

Flag-Sacto

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FILED

APR 10 2017

BUREAU OF REAL ESTATE

By Brynn Danner

BEFORE THE BUREAU OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

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

The Accusation filed on November 30, 2016 is amended in its entirety as follows:

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.

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1 LICENSE HISTORY

2 2.

3 Licensee

4 JEFFREY HARRISON EDWARDS ("EDWARDS" or "Respondent") has been
5 licensed by the Bureau of Real Estate ("Bureau" or "BRE") as a real estate broker since
6 May 7, 1980, BRE license ID 00773614. Respondent's license will expire on April 1, 2018.
7 From September 12, 1983 through June 14, 1992, Respondent maintained the DBA "J H
8 Edwards Company" under his BRE broker license. Respondent's mailing address of record
9 with the Bureau is: P.O. Box 6070, Los Osos, CA 93412.

10 FACTS DISCOVERED BY THE BUREAU

11 3.

12 Los Osos Investment Group LLC ("LOIG")

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

18 4.

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

26
27 ¹ A sewer equivalency is also known as a "sewer credit" or "septic credit" or "water/wastewater equivalency"
28 ("WWEQ") or a "waste water equivalency unit" ("WWEU").

1 5.

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

- 11 1. To represent LOIG as its agent to purchase the property and as such, to be paid a
12 three percent (3%) commission.
13 2. If Respondent was able to obtain one additional water/sewer credit he wanted to be
14 able to buy it from LOIG for \$50,000; if Respondent obtained two or more additional
15 water/sewer credits, he wanted one of those for free.
16 3. For his help with supervising and management of the construction he wanted to be
17 able to list the properties for sale and earn a commission.

18 6.

19 Buyer Broker Contract – Los Osos Investment Group and J.H. Edwards

20 Company

21 On or about December 19, 2013, LOIG and J. H. Edwards Company ("JHEC")
22 entered into a "Buyer Broker Contract" ("the contract") in which LOIG ("Client") agreed to
23 retain JHEC ("Broker") for a two-year period beginning December 1, 2013 and terminating at
24 midnight on December 31, 2015 for locating real property as specified in the contract, and to
25 negotiate terms and conditions for the purchase of real property that are acceptable to LOIG,
26 subject to certain terms and conditions, including but not limited to:
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1 a. Brokerage Fee: LOIG promised to pay JHEC as compensation for locating and
2 negotiating the purchase of properties acceptable to LOIG a commission of three
3 percent (3%) of the purchase price.

4 b. Broker expenses: LOIG agreed to pay JHEC a \$5,000 advance fee which "shall be
5 used for Broker expenses in locating potential purchase property. This sum is not
6 refundable, but will be credited to Client's commission expense on the initial closing."

7 On or about December 19, 2013, pursuant to the Broker expenses section of the contract, LOIG
8 paid \$5,000.00 to Respondent via check number 1011 drawn from the Los Osos Investment
9 Group LLC bank account.

10 7.

11 LOIG subsequently received a "Request for Payment" on the letterhead of J.H.
12 Edwards Company dated April 23, 2014 which stated, "...It has been approximately four
13 months since initiation of work. It is in the interest of the Los Osos Investment Group to delay
14 closing of individual lot acquisitions so as to reduce overall carrying costs. Since it may be
15 several months before any closings will occur, the J.H. Edwards Company requests an
16 additional \$5,000 for ongoing expenses." On or about April 29, 2014, pursuant to the April 23,
17 2014 "Request for Payment," Black paid \$5,000.00 to "Jeff Edwards" via check number 1077.
18 To date, LOIG has paid \$10,000.000 to Respondent and/or JHEC.

19 8.

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

23 9.

24 Respondent's Prior History with the Pine Property

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

9 10.

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

13 11.

14 No Sewer Credit Transfer Agreements

15 Although LOIG, Black, Roe and Respondent communicated about the number of
16 WWEQs granted to the Pine property, the parties did not have in place any agreements
17 regarding the transfer of WWEQs from LOIG to Respondent.

18 a. LOIG: According to Black, as managing member of LOIG, he has never
19 signed any agreement with Respondent that would allow Respondent to purchase a sewer
20 credit/equivalency from LOIG. According to Black, as managing member of LOIG, he has
21 never come to a verbal agreement with Respondent that would allow Respondent to purchase a
22 sewer credit/equivalency from LOIG. According to Black, as managing member of LOIG,
23 LOIG has never sold Respondent any sewer credit/equivalency that is connected to LOIG's
24 Pine property.

