



1           2. Respondents have received, read and understand the  
2 Statement to Respondent, the Discovery Provisions of the APA and  
3 the Accusation filed by the Department of Real Estate in this  
4 proceeding.

5           3. On June 15, 1993, Respondent Grendahl filed a Notice  
6 of Defense pursuant to Section 11505 of the Government Code for  
7 the purpose of requesting a hearing on the allegations in the  
8 Accusation. Respondent E. G. FINANCIAL has not filed a Notice of  
9 Defense in this case. Respondent Grendahl hereby freely and  
10 voluntarily withdraws said Notice of Defense. Respondent  
11 acknowledges that he understands that by withdrawing said Notice  
12 of Defense he will thereby waive his right to require the  
13 Commissioner to prove the allegations in the Accusation at a  
14 contested hearing held in accordance with the provisions of the  
15 APA.

16           4. Respondents have read the Discovery Provisions of  
17 the APA and are aware of their right to conduct discovery in the  
18 proceeding, and by entering into this stipulation, freely and  
19 voluntarily waive their right to conduct discovery.

20           5. Respondents hereby admit that the factual  
21 allegations of the Accusation are true and correct. The Real  
22 Estate Commissioner shall not be required to provide further  
23 evidence of such allegations. The admissions of fact made herein  
24 are made solely for the purposes of establishing jurisdiction for  
25 the Commissioner to take disciplinary action against the licenses  
26 and license rights of Respondents and are made solely in  
27 reference to this proceeding and any subsequent proceeding before

1 the Commissioner and may not be used in or as a part of any other  
2 civil action or criminal action now pending or which may be filed  
3 against Respondents pursuant to the provisions of Section 1152 of  
4 the California Evidence Code. A true copy of the Accusation is  
5 attached hereto as Annex A and incorporated herein by reference.

6 6. It is understood by the parties that the Real Estate  
7 Commissioner may adopt the Stipulation and Agreement in  
8 Settlement as his decision in this matter thereby imposing the  
9 penalty and sanctions on Respondents' real estate licenses and  
10 license rights as set forth in the below "Order". In the event  
11 that the Commissioner in his discretion does not adopt the  
12 Stipulation and Agreement in Settlement, it shall be void and of  
13 no effect, and Respondents shall retain the right to a hearing  
14 and proceeding on the Accusation under all the provisions of the  
15 APA and shall not be bound by any admission or waiver made  
16 herein.

17 7. The Order or any subsequent Order of the Real Estate  
18 Commissioner made pursuant to this Stipulation and Agreement in  
19 Settlement shall not constitute an estoppel, merger or bar to any  
20 further administrative or civil proceedings by the Department of  
21 Real Estate with respect to any matters which were not  
22 specifically alleged to be causes for accusation in this  
23 proceeding.

#### 24 DETERMINATION OF ISSUES

25 By reason of the foregoing stipulations, admissions and  
26 waivers and for the purpose of settlement of the pending

27 ///

1 Accusation without a hearing, it is stipulated and agreed that  
2 the following determination of issues shall be made:

3 I

4 The acts and/or omissions of Respondents, as alleged in  
5 Paragraphs I through VII of the Accusation, violate Sections  
6 10145 and 10085 of the Code and Sections 2831, 2831.2, 2834 and  
7 2970 of Title 10, California Code of Regulations and constitute  
8 grounds for discipline under Section 10177(d) of the Code. Said  
9 acts and/or omissions are also grounds for discipline under  
10 Section 10176(e) of the Code.

11 II

12 The acts and/or omissions of Respondent Grendahl, as  
13 alleged in Paragraph VIII of the Accusation, constitute grounds  
14 for discipline under Section 10177 (g) and (h) of the Code.

15 ORDER

16 1. All licenses and licensing rights of Respondent E. G.  
17 FINANCIAL under the Real Estate Law are revoked.

18 2. All licenses and licensing rights of Respondent REN  
19 ORVILLE GREND AHL under the Real Estate Law are suspended for a  
20 period of sixty (60) days from the effective date of this  
21 Decision.

22 A. The first thirty (30) days of said suspension are  
23 stayed for a period of one (1) year upon the following terms and  
24 conditions:

25 a. Respondent shall obey all laws, rules and  
26 regulations governing the rights, duties and responsibilities of  
27 real estate licensees in the State of California; and

1           b. That no final subsequent determination be made,  
2 after hearing or upon stipulation, that cause of disciplinary  
3 action occurred within one (1) year from the effective date of  
4 this Decision and Order. Should such a determination be made, the  
5 Commissioner may, in his discretion, vacate and set aside the stay  
6 order and reimpose all or a portion of the stayed suspension.  
7 Should no such determination be made, and upon satisfactory  
8 completion of the above conditions, the stay imposed herein shall  
9 become permanent.

