



BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

In the Matter of the Application)  
of )

GABLE REAL ESTATE, INC. )

Respondent. )  
)  
)

No. H 26473 LA

L-9604102

PROPOSED DECISION

On May 22, 1996, in Los Angeles, California, Joseph D. Montoya, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter.

Ms. Darlene Averetta, staff counsel, represented the Complainant.

Respondent appeared by its chief executive officer, Mr. Kreg Paul Douvros, and was represented by counsel, Mr. Robert J. Carlson.

The Statement of Issues was amended at the request of the Complainant to conform to proof, without objection by Respondent, in the following particulars:

(A) In paragraph VIII at line 17, the words and numerals "1993 through 1996" were deleted, and the words and numerals "1984 through 1992" added in their place.

(B) In paragraph IX at line 2, the words and numerals "Case No. H-1749 SD" were deleted, and the words and numerals "Case No. H-22606 LA" were added in their place.

Evidence was received and the matter was submitted.

The Administrative Law Judge finds as follows:

FINDINGS OF FACT

1. The Statement of Issues was filed by Thomas J. McCrady, a Deputy Real Estate Commissioner, Department of Real Estate, State of California, while acting solely in his capacity as such.

2. Respondent submitted its original application for a corporate real estate broker's license to the Department of Real Estate in May 1994. A subsequent application was submitted by Respondent on or about August 25, 1995.<sup>1</sup> The August 1995 application, "the second application", is pleaded in the Statement of Issues as the application which the Department would deny.

3. The original license application shows the sole shareholder, sole director, Chief Executive Officer, and Chief Financial Officer of Respondent corporation to be Mr. Kreg Paul Douvros.<sup>2</sup> The original application states that the designated broker would be Mr. Douvros. The second application identifies Mr. Roger Hance as the designated broker. On the second application form Mr. Hance identifies himself as the "CFO" (Chief Financial Officer). However, the corporate minutes submitted with Respondent's application only show him to be a vice-president of Respondent corporation. According to the second application, Mr. Douvros remains the Chief Executive Officer, sole shareholder, and sole director.

4. Mr. Douvros has been licensed as a broker since 1978. He was a licensed salesperson from 1973 to 1978. He has acted as a broker under a restricted license since August 1984. The restricted license was issued to him after his broker's license was revoked, following a disciplinary proceeding, subject to the right to apply for such a restricted license.

5. The 1984 disciplinary action was filed because Mr. Douvros failed to make sure that a salesman in his employ during 1981 and 1982 timely renewed his salesperson's license. As a result of that neglect, the salesman, and Douvros, earned commissions from two sales closed by the salesman during the period when the salesman's license was lapsed.

6. The unrefuted evidence was that Mr. Douvros had admitted the facts and circumstances of the accusation in the 1984 incident. He acknowledged that his management procedures had failed to detect the fact the salesman had not completed the task of renewing his license. The unrefuted evidence further

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<sup>1</sup> Respondent has filed a fictitious business name statement in the County of Ventura, designating "R.R. Gable, Inc." as its fictitious business name.

<sup>2</sup> Mr. Douvros has filed a fictitious business name statement in the County of Ventura, whereby he has designated "Kreg Gable" as his fictitious business name. He has, in the Application, identified himself by that fictitious business name, as the officer for whom a license is requested. However, in this Proposed Decision, he will be referred to by his true name.

established that Mr. Douvros had changed his management practices in 1982 to guard against a recurrence of such an event, and that no such incidents have occurred since then.

7. In 1986 the Department issued an Order to Desist and Refrain to Douvros and two corporate brokerages with which he was affiliated as supervising officer. The order required them to Desist and Refrain from certain activities which violated the statutes and regulations pertaining to trust account bookkeeping and management.

8. The unrefuted evidence was that Mr. Douvros had learned of the problems encompassed by the Desist and Refrain order as a result of an audit by the Department, prior to issuance of the order. Moreover, with the assistance of the Department's auditor, Mr. Douvros and his companies made changes in their business practices before the Desist and Refrain order issued. Those changes resolved any problem practices. There was no loss by any member of the public as a result of the prior practices.

9. No other action was taken in connection with the matter of the Desist and Refrain order. That is, Mr. Douvros and the corporate brokers did not demand a hearing on the order pursuant to Business and Professions Code section 10086(b). Nor did the Department seek to further discipline any of the licenses involved.