25 b. Black: According to Black, he has never signed any agreement with
26 Respondent that would allow Respondent to purchase a sewer credit/equivalency from him.

1 According to Black, he has never come to a verbal agreement with Respondent that would allow
2 Respondent to purchase a sewer credit/equivalency from him. According to Black, he has never
3 sold Respondent any sewer credit/equivalency that is connected to the Pine property.

4 According to Black, Respondent provided LOIG with drafts of an "Agreement to Transfer
5 Water/Wastewater Equivalency, but no agreements for such transfer were ever signed.

6 c. Roe: According to Roe, he never signed any agreement with Respondent that
7 would allow Respondent to purchase a sewer credit/equivalency. According to Roe, he has
8 never come to a verbal agreement with Respondent to purchase a sewer credit/equivalency.
9 According to Roe, he has never sold Respondent any sewer credit/equivalency that is connected
10 to the Pine property.

11 d. Respondent: According to an April 25, 2014 email from Respondent to Black
12 on or about October 14, 2016, BRE Special Investigator Jay Froman Jr. ("Special Investigator
13 Froman"), and San Luis Obispo County District Attorney Investigator Fred Pflum ("Investigator
14 Pflum") interviewed Respondent at his residence in Los Osos, California. When Special
15 Investigator Froman asked Respondent if he ever came to a formal agreement with LOIG for
16 him to purchase a sewer credit, Respondent stated the parties did not have anything signed.

17 12.

18 CCRWQCB's Determinations of Pine Property Sewer Credits/WWEQs in 2006,
19 2007, & 2014

20 a. 2006: On or about April 20, 2006, the then-owner of the Pine property
21 submitted a request ("2006 submission") to the CCRWQCB for acknowledgement that its
22 proposed redevelopment of ten (10) dwelling units would not exceed the historical wastewater
23 discharge and that the proposed replacement units could proceed using a septic system as its
24 sewage disposal method until such time that the community collection and treatment facility
25 became operational. In its 2006 submission, the then-owner of the Pine property requested
26 CCRWQCB's approval of only ten (10) sewer equivalencies due to the first phase of its
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1 proposed project consisting of ten (10) dwelling units. In support of its 2006 submission, the
2 then-owner of the Pine property indicated that the wastewater discharges from its proposed
3 development would be less than the existing discharges, and provided calculations based on
4 both historic bedrooms (14 sewer credit units) and historic population (12 sewer credit units)
5 figures. The 2006 submission requested CCRWQCB to authorize the construction of ten (10)
6 replacement dwelling units. In a letter dated May 9, 2006 (and corrected to May 12, 2006 by
7 handwritten notation initialed by "RWB") and signed by CCRWQCB Executive Officer Roger
8 W. Briggs, the CCRWQCB: 1) agreed with the then-owner of the Pine property that the
9 redevelopment of ten (10) replacement dwelling units would not increase discharge of waste
10 and 2) did not object to the project moving forward.

11 b. 2007: In a letter dated May 16, 2007 and signed by CCRWQCB Executive
12 Officer Roger W. Briggs, the CCRWQCB confirmed its determinations as stated in its May 9,
13 2006 (corrected: May 12, 2006) letter.

14 c. 2014: In a letter dated May 8, 2014 and signed by CCRWQCB Executive
15 Officer Kenneth A. Harris, the CCRWQCB noted that the Pine property owner had submitted
16 historical water records for the years 2002 through 2004 and a water analysis that included 2010
17 U.S. Census data. The CCRWQCB noted that it was required to use the Basin Plan's gallons
18 per day per dwelling unit as the anticipated volume. Using the Basin Plan's value, the
19 CCRWQCB calculated twelve (12) transferable sewer credits for the Pine property.

20 13.

