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BUREAU OF REAL ESTATE

By At Selorio

Julie L. To, Counsel (SBN 219482)
Bureau of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6982
(Direct) (213) 576-6916

BEFORE THE BUREAU OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of	)	No.H-03066 FR
	)	
JEFFREY HARRISON EDWARDS,	)	<u>ACCUSATION</u>
	)	
Respondent.	)	

The Complainant, Brenda Smith, a Supervising Special Investigator, for cause of Accusation against JEFFREY HARRISON EDWARDS, a.k.a. Jeff Edwards, is informed and alleges as follows:

1.

The Complainant, Brenda Smith, a Supervising Special Investigator of the State of California, makes this Accusation in her official capacity.

LICENSE HISTORY

2.

Licensee

JEFFREY HARRISON EDWARDS ("EDWARDS" or "Respondent") has been licensed by the Bureau of Real Estate ("Bureau" or "BRE") as a real estate broker since

1 May 7, 1980, BRE license ID 00773614. Respondent's license will expire on April 1, 2018.
2 From September 12, 1983 through June 14, 1992, Respondent maintained the DBA "J H
3 Edwards Company" under his BRE broker license. Respondent's mailing address of record
4 with the Bureau is: P.O. Box 6070, Los Osos, CA 93412.

5 FIRST CAUSE FOR DISCIPLINE

6 (Unlicensed Fictitious Business Name)

7 3.

8 Los Osos Investment Group LLC ("LOIG")

9 Los Osos Investment Group LLC ("LOIG") is a land development group that
10 was formed in June 2013. Steven S. Black ("Black") is licensed by the BRE as a real estate
11 broker (BRE license ID 01299151) and is the LOIG managing member. Daryl Roe ("Roe") is
12 licensed by the BRE as a real estate salesperson (BRE license ID 01763653) and is a member of
13 LOIG.

14 4.

15 On or about July 7, 2013, LOIG purchased property located on Pine Ave. in Los
16 Osos, California 93402 ("Pine property"); the Pine property consists of multiple dilapidated
17 structures that are uninhabited. Due to a California Regional Water Quality Control Board
18 ("CRWQCB") determination, no new homes could be built in Los Osos without proper sewer
19 equivalencies pursuant to CRWQCB guidelines. For the Pine property, CRWQCB granted ten
20 (10) sewer equivalencies, which LOIG understood as ten new homes would be allowed to be
21 built on the Pine property.

22 5.

23 In or about July 2013, Respondent contacted Black and introduced himself as a
24 real estate broker and developer. Respondent indicated to Black that he wished to have a
25 meeting to discuss future development options for the Pine property. Black and Roe met with
26 Respondent on August 5, 2013, at which time Respondent represented that: (1) he could obtain
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1 additional sewer equivalencies for LOIG's Pine property beyond the ten (10) that CRWQCB
2 granted, that he could obtain up to fifteen (15) equivalencies, and that (2) the sewer
3 equivalencies could be moved to other infill lots on which LOIG could build single family
4 homes. Respondent stated to Black and Roe that he would assist LOIG through this process and
5 stated his compensation terms:

6 1. To represent LOIG as its agent to purchase the property and as such, to be paid a
7 three percent (3%) commission.

8 2. If Respondent was unable to obtain one additional water/sewer credit he wanted to
9 be able to buy it from LOIG for \$50,000; if Respondent obtained two or more
10 additional water/sewer credits, he wanted one of those for free.

11 3. For his help with supervising and management of the construction he wanted to be
12 able to list the properties for sale and earn a commission.

13 6.

14 Buyer Broker Contract

15 On or about December 19, 2013, LOIG and J. H. Edwards Company ("JHEC")
16 entered into a "Buyer Broker Contract" ("the contract") in which LOIG ("Client") agreed to
17 retain JHEC ("Broker") for a two-year period beginning December 1, 2013 and terminating at
18 midnight on December 31, 2015 for locating real property as specified in the contract, and to
19 negotiate terms and conditions for the purchase of real property that are acceptable to LOIG,
20 subject to certain terms and conditions, including but not limited to:

21 a. Brokerage Fee: LOIG promised to pay JHEC as compensation for locating and
22 negotiating the purchase of properties acceptable to LOIG a commission of three
23 percent (3%) of the purchase price.

24 b. Broker expenses: LOIG agreed to pay JHEC a \$5,000 advance fee which "shall be
25 used for Broker expenses in locating potential purchase property. This sum is not
26 refundable, but will be credited to Client's commission expense on the initial closing."
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1 On or about December 19, 2013, pursuant to the Broker expenses section of the contract, LOIG
2 paid \$5,000.00 to Respondent via check number 1011 drawn from the Los Osos Investment
3 Group LLC bank account.

4 7.

5 LOIG subsequently received a "Request for Payment" on the letterhead of J.H.
6 Edwards Company dated April 23, 2014 which stated, "...It has been approximately four
7 months since initiation of work. It is in the interest of the Los Osos Investment Group to delay
8 closing of individual lot acquisitions so as to reduce overall carrying costs. Since it may be
9 several months before any closings will occur, the J.H. Edwards Company requests an
10 additional \$5,000 for ongoing expenses." On or about April 29, 2014, pursuant to the April 23,
11 2014 "Request for Payment," Black paid \$5,000.00 to "Jeff Edwards" via check number 1077.
12 To date, LOIG has paid \$10,000.000 to Respondent and/or JHEC.