10. In 1992 Mr. Douvros applied for reinstatement of his unrestricted broker's license. In May 1994 the Department denied that application, citing an incident which allegedly occurred in April 1991. Mr. Douvros contends the facts set out in the Order of Denial are inaccurate. A hearing is scheduled before the Office of Administrative Hearings regarding the denial of the application for unrestricted license, in July 1996. In any event, the facts and circumstances allegedly justifying the denial of the reinstatement have not been established here.

11. The broker designated by the corporation in the second, or subject application, Mr. Roger Hance, owns and controls another corporate brokerage, R. R. Gable, Inc.,<sup>3</sup> where Mr. Douvros is currently employed. There is no evidence Mr. Hance has ever been subject to discipline.

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<sup>3</sup> The name R. R. Gable, Inc. is the organic corporate name of Mr. Hance's corporation. Although Respondent has taken that same name as its fictitious business name, there is no evidence Mr. Hance owns any interest in Respondent.

## DETERMINATION OF ISSUES

1. It is determined that cause exists to deny Respondent's application for licensure as a broker pursuant to sections 480, 10152, and 10177 of the Business and Professions Code.

2. It is determined that the public interest would not be adversely affected by the issuance of a restricted license to Respondent, conditioned as set forth below. This determination is made in light of evidence of mitigation and rehabilitation, set forth in Findings 6, 8, and 9, as well as the fact Respondent has designated an officer-broker who has no record of discipline, established in Finding 11.

### ORDER

Respondent's application for a real estate broker license is denied; provided, however, a restricted real estate broker license shall be issued to Respondent pursuant to Section 10156.5 of the Business and Professions Code. The restricted license issued to the Respondent shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of said Code:

1. The license shall not confer any property right in the privileges to be exercised, and the Real Estate Commissioner may by appropriate order suspend the right to exercise any privileges granted under this restricted license in the event of:

(a) The conviction of Respondent (including a plea of nolo contendere) of a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee; or

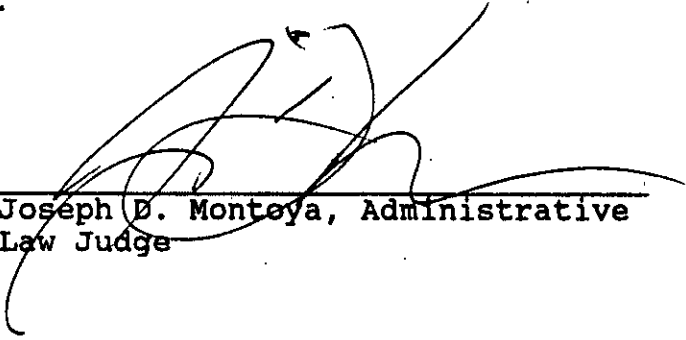
(b) The receipt of evidence that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to this restricted license.

2. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor the

removal of any of the conditions, limitations or restrictions attaching to the restricted license until one year has elapsed from the date of issuance of the restricted license to Respondent.

3. Respondent shall only be eligible for the restricted license so long as Mr. Roger Hance, or some other broker holding an unrestricted license, acts as the designated officer of Respondent. However, this condition shall not be a pre-condition for any application made pursuant to paragraph 2, above.

May 30, 1996



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Joseph D. Montoya, Administrative  
Law Judge

*Sacto. May*

BE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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FILED  
APR 30 1996  
DEPARTMENT OF REAL ESTATE

In the Matter of the Application of )  
)  
GABLE REAL ESTATE, INC., )  
)  
Respondent. )

Case No. H-26473 LA  
OAH No. L-9604102



**NOTICE OF HEARING ON APPLICATION**

**To the above-named Respondent:**

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on May 22, 1996, at the hour of 9:00 a.m., or as soon thereafter as the matter can be heard, upon the Statement of Issues served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

The burden of proof is upon you to establish that you are entitled to the license or other action sought. If you are not present nor represented at the hearing, the Department may act upon your application without taking evidence.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

**Dated:** April 30, 1996.

cc: Gable Real Estate, Inc.  
Robert J. Carlson, Esq.  
Sacto.  
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DEPARTMENT OF REAL ESTATE

  
**DARLENE AVERETTA, Counsel**

*Handwritten initials/signature*

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DARLENE AVERETTA, Counsel  
Department of Real Estate  
107 South Broadway, Room 8107  
Los Angeles, California 90012

(213) 897-3937

**FILED**  
FEB - 9 1996  
DEPARTMENT OF REAL ESTATE  
By *[Signature]*

DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Application of ) No. H-26473 LA  
)  
GABLE REAL ESTATE, INC., ) STATEMENT OF ISSUES  
)  
Respondent. )  
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The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, for Statement of Issues against GABLE REAL ESTATE, INC. ("Respondent"), is informed and alleges in his official capacity as follows:

FIRST CAUSE FOR DENIAL

I

Respondent, pursuant to the provisions of Sections 10150, 10158 and 10211 of the Business and Professions Code ("Code"), made application to the Department of Real Estate of the State of California (hereinafter "Department") on or about August 25, 1995 for a corporate real estate broker license.