21 Promissory Installment Note – Roe and Respondent

22 a. On or about June 20, 2014, Roe, individually (as "Lender") received a
23 "Promissary [sic] Installment Note" ("the note") from Respondent (as "Borrower") for \$30,000.
24 Among the Recitals to the note were the statements: "A. Borrower is the owner of at least one
25 portion of Water/Wastewater Equivalency (hereinafter referred to as "WWEQ [sic]"), which has
26 an estimated value of One Hundred Fifty Thousand 00/100 dollars." and "B. Borrower wishes
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1 to use his ownership interest of said WWEQ as collateral to secure a loan from Lender.” In the
2 note, “Borrower promises to pay U.S. Thirty Thousand One 00/100 Dollars [sic] this amount
3 will be called “principal”) plus interest, to the order of the Lender...” According to the
4 “Payment Terms” of the note, it was due and payable in twenty-four (24) payments of \$212.51
5 per month, beginning with the first payment due on July 20, 2014, and subsequent payments
6 due on the same day of each succeeding month. Additionally, “If on June 20, 2016 [sic] if the
7 Borrower owes amounts under this Note, the Borrower will pay all those amounts, in full on
8 that date. Amount due at this time would be \$30,213.51 if payments made as scheduled.” In
9 the event of a default in payment of the note, the “Default and Acceleration Clause” instructs:
10 “If Borrower defaults in the payment of this Note or in the performance of any obligation, and
11 the default continues after Payee gives Borrower notice of such default and the time within
12 which it must be cured, as may be required by law or written agreement, then Lender may
13 declare the unpaid principal balance and earned interest on this Note immediately due. If
14 Borrower does not cure the default within 30 days, Lender will take ownership of Borrower’s
15 interests in said WWEQ.”

16 b. On or about August 4, 2014, Roe sent a Late Notice letter dated
17 August 5, 2014 (“August 5, 2014 letter”) to Respondent regarding Respondent’s missed
18 payment that was due on July 20, 2014, and informed that the loan was fifteen (15) days past
19 due for the amount of \$233.76, inclusive of past due and late fees of \$21.51 per month. On or
20 about August 5, 2014, Roe also sent an email to Respondent to alert him to the notice making its
21 way to his mailbox. On or about August 6, 2014, Respondent, in an email signed by “JHE” and
22 “Julie Tacker” (“Tacker”), replied to Roe’s August 5, 2014 letter and indicted “Intend to double
23 up the August payment and will add the late fee.”

24 c. On or about September 4, 2014, Roe sent a Late Notice letter dated
25 September 5, 2014 (“September 5, 2014 letter”) to Respondent regarding Respondent’s missed
26 payment that was due on August 20, 2014, and informed that the loan was now sixty (60) days
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1 past due for the amount of \$467.52, inclusive of past due and late fees of \$21.51 per month. On
2 or about September 15, 2014, Roe also sent an email to Respondent and asked Respondent to
3 communicate with him regarding the payments and the balance owed. Respondent, in an email
4 signed "Jeff" and "Julie Tacker," indicated, "I'd like to speak to you in person about this on
5 Thursday." Between emails exchanged between Roe and Respondent between September 15,
6 2014 and September 17, 2014, Respondent informed Roe that he does not want to make
7 payments and argued the terms of the agreement with Respondent.

8 d. On or about October 4, 2014, Roe sent a Late Notice letter dated
9 October 5, 2014 ("October 5, 2014 letter") to Respondent regarding Respondent's missed
10 payment that was due on September 20, 2014, and informed that the loan was now ninety (90)
11 days past due for the amount of \$701.28, inclusive of past due and late fees of \$21.51 per
12 month. Roe received no reply from Respondent.

13 e. On or about November 4, 2014, Roe sent a Late Notice letter dated November
14 5, 2014 ("November 5, 2014 letter") to Respondent regarding Respondent's missed payment
15 that was due on September 20, 2014, and informed that the loan was now one hundred twenty
16 (120) days past due for the amount of \$963.08, inclusive of past due and late fees of \$21.51 per
17 month. On or about November 7, 2014, Roe also sent an email to Respondent to ask
18 Respondent for a status update on the loan payments, and to inform that he was now one
19 hundred twenty days past due. Roe received no reply from Respondent.

