

WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES



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STATE OF WISCONSIN
BEFORE THE REAL ESTATE EXAMINING BOARD

IN THE MATTER OF DISCIPLINARY :
PROCEEDINGS AGAINST :
 : FINAL DECISION AND ORDER
DAVID C. LARSON AND :
LANCER GROUP, INC., :
RESPONDENTS. :

0004742

Division of Legal Services and Compliance Case No. 15 REB 102

The parties to this action for the purpose of Wis. Stat. § 227.53 are:

David C. Larson
1820 Stout Road
Menomonie, WI 54751

Lancer Group, Inc.
1820 Stout Road
Menomonie, WI 54751

Wisconsin Real Estate Examining Board
P.O. Box 8366
Madison, WI 53708-8366

Division of Legal Services and Compliance
Department of Safety and Professional Services
P.O. Box 7190
Madison, WI 53707-7190

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 Examining Board (Board). The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent David C. Larson (DOB 02/16/1979) is licensed by the State of Wisconsin as a real estate broker, having license number 52683-90, first issued on January 2, 2005 and current through December 14, 2016. Respondent's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 1820 Stout Road, Menomonie, Wisconsin 54751.

2. Respondent Lancer Group, Inc. is licensed by the State of Wisconsin as a real estate business entity, having license number 835807-91, first issued on January 2, 2005 and current through December 14, 2016. Respondent's most recent address on file with the Department is 1820 Stout Road, Menomonie, Wisconsin 54751.

3. Respondent Larson is a responsible broker for Respondent Lancer Group, Inc. and manages Lancer Group, Inc.'s real estate trust account.

4. Respondents maintained a common real estate trust account at Westconsin Credit Union in Menomonie, Wisconsin with account number ending in -92.

5. On July 29, 2015, an auditor with the Department audited Respondents' trust account. The audit revealed the following:

- a. Respondent Larson indicated the name of his trust account was "Lancer Group – Trust Account", although bank records reflect the name as "David Larson Management Account";
- b. Respondent Larson did not register the above account with the Department;
- c. Respondent Larson did not set up the interest-bearing trust account to properly handle the interest;
- d. Respondent Larson deposited real estate trust funds in an interest-bearing account without obtaining written authorization from the owner of the funds;
- e. Respondent Larson failed to prepare the bank reconciliations each month;
- f. Respondent Larson never prepared a trial balance;
- g. Respondent Larson could not validate his trust account;
- h. Respondent Larson had unexplained items in the trust account;
- i. Respondent Larson could not account for how much he was holding for each client; and
- j. Respondent Larson's profit and loss reports for 28 clients were in the negative as of May 31, 2015.

6. In resolution of this matter, Respondents consent to the entry of the following Conclusions of Law and Order.

CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Examining Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 452.14, and is authorized to enter into the attached Stipulation pursuant to Wis. Stat. § 227.44(5).

2. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Stat. § 452.13(2)(b)(1) by failing to register an interest-bearing common trust account with the Department.

3. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Stat. § 452.13(2)(e) by failing to direct the depository institution to remit to the Department of Administration the total interest or dividends annually and failing to direct the depository institution to furnish the Department of Administration a statement that includes the name of the broker for whose account the remittance is made, the rate of interest applied, the amount of service charges or fees deducted, if any, and the account balance for the period that the statement covers.

4. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Stat. § 452.133(1)(f) by failing to safeguard trust funds.

5. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.035(1) by failing to provide, no later than 10 days after opening any real estate trust account, the Department of Safety and Professional Services with the name and number of the account, with the name of the depository institution in which the broker holds the account and with information concerning whether the account is for client funds or for real estate trust funds.

6. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.034(1) by failing to name the broker's real estate trust account with the name appearing on the broker's license or with a trade name submitted to the department under s. REEB 23.03 and shall include the words "trust account" in the name of the account.

7. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.031(3)(b) by depositing real estate trust funds in an interest-bearing account without obtaining written authorization from the persons for whom the funds are being held.

8. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.13(3) by failing to reconcile the real estate trust account in writing each month.

9. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.13(4) by failing to prepare a trial balance of all open items in the real estate trust account.

10. By the conduct described in the Findings of Fact, David C. Larson violated Wis. Admin. Code § REEB 18.13(5) by failing to review the reconciled account statement balance,

open ledger account listing, and the journal running balance to ensure that all of these records are valid and in agreement as of the date the account statement has been reconciled.

11. By the conduct described in the Findings of Fact, Lancer Group, Inc. violated Wis. Admin. Code § REEB 24.17(3) by aiding or abetting the above violations.

12. As a result of the above violations, David C. Larson and Lancer Group, Inc. are subject to discipline pursuant to Wis. Stat. § 452.14(3)(h), (i), (L) and (4m).