10           B. If Respondent petitions, an additional thirty (30)  
11 days of said suspension shall be stayed upon the terms and  
12 conditions of this paragraph:

13           a. Respondent pays a monetary penalty pursuant to  
14 Section 10175.2 of the Business and Professions Code at the rate  
15 of \$50.00 for each day of said suspension stayed, for a total  
16 monetary penalty of \$1,500.00.

17           b. Said payment shall be in the form of a cashier's  
18 check or certified check made payable to the Recovery Account of  
19 the Real Estate Fund. Said check must be delivered to the  
20 Department prior to the effective date of the Order in this  
21 matter.

22           c. If Respondent fails to pay the monetary penalty  
23 in accordance with the terms of this paragraph or this Order, the  
24 Commissioner may, without a hearing, order the immediate execution  
25 of all or any part of the thirty (30) day stayed suspension, in  
26 which event the Respondent shall not be entitled to any repayment

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1 nor credit, prorated or otherwise, for money paid to the  
2 Department under the terms of this Order.

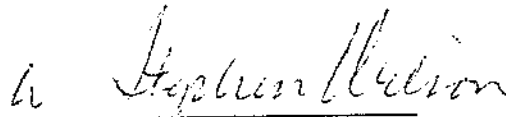
3 DATED: 12-30-93

4   
5 JOHN VAN DRIEL  
6 Counsel for the  
7 Complainant

8 APPROVED AS TO FORM:

9 WENDEL, ROSEN, BLACK,  
10 DEAN & LEVITAN

11 DATED: 12/17/93

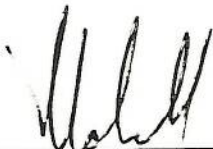
12   
13 W. STEPHEN WILSON  
14 Attorneys for Respondents

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1 I have read the Stipulation in Settlement and Agreement  
2 and its terms are understood by me and are agreeable and  
3 acceptable to me. I understand that I am waiving rights given to  
4 me by the California Administrative Procedure Act, and I  
5 willingly and voluntarily waive those rights, including the right  
6 of requiring the Commissioner to prove the allegations in the  
7 Accusation at a hearing at which I would have the right to cross-  
8 examine witnesses against me and to present evidence in defense  
9 and mitigation of the charges.

10 E. G. FINANCIAL

11 DATED: 12/23/93

12 by   
13 REN ORVILLE GREND AHL,  
14 President

15 DATED: 12/23/93


16   
17 REN ORVILLE GREND AHL

18 DECISION AND ORDER

19 The foregoing Stipulation and Agreement in Settlement is  
20 hereby adopted as my Decision and Order and shall become  
21 effective at 12 o'clock noon on February 9, 1994.

22 IT IS SO ORDERED 1/18, 1994.

23 CLARK WALLACE  
24 Real Estate Commissioner

25   
26  
27

COPY

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1 JOHN VAN DRIEL, Counsel  
Department of Real Estate  
2 185 Berry Street, Room 3400  
San Francisco, CA 94107-1770

3  
4 Telephone: (415) 904-5917

FILED  
JUN 01 1993

DEPARTMENT OF REAL ESTATE

By Victoria Dillon  
Victoria Dillon

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 E. G. FINANCIAL, and )  
13 REN ORVILLE GREND AHL, )  
14 Respondents. )

No. H- 6926 SF

ACCUSATION

15 The Complainant, EDWARD V. CHIOLO, a Deputy Real Estate  
16 Commissioner of the State of California, for cause of Accusation  
17 against E. G. FINANCIAL and REN ORVILLE GREND AHL (Respondents) is  
18 informed and alleges as follows:

19 I

20 The Complainant, EDWARD V. CHIOLO, a Deputy Real Estate  
21 Commissioner of the State of California, makes this Accusation  
22 against Respondents in his official capacity.

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II

1 E. G. FINANCIAL (EGF) and REN ORVILLE GREND AHL  
2 (Grendahl) are presently licensed and/or have license rights under  
3 the Real Estate Law (Part 1 of Division 4 of the Business and  
4 Professions Code (Code)).

III

5  
6 At all times mentioned herein, EGF was licensed by the  
7 Department of Real Estate of the State of California (Department)  
8 as a real estate corporation through Grendahl as its designated  
9 officer.

IV

10  
11 At all times mentioned herein, Grendahl was licensed by  
12 the Department as a real estate broker in his individual capacity  
13 and as the designated officer of EGF.

V

14  
15 In September through December 1992, an investigative  
16 audit was made by the Department on EGF's' books and records for  
17 the period of January 1, 1991 through October 21, 1992 (the audit  
18 period).

