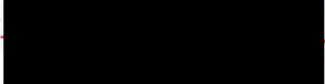


FILED

JAN 21 2026

DEPT. OF REAL ESTATE

By 

1 DEPARTMENT OF REAL ESTATE
2 320 West 4th Street, Suite 350
3 Los Angeles, California 90013-1105
4 Telephone: (213) 576-6982

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation against)	No. H-03615 FR
)	
12 D E EQUITY GROUP;)	<u>STIPULATION AND AGREEMENT</u>
13 and)	<u>IN SETTLEMENT AND ORDER</u>
14 SCOTT LEE ELLIS, individually)	
15 and as former designated officer for)	
16 D E Equity Group;)	
)	
17 Respondents.)	

18 Respondents D E EQUITY GROUP and SCOTT LEE ELLIS (collectively
19 "Respondents") are presently licensed and/or have license rights under the Real Estate Law,
20 Part 1, of Division 4, of the California Business and Professions Code ("Code").

21 Respondent D E EQUITY GROUP ("DE EQUITY") currently has a restricted
22 real estate corporation license, Department of Real Estate ("Department" or "DRE") License ID
23 01367450, which is set to expire on January 14, 2029, unless renewed. On or about June 4,
24 2018, pursuant to a Stipulation and Agreement in DRE Case No. H-3106 FR, the real estate
25 corporation license of DE EQUITY was revoked with a right to a restricted corporate license.
26 On or about March 26, 2021, pursuant to a Stipulation and Agreement in DRE Case No. H-
27 3305 FR, the real estate corporation license of DE EQUITY was revoked with a right to a

1 restricted corporate license. The designated officer of DE EQUITY was Scott Lee Ellis at all
2 relevant times until March 25, 2025.

3 Respondent SCOTT LEE ELLIS ("ELLIS") currently has a restricted real estate
4 broker license, DRE License ID 01226088, which is set to expire on March 25, 2029, unless
5 renewed. On or about June 4, 2018, pursuant to a Stipulation and Agreement in DRE Case No.
6 H-3106 FR, the real estate broker license of ELLIS was revoked with a right to a restricted
7 broker license. On or about March 26, 2021, pursuant to a Stipulation and Agreement in DRE
8 Case No. H-3305 FR, the real estate broker license of ELLIS was revoked with a right to a
9 restricted broker license. ELLIS was the designated officer of DE EQUITY from November
10 30, 2006 to March 25, 2025.

11 **FACTUAL BASIS**

12 (BROKER ACTIVITIES)

13 1.

14 At all times relevant herein, Respondents were engaged in the business of, acted
15 in the capacity of, advertised or assumed to act as a real estate broker, within the meaning of:

16 a. Code section 10131(a), in that Respondents' activities included, for a
17 compensation or in expectation of a compensation, selling or offering to sell, buying or offering
18 to buy, soliciting or obtaining listings of, or negotiating the purchase and sale of real property
19 as the agent of others; and

20 b. Code section 10131(b), in that Respondents' activities included, for a
21 compensation or in expectation of a compensation, leasing or renting or offering to lease or
22 rent, or placing for rent, or soliciting listings of places for rent, or soliciting for prospective
23 tenants, or negotiating the sale, purchase or exchanges of leases on real property, or collecting
24 rents from real property, or improvements thereon.

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1 (CAUSE FOR ACCUSATION: AUDIT FR-24-0004)

2 2.

3 From August 29, 2024 to February 26, 2025, the Department conducted an
4 audit examination of the books and records of DE EQUITY. The audit examination was
5 limited to DE EQUITY's property management activity only, as described in paragraph 1b
6 above, and covered the period of time from February 1, 2023 to July 31, 2024. The primary
7 purpose of the examination was to determine whether DE EQUITY conducted its real estate
8 activities in accordance with the Real Estate Law and the Commissioner's Regulations.

9 3.

10 Said audit examination, as described above in paragraph 2, revealed violations
11 of the Code and the Regulations, as set forth in the following paragraphs, and more fully
12 discussed in Audit Report No. FR-24-0004 and the exhibits and work papers attached to the
13 audit report.

