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DEPT. OF REAL ESTATE

By- 

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of  
JAMES C. GRELL,  
Respondent.

)  
) DRE No. H-42862 LA  
)  
) OAH No. 2024080745  
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)  
)

DECISION AFTER REJECTION

The matter came on for hearing by videoconference before Glynda B. Gomez, Administrative Law Judge of the Office of Administrative Hearings in Los Angeles, California, on February 11, 12, and 13, 2025, April 14, 2025, and June 2, 4, and 16, 2025.

Diane Lee, Counsel for the Department of Real Estate (“Department”), represented the Complainant, Jason Parson, a Supervising Special Investigator of the State of California (“Complainant”).

Respondent JAMES C. GRELL (“Respondent”) appeared and represented himself on February 11 and 12, 2025. On April 14, 2025, and June 2, 4, and 16, 2025, Respondent appeared with attorney Kevin Taylor. Oral and documentary evidence was received, and the record was held open until June 30, 2025, for Respondent to file a closing brief. Complainant delivered an oral closing argument on June 16, 2025. The record was closed, and the matter was submitted on June 30, 2025.



1 Vinyards. Junior delivered the RPA because he saw the Vinyards daily. Additionally,  
2 Respondent, because of his age, avoided personal contact with others to the extent possible  
3 during this time (COVID-19 pandemic shutdown). The Vinyards made some additions to the  
4 RPA that were memorialized by Respondent in Addendum 1 dated November 28, 2020. Junior  
5 signed the RPA on behalf of the buyer "25/8 Acquisitions and Development, LLP and/or  
6 Assignees" (25/8). On December 2, 2020, the Vinyards signed the RPA, accepting the offer on  
7 December 7, 2020. Respondent did not present the RPA and Joint Escrow Instructions to the  
8 Vinyards. The Vinyards had no communication with Respondent for the first five months of the  
9 transaction (Transcript, February 11, 2025, pg. 38, Ins. 18-25, pg. 39, Ins. 1-4.) Junior provided  
10 the RPA to the Vinyards. (Complainant's Exhibit 14A p. 206). The RPA was left blank in the  
11 section entitled "Presentation of Offer," where Respondent and the Vinyards would have  
12 initialed had Respondent presented the RPA.

13           Page 8, Paragraph 17, shall now read as follows: On a date not established by the  
14 evidence, Junior contacted Respondent and requested that he draw up an Assignment of  
15 Agreement Addendum (Assignment Addendum) assigning the RPA buyer's rights to LHW  
16 Construction and Development LLC (LHW). Both 25/8 and LHW list 19360 Rinaldi Street,  
17 #147, Northridge, California, on their records with the California Secretary of State (same  
18 address as 3H Funding and First Capital Security Corporation). Junior was a partner in LHW and  
19 signed on behalf of LHW. Respondent prepared the Assignment Addendum as requested by  
20 Junior and then transmitted the Assignment Addendum to Junior. On May 17, 2021, the  
21 Vinyards contacted Respondent about an electronically signed copy of the Assignment  
22 Addendum that they received from the escrow company. The Vinyards informed Respondent the  
23 document had been forged. The Vinyards requested an in-person meeting with Respondent and  
24 Junior, and that a notary be present for any documents that require a signature. Respondent  
25 testified he was surprised when he learned of the forgery (Transcript, June 16, 2025, pg. 119, Ins.  
26 21-22.) Respondent arranged a meeting on May 19, 2021, with the Vinyards, Junior, and a notary  
27 at which time the Vinyards signed a copy of the Assignment Addendum (Ex. 12, p. A162).

1 During the meeting, Junior expressed that he suspected that his mother, Karen Broussard,  
2 executed the forged DocuSign by mistake. Karen Broussard works in Junior's office handling  
3 paperwork. Broussard communicated directly with the Vinyards and sent the Vinyards listings of  
4 homes for sale when the Vinyards started to look for a new home (Transcript, February 12, 2025,  
5 pg. 12, Ins. 13-18.) Respondent did not inquire about the forgery at the May 19, 2021, meeting.  
6 (Transcript, February 11, 2025, pg. 50, Ins. 17-22; June 16, 2025, pg. 120, Ins. 1-4.) Rather,  
7 Respondent claimed he did not know how the Vinyards' signatures were forged and continued to  
8 represent Junior. (Transcript, June 16, 2025, pg. 120, Ins. 5-18.)

9 Page 13, Paragraph 26, shall now read as follows: On June 15, 2021, later in the  
10 day, the Vinyards requested that Respondent prepare a Demand to Close Escrow. Respondent  
11 prepared the requested Demand to Close Escrow but did not give it to Junior. Instead,  
12 Respondent spoke to Junior about the status of the wire transfers and funding for the purchase.  
13 He ascertained that Junior wanted to close the transaction and not cancel it. Respondent  
14 contacted the Vinyards and told them that a Demand to Close Escrow was not necessary because  
15 Junior, like the Vinyards, wanted to close the escrow on the Cleon Property. After the Vinyards  
16 demanded that Respondent provide a Demand to Close Escrow, Respondent drafted the Demand,  
17 but made the mistake of checking both "3" and "2" days. The next day, Respondent notified the  
18 Vinyards of his error in checking both "3" and "2" days and that the Demand to Close Escrow  
19 could not be used. Respondent told the Vinyards he would draft another Demand to Close  
20 Escrow, which he never did. (Transcript, February 12, 2025, pg. 38, Ins. 5-20; pg. 39, Ins. 1-25;  
21 pg. 40, Ins. 1-5.) The Vinyards were dissatisfied with Respondent because they believed he was  
22 not representing their interests in the transaction. By not timely providing a Demand to Close  
23 Escrow on Junior, the Vinyards were stuck in this transaction. (Transcript, June 4, 2025, pg. 36,  
24 Ins. 1-11.)

