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 Regulated Industries Complaints Office
 Department of Commerce and Consumer Affairs
 State of Hawaii
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Attorney for Department of Commerce
 and Consumer Affairs

REAL ESTATE COMMISSION
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 STATE OF HAWAII

DEPT. OF COMMERCE
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HEARINGS DIVISION
 DEPT. OF COMMERCE
 & CONSUMER AFFAIRS
 STATE OF HAWAII

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In the Matter of the Real Estate Brokers')
 Licenses of)
)
 CERTIFIED MANAGEMENT, INC. and)
 JAMES E. McKELLAR,)
)
 Respondents.)
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)
)
)

REC 2003-220-L and REC 2004-211-L
 PARTIAL SETTLEMENT AGREEMENT
 AFTER FILING OF PETITION FOR
 DISCIPLINARY ACTION AND BOARD'S
 FINAL ORDER

PARTIAL SETTLEMENT AGREEMENT AFTER FILING OF PETITION
 FOR DISCIPLINARY ACTION AND BOARD'S FINAL ORDER

Respondents CERTIFIED MANAGEMENT, INC. and JAMES E. McKELLAR
 (hereinafter collectively "Respondents"), and the Department of Commerce and Consumer
 Affairs, through its Regulated Industries Complaints Office (hereinafter "RICO"), through its
 undersigned attorney, enter into this Partial Settlement Agreement on the terms and conditions
 set forth below.

A. UNCONTESTED FACTS:

1. Respondent CERTIFIED MANAGEMENT, INC. is licensed by the Real Estate
 Commission (hereinafter the "Commission") as a real estate broker under License Number RB

16152. Said license was issued on July 24, 1992 and currently has an expiration date of December 31, 2006.

2. Respondent JAMES E. McKELLAR is licensed by the Commission as a real estate broker under License Number RB 7506. Said license was issued on March 19, 1973 and currently has an expiration date of December 31, 2006.

3. The last known address for Respondents is 3179 Koapaka Street, 2nd Floor, Honolulu, Hawaii 96819.

4. On February 18, 2005, RICO filed a Petition for Disciplinary Action Against Real Estate Broker's Licenses, alleging that Respondents violated Hawaii Revised Statutes ("HRS") §§ 436B-19(9), 514A-83.5, 467-14(7), 467-14(13) and 436B-19(6) (hereinafter "Petition").

5. The Commission has jurisdiction over the subject matter herein and over the parties hereto.

B. REPRESENTATIONS BY RESPONDENT:

1. Respondents are represented by David W. H. Chee, Esq.

2. Respondents enter into this Partial Settlement Agreement freely and voluntarily and under no coercion or duress.

3. Respondents have been informed of their right to have a hearing to determine the issues in RICO's investigation. Pursuant to HRS § 91-9(d), Respondents voluntarily waive their right to a hearing and agree to a disposition of this case in accordance with the terms and conditions of this Partial Settlement Agreement.

4. Respondents being at all times relevant herein licensed as real estate brokers by the Commission acknowledge that they are subject to penalties including but not limited to,

revocation, suspension or limitation of their licenses and civil fines, if the allegations in the petition are proven at hearing.

5. Respondents admit to the veracity of the allegations set forth in Counts II and IV of the Petition and that their acts constitute violations of the following statutes and/or regulations governing the conduct of real estate brokers licensed in the State of Hawaii: HRS § 514A-83.5 (failing to make available copies of contracts to apartment owner); HRS § 467-14(13) (violating chapter 514A and rules adopted pursuant to HRS Chapter 467); and HRS § 436B-19(6) (aiding or abetting an unlicensed person to perform activities requiring a license).

6. Respondents acknowledge that they are required to provide copies of association management contracts to any member of said association who so requests; and Respondents acknowledge that they are prohibited from entering contracts with unlicensed contractors where a contractor's license is required.

7. Respondents enter into this Partial Settlement Agreement as a compromise of the claims and to conserve on the expenses of proceeding with an administrative hearing on this matter.

8. Respondents agree that this Partial Settlement Agreement is intended to resolve Counts II – IV of the Petition for Disciplinary Action Against Real Estate Broker's Licenses in RICO Case Nos. REC 2003-220-L and REC 2004-211-L. Count I of said Petition will proceed through an administrative hearing.

C. TERMS OF SETTLEMENT:

1. Administrative fine. Respondents agree, jointly and severally, to pay a fine in the amount of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00), the payment of which shall be due within thirty (30) days of the Commission's approval of this Partial Settlement

Agreement. Said payment shall be made by **cashier's check or money order made payable to "State of Hawaii - Compliance Resolution Fund"** and mailed to the Regulated Industries Complaints Office, Attn: Patrick K. Kelly, Esq., 235 S. Beretania Street, 9th Floor, Honolulu, Hawaii 96813. The mailing should be postmarked by the 30th day to be in compliance with this Partial Settlement Agreement.

2. Failure to Comply with Partial Settlement Agreement. If Respondents fail to fully and timely pay the administrative fine as set forth in paragraph C.1 above, Respondents' licenses shall be automatically revoked for a period of five (5) years upon RICO's filing of an affidavit with the Commission attesting to such failure. In case of such revocation, Respondent shall turn in all indicia of their licensure to the Executive Officer of the Commission within ten (10) days after receipt of notice of the revocation. Upon completion of the revocation period, Respondents understand that they will need to apply to the Commission for a new license pursuant and subject to the requirements and conditions set forth in HRS § 436B-21.

