DEPARTMENT OF REAL ESTATE P. O. Box 187000 Sacramento, CA 95818-7000 3 Telephone: (916) 227-0789 4 5 6 8 9 10 11 In the Matter of the Accusation of 12 MICHEAL GENE JENNINGS and, MARVIN LEE SMITH 13 14 Respondents. 15 16 17 18 19 20 21 August 27, 2003, in this matter: 22 23 24 25 26 27

APR 3 0 2004

DEPARTMENT OF REAL ESTATE

## BEFORE THE DEPARTMENT OF REAL ESTATE

#### STATE OF CALIFORNIA

NO. H-1614 FR STIPULATION AND AGREEMENT

It is hereby stipulated by and between MARVIN LEE SMITH (hereafter Respondent), represented by Russell G. VanRozeboom, Attorney at Law, Caswell, Bell & Hillison LLP, and the Complainant, acting by and through Deidre L. Johnson, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on

All issues which were to be contested and all evidence which was to be presented by Complainant and Respondent at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative Procedures Act (APA), shall instead and in place thereof be

MARVIN LEE SMITH

submitted solely on the basis of the provisions of this Stipulation and Agreement.

1

2

3

4

5

7

11

12

13

14

15

16

17

18

19

20

22

23

24

25

26

27

- Respondent has received, read and understands the Statement to Respondent, and the Discovery Provisions of the APA filed by the Department of Real Estate in this proceeding.
- On September 15, 2003, Respondent filed his Notice of Defense pursuant to Section 11505 of the Government Code for the purpose of requesting a hearing on the allegations in the Accusation. Respondent hereby freely and voluntarily withdraws said Notice of Defense. Respondent acknowledges that he understands that by withdrawing said Notice of Defense he will thereby waive his rights to require the Commissioner to prove the allegations in the Accusation at a contested hearing held in accordance with the provisions of the APA, and that he will waive other rights afforded to him in connection with the hearing such as the right to present evidence in defense of the allegations in the Accusation and the right to cross-examine witnesses.
- Respondent, pursuant to the limitations set forth below, hereby admits that the factual allegations in Paragraphs I through IV of the Accusation filed in this proceeding are true and correct, and the Real Estate Commissioner shall not be required to provide further evidence of such allegations.
- 5. Without admitting the truth of the allegations as to him contained in the remaining paragraphs of the Accusation, Respondent stipulates that he will not interpose a defense This Stipulation is based on the factual allegations as to Respondent contained in the Accusation. In the interests of

FILE NO. H-1614 FR - 2 -MARVIN LEE SMITH expedience and economy, Respondent chooses not to contest these allegations, but to remain silent and understands that, as a result thereof, these factual allegations, without being admitted or denied, will serve as the basis for the disciplinary action stipulated to herein. The Real Estate Commissioner shall not be required to provide further evidence to prove said factual allegations. This stipulation shall not be admissible as any admission of Respondent in any subsequent civil or criminal proceeding.

- Estate Commissioner may adopt the Stipulation and Agreement as the decision in this matter thereby imposing the penalty and sanctions on the real estate license and license rights of Respondent as set forth in the below "Order". In the event that the Commissioner in his/her discretion does not adopt the Stipulation and Agreement, it shall be void and of no effect, and Respondent shall retain the rights to a hearing and proceeding on the Accusation under all the provisions of the APA and shall not be bound by any admission or waiver made herein.
- 7. The Order or any subsequent order of the Real Estate Commissioner made pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger or bar to any further administrative or civil proceedings by the Department of Real Estate with respect to any matters which were not specifically alleged to be causes for accusation in this proceeding.

27 | ///

#### DETERMINATION OF ISSUES

By reason of the foregoing stipulations, admissions and waivers, and solely for the purpose of settlement of the pending Accusation without a hearing, it is stipulated and agreed that the following determination of issues shall be made:

The acts and/or omissions of Respondent MARVIN LEE SMITH as stipulated above constitute grounds for disciplinary action against the real estate license(s) and license rights of Respondent under the provisions of Section 10137 of the California Business and Professions Code.

#### ORDER

All real estate license(s) and license rights of

Respondent MARVIN LEE SMITH shall be <u>suspended for a period of</u>

ninety (90) days from the effective date of the Decision;

provided, however, that sixty (60) days of said suspension are

stayed for a period of two (2) years upon the following terms and conditions:

- A. 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
- after hearing or upon stipulation, that cause for disciplinary action against the license of Respondent occurred within two (2) years from the effective date of the Decision. Should such a determination be made, the Commissioner may, in his/her discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such

MARVIN LEE SMITH

1.7

pursuant to Section 10175.2 of the Code prior to the effective

date of the Decision, the remaining thirty (30) days of said

suspension shall be stayed upon the following conditions:

C.