#### 25 LEGAL CONCLUSIONS

26 The Legal Conclusions in the Proposed Decision dated July 25, 2025, are  
27 hereby adopted as part of this Decision with the exception of the following:

1 All references to “the Vineyards” shall now read as “the Vinyards.”

2 Page 21, Paragraph 13, shall now read as follows: Respondent’s misconduct  
3 occurred approximately five years ago. Respondent’s misconduct must not be viewed in a  
4 vacuum. Respondent, an experienced real estate broker, was handling this transaction during  
5 the height of the COVID-19 Pandemic shut-down when State of California officials had  
6 instructed individuals to avoid contact with non-household members and remain in their  
7 homes to the extent possible. Respondent is not generally faulted for this failure to meet in  
8 person with the Vinyards due to the emergent circumstances and potential health impacts that  
9 everyone faced at the time. However, Respondent should have communicated regularly and  
10 often with the parties, for whom he had fiduciary duties, from the beginning of the transaction  
11 by telephone, facsimile, videoconference, email and/or text message. Respondent’s  
12 responsibilities as a licensed real estate broker are not merely to act as a “scribe” for the  
13 parties. A real estate broker stands in a fiduciary relationship with his principal and owes the  
14 “same obligation of undivided service and loyalty” owed by a trustee to his beneficiary (*Wyatt*  
15 *v. Union Mortgage Company* (1979) 24 Cal.3d 773, 782.) A broker who represents both the  
16 buyer and the seller is a fiduciary to both. (*Fragale v. Faulkner* (2003) 110 Cal.App.4<sup>th</sup> 229,  
17 235.)

18 Page 22, Paragraph 14, shall now read as follows: Respondent presented ample  
19 evidence of his experience, education, and reputation among members of his community.  
20 Respondent regrets any inconvenience to the Vinyards during the transaction. However, it is  
21 not clear that Respondent takes responsibility for the inconvenience and expense suffered by  
22 the Vinyards. Despite Respondent’s years of experience, Respondent’s performance of the  
23 duties of a real estate broker fell below the level of care that is expected of a reasonable  
24 licensee in a fiduciary capacity. For these reasons, the interests of public protection require that  
25 Respondent’s real estate broker license be revoked and Respondent be issued a restricted  
26 salesperson license, and Respondent shall pay the Department its reasonable costs of  
27 enforcement and investigation.



1 restricted license until two (2) years have elapsed from the effective date of this Decision and  
2 Order. Respondent shall not be eligible to apply for any unrestricted licenses until all restrictions  
3 attaching to the license have been removed.

4 4. Respondent shall submit with any application for a license under an employing  
5 broker, or any application for transfer to a new employing broker, or if employed as a broker-  
6 associate, a statement signed by the prospective employing real estate broker on a form approved  
7 by the Department which shall certify:

8 (a) That the employing broker has read the Decision of the Commissioner  
9 which granted the right to a restricted license; and

10 (b) That the employing broker will exercise close supervision over the  
11 performance by the restricted licensee relating to activities for which a real estate license is  
12 required.

13 5. Respondent shall, within nine (9) months from the effective date of this  
14 Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent has,  
15 since the most recent issuance of an original or renewal real estate license, taken and successfully  
16 completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate  
17 Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the  
18 Commissioner may order the suspension of the restricted license until Respondent presents such  
19 evidence. Proof of completion of the continuing education courses must be delivered to the  
20 Department of Real Estate, Flag Section, at 651 Bannon Street, Suite 504, Sacramento, CA  
21 95811.

22 6. Respondent shall notify the Commissioner in writing within seventy-two (72)  
23 hours of any arrest by sending a certified letter to the Commissioner at the Department of Real  
24 Estate, Flag Section, at 651 Bannon Street, Suite 504, Sacramento, CA 95811. The letter shall set  
25 forth the date of Respondent's arrest, the crime for which Respondent was arrested and the name  
26 and address of the arresting law enforcement agency. Respondent's failure to timely file written  
27

1 notice shall constitute an independent violation of the terms of the restricted license and shall be  
2 grounds for the suspension and revocation of that license.

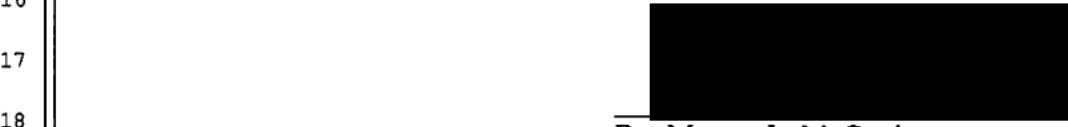
3 II.

4 All licenses and licensing rights of Respondent are indefinitely suspended unless  
5 or until Respondent pays the sum of \$8,692.60 for the Commissioner's reasonable costs of the  
6 investigation and enforcement, which led to this disciplinary action. Said payment shall be in the  
7 form of a cashier's check made payable to the Department of Real Estate. The investigative and  
8 enforcement costs must be delivered to the Department of Real Estate, Flag Section, at 651  
9 Bannon Street, Suite 504, Sacramento, CA 95811, within ninety (90) days from the effective date  
10 of this Decision and Order.

11  
12 This Decision shall become effective at 12 o'clock noon on March 11, 2026.

13 IT IS SO ORDERED 2/13/2026.

14  
15 CHIKA SUNQUIST  
16 REAL ESTATE COMMISSIONER



18 By: Marcus L. McCarther  
19 Chief Deputy Real Estate Commissioner

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**FILED**

OCT 23 2025

DEPT. OF REAL ESTATE

By



BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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In the Matter of the Accusation of ) DRE No. H-42862 LA  
JAMES C. GRELL, )  
Respondent. ) OAH No. 2024080745

NOTICE

TO: JAMES C. GRELL, Respondent, and KEVIN R. TAYLOR , his Counsel.