14 (a) Trust Fund Accountability and Balances

15 (Code section 10145(a) and Regulation 2832.1)

16 Among the three trust accounts that were randomly selected and sampled, Trust
17 Account #1 was found to have a shortage during the audit period. Trust Account ("TA 1") is
18 DE EQUITY's trust account at Central Valley Community Bank (now called "Community
19 West Bank" since its name change in April 2024), with the account number ending in 0037,
20 was maintained for handling receipts and disbursements of trust funds received in connection
21 with DE EQUITY's property management activities.

22 As of the cutoff date of June 30, 2024, the total accountability of TA 1 was not
23 equal to its adjusted bank balance, in that there was a shortage of (\$11,788.97) in TA 1. The
24 total shortage of (\$11,788.97) was caused by (1) a negative balance in one property account
25 3848 East Oak Ave) in the amount of (\$108.33) and (2) identified unreconciled deposits listed
26 on the broker's reconciliation, totaling (\$11,680.64).

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1 DE EQUITY failed to provide any evidence that the owners of the trust funds
2 had given their written consent to allow DE EQUITY to reduce the balance of the funds in TA
3 1 to an amount less than the existing aggregate trust fund liabilities, in violation of Code
4 section 10145(a) and Regulation 2832.1.

5 (b) Responsibility of Corporate Officer in Charge / Broker Supervision

6 (Code sections 10159.2 and Regulations section 2725)

7 Based on the above findings, D.O. ELLIS failed to exercise reasonable and/or
8 adequate supervision and control over the real estate activities conducted on behalf of DE
9 EQUITY by its licensees and/or employees as necessary to secure full compliance with the real
10 estate laws. ELLIS failed to establish policies, rules, procedures, and systems to review,
11 oversee, inspection, and manage transactions requiring a real estate license and the handling of
12 trust funds, in violation of Code sections 10159.2 and 10177(h) and Regulation 2725.

13 **ACKNOWLEDGMENT AND VOLUNTARY WAIVER OF RIGHTS**

14 It is hereby stipulated between Respondent D E EQUITY GROUP and
15 Respondent SCOTT LEE ELLIS, both in pro per, and the Department of Real Estate, acting by
16 and through Kathy Yi, Counsel for the Department, as follows:

17 1. Respondents have been informed by the Department of Real Estate that
18 Respondents are the subject of an investigation of possible violations of the Real Estate Law,
19 Sections 10000 et seq., of the Code, and Regulations of the Real Estate Commissioner, Title 10,
20 Chapter 6, of the California Code of Regulations, which could result in the filing of an
21 Accusation to revoke or suspend the real estate licenses and licensing rights.

22 2. Pursuant to Code Section 10100.4, Respondents are entering into this
23 Stipulation and Agreement ("Stipulation"). Respondents acknowledge that that by entering
24 into this Stipulation, Respondents are stipulating that the Real Estate Commissioner
25 ("Commissioner") has found grounds to file an Accusation, based on the alleged violations
26 above, to revoke or suspend the real estate licenses and license rights, pursuant to Section
27 10177(d), 10177(g), and/or 10177(h) of the Code.

1 3. All issues relating to the Department's investigation of Respondents' acts,
2 and all evidence which may be presented by the Department and Respondents at a formal
3 disciplinary hearing held in accordance with the provisions of the Administrative Procedure
4 Act ("APA") resulting from the Department's investigation shall, instead and in place thereof,
5 be submitted on the basis of the provisions of this Stipulation.

6 4. Respondents hereby waive their right to a formal hearing under the
7 provisions of the APA regarding the factual basis set forth above, and the Determination of
8 Issues set forth below.

9 5. Respondents acknowledge that Respondents understand that by waiving
10 Respondents' right to notice of the charges brought against Respondents by the Department,
11 and Respondents' right to file Notice of Defense requesting a formal hearing under the APA,
12 Respondents will waive Respondents' right to require the Commissioner to prove the
13 allegations which would be alleged in a formal Accusation at a contested hearing held in
14 accordance with the provisions of the APA and that Respondents will waive other rights
15 afforded to Respondents in connection with the hearing such as the right to present evidence in
16 defense of the allegations in the Accusation and the right to cross-examine witnesses.