2

8

g

7

10

11 12

13

14 15

16

17

18

19 20

21

22

24

25 26

27

(1) Respondent shall pay a monetary penalty pursuant to Section 10175.2 of the Code at the rate of \$100.00 for each day of the remaining 30 days of suspension, for a total maximum monetary penalty of \$3,000.00.

If Respondent petitions the Department in writing

- (2) Said payment shall be in the form of a cashier's check or certified check made payable to the Recovery Account of the Real Estate Fund. Said check must be received by the Department prior to the effective date of the Decision in this matter.
- (3) No further cause for disciplinary action against the real estate license of Respondent occurs within two (2) years from the effective date of the Decision in this matter.
- in accordance with the terms and conditions of the Decision, the Commissioner may, without a hearing, order the immediate execution of all or any part of the stayed suspension, in which event, Respondent shall not be entitled to any repayment nor credit, prorated or otherwise,

for money paid to the Department under the terms of this Decision.

If Respondent pays the monetary penalty and if no (5) further cause for disciplinary action against the real estate license of Respondent occurs within two (2) years from the effective date of the Decision, the stay hereby granted in this subparagraph C shall become permanent.

Counsel for the Complainant

12

14

15

17

18

19

20

21

22

23

10

11

1

2

3

6

13

I have read the Stipulation and Agreement, have discussed it with my counsel, and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act, and I willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges.

24

25

Respondent

1	APPROVED AS TO FORM:
2	
3	DATED: 2/3/2004 /Co/culcycom
4	RUSSELL G. ANROZEBOOM Attorney for Respondent
5	
6	* * *
7	
8	The foregoing Stipulation and Agreement is hereby
9	adopted as my Decision and shall become effective at 12 o'clock
10	noon on <u>May 20</u> , 2004.
11	IT IS SO ORDERED March 19 , 2004.
12	IT IS SO ORDERED March 19, 2004.
13	JOHN R. LIBERATOR
14	Acting Real Estate Commissioner
15	
16	Al Relat
17	The transfer of the transfer o
18	
19	
20	
21	
22	
23	
24	-
25	
26	,

FILE NO. H-1614 FR

- 7 -

MARVIN LEE SMITH

APR 3 0 2004

DEPARTMENT OF REAL ESTATE

NO. H-1614 FR

By Tathleen Contraras

#### BEFORE THE

#### DEPARTMENT OF REAL ESTATE

#### STATE OF CALIFORNIA

11

12

10

1

2

6

7

8

9

In the Matter of the Accusation of

MICHEAL GENE JENNINGS, MARVIN LEE SMITH,

Respondents.

14 15

17

18

19

20

21

22

23

24

25

27

#### ORDER ACCEPTING VOLUNTARY SURRENDER

On August 27, 2003, an Accusation was filed in this matter.

By Declaration signed January 29, 2004, Respondent MICHEAL GENE JENNINGS through his Attorney Robert D. Hoppe petitioned the Commissioner to voluntarily surrender his real estate license(s) pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that the petition of Respondent MICHEAL GENE JENNINGS for the voluntary surrender of his real estate license(s) is accepted as of the effective date of this Order as set forth below, based upon the understanding and

agreement expressed in the Declaration of MICHEAL GENE JENNINGS dated January 29, 2004 (attached hereto as Exhibit "A"). This Order shall become effective at 12 o'clock noon May 20 2004. on DATED: March JOHN R. LIBERATOR Acting Real Estate Commissioner IL Khilent 

5 6 7 BEFORE THE В 9 DEPARTMENT OF REAL ESTATE 10 STATE OF CALIFORNIA 11 In the Matter of the Accusation of 12 MICHEAL GENE JENNINGS, et al., NO. H-1614 FR 13 14 Respondents. 15 DECLARATION 17 18 rights with respect to said license. 19

My name is MICHEAL GENE JENNINGS and I am currently licensed as a real estate salesperson, and/or have license I am representing myself and I am one of the Respondents in the above-entitled matter.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedure Act (Sections 11400 et seq., of the Government Code) I wish to voluntarily surrender my real estate license(s) issued by the Department of Real Estate ("Department"), pursuant to Business and Professions

/// 26 /// 27

20

21

22

23

25

1



Code Section 10100.2. The filing of this Declaration shall not constitute an admission for any purpose.