YOU ARE HEREBY NOTIFIED that the Proposed Decision herein dated **July 25, 2025**, of the Administrative Law Judge is not adopted as the Decision of the Real Estate Commissioner. A copy of the Proposed Decision dated **July 25, 2025**, is attached hereto for your information.

In accordance with Section 11517(c) of the Government Code of the State of California, the disposition of this case will be determined by me after consideration of the record herein, which may include the transcript of the proceedings held on Monday, June 16, 2025, and any written argument hereafter submitted on behalf of respondent and complainant.


Written argument of respondent to be considered by me must be submitted within fifteen (15) days after receipt of the transcript, if any, of the proceedings on February 11-13, 2025, April 14-15, 2025, June 2, 2025, June 4, 2025, and June 16, 2025, at the Los Angeles office of the

1 Department of Real Estate unless an extension of the time is granted for good cause shown.

2           Written argument of complainant to be considered by me must be submitted within  
3 15 days after receipt of the argument of respondent at the Los Angeles Office of the Department of  
4 Real Estate unless an extension of the time is granted for good cause shown.

5  
6 DATED: 10/21/2025.

7 CHIKA SUNQUIST  
8 REAL ESTATE COMMISSIONER

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10 \_\_\_\_\_  
11 By: Marcus L. McCarther  
12 Chief Deputy Real Estate Commissioner

**BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA**

**In the Matter of the Accusation Against:**

**JAMES C. GRELL,**

**Respondent.**

**Agency Case No. H-42862 LA**

**OAH No. 2024080745**

**PROPOSED DECISION**

Administrative Law Judge (ALJ) Glynda B. Gomez, Office of Administrative Hearings, State of California, heard this matter by videoconference on February 11, 12 and 13, 2025, April 14, 2025, and June 2, 4, and 16, 2025.

Diane Lee, Counsel, represented Complainant Jason Parsons, Supervising Special Investigator (Complainant) of the State of California, Department of Real Estate (Department).

Respondent James C. Grell (Respondent) appeared and represented himself on February 11 and 12, 2025.

The hearing was dark on the afternoons of February 11 and 12, 2025, due to Respondent's medical emergencies, and Respondent did not appear for the scheduled hearing on February 13, 2025. When contacted, Respondent advised that he was on

"bed rest" and unable to participate. Therefore, the case was continued to April 14, 2025.

On April 14, 2025, Respondent appeared with attorney Kevin Taylor. Attorney Taylor made a special appearance requesting a 60-day continuance which was denied. Attorney Taylor then withdrew his representation and exited the hearing. Later in the day, Respondent experienced another medical emergency such that the hearing was dark for the afternoon. On April 15, 2025, the hearing was continued again due to Respondent's medical emergency. The new hearing date was June 2, 2025.

On June 2, 2025, Attorney Kevin Taylor appeared with Respondent and announced his representation of Respondent.

Testimony and documents were received in evidence. The record was held open until June 30, 2025, for the parties to file closing briefs and Complainant to file an updated license certification. Respondent's closing brief was marked for identification as Exhibit R17. Complainant did not file a closing brief. The license certification was marked and admitted as exhibit 26 without objection, and the matter was submitted on June 30, 2025.

On June 30, 2025, Respondent filed a Motion to Dismiss the First Amended Accusation based upon expiration of the statute of limitations. Complainant did not file an opposition to the motion, but stated her opposition on the record during the administrative hearing. The motion is denied because the evidence did not establish that an applicable statute of limitations expired before the filing of the original Accusation in this matter.

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## **SUMMARY**

Complainant asserts that Respondent committed fraud/ dishonest dealings, engaged in substantial misrepresentations, and displayed negligence and incompetence as a real estate broker in a residential real estate transaction where he served as a dual agent representing both the buyer and seller. Respondent contends that he handled the transaction to the best of his ability despite the parties conducting negotiations and communications outside of his presence and not informing him of all aspects of their discussions, thereby reducing him to a scribe for the transaction, which occurred during the COVID-19 pandemic shutdown.

For the reasons set forth below, Respondent's license is subject to discipline for negligence and incompetence pursuant to Business and Professions Code (Code) section 10177, subdivision (g). After consideration of all evidence, the appropriate discipline required for protection of the public is a 180-day suspension, with 150 days of suspension stayed and payment of the reasonable investigation and enforcement costs.

### **Jurisdiction**

1. On October 27, 1984, the Department issued Respondent real estate broker license number B/00530909. The license will expire on October 26, 2028, unless renewed. Respondent's fictitious business name has been Total Services Realty since October 2, 2000. Respondent also holds an individual (MU4) mortgage loan originator (MLO) license, MLO endorsement number 1518070, which was issued on November 17, 2023.

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2. On October 31, 2024, Complainant filed the First Amended Accusation while acting in his official capacity as a Supervising Special Investigator. Respondent timely filed a notice of defense.

## **Additional Licenses and Affiliations**

### **FIRST CAPITAL SECURITY CORPORATION**

3. From April 28, 2016, to June 30, 2021, First Capital Security Mortgage Corporation had been licensed as a real estate corporate broker (license number 02002212 and NMLS license 02002212). During this time, Respondent was its designated officer.

4. From November 30, 2016, through August 3, 2018, Respondent was the chief executive officer (CEO) of First Capital Security Mortgage Corporation, and William Hankins, Sr. (Senior) was its chief financial officer (CFO). At the time of the administrative hearing, First Capital Security Mortgage was suspended by the California Secretary of State. The address of record for First Capital Security Corporation was 19360 Rinaldi Street, #147, Northridge, CA 91326.

### **3H FUNDING GROUP INC.**

5. On November 17, 2023, Respondent was issued an individual (MU4) MLO license endorsement and authorized to represent 3H Funding Group, Inc. (license number 02189790) and First Capital Security Mortgage, Inc. (license number 02220692).

