

FILED

JUN 22 2022

DEPT. OF REAL ESTATE

By _____

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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)	No. H-42219 LA
)	
12 JRG REALTY AND PROPERTY)	
13 MANAGEMENT; and)	
)	
14 JEFFREY JOHN GRICE II,)	<u>A C C U S A T I O N</u>
15 individually and as designated officer of)	
JRG Realty and Property Management;)	
)	
16 Respondents.)	
)	

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18 The Complainant, Maria Suarez, a Supervising Special Investigator of the State
19 of California, acting in her official capacity, for cause of Accusation against Respondents JRG
20 REALTY AND PROPERTY MANAGEMENT (“JRG”) and JEFFREY JOHN GRICE II
21 (“GRICE”), individually and as designated officer of JRG, is informed and alleges as follows:

22 1.

23 The Complainant, Maria Suarez, acting in her official capacity as Supervising
24 Special Investigator of the State of California, makes this Accusation.

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2.

All references to the "Code" are to the California Business and Professions Code, and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations unless otherwise specified.

(License History: JRG, GRICE, and Jennifer Nancy Sweeney)

3.

a. Respondent JRG presently has license rights with the Department Real Estate as a real estate corporation (license no. 01938287). JRG was licensed as a real estate corporation from on or about October 16, 2013 to October 15, 2021. JRG's license expired on October 15, 2021. The Department of Real Estate retains jurisdiction over the license pursuant to California Business and Professions Code section 10103. JRG's only designated officer has been GRICE, which was from on or about October 16, 2013 to May 20, 2021. JRG has had the following fictitious business names:

Fictitious Business Name	Activation Date
RE/MAX Evolution	October 16, 2013
RE/MAX Evolution Commercial Division	September 4, 2015
Evolution Property Management	September 4, 2015
Evolution Closing Services	April 10, 2017
Evolution Escrow, A Non-Independent Broker Escrow	January 29, 2018

b. Respondent GRICE is presently licensed and/or issued by the Department of Real Estate as a real estate broker (license no. 01919659). GRICE was originally licensed as a real estate broker on or about October 30, 2012, and has been so licensed since then. From on or about April 24, 2013 to September 14, 2020, GRICE's fictitious business name was RE/MAX Evolution. GRICE was JRG's designated officer from on or about October 16, 2013 to May 20, 2021.

1 c. Jennifer Nancy Sweeney aka Jennifer Nancy Wellzman (“Sweeney”) was
2 licensed by the Department of Real Estate as a real estate salesperson (license no. 01758518)
3 from on or about August 9, 2006 to August 8, 2010 and July 29, 2011 to July 28,
4 2015. Sweeney’s last sponsoring broker was GRICE, which was from on or about December
5 11, 2013 to December 25, 2013. Sweeney worked for JRG and GRICE as an office manager
6 from on or about December 3, 2013 to December 31, 2019. At no time has Sweeney had a
7 fictitious business name registered with the Department of Real Estate.

8 4.

9 Whenever acts referred to below are attributed to JRG, GRICE, and/or Sweeney,
10 those acts are alleged to have been done by JRG, GRICE, and/or Sweeney, acting by
11 itself/himself/herself/themselves, or by and/or through one or more agents, associates, affiliates,
12 and/or co-conspirators.

13 5.

14 At all times mentioned, in the County of Orange, JRG and GRICE were engaged
15 in the business of a real estate broker conducting licensed activities within the meaning of
16 Code section 10131(b) (“[l]eases or rents or offers to lease or rent, or places for rent, or solicits
17 listings of places for rent, or solicits for prospective tenants, or negotiates the sale, purchase, or
18 exchanges of leases on real property, or on a business opportunity, or collects rents from real
19 property, or improvements thereon, or from business opportunities”).

20
21 (Property Management Audit)

22 6.

23 On or about October 28, 2021, the Department of Real Estate completed an
24 audit examination of the books and records of JRG to determine whether JRG and GRICE
25 handled and accounted for trust funds and conducted their real estate activities in accordance
26 with the Real Estate Law and Regulations. The audit examination covered a period of time
27

1 beginning on March 1, 2018 and ending on December 31, 2019. The audit examination
2 revealed violations of the Code and the Regulations set forth in the following paragraphs, and
3 more fully discussed in Audit Report LA200119 and the exhibits and work papers attached to
4 said audit report.

5
6 Bank Accounts

7 7.

8 At all times mentioned, in connection with the activities described in Paragraph
9 5, above, JRG and GRICE accepted or received funds including funds in trust (“trust funds”)
10 from or on behalf of actual or prospective parties, such as owners of real property, and
11 thereafter made deposits and/or disbursements of such funds. From time to time herein
12 mentioned, during the audit period, said trust funds were deposited and/or maintained by JRG
13 and GRICE in the following bank account:

14 “JRG Realty And Property Management
15 DBA Evolution Property Management”
16 *****2683
17 Chase Bank
310 Broadway St.
Laguna Beach, CA 92651

BA 1

18
19 8.

