

1 Department of Real Estate
320 West Fourth Street, Ste. 350
2 Los Angeles, California 90013
Telephone: (213) 559-5990

FILED

DEC 02 2025

DEPT. OF REAL ESTATE

By- [REDACTED]

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

11 First Amended Preliminary Bar Order and
Notice of Intention to Issue Bar Order against:

DRE No. H-42990 LA

OAH No. 2025040107

12 LANCE MICHAEL MCHARG and REAL
13 ESTATE TRAINERS, INC.

14 Respondents.

15 STIPULATION AS TO ENTRY OF BAR ORDER WITH MONETARY PENALTY,
16 DAMAGES, AND COSTS

17 Pursuant to Sections 10087 and 10153.01(b) of the California Business and Professions
18 Code¹ ("Code"), Respondents LANCE MICHAEL MCHARG and REAL ESTATE TRAINERS,
19 INC. (collectively "Respondents"), were notified that the Commissioner of the Department
20 intended to issue a Bar Order pursuant to Section 10087(a)(1) of the Code, by the Preliminary
21 Bar Order and Intention to Issue Bar Order filed on October 15, 2024, and the First Amended
22 Preliminary Bar Order and Notice of Intent to Issue Bar Order filed on December 17, 2024.

23
24 ¹ All references to the "Code" are to the California Business and Professions Code, all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all references to "Regulations" are to the Regulations of the Real Estate Commissioner, Title 10, Chapter 6, California Code of Regulations.

1 Respondents submitted requests for a hearing for the above-referenced matter.
2 Respondents hereby withdraw their requests for hearing for the above-referenced matter.
3 Respondents hereby consent to entry of this Stipulated Bar Order in lieu of hearing or
4 adjudication of any issue of law or fact therein. The parties hereby stipulate to the entry of a
5 Stipulated Bar Order on the following terms:

6 Pursuant to the authority granted by Section 10087 of the Code, and after review and
7 consideration of the following facts, the Commissioner makes the following findings of facts:

8 FINDINGS OF FACT

9 1. A person must obtain a real estate license from the Department prior to offering
10 or engaging in acts that require a real estate broker or salesperson license in California. To
11 obtain a real estate license, an applicant must apply for and pass a real estate examination
12 administered by the Department.

13 2. Respondent Real Estate Trainers, Inc. ("RETI") is not currently licensed by the
14 Department as a corporation.

15 3. Respondent LANCE MICHAEL MCHARG ("MCHARG") has never been
16 licensed by the Department in any capacity.

17 4. Respondent MCHARG is or was an officer and/or director for Respondent RETI,
18 a corporation formed in California.

19 5. Respondent RETI offers real estate license education courses.

20 6. Pursuant to Code sections 10153.2, 10153.3, 10153.4, 10153.5, and Regulations
21 3000-3004, Respondent RETI received approval from the Department to offer pre-license
22 courses, Statutory Sponsor ID S0204.

1 7. Pursuant to Code section 10170.5 and Regulations 3006-3013, Respondent RETI
2 received approval from the Department to offer continuing education ("CE") courses, CE
3 Sponsor ID 0217.

4 8. In addition to the approved pre-license and CE courses, Respondent RETI offers
5 a Salesperson Crash Course and a Broker Crash Course, which are not approved by the
6 Department. The unapproved crash courses prepare attendees to take the state of California's
7 salesperson or broker license examinations.

8 9. Respondent RETI's website information for the Salesperson Crash Course
9 includes a guarantee that students who attend the crash course will pass the State Salesperson
10 License Exam.

11 10. Between 2000 and 2023, Respondent MCHARG sat for and took the
12 Department's real estate salesperson license examination 26 separate times. Respondent
13 MCHARG never received a passing score.

14 11. If Respondent MCHARG passed the salesperson license examination and
15 successfully applied for a license, he would be ineligible to take the salesperson license
16 examination again.