6. From May 23, 2022, to present, Respondent has served as 3H Funding Group, Inc.'s secretary, and Senior has served as its CFO. The address of record for 3H Funding was listed as 19360 Rinaldi Street, #147, Northridge, California 91326.

## **FIRST CAPITAL SECURITY MORTGAGE, INC.**

7. From July 20, 2023, to present, First Capital Security Mortgage, Inc. has been licensed as a real estate corporate broker (license number 02220692 and California corporate number 5703659). During this time, Respondent was its designated officer.

## **Vineyard Transaction**

### **RESIDENTIAL PURCHASE AGREEMENT**

8. Laura and Darryl Vineyard (Vineyards) owned a single-family home located at 5817 Cleon Avenue, North Hollywood, California (Cleon property). In November of 2020, during the COVID-19 pandemic mandatory shutdown in California, William Hankins, Jr. (Junior ) approached the Vineyards about selling the Cleon property. At the time, Junior was working on a construction project on the property behind the Cleon property. The Vineyards were aware of and acquainted with Junior because of his work on the neighboring lot. The Vineyards and Junior reached an agreement on price and terms for the sale of the Cleon property in November 2020.

9. The agreement included the purchase of the Cleon property for \$1,200,000 in cash and closing of escrow 180 days after acceptance (June 4, 2021). The 180-day escrow was designed to give both parties flexibility and to allow the Vineyards time to locate a new property for purchase. Junior was acquainted with Respondent, who was a friend and business associate of his parents, Senior and Karen Broussard. Junior requested that the Vineyards allow Respondent to handle the sale of the Cleon property for both parties as a dual agent. The Vineyards agreed to Junior's request as long as Respondent's \$18,000 commission was paid by Junior. The Vineyards were not aware of Respondent's extensive business and personal

relationships with Junior and Junior's parents when they agreed to his representation of both parties. However, they were aware that Respondent had handled other transactions involving Junior.

10. Respondent drafted a residential purchase agreement (RPA) dated November 28, 2020, which included the essential terms of the agreement as provided to him by Junior. Respondent provided the RPA to Junior to deliver to the Vineyards. Junior delivered the RPA because he saw the Vineyards daily. Additionally, Respondent, because of his age, avoided personal contact with others to the extent possible during this time (COVID-19 pandemic shutdown). The Vineyards made some additions to the RPA that were memorialized by Respondent in Addendum 1 dated November 28, 2020. Junior signed the RPA on behalf of the buyer "25/8 Acquisitions and Development, LLP and/or Assignees" (25/8). On December 2, 2020, the Vineyards signed the RPA, accepting the offer on December 7, 2020. Respondent did not present the RPA and Joint Escrow Instructions to the Vineyards, but was available by telephone, text message, and email for questions. Junior provided the RPA to the Vineyards. (Complainant's Exhibit 14A p. 206). The RPA was left blank in the section entitled "Presentation of Offer," where Respondent and the Vineyards would have initialed had Respondent presented the RPA.

11. According to the RPA, 25/8 agreed to purchase the Cleon property for \$1,200,000 in cash with no loan or appraisal contingencies and no home warranty. Paragraph 6 of the RPA provides that "1. Property is being purchased: 'AS IS.' 2. Buyer and Sellers agree to increase or decrease the closing date so this contract must close in 2021." The RPA also provided that the parties acknowledged receipt of "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD) and a "Possible Representation of More than One Buyer or Seller-Disclosure and Consent" (C.A.R. Form

PRBS). (Ex. 14 p. A206.) The RPA provided for a \$20,000 initial deposit to escrow by 25/8. Each party was to pay their own escrow fees. The Vineyards were to pay for a natural hazards report, owner's title insurance policy, county transfer fee, and city transfer fee. "All Kitchen Appliances" were excluded from the sale according to Paragraph C of the RPA. Paragraph 9A of the RPA provided that 25/8 did not intend to occupy the property as a primary residence. Paragraph 9B provided that the Vineyards were to deliver possession of the Cleon property by 6 p.m. on the "date of Close of Escrow." (*Id.*, p. A208). Paragraph 9 provides there must be a separate signed occupancy agreement if the Vineyards are to remain in possession of the property after the close of escrow. Paragraph 9F provides that "unless otherwise agreed in writing," the Vineyards shall provide keys to the Cleon property to 25/8 at the close of escrow. (*Id.*, p. A209)

12. Paragraph 14 (D)(1) provides that "If by the time specified in this Agreement, Buyer [25/8] does not deliver to Seller [Vineyards] a removal of the applicable contingency or cancelation of this Agreement then, Seller [Vineyards], after first Delivering to Buyer [25/8] a Notice to Buyer to Perform (C.A.R. for NBP), may cancel this Agreement. In such event, Seller [Vineyards] shall authorize the return of Buyer's [25/8] deposit except or less fees incurred by Buyer [25/8]." (Ex. 14, p. A209.)

13. Paragraph 14(E) of the RPA provides that a Notice to Buyer to Perform shall be in writing and signed. It also provides that a Notice to Perform shall give the other party at least two days after delivery or until a specified date to take the applicable action. It further provides that a Notice to Perform issued to a seller "may not be delivered any earlier than 2 days prior to the expiration of the applicable time for action." (Ex. 14, p. A209.)

14. Paragraph 14 (G) provides that before a seller may cancel the agreement for failure of the other party to close escrow, the seller must first deliver to the other

party a Demand to Close Escrow (C.A.R. Form DCE). The Demand to Close Escrow shall (i) be signed by the seller and give the other Party at least three days after delivery to close escrow. According to the RPA, a Demand to Close Escrow may not be delivered any earlier than three days before the scheduled closure of escrow.