20 In the course of activities described in Paragraphs 5 and 7, above, and during the
21 audit examination period in Paragraph 6, above, Respondents JRG and GRICE acted in
22 violation of the Code and the Regulations as set forth below:

23 (a) Permitted, allowed, or caused the disbursement of trust funds from the trust
24 account BA 1 where the disbursement of funds reduced the total of aggregate funds in BA 1, to
25 an amount which, on December 31, 2019, was a minimum shortage of \$171,228.37 without
26 first obtaining the prior written consent of the owners of said funds, in violation of Code
27

1 section 10145 and Regulations section 2832.1. In other words, there was \$171,228.37 less than
2 the existing aggregate trust fund liability to every principal who was an owner of said funds.
3 This \$171,228.37 shortage was due, in part, to negative property balances of at least \$42,929.71
4 and a minimum unauthorized disbursements and embezzlement of funds by Sweeney of
5 approximately \$4,250.00.¹

6 (b) Allowed the embezzlement by employee Sweeney of approximately
7 \$4,250.00 from on or about August 27, 2019 to December 4, 2019, in violation of Code section
8 10145 and 10176(i).²

9 (c) Failed to maintain an accurate and complete record of all trust funds
10 received and disbursed (control record) for BA 1, in violation of Code section 10145 and
11 Regulations section 2831.

12 (d) Failed to maintain an accurate and complete separate record for each
13 beneficiary or transaction for BA 1, in violation of Code section 10145 and Regulations section
14 2831.1.

15 (e) Failed to perform and maintain accurate monthly reconciliations comparing
16 the balance of all separate beneficiary or transactions records (separate records) to the balance
17 of the record of all trust funds received and disbursed (control record) for BA 1, in violation of
18 Code section 10145 and Regulations section 2831.2.

19 (f) Failed to designate BA 1, which held trust funds in connection with JRG and
20 GRICE's property management services, as a trust fund, in violation of Code section 10145 and
21 Regulations section 2832.

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24 ¹ On or about January 1, 2020, XQB Management, Inc. (license no. 00965994) purchased the
25 assets of JRG.

26 ² On or about November 3, 2021, in the Superior Court of California, County of Orange, case
27 no. 21HF1972, a Felony Complaint was filed against Sweeney alleging Sweeney violated
California Penal Code section 487(a) (grand theft), a felony, by unlawfully taking money and
personal property of GRICE. To date, the case remains open.

1 (g) Permitted office manager Sweeney when she was unlicensed and unbonded
2 to be an authorized signatory and make withdrawals from BA 1, in violation of Code section
3 10145 and Regulations section 2834. Sweeney's real estate salesperson license (license no.
4 01758518) expired on or about July 28, 2015.

5 (h) GRICE failed to exercise reasonable supervision and control over the
6 licensed activities of JRG and its employees to ensure full compliance with the Real Estate
7 Laws and Commissioner's Regulations, and failed to establish policies, rules, procedures, and
8 systems to review, oversee, and manage transactions, in violation of Code section 10159.2 and
9 Regulations section 2725.

10 9.

11 The conduct of Respondents JRG and GRICE, as described in Paragraph 8,
12 above, violated the Code and the Regulations as set forth below:

13 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
14 8(a)	Code section 10145 and Regulations section 2832.1
15 8(b)	Code section 10145 and 10176(i)
16 8(c)	Code section 10145 and Regulations section 2831
17 8(d)	Code section 10145 and Regulations section 2831.1
18 8(e)	Code section 10145 and Regulations section 2831.2
19 8(f)	Code section 10145 and Regulations section 2832
20 8(g)	Code section 10145 and Regulations section 2834
21 8(h)	Code section 10159.2 and Regulations section 2725

22 The foregoing violations constitute cause for discipline of the real estate license and license
23 rights of Respondents JRG and GRICE under the provisions of Code sections 10176(i),
24 10177(d), 10177(g), 10177(h), and 10177(j).

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1 (COSTS)

2 10.

3 Code section 10106 provides, in pertinent part, that in any order issued in
4 resolution of a disciplinary proceeding before the Department of Real Estate, the Commissioner
5 may request the administrative law judge to direct a licensee found to have committed a
6 violation of this part to pay a sum not to exceed the reasonable costs of investigation and
7 enforcement of the case.

8 11.

9 Code section 10148(b) provides, in pertinent part, that the Commissioner shall
10 charge a real estate broker for the cost of any audit, if the Commissioner has found in a final
11 decision following a disciplinary hearing that the broker has violated Code section 10145 or a
12 regulation or rule of the Commissioner interpreting said section.

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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 the license and license rights of JRG REALTY AND PROPERTY
4 MANAGEMENT and JEFFREY JOHN GRICE II, individually and as designated officer
5 of JRG, under the Real Estate Law (Part 1 of Division 4 of the California Business and
6 Professions Code), for the cost of investigation and enforcement pursuant to Code section
7 10106 and as permitted by law, and for such other and further relief as may be proper under
8 other applicable provisions of law, including, but not limited to, costs of audit pursuant to
9 Code section 10148(b).

10 Dated at Los Angeles, California: _____ June 22, 2022 .

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12 *Maria Suarez*
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14 Maria Suarez
15 Supervising Special Investigator
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24 cc: JRG Realty and Property Management
25 Jeffrey John Grice II
26 Maria Suarez
27 Sacto
 Enforcement
 Audits – Mandeep Sidhu