17 6. This Stipulation is made for the purpose of reaching an agreed disposition of
18 this proceeding and is expressly limited to the said proceeding and any other proceedings or
19 cases in which the Department or another licensing agency of this state, another state, or if the
20 federal government is involved, and otherwise shall not be admissible in any other criminal or
21 civil proceeding.

22 7. It is understood by the parties that the Commissioner may adopt the
23 Stipulation as her Decision in this matter, thereby imposing the penalty and sanctions on
24 Respondents' real estate licenses and license rights as set forth in the below Order.

25 8. The Order or any subsequent Order of the Commissioner made pursuant to
26 this Stipulation shall not constitute an estoppel, merger or bar to any further administrative or
27 civil proceedings by the Department with respect to any matters which were not specifically

1 alleged as grounds for discipline in this matter.

2 **DETERMINATION OF ISSUES**

3 By reason of the foregoing stipulations, admissions, and waivers, and solely for
4 the purpose of settlement of the Department's investigation of Respondents' violations as stated
5 in the Factual Basis above, it is stipulated and agreed that the following Determination of Issues
6 shall be made:

7 The conduct, acts, or omissions of Respondent D E EQUITY GROUP, as
8 described above, are in violation of Code section 10145(a) and Regulation 2832.1, and
9 constitute cause for the suspension or revocation of all real estate licenses and license rights of
10 D E EQUITY GROUP, pursuant to Code sections 10177(d), 10177(g), and/or 10177(h).

11 The conduct, acts, or omissions of Respondent SCOTT LEE ELLIS, as
12 described above, are in violation of Code section 10159.2 and Regulations 2725, and constitute
13 cause for the suspension or revocation of all real estate licenses and license rights of SCOTT
14 LEE ELLIS, pursuant to Code sections 10177(d), 10177(g), and/or 10177(h).

15 **ORDER**

16 **WHEREFORE, THE FOLLOWING ORDER is hereby made:**

17 **(RESPONDENT D E EQUITY GROUP)**

18 **I. RESTRICTED REAL ESTATE LICENSES AND SUSPENSION**

19 All licenses and licensing rights of Respondent D E EQUITY GROUP under the
20 Real Estate Law are revoked; provided, however, a restricted real estate corporation license
21 shall be issued to Respondent D E EQUITY GROUP pursuant to Section 10156.5 of the Code
22 if Respondent makes application therefor and pays to the Department the appropriate fee for the
23 restricted license **within ninety (90) days from the effective date of this Decision**. The
24 restricted license issued to Respondent D E EQUITY GROUP shall be subject to all of the
25 provisions of Section 10156.7 of the Code and to the following limitations, conditions, and
26 restrictions imposed under Section 10156.6 of the Code:

27 1. The restricted license issued to Respondent D E EQUITY GROUP may be

1 suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory
2 to the Commissioner that Respondent has violated provisions of the California Real Estate
3 Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or the
4 conditions attaching to this restricted license.

5 2. Respondent D E EQUITY GROUP shall not be eligible to apply for the
6 issuance of any unrestricted real estate license nor for the removal of any of the conditions,
7 limitations or restrictions of a restricted license until at least **two (2) years** have elapsed from
8 the effective date of this Decision and Order. Respondent shall not be eligible to apply for any
9 unrestricted licenses or unrestricted license endorsement until all restrictions attaching to the
10 license or license endorsement have been removed.

11 3. The restricted license issued to Respondent D E EQUITY GROUP is
12 suspended for a period of **ninety (90) days** from the date of issuance of said restricted license;
13 provided, however, that the **first thirty (30) days** of said suspension shall be **stayed** upon the
14 following terms and conditions:

15 (a) Respondent D E EQUITY GROUP pays a monetary penalty pursuant
16 to Code section 10175.2 at a rate of \$100.00 for each day of the
17 suspension for a total monetary penalty of \$3,000.00.

