

# WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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**STATE OF WISCONSIN**

**BEFORE THE REAL ESTATE BOARD**

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**IN THE MATTER OF THE DISCIPLINARY**

**PROCEEDINGS AGAINST**

**SCHEY DEVELOPMENT CO., INC.,**

**CLETUS H. SCHEY,**

**RESPONDENTS.**

**FINAL DECISION AND ORDER**

**97 REB 012**

**LS9909232REB**

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The parties to this action for the purpose of Wis. Stats. sec. 227.53 are:

*SCHEY DEVELOPMENT CO., INC.,  
d/b/a Lakeland Realty  
P.O. BOX 70  
Minocqua, WI 53548*

*CLETUS H. SCHEY  
P.O. BOX 70  
Minocqua, WI 53548*

*Wisconsin Real Estate Board  
P.O. Box 8935  
Madison, WI 53708-8935*

*Wisconsin Department of Regulation and Licensing  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935*

The parties in this matter agree to the terms and conditions of the attached stipulation as the final disposition of this matter, subject to the approval of the Real Estate Board ("Board"). The Board has reviewed the stipulation and considers it acceptable.

Accordingly, the Board adopts the attached stipulation and makes the following:

**FINDINGS OF FACT**

1. **SCHEY DEVELOPMENT CO., INC.**, ("Corp"), is and was at all times relevant to the facts set forth herein, a real estate corporation licensed to practice as a real estate broker in the State of Wisconsin pursuant to license #91-834048, originally granted to it on January 11, 1991. Corp has conducted business under the trade name of "Lakeland Realty". The last address on record for Corp at the Department of Regulation and Licensing is P.O. Box 70, Minocqua, WI 54548.

2. **CLETUS H. SCHEY** ("Schey"), is and was at all times relevant to the facts set forth herein, a real estate broker licensed to practice in the State of Wisconsin pursuant to license #90-2663, originally granted to him on June 22, 1976. Schey is a principal in and the president of Corp. The last address on record for Schey at the

Department of Regulation and Licensing is P.O. Box 70, Minocqua, WI 54548.

3. JOAN E. FERG ("Ferg"), is and was at all times relevant to the facts set forth herein, a real estate salesperson licensed to practice in the State of Wisconsin pursuant to license #94-7841, originally granted to her on March 31, 1977. The last address on record for Ferg at the Department of Regulation and Licensing is P.O. Box 697, Minocqua, WI 54548. At all times relevant to the facts set forth herein, Ferg was associated as a real estate salesperson with Corp.

4. Ferg was supervised, at all times relevant hereto, by Schey.

5. On or about November 18, 1994, in Case No. 93-CV-77, in the Circuit Court for Vilas County, Wisconsin, Ferg was found to have misrepresented material facts regarding a water supply and underground storage tank during the course of a real estate transaction involving Joani D. Taber and Garland R. Price, purchasers of certain commercial real estate located in Vilas County, Wisconsin. Schey was found to have been negligent in his duty toward Taber and Price during the course of the transaction.

6. On or about July 24, 1996 in Case No. 93-CV-77, a jury determined that the damages incurred by Taber and Price in regard to the water supply and underground tank amounted to \$120,000.00.

7. On or about October 8, 1996, Judgment was entered in Case No. 93-CV-77 against Ferg and Corp in the amount of \$151,050.97.

8. Respondent Schey has been Reprimanded twice before by the Real Estate Board in cases 88 REB 298 and 93 REB 062. Schey was further ordered in each of these two cases to attend remedial real estate education.

9. Respondent Ferg was Reprimanded by the Real Estate Board in case 93 REB 062 and ordered to attend remedial real estate education.

#### **CONCLUSIONS OF LAW**

1. The Real Estate Board has jurisdiction in the matter pursuant to section 452.14 of the Wisconsin Statutes.

2. The Wisconsin Real Estate Board is authorized to approve the attached Stipulation pursuant to section 227.44(5) of the Wisconsin Statutes.

3. Respondent, **CLETUS H. SCHEY** has violated the following:

a. Section 452.14(3)(i) of the Wisconsin Statutes and section RL 17.08 of the Wisconsin Administrative Code, by failing to properly supervise the conduct of respondent Joan E. Ferg in the above described transaction.

4. Respondent **SCHEY DEVELOPMENT CO., INC.**, is subject to discipline pursuant to sections 452.12(3)(a) and 452.14(4) of the Wisconsin Statutes.

#### **ORDER**

NOW, THEREFORE, IT IS HEREBY ORDERED, that the attached Stipulation is accepted.

IT IS FURTHER ORDERED, that Respondent **SCHEY DEVELOPMENT CO., INC.**, license #91-834048, is hereby **REPRIMANDED**.

IT IS FURTHER ORDERED, that Respondent **SCHEY DEVELOPMENT CO., INC.**, license #91-834048, pay a **FORFEITURE** of Three Thousand Dollars (\$3,000.00), within sixty (60) days of the date of this Order. Payment of this forfeiture shall be made payable to the Wisconsin Department of Regulation and Licensing and mailed or delivered to the Department at P.O. Box 8935, Madison, WI 53708-8935.

IT IS FURTHER ORDERED, that in the event **SCHEY DEVELOPMENT CO., INC.**, fails to pay the \$3,000.00 forfeiture within the time and in the manner as set forth above, then its real estate broker's license shall be immediately suspended, without further notice, hearing or Order of the Board, and said suspension shall continue until the full amount of said forfeiture has been paid to the Department of Regulation and Licensing, and its failure to pay the forfeiture shall be considered a violation of this Order by the Board.

IT IS FURTHER ORDERED, that **CLETUS H. SCHEY**, real estate broker license #90-2663, is hereby **REPRIMANDED**.

IT IS FURTHER ORDERED, that Respondent **CLETUS H. SCHEY**, within six months of the date of this Order, successfully complete the 36 hour real estate broker prelicensing course, as set forth in Chapter RL 25 of the Wisconsin Administrative Code, and submit proof of the same in the form of verification from the institution providing the education to the Real Estate Board, P.O. Box 8935, Madison, Wisconsin 53708-8935.

None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that are or may be instituted by the Board or the Department of Regulation and Licensing.

IT IS FURTHER ORDERED, that in the event Respondent **CLETUS H. SCHEY**, fails to comply with the required education as set forth above, or fails to verify the same to the Department of Regulation and Licensing as set forth above, then his real estate broker's license shall be suspended, without further notice, hearing or order of the board, until he has fully complied with all the terms of this Order, and his failure to complete this education and verify it as set forth above shall be considered a violation of this Order by the Board.

IT IS FURTHER ORDERED, that Respondent **CLETUS H. SCHEY** pay partial **COSTS** of this matter in the amount of \$1,000.00 within sixty (60) days of the date of this Order by making payment of the same to the Department of Regulation and Licensing, P.O. Box 8935, Madison, WI 53708-8935.

IT IS FURTHER ORDERED, that in the event **CLETUS H. SCHEY** fails to pay costs of \$1,000.00 within the time and in the manner as set forth above, then his real estate broker's license shall remain suspended, without further notice, hearing or order of the Board, and said suspension shall continue until the full amount of said costs have been paid to the Department of Regulation and Licensing, and his failure to pay the costs shall be considered a violation of this Order by the Board.

IT IS FURTHER ORDERED, that Division of Enforcement file 97 REB 012 is hereby closed as to Cletus H. Schey and Schey Development Co., Inc., and not as to any other respondent.

Dated this 23rd day of September, 1999.

**WISCONSIN REAL ESTATE BOARD**

By: James A. Imhoff, Jr.

A member of the Board