20 f. On or about December 4, 2014, Roe sent a Late Notice letter dated
21 December 5, 2014 ("December 5, 2014 letter") to Respondent regarding Respondent's missed
22 payment that was due on September 20, 2014, and informed that the loan was now one hundred
23 fifty (150) days past due for the amount of \$1,196.74, inclusive of past due and late fees of
24 \$21.51 per month. On or about December 11, 2014, Roe also sent an email to Respondent and
25 asked Respondent, "...What are you doing on this?"
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1 g. On or about January 5, 2015, Roe sent a Late Notice letter dated
2 January 5, 2015 ("January 5, 2015 letter") to Respondent regarding Respondent's missed
3 payment that was due on December 20, 2014, and informed that the loan was now one hundred
4 eighty (180) days past due for the amount of \$1,430.76, inclusive of past due and late fees of
5 \$21.51 per month. On or about January 9, 2015, Roe also sent an email to Respondent and
6 informed that the loan was now one hundred eighty days late, and reminded Respondent of the
7 "Default and Acceleration Clause" of the note. Respondent, in an email on January 12, 2015
8 signed "Jeff" and "Julie Tacker," responded with a calculation and a request to confirm that the
9 outstanding balance was \$1,404.12. Roe, in an email dated January 13, 2015, confirmed
10 Respondent's calculation with his total of \$1,403.40 and requested that Respondent send
11 payment to his office located on East Shaw Avenue in Fresno, California.

12 h. On or about February 6, 2015, Roe sent a Late Notice letter dated
13 February 5, 2015 ("February 5, 2015 letter") to Respondent regarding Respondent's missed
14 payment that was due on January 20, 2014, and informed that the loan was now two hundred
15 ten (210) days past due for the amount of \$1,664.78, inclusive of past due and late fees of
16 \$21.51 per month. The February 5, 2015 letter also stated that, pursuant to their conversation of
17 January 13, 2015, Respondent stated that a check would be mailed to Roe that would bring the
18 loan current, and that as of February 5, 2015, no check had been received. Roe further stated in
19 his February 5, 2015 letter that, "This notice is to let you know that if this loan is not brought to
20 current status within the next 30 days I will treat this as a failure of our contract and that you
21 have defaulted on the agreed note."

22 i. On or about April 4, 2015, Roe sent a Late Notice letter dated March 4, 2015
23 ("March 4, 2015 letter") to Respondent regarding Respondent's missed payment that was due
24 on April 4, 2015, and informed that the loan was now two hundred forty (240) days past due
25 with no efforts having been made to pay the \$1,912.51 in regular payments of the \$193.59 in
26 agreed upon monthly payments. The letter further stated that, "As of the date of this letter you
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1 have defaulted on our contract agreement and the promissory note to pay. The unpaid principle
2 [sic] balance and earned interest is now immediately due in full. The total amount owed is now
3 \$32,107.10. Per the promissory installment note you have 30 days to cure this default or I will
4 have no choice but to take ownership of the agreed upon collateral. (WWEQ) In emails
5 exchanged between Roe and Respondent on May 26, 2015, Respondent indicated his desire to
6 get a cashiers check to Respondent. Roe received a letter response dated May 30, 2015 on the
7 letterhead of JHEC with an installment note payoff calculation of \$32,648.52 and information
8 regarding a January 13, 2015 cashier's check that was secured by Tacker on behalf of
9 Respondent in the amount of \$1,403.40 and mailed to Respondent.

10 j. To date, the Bureau of Real Estate has been unable to obtain documentation
11 regarding Respondent's ownership of the subject WWEQ.

12 k. To date, Respondent has been unable to provide documentation of his
13 ownership of a transferable WWEQ.

14 14.

15 Bill of Sale and Receipt for Deposit – Jeff Edwards and Juliana M. Tacker
16 ("Seller") and Frederick Novy III, MD ("Buyer")

17 a. On or about August 8, 2014, Respondent and Tacker, collectively as "Seller"
18 and Dr. Frederick Novy III as "Buyer" ("Novy") entered into a "Bill of Sale and Receipt for
19 Deposit" ("the bill of sale") in which the "Description of the Property Being Sold" included a
20 "Building Credit" for use in the Prohibition Zone...at ##### Pasadena Drive. The Building
21 Credit "...would address water and sewer requirements for development of a single-family
22 residence. It is acknowledged Buyer has conferred such a Certificate to the parcel in question."
23 Above the initial appearance of the words "Building Credit" is a handwritten notation of "septic
24 credit" in parentheses. The bill of sale includes a statement at paragraph 3 that, "The Seller
25 guarantees that he/she is the true and lawful owner of the above described Property and shall be
26 free of all encumbrances, liens and any and all legal claims."
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1 b. On or about August 8, 2014, Novy remitted cashier's check number
2 1135206860 in the amount of three thousand dollars (\$3,000) payable to Respondent and
3 Tacker, with a memo notation "\$3000 Deposit Septic Credit."

