** on this 7th day of February, ~~2018~~ 2019.

Dennis L. Stolk
~~TERRANCE M. DUGGAN~~, Chair
Iowa Real Estate Commission
Dennis L. Stolk, Vice Chair