17 12. On July 20, 2023, Respondent MCHARG sat for the Department's real estate
18 salesperson license examination at the Department's Licensing test location in La Palma,
19 California. After Respondent MCHARG completed the exam, he was approached by a Special
20 Investigator for the Department who was conducting the investigation for the Department. The
21 Special Investigator introduced himself to Respondent MCHARG and attempted to interview
22 Respondent MCHARG about the number of times that Respondent MCHARG has taken the real
23 estate salesperson license examination. When questioned about his position as an instructor for
24 Respondent RETI and the number of times that Respondent MCHARG has taken the real estate

1 salesperson exam, Respondent MCHARG denied being an instructor. Respondent MCHARG
2 also stated, "I simply take the exam to confirm if our real estate teachings are correct and up to
3 date with the material." Numerous questions were posed to Respondent MCHARG regarding his
4 purpose for taking the salesperson license exam and about Respondent RETI's crash course.
5 Respondent MCHARG stated that he did not feel comfortable answering the questions without
6 an attorney present and the interview was terminated.

7 13. As part of the Department's investigation, on October 28, 2023, and October 29,
8 2023, another Special Investigator for the Department used an alias to attend a RETI two-day
9 Salesperson Crash Course. The Salesperson Crash Course was held at Respondent RETI's
10 office in Anaheim, California. Respondent MCHARG was the RETI Instructor for both days of
11 the Salesperson Crash Course. As part of the salesperson crash course, the Department's Special
12 Investigator received Respondent RETI's course study materials and was given access to
13 Respondent RETI's on-line salesperson state practice exams and simulation questions.

14 14. Throughout the two-day course, Respondent MCHARG repeatedly stated to the
15 class that he had taken the State exam 26 times and that he had done so for the purpose of
16 memorizing the State exam questions so that Respondent RETI could teach the State exam
17 questions to Respondent RETI's students.

18 15. The Department conducted a search of the State's real estate license exam
19 questions ("DRE exam questions") which were compared to questions found in course materials
20 for Respondent RETI's Salesperson and Broker Crash Courses, specifically Respondent RETI's
21 "State Questions" and "Simulated Practice Exam" documents.

22 16. The Department's review and comparison found that Respondent RETI'S State
23 Questions and Simulated Practice Exams contained numerous questions that were the same,
24 substantially similar, or "DRE similar" to DRE exam questions.

1 17. "DRE similar" questions mean new DRE exam questions created from older DRE
2 exam questions that are linked together in the DRE's item bank of exam questions. The linked
3 DRE questions are not used on the same exam test forms because they are nearly identical to
4 each other and were updated to reflect changes in the real estate laws or industry practices. For
5 example, in 2019, a change in the real estate law updated the term, "employing broker" to
6 "responsible broker." The Department created new questions using the term, "responsible
7 broker" from older questions using the term, "employing broker," and linked the new and older
8 versions together as "DRE similar" questions in the Department's item bank of exam questions.

9 18. The DRE's test forms contain 150 questions.

10 19. Respondent RETI's "Simulated Practice Exam" that was reviewed contained 143
11 questions.

12 20. The Department compared to the Department's item bank of DRE exam
13 questions with Respondent RETI's "Simulated Practice Exam" questions. The 143 questions
14 listed on Respondent RETI's "Simulated Practice Exam" document were the same, substantially
15 similar, or DRE similar to 227 DRE exam questions.

16 21. Of the 227 compromised DRE exam questions, 84 questions were directly linked
17 to questions on DRE Salespersons examinations taken by Respondent MCHARG, with the
18 same or substantially similar questions.

19 22. An additional 42 compromised DRE exam questions, were "DRE similar" to
20 other DRE exam questions on DRE Salesperson examinations taken by Respondent MCHARG.

21 23. All 227 compromised DRE exam questions had to be deleted from the DRE's
22 item bank of exam questions.

23 24. The Department reviewed a combined total of 170 questions from Respondent
24 RETI's "State Questions" and "Simulated Practice Exam" documents, which were compared to

1 the DRE's item bank of exam questions. The 170 questions listed on Respondent RETI's "State
2 Questions" and "Simulated Practice Exam" documents were the same, substantially similar, or
3 DRE similar to a total of 265 DRE exam questions.

4 25. Of the 265 compromised DRE exam questions, a combined total of 111 DRE
5 exam questions were directly linked to questions on DRE Salespersons examinations taken by
6 Respondent MCHARG, with the same or substantially similar questions.

7 26. A combined total of 48 compromised DRE exam questions were "DRE similar"
8 to other DRE exam questions on DRE Salesperson examinations taken by Respondent
9 MCHARG.

10 27. Seven of the 265 compromised DRE exam questions were "Broker only"
11 questions, three of which appeared on Respondent RETI's "Simulated Practice Exam."

12 28. All 265 compromised DRE exam questions had to be deleted from the DRE's
13 item bank of exam questions.