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II

At all times material herein, Kreg Paul Douvros (hereinafter "Douvros") was licensed by the Department as a real estate broker.

III

Douvros is listed as the Chief Executive Officer, Chief Financial Officer and the sole Director of Respondent in the Statement By Domestic Stock Corporation filed with the Office of the California Secretary of State.

IV

Douvros is listed as the 100% stockholder of Respondent in the Corporation Background Statement (RE 212) filed with the Department.

V

Effective July 3, 1984, Douvros' broker license was revoked pursuant to the Real Estate Commissioner's Order of June 11, 1984, in Case No. H-21964 LA, which adopted the Proposed Decision entered in the Office of Administrative Hearings Case No. L-31649. The Decision was based on the Findings of Fact that Douvros had paid commissions to a salesperson, for performing acts for which a real estate license is required, during a period of time when said salesperson's license had expired. There was a Determination of Issues made in said Decision that there was cause for discipline against Douvros pursuant to Code Sections 10137, 10177(g) and 10177(h).

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VI

Decision No. H-21964 LA revoked Douvros' real estate broker license and granted the right to a restricted license. On or about August 2, 1984, Douvros was issued a restricted real estate broker license.

VI

Douvros' petition for reinstatement of his real estate broker's license was denied effective May 24, 1994, based on the finding that Douvros was not fully rehabilitated, as there was cause to deny his petition pursuant to Code Sections 10177(g) and 10177(k).

SECOND CAUSE FOR DENIAL

VII

Complainant incorporates herein the allegations of Paragraphs I through VI, inclusive, herein above.

VIII

In or about <sup>1984</sup>~~1993~~ through <sup>1992</sup>~~1996~~ Douvros was licensed by the Department as the designated broker-officer of H & G Realty, Inc. and Country Club Properties, Inc., licensed real estate corporations. As the designated broker-officer, Douvros was responsible for the supervision and control of the activities requiring a real estate license conducted on behalf of said corporations, by its officers, agents and employees as necessary to secure full compliance with the provisions of the Real Estate Law as required by Code Section 10159.2.

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IX

On or about July 14, 1986, in Case No. H-<sup>22606 LA</sup>~~1749~~ SD, a case then pending before the Department, an Order to Desist and Refrain was entered in accordance with the provisions of Code Section 10086, which required Douvros, H & G Realty, Inc. and Country Club Properties, Inc., to desist and refrain from receiving funds in trust and from performing any activities for which a real estate license is required unless said activities were performed in compliance with Code Section 10145 and Sections 2731, 2830, 2831, 2831.1, 2832.1 and 2834 of Chapter 6, Title 10, California Code of Regulations. In addition, Douvros and H & G Realty, Inc, were ordered to desist and refrain from acting contrary to conditions of their restricted real estate licenses which required that they not violate the provisions of the Real Estate Law. Said Order was duly filed and served upon said parties.

X

The prior misconduct of Douvros, as alleged herein above, constitutes cause for denial of Respondent's application for a corporate real estate broker license under Sections 480(a)(3), 10152, 10177(d), 10177(f), 10177(g), 10177(h) and/or 10177(k) of the California Business and Professions Code as Douvros is the Chief Executive Officer, Chief Financial Officer, a director as well as the 100% stockholder of Respondent, and as such has extensive control over the operations of Respondent.

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1                   These proceedings are brought under the provisions of  
2 Section 10100, Division 4 of the Business and Professions Code  
3 of the State of California and Sections 11500 through 11528 of  
4 the Government Code.

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6                   WHEREFORE, the Complainant prays that the above-  
7 entitled matter be set for hearing and, upon proof of the  
8 charges contained herein, that the Commissioner refuse to  
9 authorize the issuance of, and deny the issuance of, a corporate  
10 real estate broker license to GABLE REAL ESTATE, INC., and for  
11 such other and further relief as may be proper in the premises.  
12 Dated at Los Angeles, California  
13 this 9th day of February, 1996.

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15                   Thomas McCaskey  
16 Deputy Real Estate Commissioner  
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26 cc: Gable Real Estate, Inc.  
27 Sacto.  
CERC