13 8.

14 To date, neither JHEC nor Respondent have provided any accounting to LOIG of
15 the funds, nor was any information provided to LOIG regarding where the funds were deposited
16 and how, when and to whom they were disbursed.

17 9.

18 Respondent's Prior History with the Pine Property

19 Unbeknownst to LOIG at the time of the contract or at the time of the subsequent
20 "Request for Payment" the previous owner of the Pine property, through their attorney and the
21 CRWQCB had determined there were twelve (12) sewer equivalencies for the Pine property,
22 but because of the previous owner's desire to build a subdivision, all parties had agreed to lower
23 the number to ten (10) in order to avoid a low income development requirement. LOIG
24 discovered that Respondent obtained twelve (12) sewer equivalencies for the Pine property for
25 LOIG by re-writing the same letter that the previous owner's attorney wrote. LOIG also
26 discovered that Respondent had access to the records relating to the Pine property sewer
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1 equivalencies history because he (Respondent) and a partner had in fact attempted to purchase
2 the property prior to LOIG's purchase.

3 10.

4 Upon LOIG's discovery of Respondent's history with the Pine property and its
5 sewer equivalencies, LOIG requested a refund of the \$10,000.00 that it had paid to Respondent
6 and JHEC. To date, LOIG has not received a refund of its \$10,000.00.

7 FIRST CAUSE FOR DISCIPLINE

8 (Failure to Submit Advance Fee Agreement to the Commissioner)

9 11.

10 Advance Fee – Business and Professions Code §10026(a)

11 Business and Professions Code ("B & P" or "Code") Section 10026(a) defines
12 "advance fee" as "a fee, regardless of the form, that is claimed, demanded, charged, received, or
13 collected by a licensee for services requiring a license, or for a listing, as that term is defined in
14 Section 10027, before fully completing the service the licensee contracted to perform or
15 represented would be performed...."

16 12.

17 Advance Fee Agreements and Materials – B & P §10085

18 Pursuant to Code Section 10085, "The commissioner may require that any or all
19 materials used in obtaining advance fee agreements, including but not limited to the contract
20 forms, letters or cards used to solicit prospective sellers, and radio and television advertising be
21 submitted to him or her at least 10 calendar days before they are used...."

22 13.

23 At all times mentioned, Respondent JEFFREY HARRISON EDWARDS, with
24 and as "J.H. Edwards Company," engaged in the business of claiming, demanding, charging,
25 receiving, collecting or contracting for the collection of advance fees, within the meaning of
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1 Code Section 10026, including, but not limited to, the activities described in Paragraphs 6 and
2 7, above pursuant to the provisions of a written agreement which constitutes an advance fee
3 agreement within the meaning of Code Section 10085.

4 14.

5 The Bureau has no record that Respondent JEFFREY HARRISON EDWARDS
6 submitted the written advance fee agreement referenced in Paragraphs 6 and 7, above, to the
7 Commissioner ten (10) days before using it.

8 15.

9 Respondent JEFFREY HARRISON EDWARDS' failure to submit the written
10 advance fee agreement referenced in Paragraphs 6 and 7, above, to the Commissioner ten (10)
11 days before using it is in violation of **Code Section 10085 and Section 2970, Title 10, Chapter**
12 **6, Code of Regulations** ("Regulations").

13 SEOND CAUSE FOR DISCIPLINE

14 (Unlicensed Fictitious Business Name)

15 16.

16 Fictitious Name – Business and Professions Code §10159.5, Regulation 2731

17 B & P Section 10159.5(a)(1) requires, "Every person applying for a license
18 under this chapter who desires to have the license issued under a fictitious business name shall
19 file with his or her application a certified copy of his or her fictitious business name statement
20 filed with the county clerk pursuant to Chapter 5 (commencing with Section 17900) of Part 2 of
21 Division 7."

22 17.

23 Regulation 2731 states: (a) "A licensee shall not use a fictitious name in the
24 conduct of any activity for which a license is required under the Real Estate Law unless the
25 licensee is the holder of a license bearing the fictitious name. (b) The Bureau shall issue a
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1 license required under the Real Estate Law only in the legal name of the licensee or in the
2 fictitious business name of a broker who presents evidence of having complied with the
3 provisions of Sections 17910 and 17917 of the Code.”

4 18.

5 At all times mentioned herein, Respondent JEFFREY HARRISON EDWARDS
6 used the unlicensed fictitious business name “J.H. Edwards Company” without first obtaining a
7 license from the Bureau bearing such fictitious business name, in violation of **Code Section**
8 **10159.5 and Regulation 2731.**

9 COSTS

10 19.

11 California Business and Professions **Code Section 10106** provides, in pertinent
12 part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the
13 Commissioner may request the administrative law judge to direct a licensee found to have
14 committed a violation of this part to pay a sum not to exceed the reasonable costs of
15 investigation and enforcement of the case.
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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all the licenses and license rights of Respondent JEFFREY
4 HARRISON EDWARDS under the Real Estate Law (Part 1 of Division 4 of the Business and
5 Professions Code), and for such other and further relief as may be proper under other applicable
6 provisions of law.

7 Dated at Fresno, California

8 this 22 day of November, 2016.

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11 Brenda Smith
12 Supervising Special Investigator
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20 cc: Jeffrey Harrison Edwards
21 Brenda Smith
22 Sacto.
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