4 c. On or about November 19, 2014, Novy remitted cashier's check number
5 1135207220 in the amount of two thousand dollars (\$2,000) payable to Respondent, with a
6 memo notation "Nov Advance on Septic Credit."

7 d. On or about January 5, 2015, Novy remitted cashier's check number
8 1135207367 in the amount of one thousand dollars (\$1,000) payable to Respondent, with a
9 memo notation "Jan Advance on Septic Credit."

10 e. On or about February 3, 2015, Novy remitted cashier's check number
11 1135207476 in the amount of one thousand dollars (\$1,000) payable to Respondent, with a
12 memo notation "Feb Advance on Septic Credit."

13 f. On or about March 6, 2015, Novy remitted cashier's check number
14 1135207590 in the amount of one thousand dollars (\$1,000) payable to Respondent, with a
15 memo notation "March Advance on Septic Credit."

16 g. On or about April 11, 2015, Novy remitted cashier's check number
17 1135207740 in the amount of one thousand dollars (\$1,000) payable to Respondent, with a
18 memo notation "April Advance."

19 h. On or about May 29, 2015, Novy remitted cashier's check number
20 1135207932 in the amount of fifty thousand dollars (\$50,000) payable to LOIG, with a memo
21 notation "2150 Pine Ave., Los Osos Jeff Edwards WWEU." On or about June 13, 2015,
22 Respondent sent cashier's check number 1135207932 to Black with a letter on JHEC letterhead
23 that indicated, "The subject consideration compensates LOIG in full for one Waste Water
24 Equivalency Unit. This is consistent with the Water Board letter dated May 8, 2014 and
25 subsequent clarifying email from David La Caro." According to Black, cashier's check number
26 1135207932 was returned to Novy with an explanation that LOIG had no interest in transferring
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1 a WWEU to Respondent. On or about July 16, 2015, Respondent sent cashier's check number
2 1135207932 to LOIG's attorney, Scott Hawkins and indicated that the checks were payments
3 connected to the WWEU that he "earned in connection with work performed regarding 2150
4 Pine Ave. in Los Osos. I recently transferred the WWEU that I possessed to Dr. Fred Novy."

5 i. On or about May 29, 2015, Novy remitted cashier's check number
6 1135207933 in the amount of thirty-two thousand six hundred fifty dollars (\$32,650) payable to
7 Lisa Marie Walter, with a memo notation "Jeff Edwards Loan #291 6/20/14." On or about May
8 30, 2015, Respondent sent cashier's check number 1135207933 to Lisa Marie Walter-Roe (wife
9 of Roe) with a letter on JHEC letterhead that indicated, "This payment is tendered in complete
10 satisfaction of that certain Promissory Installment Note dated June 20, 2014. Fredrick G. Novy
11 has prepared the check on behalf of Jeff Edwards, the borrower under Loan #291." According
12 to Black, cashier's check number 1135207933 was returned to Novy, with an explanation that
13 LOIG had no interest in transferring a WWEU to Respondent. On or about July 16, 2015,
14 Respondent sent cashier's check number 1135207933 to LOIG's attorney, Scott Hawkins and
15 indicated that the checks were payments connected to the WWEU that he "earned in connection
16 with work performed regarding 2150 Pine Ave. in Los Osos. I recently transferred the WWEU
17 that I possessed to Dr. Fred Novy."

18 j. On or about May 29, 2015, Novy remitted cashier's check number
19 1135207934 in the amount of sixty-one thousand three hundred fifty dollars (\$61,350) payable
20 to Tacker.

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15.

According to CCRWQCB supervising water resources control engineer Harvey Packard ("Packard"):

- 1) CCRWQCB does not formally issue or register septic credits;
- 2) CCRWQCB issues approval letters for construction of septic systems on certain properties in the Los Osos septic system prohibition zone in exchange for the permanent retirement of septic systems on other properties;
- 3) persons with rightful possession of CCRWQCB's approval (approval letters) of a replacement system who wish to build in San Luis Obispo County must secure building approval from the county, which would confer with CCRWQCB to confirm CCRWQCB's approval of the new construction;
- 4) CCRWQCB does not object to the transfer of septic system credits;
- 5) a prerequisite of building replacement septic systems is the filing of a deed restriction on the donor property that prohibits installation of a septic system;
- 6) Respondent was not the recipient of any of the CCRWQCB's 2006, 2007, and 2014 sewer credits determination letters for the Pine property; and
- 7) there are no CCRWQCB records of a sewer credit issued to Novy.