14 29. Between 2000 and 2023, Respondent MCHARG sat for and took the
15 Department's real estate salesperson license examination 26 separate times and saw 15 different
16 DRE test forms. The DRE test forms contain 150 questions. Respondent MCHARG saw 2,250
17 DRE test form questions. Some DRE exam questions are reused on multiple test forms. All 15
18 DRE test forms seen by Respondent MCHARG were compromised. The exam questions on the
19 15 DRE test forms have either had to be deleted or changed in the DRE's item bank.

20 30. The DRE's exam questions have been created over several years by DRE staff or
21 by Salesperson and Broker subject matter experts, which is an expensive and lengthy process.

22 31. Respondent MCHARG's activities as described above, in cheating or subversion
23 of DRE exam questions for Respondent RETI's use, are in violation of Code Sections 123,
24

1 10153.01, subdivisions (a)(5) and (a)(6), 10153, 10153.1, and Regulation 2763, subdivisions
2 (a)(4) and (a)(7).

3 32. A Bar Order is in the public interest in that Respondents MCHARG and RETI
4 have violated provisions of the Code, which violations were known to Respondents or should
5 have been known to Respondents.

6 33. A Bar Order is in the public interest in that Respondents MCHARG and RETI
7 have violated provisions of the Code, which violations have caused material damage to the
8 public.

9 **STATUTORY PROVISIONS**

10 **Code Section 10087** provides:

11 (a) In addition to acting pursuant to the authority provided under Sections 10086, 10176,
12 and 10177, the commissioner may, after appropriate notice and opportunity for a hearing, by
13 order, suspend, bar from any position of employment, management, or control, or bar from
14 participation in an examination for licensure, for a period not exceeding 36 months, a real estate
15 salesperson or real estate broker, or an unlicensed person issued an order under Section 10086, if
16 the commissioner finds either of the following:

17 (1) That the suspension or bar is in the public interest and that the person has
18 committed or caused a violation of this division or rule or order of the commissioner,
19 which violation was either known or should have been known by the person committing
20 or causing it or has caused material damage to the public.

21 (2) That the person has been convicted of or pleaded nolo contendere to any
22 crime, or has been held liable in any civil action by final judgment, or any administrative
23 judgment by any public agency, if that crime or civil or administrative judgment involved
24 any offense involving dishonesty, fraud, or deceit, or any other offense reasonably related

1 to the qualifications, functions, or duties of a person engaged in the real estate business in
2 accordance with the provisions of this division.

3 (b) Within 15 days from the date of a notice of intention to issue an order pursuant to
4 subdivision (a), the person may request a hearing under the Administrative Procedure Act
5 (Chapter 4.5 (commencing with Section 11400) of Division 3 of Title 2 of the Government
6 Code). If no hearing is requested within 15 days after the mailing or service of that notice and
7 none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of
8 the right to a hearing.

9 (c) Upon receipt of a notice of intention to issue an order pursuant to this section, the
10 person who is the subject of the proposed order is immediately prohibited from engaging in any
11 business activity involving real estate that is subject to regulation under this division.

12 (d) Persons suspended or barred under this section are prohibited from participating in
13 any business activity of a real estate salesperson or a real estate broker and from engaging in any
14 real estate-related business activity on the premises where a real estate salesperson or real estate
15 broker is conducting business. Persons suspended or barred under this section are also prohibited
16 from participating in any real estate-related business activity of a finance lender, residential
17 mortgage lender, bank, credit union, escrow company, title company, or underwritten title
18 company. Persons suspended or barred from a position of employment, management, or control
19 under this section are also barred from participating in examinations for licensure.

20 **Code Section 123** provides:

21 It is a misdemeanor for any person to engage in any conduct which subverts or attempts
22 to subvert any licensing examination or the administration of an examination, including, but not
23 limited to:
24

1 (a) Conduct which violates the security of the examination materials; removing
2 from the examination room any examination materials without authorization; the
3 unauthorized reproduction by any means of any portion of the actual licensing
4 examination; aiding by any means the unauthorized reproduction of any portion of the
5 actual licensing examination; paying or using professional or paid examination-takers for
6 the purpose of reconstructing any portion of the licensing examination; obtaining
7 examination questions or other examination material, except by specific authorization
8 either before, during, or after an examination; or using or purporting to use any
9 examination questions or materials which were improperly removed or taken from any
10 examination for the purpose of instructing or preparing any applicant for examination; or
11 selling, distributing, buying, receiving, or having unauthorized possession of any portion
12 of a future, current, or previously administered licensing examination.