15. The Vineyards signed the Disclosure Regarding Real Estate Agency Relationship (CAR From AD) on December 7, 2020, along with the RPA. The parties waived the Real Estate Transfer Disclosure Statement, Agent Visual Inspection Disclosure, and Seller Property Questionnaire because the 25/8 planned to demolish the existing house on the Cleon Property.

#### **ADDENDUM NOVEMBER 28, 2020**

16. Addendum 1 to the RPA dated November 28, 2020, and signed by all parties on December 7, 2020, provides that "all kitchen appliances, solar panels and ceiling fans" are excluded from the sale. It also provides that the buyer (25/8) shall pay for the natural hazard zone disclosure report, environmental tax, cost of compliance with other minimum mandatory government inspections required to close escrow, and the sales commission of the real estate agent.

#### **ASSIGNMENT ADDENDUM MAY 19, 2023**

17. On a date not established by the evidence, Junior contacted Respondent and requested that he draw up an Assignment of Agreement Addendum (Assignment Addendum) assigning the RPA buyer's rights to LHW Construction and Development LLC (LHW). Both 25/8 and LHW list 19360 Rinaldi Street, #147, Northridge, California, on their records with the California Secretary of State (same address as 3H Funding and First Capital Security Corporation). Junior was a partner in LHW and signed on behalf of LHW. Respondent prepared the Assignment Addendum as requested by Junior and then

transmitted the Assignment Addendum to Junior. On May 17, 2021, the Vineyards contacted Respondent about an electronically signed copy of the Assignment Addendum that they received from the escrow company. The Vineyards informed Respondent the document had been forged. The Vineyards requested an in-person meeting with Respondent and Junior, and that a notary be present for any documents that required a signature. Respondent was surprised when he learned of the forgery. Respondent arranged a meeting on May 19, 2021, with the Vineyards, Junior, and a notary at which time the Vineyards signed a copy of the Assignment Addendum (Ex. 12, p . A162). During the meeting, Junior expressed that he suspected that his mother, Karen Broussard, executed the forged DocuSign by mistake. Karen Broussard works in Junior's office handling paperwork.

18. The May 19, 2021 meeting was the first time the Vineyards met Respondent in person. Junior had presented all prior documents and assured the Vineyards that they did not need to meet Respondent because all the terms and conditions of sale were already agreed upon. Respondent did not provide any explanations of documents to the Vineyards, but responded to their questions and concerns when contacted by them. Respondent considered himself a "scribe" for the transaction because the parties were conducting negotiations and conversations without him and only contacted him when they wanted him to draft a document. Generally, Respondent expects to have the parties negotiate through him and provides assistance and advice as the transaction progresses. The Cleon Property transaction was not typical for him.

### **Addendum No. 3**

19. On May 19, 2021, the Vineyards and Junior, on behalf of 25/8, signed Addendum No. 3, which provided that "Escrow closing date shall be on or before June 4, 2021."

## **Amendment of Existing Agreement Terms No. 1**

20. Also on May 19, 2021, the Vineyards and Junior, on behalf of 25/8, signed Amendment of Existing Agreement Terms No. 1 (Amendment 1). Amendment 1 provided that the buyer would pay the following to the Vineyards:

- \$43,500.00 reimbursement for Sellers' good faith deposit on new purchase;
- \$712.00 reimbursement for the home inspection; and
- \$910.00 reimbursement for the home appraisal.

Amendment 1 also provided that the following occur:

- A "Written contract that states Will Hankins [Junior] provides a payment of \$250.00/day as "per diem" for us [Vineyards] to secure the purchase of our new home. The per diem needs to [be] paid each day until June 4. On that date, we [Vineyards] have agreed to close escrow on the Cleon home and on the new home. The per diem includes Saturdays, Sundays, and Holidays."
- Payment of up to \$3,750 to extend Sellers' [Vineyards] loan for another property for 30 days (loan expired on May 24, 2021).
- The payments were to be credited toward the purchase price for the Cleon property when the escrow closed. The payments were nonrefundable if the escrow failed to close.

21. The Vineyards found a home to purchase in Glendale (Glendale House). The escrow on the Glendale House was to close on or about May 21, 2021. The Vineyards needed the funds from the sale of the Cleon property to fund their purchase of the Glendale House. They informed Junior that they needed to complete the sale of

the Cleon Property since they had found a new home to purchase. This was one of the many conversations and negotiations the Vineyards and Junior had to which Respondent was not privy.

22. On June 4, 2021 (closing date), while signing escrow instructions, the Vineyards learned the escrow on the Cleon property would not close on June 4, 2021. The sellers of the Glendale House had required the Vineyards to pay a \$250 per diem for each day that the sale of the Glendale House had not closed on time. The Vineyards asked Respondent to draft an addendum with a similar \$250 per diem for each day that the sale of the Cleon property did not close after June 4, 2021, to compensate them for the funds they were required to pay to the sellers of the Glendale House. Junior did not agree to pay a \$250 per diem paid from escrow. Instead, Junior only agreed for a separate agreement to be drafted and the per diem to be paid outside of escrow. This was memorialized in Amendment 1. However, no agreement was ever drafted. Respondent took the position that Amendment 1 did not require him to draft the agreement. The Vineyards were not advised that Junior had refused to have the per diem paid through escrow. Instead, they understood from Respondent that the provision referencing an agreement to pay a per diem as contained in Amendment 1 (but not contained in the escrow instructions) was sufficient. The Vineyards had assumed that escrow instructions would be amended to include the \$250 per day per diem in the Cleon property transaction, as had occurred in the Glendale House transaction. After the close of escrow on the Cleon property, on June 22, 2021, the Vineyards brought a small claims lawsuit against Junior for the "per diem" funds referenced in Amendment 1.