18 (b) Said payment shall be in the form of a cashier's check made payable
19 to the Department of Real Estate. Said check must be delivered to
20 the Department of Real Estate, Flag Section, 651 Bannon Street,
21 Suite 504, Sacramento, CA 95811, prior to the effective date of this
22 Decision and Order.

23 (c) If Respondent D E EQUITY GROUP fails to pay the monetary
24 penalty in accordance with the terms and conditions of the Decision,
25 the suspension shall go into effect automatically with regard to said
26 Respondent. Respondent D E EQUITY GROUP shall not be entitled
27 to any repayment nor credit, prorated or otherwise, for money paid to

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the Department under the terms of this Decision and Order.

(d) If Respondent D E EQUITY GROUP pays the monetary penalty and if no further cause for disciplinary action against the real estate license of Respondent occurs within three (3) years from the effective date of the Decision, the stay hereby granted shall become permanent.

4. The latter sixty (60) days of the ninety (90) day suspension shall be stayed upon the following terms and conditions:

(a) That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within two (2) years of the effective date of this Decision. Should such a determination be made, the Commissioner may, in her discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

(b) Should such a determination be made, the Commissioner may, in her discretion, vacate and set aside the stay order, and order the execution of all or any part of the stayed suspension, in which even the Respondent shall not be entitled to any repayment nor credit, prorated or otherwise, for money paid to the Department under the terms of this Decision.

(c) If no order vacating the stay is issued, and if no further cause for disciplinary action against the real estate license of Respondent D E EQUITY GROUP occurs within three (3) years from the effective date of the Decision, then the stay hereby granted shall become permanent.

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1 II. AUDIT COSTS

2 Pursuant to Code section 10148, Respondent D E EQUITY GROUP shall,
3 jointly and severally with Respondent SCOTT LEE ELLIS, pay the Commissioner's reasonable
4 costs for the audit which led to this disciplinary action in the amount of \$4,058.25.
5 Respondents shall pay such costs within sixty (60) days of receiving an invoice therefor from
6 the Commissioner. Payment of the audit costs should not be made until Respondents receive
7 the invoice. If Respondent D E EQUITY GROUP fails to satisfy this condition in a timely
8 manner as provided for herein, Respondent D E EQUITY GROUP's real estate licenses shall
9 automatically be suspended until payment is made in full, or until a decision providing
10 otherwise is adopted following a hearing held pursuant to this condition.

11 III. SUBSEQUENT AUDIT COSTS

12 Pursuant to Code section 10148, Respondent D E EQUITY GROUP shall,
13 jointly and severally with Respondent SCOTT LEE ELLIS, pay the Commissioner's reasonable
14 costs, not to exceed \$5,072.81, for a subsequent audit to determine if Respondents have
15 corrected the violations found in the Determination of Issues. In calculating the amount of the
16 Commissioner's reasonable costs, the Commissioner may use the estimated average hourly
17 salary for all persons performing audits of real estate brokers, and shall include an allocation
18 for travel time to and from the auditor's place of work. Respondent D E EQUITY GROUP
19 shall pay such costs within sixty (60) days of receiving an invoice therefor from the
20 Commissioner. If Respondent D E EQUITY GROUP fails to satisfy this condition in a timely
21 manner as provided for herein, Respondent D E EQUITY GROUP's real estate licenses shall
22 automatically be suspended until payment is made in full, or until a decision providing
23 otherwise is adopted following a hearing held pursuant to this condition.

24 IV. INVESTIGATION AND ENFORCEMENT COSTS

25 1. Respondent D E EQUITY GROUP shall pay, jointly and severally with
26 Respondent SCOTT LEE ELLIS, the sum of \$3,807.15 for the Commissioner's reasonable
27 costs of the investigation (\$3,094.35) and enforcement (\$712.80) which led to this disciplinary

1 action. Said payment shall be in the form of a cashier's check made payable to the Department
2 of Real Estate. **The investigative and enforcement costs must be delivered to the**
3 **Department of Real Estate, Flag Section at 651 Bannon Street, Suite 504, Sacramento, CA**
4 **95811, prior to the effective date of this Decision and Order.** Payment of investigation and
5 enforcement costs should not be made until the Stipulation and Agreement has been approved
6 by the Commissioner. If Respondent D E EQUITY GROUP fails to satisfy this condition in a
7 timely manner as provided for herein, Respondent's real estate licenses shall automatically be
8 suspended until payment is made in full, or until a decision providing otherwise is adopted
9 following a hearing held pursuant to this condition.