13 (b) Communicating with any other examinee during the administration of a
14 licensing examination; copying answers from another examinee or permitting one's
15 answers to be copied by another examinee; having in one's possession during the
16 administration of the licensing examination any books, equipment, notes, written or
17 printed materials, or data of any kind, other than the examination materials distributed, or
18 otherwise authorized to be in one's possession during the examination; or impersonating
19 any examinee or having an impersonator take the licensing examination on one's behalf.

20 Nothing in this section shall preclude prosecution under the authority provided for in any
21 other provision of law.

22 In addition to any other penalties, a person found guilty of violating this section, shall be
23 liable for the actual damages sustained by the agency administering the examination not to
24 exceed ten thousand dollars (\$10,000) and the costs of litigation.

(c) If any provision of this section or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the section that can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

Code Section 10153.01 provides:

(a) No person shall cheat on, subvert, or attempt to subvert a licensing examination given by the department. Cheating on, subverting, or attempting to subvert a licensing examination includes, but is not limited to, engaging in, soliciting, or procuring any of the following:

(1) Any communication between one or more examinees and any person, other than a proctor or examination official, while the examination is in progress.

(2) Copying answers from another examinee or permitting one's answers to be copied by another examinee.

(3) The taking of all or a part of the examination by a person other than the applicant.

(4) Removing from the examination room any examination materials without authorization.

(5) The unauthorized reproduction by any means of any portion of the actual licensing examination.

(6) Aiding by any means the unauthorized reproduction of any portion of the actual licensing examination.

(7) Possession or use at any time during the examination or while the examinee is on the examination premises of any device, material, or document that is not expressly authorized for use by examinees during the examination, including, but not limited to, notes, crib sheets, textbooks, and electronic devices.

1 (8) Failure to follow any examination instruction or rule related to examination
2 security.

3 (9) Providing false, fraudulent, or materially misleading information concerning
4 education, experience, or other qualifications as part of, or in support of, any application
5 for admission to an examination.

6 (b) The commissioner may bar any candidate who willfully cheats on, subverts, or
7 attempts to subvert an examination from taking any license examination and from holding
8 an active real estate license under any provision of this code for a period of up to three
9 years. [Emphasis added.]

10 Code Section 10153.1 provides:

11 It is unlawful for any person with respect to any examination under this part to practice
12 any deception or fraud with regard to his or her identity in connection with any examination,
13 application, or request to be examined.

14 Regulation 2763 prescribes the Examination Rules for the Department. Regulation 2763
15 provides:

16 (a) A person taking an examination for a license issued by the Bureau shall abide by all
17 of the following rules from the time of entry into the examination room until the examinee has
18 completed the examination and left the examination room:

19 (1) An examinee may not refer to any printed or written material other than that
20 furnished by the Bureau.

21 (2) Written computations by examinees shall be made only on paper furnished by
22 the Bureau for that purpose.

23 (3) An examinee may not communicate with another examinee nor with any
24 person other than an examination proctor.

(4) The copying of questions and the making of any notes of examination materials by an examinee is prohibited.

(5) An examinee may not leave the examination room prior to completion of the examination unless express permission of an examination proctor has been obtained and all examination papers and materials have been turned over to the proctor.

(6) The only materials or devices, other than those furnished by the Bureau, that an examinee may use during the course of the examination are pencils and slide rules or silent, battery-operated, electronic, pocket-sized calculators which are non-programmable, do not have a print-out capability, or an alphabetic keyboard.

(7) An examinee may not share the use of examination materials with any other examinee.

(b) A violation of any of the above rules or verbal directives of an examination proctor is ground to disqualify an examinee and to initiate appropriate administrative action to deny the issuance of a license to the examinee. [Emphasis added.]

CONCLUSIONS OF LAW

Based on the findings set forth above, the Commissioner has determined that:

1. A Bar Order is in the public interest;
2. Respondents committed violations of the Real Estate Law, which violations were either known or should have been known; and
3. The violations of the Real Estate Law have cause material damage to the public.

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activities mentioned in subparagraphs (A) through (G) above.

II.