ORDER

1. The attached Stipulation is accepted.
2. Respondent David C. Larson is REPRIMANDED.
3. Respondent Lancer Group, Inc. is REPRIMANDED.
4. The real estate broker license issued to David C. Larson (no. 52683-90) is LIMITED as follows:
 - a. Within ninety (90) days of the date of this Order, Respondent Larson shall successfully complete six (6) hours of education on the topic of trust accounts offered by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam(s) offered for the course(s).
 - b. Respondent Larson shall submit proof of successful completion of the ordered education in the form of verification from the institution providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board or Department, and also may not be used in future attempts to upgrade a credential in Wisconsin.
5. The real estate broker license issued to David C. Larson (no. 52683-90) is further LIMITED as follows:
 - a. Beginning three (3) months from the date of this Order, and every three (3) months thereafter, Respondent shall submit quarterly reports to the Department Monitor at the address listed below. The reports shall include:
 - i. A cash journal in accordance with Wis. Admin. Code § REEB 18.13(1) showing all real estate trust account transactions for the previous quarter in chronological order, along with a daily running balance;
 - ii. Ledgers in accordance with Wis. Admin. Code § REEB 18.13(2) for all transactions involving earnest money either deposited or disbursed during the quarter;

- iii. The bank statement(s) for the trust account for the quarter under review;
- iv. A reconciliation of the bank statement(s) in accordance with Wis. Admin. Code § REEB 18.13(3) that includes a numbered list of outstanding checks; and
- v. A trial balance in accordance with Wis. Admin. Code § REEB 18.13(4) that itemizes all deposits on hand and identifies the transaction or parties to which each deposit pertains.

b. The Board or its designee may require Respondent to appear before it at any time, provided that written notice is given to Respondent at his most recent address on file with the Department at least thirty (30) days before any scheduled meeting.

c. Respondent may petition the Board for removal of this limitation after he has provided four (4) complete and correct quarterly reports as determined by the Board or its designee.

6. Within ninety (90) days from the date of this Order, Respondent Larson shall pay one-half of the COSTS of this matter in the amount of \$354.

7. Within ninety (90) days from the date of this Order, Respondent Lancer Group, Inc. shall pay a FORFEITURE of \$500 and one-half of the COSTS of this matter in the amount of \$354.

8. Payment of forfeiture and costs (made payable to the Wisconsin Department of Safety and Professional Services), requests for pre-approval, course certificates and submission of quarterly reports and other statements required by this Order shall be sent to the Department Monitor at the address below:

Department Monitor
Division of Legal Services and Compliance
Department of Safety and Professional Services
P.O. Box 7190, Madison, WI 53707-7190
Telephone (608) 267-3817; Fax (608) 266-2264
DSPSMonitoring@wisconsin.gov

9. In the event Respondents fail to timely submit payment of the forfeiture and costs as ordered or fail to submit requests for pre-approval, complete ordered education, submit quarterly reports, or submit other statements required by this Order, Respondents' licenses (nos. 52683-90 and 835807-91), or Respondents' right to renew their licenses, may, in the discretion of the Board or its designee, be SUSPENDED, without further notice or hearing, until Respondents have complied with payment of the forfeiture and costs, completion of education and submission of requests for pre-approval, quarterly reports, or other statements required by this Order.

10. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE EXAMINING BOARD

by: 
A Member of the Board

6-9-16
Date

STATE OF WISCONSIN
BEFORE THE REAL ESTATE EXAMINING BOARD

IN THE MATTER OF DISCIPLINARY :
PROCEEDINGS AGAINST :
 : STIPULATION
 :
DAVID C. LARSON AND :
LANCER GROUP, INC., :
RESPONDENTS. : 0004742

Division of Legal Services and Compliance Case No. 15 REB 102

Respondents David C. Larson and Lancer Group, Inc. and the Division of Legal Services and Compliance, Department of Safety and Professional Services, stipulate as follows:

1. This Stipulation is entered into as a result of a pending investigation by the Division of Legal Services and Compliance. Respondents consent to the resolution of this investigation by Stipulation.

2. Respondents understand that by signing this Stipulation, Respondents voluntarily and knowingly waive the following rights:

- the right to a hearing on the allegations against Respondents, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
- the right to confront and cross-examine the witnesses against Respondents;
- the right to call witnesses on Respondents' behalf and to compel their attendance by subpoena;
- the right to testify on Respondents' own behalf;
- the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
- the right to petition for rehearing; and
- all other applicable rights afforded to Respondents under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.

3. Respondents are aware of Respondents' right to seek legal representation and have been provided an opportunity to obtain legal counsel before signing this Stipulation.

4. Respondents agree to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Examining Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondents waive all rights to any appeal of the Board's order, if adopted in the form as attached.

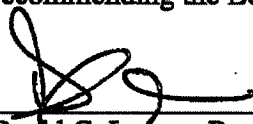
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division

of Legal Services and Compliance for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

6. The parties to this Stipulation agree that the attorney or other agent for the Division of Legal Services and Compliance and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondents, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondents are informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

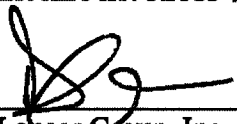
8. The Division of Legal Services and Compliance joins Respondents in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.



David C. Larson, Respondent
1820 Stout Road
Menomonie, WI 54751
License no. 52683-90

5/23/16


Date



Lancer Group, Inc., Respondent
By: David C. Larson
1820 Stout Road
Menomonie, WI 54751
License no. 835807-91

5/23/16

Date



Renee M. Parton, Attorney
Division of Legal Services and Compliance
P.O. Box 7190
Madison, WI 53707-7190

5/31/2016

Date