3. Possible further sanction. The Commission, at its discretion, may pursue additional disciplinary action as provided by law to include further fines and other sanctions as the Commission may deem appropriate if Respondents violate any provision of the statutes or rules governing the conduct of real estate brokers in the State of Hawaii, or if Respondents fail to abide by the terms of this Partial Settlement Agreement.

4. Approval of the Commission. Respondents agree that, except for the representations, agreements and covenants contained in Paragraphs C.5, C.6, C.7 and C.8 below, this Partial Settlement Agreement shall not be binding on any of the parties unless and until it is approved by the Commission.

5. No Objection if Commission Fails to Approve. If the Commission does not approve this Partial Settlement Agreement, does not issue an order pursuant thereto, or does not approve a lesser remedy, but instead an administrative hearing is conducted against Respondents in the Commission's usual and customary fashion pursuant to the Administrative Procedure Act, Respondents agree that neither they nor any attorney that they may retain, will raise as an objection in any administrative proceeding or in any judicial action, to the Commission's proceeding against them on the basis that the Commission has become disqualified to consider the case because of its review and consideration of this Partial Settlement Agreement.

6. Any Ambiguities Shall be Construed to Protect the Consuming Public. It is agreed that any ambiguity in this Partial Settlement Agreement is to be read in the manner that most completely protects the interests of the consuming public.

7. No Reliance on Representations by RICO. Other than the matters specifically stated in this Partial Settlement Agreement, neither RICO nor anyone acting on its behalf has made any representation of fact, opinion or promise to Respondents to induce entry into this Partial Settlement Agreement, and Respondents are not relying upon any statement, representation or opinion or promise made by RICO or any of its agents, employees, representatives or attorneys concerning the nature, extent or duration of exposure to legal liability arising from the subject matter of this Partial Settlement Agreement or concerning any other matter.

8. Complete Agreement. This Partial Settlement Agreement is a complete settlement of the rights, responsibilities and liabilities of the parties hereto with respect to the subject matter hereof; contains the entire agreement of the parties; and may only be modified, changed or amended by written instrument duly executed by all parties hereto.

IN WITNESS WHEREOF, the parties have signed this Partial Settlement Agreement on the date(s) set forth below.

DATED: Honolulu, Hawaii, March 2, 2006

CERTIFIED MANAGEMENT, INC.

By: [Signature]
Its President
Respondent

[Signature]
JAMES E. McKELLAR
Respondent

DATED: Honolulu, Hawaii, MAR - 9 2006

[Signature]
PATRICK K. KELLY
Attorney for Petitioner

APPROVED AS TO FORM:

[Signature]
DAVID W. H. CHEE
Attorney for Respondents

IN THE MATTER OF THE REAL ESTATE BROKER'S LICENCES OF CERTIFIED
MANAGEMENT, INC. and JAMES E. McKELLAR; PARTIAL SETTLEMENT
AGREEMENT AFTER FILING OF PETITION FOR DISCIPLINARY ACTION AND
COMMISSION'S FINAL ORDER; CASE NOS. REC 2003-220-L AND REC 2004-211-L

REVIEWED AND RECOMMENDED FOR CONSIDERATION:



CRAIG H. UYEHARA
Hearings Officer

MAR -9 2006

DATE

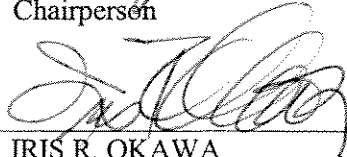
APPROVED AND SO ORDERED:
REAL ESTATE COMMISSION
STATE OF HAWAII



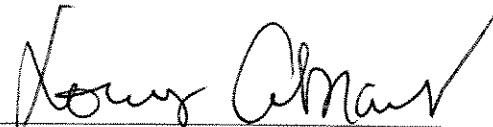
TRUDY I. MISHIHARA
Chairperson

March 24, 2006

DATE



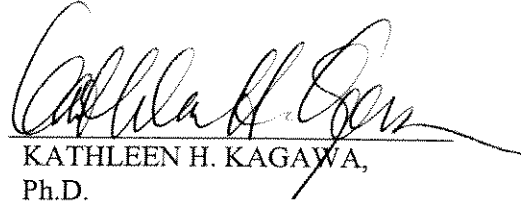
IRIS R. OKAWA
Vice-Chairperson



LOUIS E. ABRAMS



CAROL MAE A. BALL



KATHLEEN H. KAGAWA,
Ph.D.

STANLEY M. KURIYAMA



MICHELE SUNAHARA
LOUDERMILK

VERN M. YAMANAKA

PVL 07/22/05

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On this 2nd day of March, 2006, before me personally appeared James E. McKellar, to me known to be the person described, and who executed the foregoing instrument, on his own behalf and on behalf of Certified Management, Inc. as president, director, and principal broker, and acknowledged that he executed the same as his free act and deed.

85

Candace M.T. Villarmia

Name: Candace MT Villarmia
Notary Public, State of Hawaii

My Commission expires: 07/09/08