

JUL 30 2019

DEPARTMENT OF REAL ESTATE

By                      *RJ deal*

1 MEGAN LEE OLSEN, Counsel, (SBN 272554)  
 2 Department of Real Estate  
 3 P. O. Box 137007  
 Sacramento, CA 95813-7007

4 Telephone: (916) 576-8700  
 5 (916) 263-3767 (Fax)  
 6 (916) 576-7846 (Direct)

7  
 8 BEFORE THE DEPARTMENT OF REAL ESTATE  
 9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of	)	No. H-6840 SAC
	)	
12 DARRELL CHRISTIAN GRYTNESS,	)	<u>ACCUSATION</u>
	)	
13 Respondent.	)	

14 The Complainant, TRICIA D. PARKHURST, acting in her official capacity as a  
 15 Supervising Special Investigator of the State of California, for cause of Accusation against  
 16 DARRELL CHRISTIAN GRYTNESS (Respondent), is informed and alleges as follows:

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18 At all times herein mentioned, Respondent was and is presently licensed and/or  
 19 has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and  
 20 Professions Code (Code) by the Department of Real Estate (the Department) as a real estate  
 21 broker.

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23 At all times herein mentioned, Respondent conducted real estate activity under  
 24 his individual broker license and the fictitious business names, "Pacific Coast Rentals & Real  
 25 Estate", "Pacific Coast Rentals" and "American Property Management". However, Respondent  
 26 was not licensed by the Department to use the fictitious business names of "Pacific Coast  
 27 Rentals" and "American Property Management".

At all times herein mentioned, Respondent engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California within the meaning of Section 10131(b) of the Code, including the operation and conduct of a property management business with the public wherein, on behalf of others, for compensation or in expectation of compensation, Respondent leased or rented or offered to lease or rent, or solicited listings of places for rent or solicited for prospective tenants, or negotiated the sale, purchase or exchange of leases on real property, or on a business opportunity, or collected rent from tenants.

FIRST CAUSE OF ACTION

Each and every allegation in Paragraphs 1 through 3, inclusive, is incorporated by this reference as if fully set forth herein.

On or about February 21, 2019, and continuing intermittently through April 5, 2019, an audit was conducted at Respondent's office located at 1225 Central Avenue, Suite 12, McKinleyville, California, where the auditor examined the records for the period of January 1, 2018, to January 31, 2019 (the audit period).

Respondent, while acting as a real estate broker, as described in Paragraph 3, accepted or received funds in trust (trust funds) from or on behalf of owners, lessees and others in connection with property management activities, and deposited those funds into bank accounts maintained by Respondent, at the following financial institutions, including but not limited to the following:

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BANK ACCOUNT #1	
Bank:	Tri Counties Bank, P.O. Box 909, Chico, CA 95927
Account No.:	XXXXXX8626
Entitled:	PACIFIC COAST RENTALS OR CLIENT TRUST ACCOUNT
BANK ACCOUNT #2	
Bank:	Umpqua Bank, 2095 Central Avenue, McKinleyville, CA 95519
Account No.:	XXXXXX5995
Entitled:	D B A AMERICAN PROPERTY MANAGEMENT ORLANDI TRUST
BANK ACCOUNT #3	
Bank:	Umpqua Bank, 2095 Central Avenue, McKinleyville, CA 95519
Account No.:	XXXXXXX0074
Entitled:	D B A PACIFIC COAST RENTALS & REAL ESTATE
BANK ACCOUNT #4	
Bank:	Umpqua Bank, 2095 Central Avenue, McKinleyville, CA 95519
Account No.:	XXXXXXX4366
Entitled:	DBA PACIFIC COAST RENTALS & REAL ESTATE TIVOLI GARDEN APARTMENT <sup>1</sup>
Entitled:	DBA PACIFIC COAST RENTALS & REAL ESTATE RIDGELINE TERRACE <sup>2</sup>

and thereafter from time-to-time made disbursement of said trust funds.

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In the course of the activities described in Paragraph 6, in connection with collection and disbursement of trust funds, it was determined that:

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<sup>1</sup> According to the signature card dated May 23, 2018, the account name of Bank Account #4 is indicated as DBA Pacific Coast Rentals & Real Estate Tivoli Garden Apartments.