19 The following facts were ascertained by the audit for  
20 the period ending October 21, 1992.

21 a. EGF maintained two trust accounts at Wells Fargo  
22 Bank, San Francisco, California, for the receipt and disbursement  
23 of trust funds, as that term is defined in Section 10145 of the  
24 Code, designated as accounts # 6589-087832 named "E G Financial  
25

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1 dba Fox & Carskadon trust fund account" (trust account # 1), and  
2 # 0589-031889 named "E G Financial dba Fox & Carskadon trust fund  
3 account" (trust account # 2). EGF also maintained a general  
4 checking account at the same branch of Wells Fargo bank,  
5 designated as account # 0589-030121 named "E G Financial dba Fox &  
6 Carskadon" (the general account).

7 b. Trust account # 2 had an adjusted balance of  
8 \$2,300.72 and trust fund accountability of \$82.96 causing a trust  
9 fund overage of \$2,217.76. The overage was caused by Respondent's  
10 failure to remove earned commissions from trust account # 2 within  
11 a reasonable time and represent a commingling of Respondents' non-  
12 trust funds with the trust funds in the account.

13 c. EGF failed to maintain a columnar control record of  
14 all trust funds received and paid out for the two trust accounts  
15 during the audit period, as required by Section 2831 of Title 10,  
16 California Code of Regulations (Regulations).

17 d. EGF failed to reconcile separate beneficiary records  
18 with the records of all trust funds received during the audit  
19 period, as required by Section 2831.2 of the Regulations.

20 e. In at least October 1991, EGF deposited trust funds  
21 into the general account, thereby commingling the trust funds with  
22 the non-trust funds in the account.

23 f. During the audit period, trust account # 1 was  
24 maintained by Respondents as an interest bearing trust account.  
25 All of the approximately \$82.00 in interest earned in the account  
26 accrued to the benefit of Respondents.

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1 g. During the audit period, R. D. Sirakides and Janet  
2 Gaines were authorized signatories on one or more of the trust  
3 accounts at times when neither was licensed by the Department nor  
4 bonded, as required by Section 2834 of the Regulations.

5 VI

6 In approximately August 1991, Respondents contracted  
7 for, charged and/or collected \$16,000 from Kevin Brown as an  
8 advance fee, as that term is defined in Section 10026 of the Code,  
9 for marketing his real property known as 314 High Eagle Ct.,  
10 Alamo, California through an auction process. Brown's \$16,000 was  
11 deposited into trust account # 1.

12 VII

13 Respondents charged and collected the advance fees  
14 referred to above without prior approval by the Department of a  
15 contract form used in soliciting and negotiating the agreements  
16 calling for the payment of an advance fee, as required by Section  
17 2970 of the Regulations.

18 VIII

19 At all times mentioned herein, Grendahl failed to  
20 exercise reasonable supervision and control of the activities of  
21 EGF for which a real estate license is required and was negligent  
22 or incompetent in performing acts for which a real estate license  
23 is required, in that he knew or should have known all the facts  
24 alleged above and that he could have and should have taken steps  
25 to assure the full compliance of EGF and its employees with the  
26 Real Estate Law.

27 ///

IX

1 The acts and/or omissions of EGF and Grendahl alleged in  
2 Paragraphs I through V violate Section 10145 of the Code and  
3 Sections 2831, 2831.2 and 2834 of the Regulations and are grounds  
4 for disciplinary action under the provisions of Section 10177(d)  
5 of the Code. Said acts and/or omissions are also grounds for  
6 disciplinary action under the provisions of Section 10176(e) of  
7 the Code.

X

9 The acts and/or omissions of EGF and Grendahl alleged in  
10 Paragraphs VI and VII violate Section 10085 of the Code and  
11 Section 2970 of the Regulations and are grounds for disciplinary  
12 action under the provisions of Section 10177(d) of the Code.

XI

14 The acts and/or omissions of Grendahl alleged in  
15 Paragraph VIII are grounds for disciplinary action under the  
16 provisions of Sections 10177(g) and/or (h) of the Code.

17 WHEREFORE, the Complainant prays that a hearing be  
18 conducted on the allegations of the Accusation and that upon proof  
19 thereof, a decision be rendered imposing disciplinary action

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1 against all licenses and license rights of Respondents under the  
2 Real Estate Law (Part 1 of Division 4 of the Business and  
3 Professions Code) and for such other and further relief as may be  
4 proper under other applicable provisions of law.

*Edward V. Chio*

5  
6 EDWARD V. CHIOLO  
Deputy Real Estate Commissioner

7 Dated at San Francisco, California,  
8 this 18<sup>th</sup> day of MAY, 1993.  
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