10 **(RESPONDENT SCOTT LEE ELLIS)**

11 **I. RESTRICTED REAL ESTATE LICENSES AND SUSPENSION**

12 All licenses and licensing rights of Respondent SCOTT LEE ELLIS under the
13 Real Estate Law are revoked; provided, however, a restricted real estate broker license shall be
14 issued to Respondent SCOTT LEE ELLIS pursuant to Section 10156.5 of the Code if
15 Respondent makes application therefor and pays to the Department the appropriate fee for the
16 restricted license **within ninety (90) days from the effective date of this Decision.** The
17 restricted license issued to Respondent SCOTT LEE ELLIS shall be subject to all of the
18 provisions of Section 10156.7 of the Code and to the following limitations, conditions, and
19 restrictions imposed under Section 10156.6 of the Code:

20 1. The restricted license issued to Respondent SCOTT LEE ELLIS may be
21 suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory
22 to the Commissioner that Respondent has violated provisions of the California Real Estate
23 Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or the
24 conditions attaching to this restricted license or restricted MLO license endorsement.

25 2. Respondent SCOTT LEE ELLIS shall not be eligible to apply for the
26 issuance of any unrestricted real estate license nor for the removal of any of the conditions,
27 limitations or restrictions of a restricted license until at least **two (2) years** have elapsed from

1 the effective date of this Decision and Order. Respondent shall not be eligible to apply for any
2 unrestricted licenses or unrestricted license endorsement until all restrictions attaching to the
3 license or license endorsement have been removed.

4 3. The restricted license issued to Respondent SCOTT LEE ELLIS is
5 suspended for a period of **ninety (90) days** from the date of issuance of said restricted license;
6 provided, however, that the **first thirty (30) days** of said suspension shall be **stayed** upon the
7 following terms and conditions:

8 (a) Respondent SCOTT LEE ELLIS pays a monetary penalty pursuant
9 to Code section 10175.2 at a rate of \$100.00 for each day of the
10 suspension for a total monetary penalty of \$3,000.00.

11 (b) Said payment shall be in the form of a cashier's check made payable
12 to the Department of Real Estate. Said check must be delivered to
13 the Department of Real Estate, Flag Section, 651 Bannon Street,
14 Suite 504, Sacramento, CA 95811, prior to the effective date of this
15 Decision and Order.

16 (c) If Respondent SCOTT LEE ELLIS fails to pay the monetary penalty
17 in accordance with the terms and conditions of the Decision, the
18 suspension shall go into effect automatically with regard to said
19 Respondent. Respondent SCOTT LEE ELLIS shall not be entitled to
20 any repayment nor credit, prorated or otherwise, for money paid to
21 the Department under the terms of this Decision and Order.

22 (d) If Respondent SCOTT LEE ELLIS pays the monetary penalty and if
23 no further cause for disciplinary action against the real estate license
24 of Respondent occurs within three (3) years from the effective date
25 of the Decision, the stay hereby granted shall become permanent.

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1 automatically be suspended until payment is made in full, or until a decision providing
2 otherwise is adopted following a hearing held pursuant to this condition.