<sup>2</sup> According to the bank statements beginning October of 2018, the account name of Bank Account #4 is indicated as DBA Pacific Coast Rentals & Real Estate Ridgeline Terrance.

- 1 (a) Respondent failed to properly designate Bank Account #1, Bank Account #2,  
2 Bank Account #3, and Bank Account #4 as trust accounts with the broker as  
3 trustee as required by Section 10145 of the Code and Section 2832 of Chapter  
4 6, Title 10, California Code of Regulations (Regulations);  
5  
6 (b) Respondent allowed persons who were not licensed and did not have an  
7 adequate fidelity bond to be a signatory on Bank Account #1, Bank Account  
8 #2, Bank Account #3, and Bank Account #4, in violation of Section 2834 of  
9 the Regulations;  
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11 (c) Respondent allowed persons who were not licensed and not employed by the  
12 broker to be a signatory on Bank Account #3, in violation of Section 2834 of  
13 the Regulations;  
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15 (d) Respondent failed to maintain adequate separate records for each beneficiary  
16 of trust funds accepted or received and disbursed for Bank Account #1, in  
17 violation of Section 2831.1 of the Regulations;  
18  
19 (e) Respondent conducted real estate activities using the fictitious business names  
20 "Pacific Coast Rentals" and "American Property Management" without first  
21 registering with the Department, in violation of Section 2731 of the  
22 Regulations; and  
23  
24 (f) Respondent failed to maintain adequate written broker-salesperson  
25 relationship agreement between Respondent and each salesperson, in violation  
26 of Section 2726 of the Regulations.  
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The acts and/or omissions described above constitute violations of Sections 2726  
(Broker-Salesperson Relationship Agreement), 2731 (Use of False/Fictitious Name), 2831.1  
(Separate Beneficiary Records), 2832 (Bank Accounts Not Properly Designated as Trust  
Accounts), and 2834 (Trust Fund Signatories) of the Regulations, and Section 10145 (Trust Fund  
Handling) of the Code, and are grounds for discipline under Sections 10177(d) (Willful

1 Disregard of Real Estate Laws) and/or 10177(g) (Negligence/Incompetence Licensee) of the  
2 Code.

3 SECOND CAUSE OF ACTION

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5 Each and every allegation in Paragraphs 1 through 8, inclusive, is incorporated by  
6 this reference as if fully set forth herein.

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8 In the course of activities described in Paragraph 3, NIKI MOORE (MOORE), an  
9 unlicensed person, negotiated and signed lease agreements on behalf of Respondent, while using  
10 the fictitious business names, "Pacific Coast Rentals & Real Estate" and "Pacific Coast Rental",  
11 including but not limited to the following:

12

Date	Tenant	Property Location
7/1/2018	Jason M. and Taylor M.	1945 Arbor Way, McKinleyville
1/18/2019	Sophie J. and Max M.	2202 Ravenwood Place, McKinleyville
1/25/2019	Stephen W. and Loretta W.	1774 Bella Vista Road, McKinleyville

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18 During the investigation, it was revealed that MOORE performs all property  
19 management activity under Respondent's license. Furthermore, Respondent is not involved in the  
20 daily property management activities, but does advise MOORE and answer her questions.

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22 Respondent failed to exercise reasonable supervision and control over the  
23 activities of MOORE, an unlicensed person, as required by Section 10131.01 (b). In particular,  
24 Respondent permitted, ratified and/or caused the conduct described above to occur, and failed to  
25 take reasonable steps, including but not limited to, the handling of trust funds, supervision of  
26 employees, and the implementation of policies, rules and systems to ensure the compliance of the  
27 business with the Real Estate Law and the Regulations.

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The acts and or omissions above violate Section 2725 (Broker Supervision) of the Regulations, and constitute grounds for disciplinary action under the provisions of Sections 10177 (d), 10177 (g), and 10177 (h) (Broker Supervision) of the Code.

COST RECOVERY

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Audit Costs

The acts and/or omissions of Respondent, as alleged above, entitle the Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (Audit Costs for Trust Fund Handling Violations) of the Code.

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Costs of Investigation and Enforcement

Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, the Real Estate 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 the investigation and enforcement of the case.

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

  
TRICIA D. PARKHURST  
Supervising Special Investigator

Dated at Sacramento, California,  
this 29th day of July, 2019

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DISCOVERY DEMAND

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