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FILED

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DEPARTMENT OF REAL ESTATE
By *S. Knapp*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of:) NO. H-3305 FR
12)
13 D E EQUITY GROUP, SCOTT LEE ELLIS,) ACCUSATION
14 and JASON DOYLE RITCHIE,)
15 Respondents.)

16 The Complainant, BRENDA SMITH, acting in her official capacity as a
17 Supervising Special Investigator of the State of California, for cause of Accusation against
18 Respondents D E EQUITY GROUP ("DE EQUITY"), SCOTT LEE ELLIS ("ELLIS"), and
19 JASON DOYLE RITCHIE ("RITCHIE") (collectively referred to as "Respondents"), is
20 informed and alleges as follows:

21 RESPONDENTS

22 1.

23 DE EQUITY is presently licensed by the Department of Real Estate
24 ("Department") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the
25 Code ("the Real Estate Law") as a restricted corporate real estate broker, and at all relevant
26 times herein was acting by and through ELLIS as its designated officer.

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1 2.

2 ELLIS is presently licensed by the Department and/or has license rights under the
3 Real Estate Law as a restricted real estate broker. At all relevant times, ELLIS was the
4 designated officer of DE EQUITY.

5 3.

6 RITCHIE is presently licensed by the Department and/or has license rights under
7 the Real Estate Law as a real estate salesperson. At all relevant times DE EQUITY served as
8 RITCHIE's supervising broker.

9 4.

10 Whenever reference is made in an allegation in this Accusation to an act or
11 omission of DE EQUITY, such allegation shall be deemed to mean that the employees, agents,
12 real estate licensees, and others employed by or associated with DE EQUITY committed such
13 acts or omission while engaged in furtherance of the business or operations of DE EQUITY, and
14 while acting within the course and scope of their authority and employment.

15 5.

16 At all times herein mentioned, Respondents engaged in the business of,
17 acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of
18 California on behalf of others, for compensation or in expectation of compensation within the
19 meaning of Section 10131(a) of the Business and Professions Code ("the Code"), including the
20 operation and conduct of a residential resale brokerage wherein Respondents bought, sold, or
21 offered to buy or sell, solicited or obtained listings of, and negotiated the purchase, sale or
22 exchange of real property or business opportunities, all for or in expectation of compensation.

23 **FIRST CAUSE OF ACTION**

24 Unlicensed Activity
25 (As to RITCHIE and DE EQUITY)

26 6.

27 Each and every allegation set forth above in Paragraphs 1 through 5, inclusive, is
incorporated by this reference as if fully set forth herein.

1 7.

2 At all times relevant to this Accusation, RITCHIE and DE EQUITY agreed to represent
3 the seller and/or buyer in the purchase and sale of real estate in the following transactions:

4

	Address of property bought/sold:	Close Dates:
5 a.	512 N. Velie Dr., Visalia, CA 93292	6/24/2019
6 b.	516 N. Velie Dr., Visalia, CA 93292	7/19/2019

7

8 8.

9 On or between May 6, 2019, and August 6, 2019, in furtherance of the
10 representation by RITCHIE and DE EQUITY of the seller and/or buyer in the transaction
11 described above in Paragraphs 7(a) and 7(b), RITCHIE and DE EQUITY executed numerous
12 documents during a time that RITCHIE and DE EQUITY knew, or should have known, that
13 RITCHIE's license was expired, including, but not limited to: Residential Listing Agreement;
14 Residential Purchase Agreement and Joint Escrow Instructions; Disclosure Regarding Real
15 Estate Agency Relationship; Possible Representation of More Than One Buyer Or Seller –
16 Disclosure and Consent; Agent Visual Inspection Disclosure; Real Estate Transfer Disclosure
17 Statement; and/or Additional Agent Acknowledgment.

18 9.

19 On or between May 6, 2019, and August 6, 2019, in furtherance of the
20 representation by RITCHIE and DE EQUITY of the seller and/or buyer in the transaction
21 described above in Paragraphs 7(a) and 7(b), RITCHIE provided advice and guidance to the
22 seller and/or buyer regarding the purchase and/or sale of the real estate at a time that RITCHIE
23 was unlicensed.

24 10.

25 On or about the "Close Dates" set forth above in Paragraphs 7(a) and 7(b),
26 RITCHIE received a commission by way of a check issued to DE EQUITY for the services
27 RITCHIE performed in the transactions described above in Paragraphs 7(a) and 7(b).

1 DE EQUITY authorized the payment of commission to RITCHIE for the transactions set forth
2 above in Paragraphs 7(a) and 7(b).

3 11.

4 Also on or about the "Close Dates" set forth above in Paragraphs 7(a) and 7(b),
5 DE EQUITY received a commission by way of a check issued to The Equity Group, Inc. for the
6 services DE EQUITY performed in the transactions described above in Paragraphs 7(a) and 7(b).