23. On the evening of June 9, 2021, the Vineyards emailed Respondent requesting that Respondent prepare a Notice to Perform for the Cleon property similar

to the one that they expected to receive on the Glendale House transaction.

Respondent assured the Vineyards that a Notice to Perform for the Cleon property was not necessary and that the transaction would close by June 15, 2021. However, the Cleon property sale did not close on June 15, 2021.

24. On June 15, 2021, the Vineyards asked Respondent to draft a Notice to Perform requiring Junior to complete the Cleon property transaction. The email also asked Respondent to remind Junior that he would be required to pay the funds referenced in Amendment 1, approximately \$52,000, whether escrow closed. The Vineyards warned Respondent that if the sale of the Glendale House fell through because the funds from the sale of the Cleon property were not available, and Junior still wanted to buy the Cleon property, he would have to agree to allow the Vineyards to stay in the Cleon property until the Vineyards found a new home. Junior never provided the Vineyards with Proof of Funds demonstrating he had the funds available to complete an "all cash" purchase of the Cleon Property, and Respondent did not obtain a Proof of Funds because he believed, from his knowledge of prior sales, that Junior had the funds available. Similarly, Respondent did not explain to the Vineyards the significance of the change from an "all cash" sale to 25/8 to a financed sale to LHW.

25. When the escrow for the Cleon property did not close on June 15, 2021, Respondent requested the Vineyards provide him with a copy of the Notice to Perform that the Vineyards received for the Glendale House transaction. Respondent said he needed the document "so I can put in the correct number of days for [Junior] to perform." (Ex. 8, p. A19.) Respondent had no experience preparing a Notice to Perform. Once he reviewed the Notice to Perform from the Glendale House transaction, he prepared a similar document for the Cleon property transaction. Because of an error

regarding the number of days for performance, Respondent had to revise the Notice to Perform for the Cleon property.

26. On June 15, 2025, later in the day, the Vineyards requested that Respondent prepare a Demand to Close Escrow. Respondent prepared the requested Demand to Close Escrow, but did not give it to Junior. Instead, Respondent spoke to Junior about the status of the wire transfers and funding for the purchase. He ascertained that Junior wanted to close the transaction and not cancel it. Respondent contacted the Vineyards and told them that a Demand to Close was not necessary because Junior, like the Vineyards, wanted to close the escrow on the Cleon Property. The Vineyards were dissatisfied with Respondent because they believed he was not representing their interests in the transaction.

27. The buyer's funds for purchase of the Cleon property came in several wire transfers starting on June 14, 2021, and ending on June 22, 2021. The escrow on the Cleon property closed on June 22, 2021. Respondent attempted to keep all parties informed of the status of the wire transfers. He contacted Junior, the escrow agent, and the Vineyards and fielded text messages and emails about the status of the wires. The Vineyards were very frustrated with the multiple wire transfers and the pace of the transaction. They made multiple calls and sent multiple emails to the escrow agent as well as to Respondent and Junior concerning the status of the wire transfers.

28. After the close of escrow on the sale of the Cleon property, Respondent contacted the Vineyards and advised them that they either needed to vacate the Cleon property or execute a rental contract and pay rent as provided in the RPA. The Vineyards and Junior had agreed that the Vineyards could remain in the Cleon property until the Glendale House was ready for occupancy. However, the Vineyards

and Junior failed to tell Respondent of the arrangement and did not reduce it to writing.

### **Expert Witness**

29. Suzanne Yost served as Complainant's expert witness. Ms. Yost received a Bachelor of Science degree in Business Administration from California Polytechnic State University, San Luis Obispo, in 1982 and a Juris Doctorate from Santa Clara University School of Law in 2000. She has been a licensed real estate broker since 1985 and is a licensed attorney specializing in real estate. Ms. Yost was a licensed real estate salesperson for 8 years before receiving her broker's license. She has owned real estate and property management/brokerages and worked as a broker associate at several firms. She has worked in the real estate field for over 40 years. Ms. Yost served as a lecturer at Santa Clara University Law School for three years, a faculty member at the Professional Realty Institute for 38 years, and as an instructor and facilitator for various local real estate associations. She holds a mediation certificate issued by the Bar Association of San Francisco and has served as an expert witness on a variety of matters. She has also held various leadership positions in local bar associations and the California Association of Realtors.

30. Pertinent to this matter, Ms. Yost has been involved with many transactions that involved dual agency, where two members of the same brokerage represented the buyer and seller in a real estate transaction. However, she has never handled a transaction as a broker wherein she represented both the buyer and seller, as Respondent did in this matter. Nevertheless, Ms. Yost had valuable insight to provide, and her opinion is given moderate weight based upon her extensive experience and education in the real estate field.

31. Ms. Yost opined that Respondent's performance of the duties of a real estate broker fell below the level of care that is expected of a reasonable licensee in the following aspects:

- Respondent did not present the offer to the sellers.
- Respondent never explained the dual agency disclosures to the sellers.
- Respondent did not explain the offer and various amendments to the sellers.
- Respondent did not obtain a written verification of the buyer's funds.
- Respondent did not give the Buyer a Notice to Perform as requested by the Sellers.
- Respondent did not explain the significance of the change from an all-cash offer to a financed purchase to the sellers.
- Respondent should have made the sale of the Cleon property contingent on the Vineyards purchase of a replacement property.
- Respondent failed to provide and explain statutory disclosures.
- Respondent did not conduct a visual inspection of the property.
- Respondent did not complete the disclosure questionnaire required by the RPA.
- Respondent did not provide a waiver of the 17-day contingencies.
- Respondent did not disclose the extent of his relationship and business dealings with the buyer and the buyer's family.

- Respondent should have drafted the language referring to payment of a “per diem” to occur through escrow in order to protect the buyers.
- Respondent should have memorialized in writing the parties’ agreement that the sellers were allowed to remain in possession of the Cleon property for a specified amount of time.