3 **III. SUBSEQUENT AUDIT COSTS**

4 Pursuant to Code section 10148, Respondent SCOTT LEE ELLIS shall, jointly
5 and severally with Respondent D E EQUITY GROUP, pay the Commissioner's reasonable
6 costs, not to exceed **\$5,072.81**, for a subsequent audit to determine if Respondents have
7 corrected the violations found in the Determination of Issues. In calculating the amount of the
8 Commissioner's reasonable costs, the Commissioner may use the estimated average hourly
9 salary for all persons performing audits of real estate brokers, and shall include an allocation
10 for travel time to and from the auditor's place of work. Respondent SCOTT LEE ELLIS shall
11 pay such costs within sixty (60) days of receiving an invoice therefor from the Commissioner.
12 If Respondent SCOTT LEE ELLIS fails to satisfy this condition in a timely manner as provided
13 for herein, Respondent SCOTT LEE ELLIS' real estate licenses shall automatically be
14 suspended until payment is made in full, or until a decision providing otherwise is adopted
15 following a hearing held pursuant to this condition.

16 **IV. INVESTIGATION AND ENFORCEMENT COSTS**

17 1. Respondent SCOTT LEE ELLIS shall pay, jointly and severally with
18 Respondent D E EQUITY GROUP, the sum of **\$3,807.15** for the Commissioner's reasonable
19 costs of the investigation (\$3,094.35) and enforcement (\$712.80) which led to this disciplinary
20 action. Said payment shall be in the form of a cashier's check made payable to the Department
21 of Real Estate. **The investigative and enforcement costs must be delivered to the**
22 **Department of Real Estate, Flag Section at 651 Bannon Street, Suite 504, Sacramento, CA**
23 **95811, prior to the effective date of this Decision and Order.** Payment of investigation and
24 enforcement costs should not be made until the Stipulation and Agreement has been approved
25 by the Commissioner. If Respondent SCOTT LEE ELLIS fails to satisfy this condition in a
26 timely manner as provided for herein, Respondent's real estate licenses shall automatically be
27 suspended until payment is made in full, or until a decision providing otherwise is adopted

1 following a hearing held pursuant to this condition.

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3 DATED: 10/28/2025


Kathy Yi, Counsel
Department of Real Estate

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5 * * *

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7 EXECUTION OF THE STIPULATION

8 Respondent D E EQUITY GROUP and SCOTT LEE ELLIS have read the
9 Stipulation and Agreement and understand that Respondents are waiving rights given to
10 Respondents by the California Administrative Procedure Act, (including but not limited to
11 Sections 11521 and 11523 of the Government Code), and Respondents willingly, intelligently,
12 and voluntarily waive those rights, including the right to seek reconsideration and the right to
13 seek judicial review of the Commissioner's Decision and Order by way of a writ of mandate.

14 Respondents agree, acknowledge, and understand that Respondent cannot
15 rescind or amend this Stipulation and Agreement. By signing this Stipulation, Respondents
16 understand and agree that Respondent may not withdraw Respondents' agreement or seek to
17 rescind the Stipulation prior to the time the Commissioner considers and acts upon it or prior to
18 the effective date of the Stipulation and Order.

19 Respondents can signify acceptance and approval of the terms and conditions of
20 this Stipulation and Agreement by electronically e-mailing a copy of the signature page, as
21 actually signed by Respondents, to the Department. Respondents agree, acknowledge, and
22 understand that by electronically sending to the Department an electronic copy of Respondents'
23 actual signature, as it appears on the Stipulation, that receipt of the emailed copy by the
24 Department shall be as binding on Respondents as if the Department had received the original
25 signed Stipulation. Alternatively, Respondents can signify acceptance and approval of the
26 terms and conditions of this Stipulation and Agreement by mailing the original signed
27 Stipulation and Agreement to: Kathy Yi, Department of Real Estate, 320 West 4th Street, Suite

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350, Los Angeles, California 90013-11



DATED: 10/29/2025

DE EQUITY GROUP
Respondent
By: _____



DATED: 10/29/2025

SCOTT LEE ELLIS.
Respondent

The foregoing Stipulation and Agreement is hereby adopted by me as my
Decision in this matter as to Respondent D E EQUITY GROUP and Respondent SCOTT LEE
ELLIS and shall become effective at 12 o'clock noon on 2-10-26.

IT IS SO ORDERED January 13, 2026.

CHIKA SUNQUIST
REAL ESTATE COMMISSIONER