NOW, THEREFORE, IT IS ORDERED, pursuant to the authority of section 10087 of the Code, that REAL ESTATE TRAINERS, INC. including all officers, directors, instructors, agents, associates, independent contractors, employees, or any person(s) affiliated with Respondent REAL ESTATE TRAINERS, INC. are hereby barred and prohibited for a period of thirty-six (36) months from the effective date of this Bar Order, from engaging in any of the following activities in the State of California:

(A) From applying for, taking, or any type of participation in any examination for licensure for a real estate salesperson or a real estate broker license; and

(B) Offering any type of real estate license exam preparation course or pre-license course(s) which use questions copied or subverted from Department of Real Estate License Exams.


III.

Respondents LANCE MICHAEL MCHARG and REAL ESTATE TRAINERS, INC., shall pay, severally or jointly, the total sum of \$60,000.00 for a monetary penalty, damages, and the Commissioner's reasonable costs of the investigation and litigation which led to this disciplinary action and the disciplinary action in Case No. H-42855 LA. Said payment shall be in the form of a cashier's check made payable to the Department of Real Estate. **The payment must be delivered to the Department of Real Estate, Attn: Flag Section, 651 Bannon Street, Ste 504, Sacramento, CA 95811, within ninety (90) days from the effective date of this Decision and Order. The Payment should not be made until the Stipulation to Entry of a Bar Order ("Stipulation") has been approved by the Commissioner.**

1 If Respondents fail to satisfy this condition, any existing course approval(s) shall
2 automatically be suspended and payment of said costs are a condition for any application(s)
3 submitted by Respondent REAL ESTATE TRAINERS, INC. for any course approvals. The
4 Commissioner shall afford Respondents the opportunity for a hearing pursuant to the
5 Administrative Procedure Act to present such evidence that payment was timely made. The
6 suspension shall remain in effect until payment is made in full or until a decision providing
7 otherwise is adopted following a hearing held pursuant to this condition.

8 ***

9 DATED: 10/7/25


Lisete Garcia, Counsel
Department of Real Estate

11 * * *

12 EXECUTION OF THE STIPULATION

13 We have read this Stipulation and its terms are understood by us and are agreeable and
14 acceptable to us. We understand that we are waiving rights given to us by the California APA
15 (including, but not limited to, sections 11506, 11508, 11509, and 11513 of the Government
16 Code), and we willingly, intelligently, and voluntarily waive those rights, including the right of
17 requiring the Commissioner to prove the allegations in the First Amended Preliminary Bar Order
18 and Notice of Intention to Issue a Bar Order at a hearing at which we would have the right to
19 cross-examine witnesses against us and to present evidence in defense and mitigation of the
20 charges.

21 Respondents can signify acceptance and approval of the terms and conditions of this
22 Stipulation and Agreement by electronically e-mailing a copy of the signature pages, as actually
23 signed by Respondents, to the Department. Respondents agree, acknowledge, and understand
24 that by electronically sending to the Department an electronic copy of Respondents' actual

signatures, as they appear on the Stipulation, that receipt of the emailed copy by the Department shall be as binding on Respondents as if the Department had received the original signed Stipulation. By signing this Stipulation, Respondents understand and agree that Respondents may not withdraw their agreement or seek to rescind the Stipulation prior to the time the Commissioner considers and acts upon it or prior to the effective date of the Stipulation and Order.

DATED: 10-06-2025

Respondent REAL ESTATE TRAINERS, INC.

By (Printed Name):

Title:

DATED: 10/06/2025

Justin Robinson or Miranda McCroskey, Attorneys for Respondent REAL ESTATE TRAINERS, INC., Approved as to Form

DATED: 10/6/2025

Respondent LANCE MICHAEL MCHARG

DATED: Oct. 6, 2025

Stephen Hammers, Attorney for Respondent LANCE MICHAEL MCHARG, Approved as to Form

THIS BAR ORDER IS EFFECTIVE JAN 02 2026

It is so ordered on 11/25/2025, 2025.

CHIKA SUNQUIST
REAL ESTATE COMMISSIONER

By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

* * *

NOTICE

Pursuant to Section 10185 of the Business and Professions Code: Any person, including officers, directors, agents or employees of corporations, who willfully violates or knowingly participates in the violation of this (Bar Order) shall be guilty of a misdemeanor punishable by a fine not exceeding ten thousand dollars (\$10,000), or by imprisonment in the county jail not exceeding six months, or a fine and imprisonment.