## **Character References**

32. Respondent provided 18 letters of reference from friends, business associates, including Junior, church members, his tenants, as well as his siblings, children, and former spouse. The letters describe Respondent as “honest”, “trustworthy”, and “ethical” and reflect the opinions of the writers who have known Respondent for many years and in various capacities.

33. Senior, the father of Junior, provided testimony in support of Respondent at the administrative hearing. Senior is a builder/developer and specializes in obtaining off-market properties for development. He is not a licensee of the Department. He gave credible testimony about his 34 years of experience with Respondent. He estimated that Respondent had found approximately 100 properties for him during their association. He found Respondent to be honest, trustworthy, and detail oriented. Senior was somewhat frustrated with Junior in that he felt that Junior had not let Respondent handle the details of the transaction and had made the transaction more difficult as a result.

## **Education**

34. Respondent completed the following courses:

- a one-hour course entitled "2022 Mortgage Market Activity and Trends" on November 6, 2024;
- a 7-hour course entitled "Mortgages in 2024" on November 5, 2025;
- a 20-hour course entitled "Origination Essentials and Exam Preparation" on September 1, 2023; and
- a 3-hour course entitled "Texas Mortgage Law" on September 1, 2023.

35. Respondent also provided evidence that he purchased courses from Ameritrain Mortgage Institute and Grant Cardone Training Technologies. The evidence presented at the administrative hearing did not definitively establish that the courses had been completed. (Ex. R3A and R3B).

## **Costs**

36. Pursuant to Code section 10106, complainant requests costs of enforcement in the amount of \$6,060 and costs of investigation in the amount of \$2,632.60, totaling \$8,692.60. Complainant established the total cost amount of \$8,692.50 is reasonable.

37. Complainant's Enforcement Costs Declaration, signed by Ms. Lee on February 9, 2025, 2025, includes a description of the work Ms. Lee performed and the amount of time she spent working on this case through February 9, 2025. The Enforcement Costs Declaration shows a total of 50.5 hours worked at a rate of \$120 per hour, totaling \$6,060 in enforcement costs.

38. Complainant's Investigative Costs Declaration, signed by Complainant on June 17, 2024, includes a description of the work performed and the amount of time

Department investigators worked on this matter through June 17, 2024. The Attachment shows Supervising Special Investigator (SI) Jason Parson worked a total of .30 hours on this matter at a rate of \$97 per hour, and SIs Eric Chang and Anna Li worked a total of 32.50 hours at a rate of \$97 per hour, amounting to a total of \$2,632.60 in enforcement costs.

## LEGAL CONCLUSIONS

### Authority

1. Under the Real Estate Law (Code, § 10000 et seq.), the Real Estate Commissioner (Commissioner) "has full power to regulate and control the issuance and revocation . . . of all licenses to be issued . . ." (Code, § 10071.)

2. "Protection of the public shall be the highest priority for the Department of Real Estate in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount." (Code, § 10050.1.)

3. "Honesty and truthfulness are two qualities deemed by the Legislature to bear on one's fitness and qualification to be a real estate licensee. If appellant's offenses reflect unfavorably on his honesty, it may be said he lacks the necessary qualifications to become a real estate salesperson." (*Harrington v. Department of Real Estate* (1989) 214 Cal.App.3d 394, 402, citing *Golde v. Fox* (1979) 98 Cal.App.3d 167, 176.)

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## **Burden and Standard of Proof**

4. Complainant bears the burden of proof. (*Parker v. City of Fountain Valley* (1981) 127 Cal.App.3d 99, 113.) The standard of proof for the Department to prevail on the Accusation is clear and convincing evidence to a reasonable certainty. (*Ettinger v. Board of Medical Quality Assurance* (1982) 135 Cal.App.3d 853, 857.) This means the burden rests with Complainant to offer proof that is clear, explicit, and unequivocal, "so clear as to leave no substantial doubt" and "sufficiently strong to command the unhesitating assent of every reasonable mind." (*In re Marriage of Weaver* (1990) 224 Cal.App.3d 478, 487; citations omitted.)

## **Applicable Law**

5. Code, section 10176 (a) provides that making any substantial misrepresentation is cause for discipline.

6. Code section 10176, subdivision (i), provides that the Commissioner may discipline a real estate license if the licensee has engaged in any conduct which constitutes fraud or dishonest dealing.

7. Code section 10177 provides that the Commissioner may discipline the license of a real estate licensee, who has done any of the following:

(g) Demonstrated negligence or incompetence in performing an act for which the officer, director, or person is required to hold a license. [¶] . . . [¶]

((j) Engaged in any other conduct, whether of the same or of a different character than specified in this section, that constitutes fraud or dishonest dealing.

## Cause for Discipline

8. Cause does not exist under Code sections 10176, subdivisions (a) and (i), and 10177, subdivision (j), to discipline Respondent's real estate broker's license. Complainant failed to establish by clear and convincing evidence that Respondent committed fraud or misrepresentation with respect to the sale of the Cleon property.

9. Cause exists under Code section 10177, subdivision (g), to discipline Respondent's real estate broker's license. Complainant established by clear and convincing evidence that Respondent was negligent and/or incompetent in handling the sale of the Cleon property for all the reasons provided by expert witness Ms. Yost as set forth in Factual Finding 31 above and based upon Factual Findings 1 through 28.

10. Respondent bears the burden of establishing rehabilitation sufficient to warrant his continued licensure. (*In the Matter of Brown* (1993) 2 Cal. State Bar Ct. Rptr. 309.) Rehabilitation is a state of mind, and the law looks with favor upon rewarding with the opportunity to serve, one who has achieved "reformation and regeneration." (*Pacheco v. State Bar* (1987) 43 Cal.3d 1041, 1058.) Fully acknowledging the wrongfulness of past actions is an essential step towards rehabilitation (*Seide v. Committee of Bar Examiners* (1989) 49 Cal.3d 933, 940), but mere remorse does not demonstrate rehabilitation. A truer indication of rehabilitation is sustained conduct over an extended period of time. (*In re Menna* (1995) 11 Cal.4th 975, 991.)