7 12.

8 In performing the acts described above in Paragraphs 6 through 11, RITCHIE
9 and DE EQUITY willfully disregarded Section 10130 of the Code.

10 13.

11 The facts alleged in the Paragraphs 6 through 12 are grounds for the suspension
12 or revocation of all license and license rights of RITCHIE and DE EQUITY pursuant to Section
13 10130 of the Code in conjunction with Section 10177(d) of the Code.

14 **SECOND CAUSE OF ACTION**

15 **Failure to Supervise**

16 (As to ELLIS only)

17 14.

18 Each and every allegation in paragraphs 1 through 13, inclusive, above, is
19 incorporated by this reference as if fully set forth herein.

20 15.

21 At all relevant times, ELLIS, as the supervising broker of DE EQUITY and its
22 officers and employees, was required to exercise reasonable supervision and control over the
23 activities of ELLIS pursuant to Sections 10159.2, 10177(h) of the Code and Section 2725 of Title
24 10 of the California Code of Regulations ("the Regulations").

25 16.

26 ELLIS failed to exercise reasonable supervision over the acts and/or omissions of
27 DE EQUITY and its officers and employees in such a manner as to allow the acts and/or
omissions of RITCHIE as described in the First Cause of Action to occur, which constitutes

1 cause for the suspension or revocation of the license(s) and license rights of ELLIS under
2 Sections 10177(d), 10177(g), 10177(h), and/or 10159.2 of the Code, in conjunction with Section
3 2725 of the Regulations.

4 **THIRD CAUSE OF ACTION**

5 **Failure to Supervise**

6 (As to DE EQUITY only)

7 17.

8 Each and every allegation in paragraphs 1 through 16, inclusive, above, is
9 incorporated by this reference as if fully set forth herein.

10 18.

11 At all relevant times, DE EQUITY, as the supervising broker of RITCHIE, was
12 required to exercise reasonable supervision and control over the activities of RITCHIE pursuant
13 to Section 10177(h) of the Code and Section 2725 of the Regulations.

14 19.

15 DE EQUITY failed to exercise reasonable supervision over the acts and/or
16 omissions of RITCHIE in such a manner as to allow the acts and/or omissions as described in the
17 First Cause of Action to occur, which constitutes cause for the suspension or revocation of the
18 license(s) and license rights of DE EQUITY under Sections 10177(d), 10177(g) and/or 10177(h)
19 of the Code, in conjunction with Section 2725 of the Regulations.

20 **FOURTH CAUSE OF ACTION**

21 **Unlawful Compensation**

22 (As to DE EQUITY and RITCHIE)

23 20.

24 Each and every allegation set forth above in Paragraphs 1 through 19, inclusive, is
25 incorporated by this reference as if fully set forth herein.

26 21.

27 The acts and/or omissions of DE EQUITY and RITCHIE, as described above in
Paragraphs 3 through 12, constitute violations of Section 10137, and are grounds for the

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1 suspension or revocation of all licenses and license rights of DE EQUITY and RITCHIE under
2 Sections 10177(d) and/or 10177(g) of the Code.

3 PRIOR DISCIPLINE

4 22.

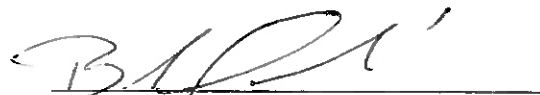
5 Effective June 4, 2018, in Case No. H-3106 FR, the Real Estate Commissioner
6 revoked the real estate broker licenses of DE EQUITY and ELLIS, and issued DE EQUITY and
7 ELLIS restricted real estate broker licenses for violating Sections 10145, 10177(d), 10177(g), and
8 10177(h) of the Code, and 2725 of the Regulations.

9 COST RECOVERY

10 23.

11 Section 10106 of the Code provides, in pertinent part, that in any order issued in
12 resolution of a disciplinary proceeding before the Department, the Commissioner may request the
13 Administrative Law Judge to direct a licensee or licensees found to have committed a violation
14 of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement
15 of the case.

16 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
17 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
18 action against all licenses and license rights of Respondents under the Code, for the cost of
19 investigation and enforcement as permitted by law, for the cost of the audit, and for such other
20 and further relief as may be proper under other provisions of law.

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23 BREND A SMITH
24 Supervising Special Investigator

25 Dated at Fresno, California,
26 this 20 day of March, 2020

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1 DISCOVERY DEMAND

2 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the
3 Department hereby makes demand for discovery pursuant to the guidelines set forth in the
4 *Administrative Procedure Act*. Failure to provide Discovery to the Department may result in the
5 exclusion of witnesses and documents at the hearing or other sanctions that the Office of
6 Administrative Hearings deems appropriate.

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