16.

According to County of San Luis Obispo Department of Planning and Building Planner II Brandi Cummings ("Cummings"), "The County Department of Planning and Building does not, and has not ever, issued or maintained septic credits for the community of Los Osos," and "JEFF EDWARDS does not, and has not ever, held or had a legal right to transfer a septic credit issued by the County.

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1 FIRST CAUSE FOR DISCIPLINE

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

3 17.

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

5 Business and Professions Code (“B & P” or “Code”) Section 10026(a) defines
6 “advance fee” as “a fee, regardless of the form, that is claimed, demanded, charged, received, or
7 collected by a licensee for services requiring a license, or for a listing, as that term is defined in
8 Section 10027, before fully completing the service the licensee contracted to perform or
9 represented would be performed....”
10

11 18.

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

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

17 19.

18 At all times mentioned, Respondent JEFFREY HARRISON EDWARDS, with
19 and as “J.H. Edwards Company,” engaged in the business of claiming, demanding, charging,
20 receiving, collecting or contracting for the collection of advance fees, within the meaning of
21 Code Section 10026, including, but not limited to, the activities described in Paragraphs 6 and
22 7, above pursuant to the provisions of a written agreement which constitutes an advance fee
23 agreement within the meaning of Code Section 10085.

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20.

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

21.

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

SECOND CAUSE FOR DISCIPLINE

(Unlicensed Fictitious Business Name)

22.

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

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

23.

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

24.

At all times mentioned herein, Respondent JEFFREY HARRISON EDWARDS used the unlicensed fictitious business name "J.H. Edwards Company" in connection with real estate services offerings, without first obtaining a license from the Bureau bearing such fictitious business name, in violation of **Code Section 10159.5 and Regulation 2731.**

THIRD THROUGH NINTH CAUSES FOR DISCIPLINE

(Fraud/Dishonest Dealing)

25.

Grounds for Revocation or Suspension - Business and Professions Code §10176

Pursuant to B & P Section 10176, "The commissioner may...temporarily suspend or permanently revoke a real estate license at any time where the licensee, while a real estate licensee, in performing or attempting to perform any of the acts within the scope of this chapter has been guilty of any of the following: (a) Making any substantial misrepresentation. (b) Making any false promises of a character likely to influence, persuade, or induce. (c) A continued and flagrant course of misrepresentation... (i) Any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing..."

26.

Further Grounds for Disciplinary Action - Business and Professions Code §10177

Pursuant to B & P Section 10176, "The commissioner may suspend or permanently revoke the license of a real estate licensee...who has done any of the following...: (d) Willfully disregarded or violated the Real Estate Law...(g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license...(j)

Engaged in any other conduct, whether of the same or a different character than specified in this section, what constitutes fraud or dishonest dealing...”

27.

In the course of the activities described above, and based on the facts discovered by the Bureau in Paragraphs 3 through 16, the conduct of Respondent JEFFREY HARRISON EDWARDS violated the Code and constitutes cause for discipline of his real estate license and license rights under the provisions of **Code Section 10176(a)** for substantial misrepresentation; **Code Section 10176(b)** for making false promises to influence, persuade, or induce; **Code Section 10176(c)** for a continued course of misrepresentation; **Code Section 10176(i)** for engaging in fraudulent conduct and dishonest dealing; **10177(d)** for willful disregard of the Real Estate Law; **Code Section 10177(g)** for negligence; and **Code Section 10177(j)** for engaging in conduct that constitutes fraudulent, dishonest dealing

COSTS

28.

California Business and Professions **Code Section 10106** provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.

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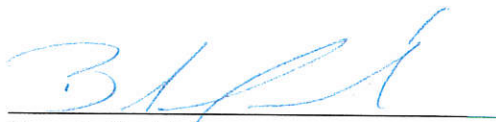
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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all the licenses and license rights of Respondent JEFFREY
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 6 day of April, 2017.

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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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