11. The Department does not provide rehabilitation criteria for matters that do not arise from an applicant or licensee committing a crime. However, the Department's rehabilitation criteria set forth at California Code of Regulations, title 10, section 2912, to be considered when an applicant or licensee has committed a crime,

provide guidance for the purpose of evaluating whether a licensee who has committed acts that provide cause for license discipline is rehabilitated.

12. The rehabilitation factors include the time that has elapsed since commission of the act, with the passage of less than two years being inadequate to demonstrate rehabilitation; new and different social and business relationships from those which existed at the time of the commission of the acts; stability of family life and fulfillment of parental and familial responsibilities subsequent to the act; completion of, or sustained enrollment in, formal educational or vocational training courses for economic self-improvement; significant and conscientious involvement in community, church or privately-sponsored programs designed to provide social benefits or to ameliorate social problems; and a change in attitude from that which existed at the time of the acts in question.

13. Respondent's misconduct occurred approximately five years ago. Respondent's conduct must not be viewed in a vacuum. Respondent, an experienced real estate broker, was handling this transaction during the height of the Covid-19 Pandemic shut-down when State of California officials had instructed individuals to avoid contact with non-household members and remain in their homes to the extent possible. Respondent is not generally faulted for his failure to meet in person with the Vineyards due to the emergent circumstances and potential health impacts that everyone faced at the time. However, Respondent should have communicated regularly and often with the parties from the beginning of the transaction by telephone, facsimile, videoconference, email and/or text message. Respondent's responsibilities as a licensed real estate broker are not merely to act as a "scribe" for the parties. Respondent's familiarity and experience with Junior led him to rely too heavily on Junior's representations and not to use his best professional judgment at

times. It is clear that Respondent became more engaged in the transaction on May 19, 2021, and thereafter when problems, including an alleged forgery, developed. However, Respondent failed to properly address the Vineyards' requests that he draft a Notice to Perform and a Demand to Close Escrow, the post-sale occupancy of the Cleon property, and the payment of the Per Diem for the period of June 4, 2021, to June 22, 2021, to the detriment of the Vineyards.

14. Respondent presented ample evidence of his experience, education, and reputation among members of his community. Respondent regrets any inconvenience to the Vineyards during the transaction. However, it is not clear that Respondent takes responsibility for the inconvenience and expense suffered by the Vineyards. For these reasons, the interests of public protection require that Respondent's real estate broker license be suspended for 180 days for Respondent to reflect upon his conduct. One hundred and fifty (150) days of the suspension shall be stayed, and Respondent shall pay the Department its reasonable costs of enforcement and investigation as set forth in the factual findings above and legal conclusions below.

## **COSTS**

15. The Commissioner may request the administrative law judge to direct a licensee found to have committed a violation of Part 1 of the Real Estate Law, addressing licensing of persons, to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case. (Code, § 10106, subd. (a).)

16. A certified copy of the actual costs signed by the Commissioner or the Commissioner's designated representative is prima facie evidence of reasonable costs of investigation and enforcement of the case. The costs must include the amount of investigative and enforcement costs up to the date of the hearing. (Code, § 10106,

subd. (a).) Complainant established that the total enforcement and investigative costs incurred in this matter of \$8,692.60 are reasonable. (Factual Findings 36, 37, and 38.)

17. The Department must exercise its discretion to reduce or eliminate cost awards in order to not deter licensees with meritorious claims or defenses from exercising their right to a hearing and must not assess full costs when to do so would unfairly penalize the respondent. (*Zuckerman v. State Board of Chiropractic Examiners* (2002) 29 Cal.4th 32, 45.) Factors to be considered in determining whether the Board must assess the full costs sought include: the licentiate's success in getting the charges dismissed or reduced; the licentiate's subjective good faith belief in the merits of his or her position; whether the licentiate raised a colorable challenge to the proposed discipline; the licentiate's financial ability to pay; and whether the scope of the investigation was appropriate in light of the alleged misconduct. (*Ibid.*)

18. Complainant established the scope of the investigation was appropriate in light of the alleged misconduct. Respondent did not dispute the amount of Complainant's enforcement or investigative costs. Respondent was successful in getting three of the four charges dismissed and the discipline reduced. Respondent had a subjective good faith belief in the merits of his position, but he did not raise colorable challenges to the proposed discipline. In light of these factors, it is appropriate to reduce the costs. Accordingly, Respondent must pay the reasonable enforcement and investigation costs of \$4,000 to the Department.

## **ORDER**

All licenses and licensing rights of Respondent James C. Grell under the Real Estate Law are suspended for a period of one hundred and eighty (180) days from the

effective date of this Decision; provided, however, that 150 days of said suspension shall be stayed for one (1) year upon the following terms and conditions:

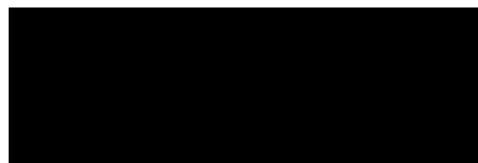
Respondent shall obey all laws, rules, and regulations governing the rights, duties, and responsibilities of a real estate licensee in the State of California; and

That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within one (1) year of the effective date of this Decision.

Should such a determination be made, the Commissioner may, in his 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.

Respondent shall pay the Department of Real Estate its costs of enforcement and investigation for this matter in the amount of \$4,000 within 90 days of the effective date of this order.

DATE: 07/25/2025



GLYNDA B. GOMEZ

Administrative Law Judge

Office of Administrative Hearings