I understand that, by so voluntarily surrendering my license, it can only be reinstated in accordance with the provisions of Section 11522 of the Government Code. I also understand that by so voluntarily surrendering my license, I agree to the following:

The filing of this Declaration shall be deemed as my petition for voluntary surrender. It shall also be deemed to be an understanding and agreement by me that I waive all rights I have to require the Commissioner to prove the allegations contained in the Accusation filed in this matter at a hearing held in accordance with the provisions of the Administrative Procedures Act (Government Code Sections 11400 et seq.), and that I also waive other rights afforded to me in connection with the hearing such as the right to discovery, the right to present evidence in defense of the allegations in the Accusation, and the right to cross examine witnesses. I further agree that upon acceptance by the Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence obtained by the Department in this matter prior to the Commissioner's acceptance, and all allegations contained in the Accusation filed in the Department Case No. H-1614 FR may be considered by the Department to be true and correct for the purpose of deciding whether or not to grant reinstatement of my license pursuant to Government Code Section 11522.

///

1

2

3

5

10

14

15

16

17

18

19

20

21

22

23

24

25

26

I declare under penalty of perjury under the laws of the State of California that the above is true and correct, and that I freely and voluntarily surrender my license and all license rights attached thereto.

S

MICHEAL GENE JENNINGS Respondent



MICHEAL GENE JENNINGS

# BEFORE THE DEPARTMENT OF REAL ESTATE STATE OF CALIFORNIA

JAN 1 3 2004

DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of

MICHEAL GENE JENNINGS, and MARVIN LEE SMITH,

Case No. H-1614 FR

OAH No. N-2003100703

Respondents

#### NOTICE OF HEARING ON ACCUSATION

To the above named respondents:

You are hereby notified that a hearing will be held before the Department of Real Estate at

### THE STATE BUILDING 2550 MARIPOSA MALL, ROOM 1027 FRESNO, CALIFORNIA 93721

on FEBRUARY 3, 2004, beginning at the hour of 9:00 AM; and ROOM 1038 on FEBRUARY 4, 2004, beginning at the hour of 9:00 AM, or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

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.

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 subpenas 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 and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: JANUARY 13, 2004

RE 501 (Rev. 8/97)

DEIDRE L. JOHNSON, Counsel SBN 66322 Department of Real Estate P. O. Box 187000 Sacramento, CA 95818-7000 Telephone: (916) 227-0789 DEPARTMENT OF REAL ESTATE 5 б 7 BEFORE THE 9 DEPARTMENT OF REAL ESTATE 10 STATE OF CALIFORNIA 11 12 In the Matter of the Accusation of NO. H-1614 FR 13 MICHEAL GENE JENNINGS, and MARVIN LEE SMITH, ACCUSATION 14 Respondents. 15 16 The Complainant, JOHN SWEENEY, a Deputy Real Estate 17 Commissioner of the State of California, for causes of Accusation 18 against MICHEAL GENE JENNINGS and MARVIN LEE SMITH, is informed 19 and alleges as follows: 20 PRELIMINARY ALLEGATIONS 21 Ι 22 Respondents MICHEAL GENE JENNINGS and MARVIN LEE SMITH 23 (hereafter Respondents) are presently licensed and/or have 24 license rights under the Real Estate Law, Part 1 of Division 4 25 of the California Business and Professions Code (hereafter the 26 Code). 27

- 1 -

The Complainant, JOHN SWEENEY, a Deputy Real Estate

Commissioner of the State of California, makes this Accusation
against Respondents in his official capacity and not otherwise.

III

At all times herein mentioned, Respondent MARVIN LEE

SMITH (hereafter SMITH) was and is licensed by the Department of
Real Estate (hereafter the Department) as a real estate broker,
individually and doing business as BURGESS/SMITH DEVELOPMENT GROUP.

IV

At all times herein mentioned, Respondent MICHEAL GENE JENNINGS (hereafter JENNINGS) was and is licensed by the Department as a real estate salesperson. At no time herein mentioned was JENNINGS licensed in the employ of SMITH for activities for which a real estate license is required. At no time herein was Respondent JENNINGS licensed as a real estate broker individually or under any fictitious business name.

V

At all times herein mentioned, Respondent JENNINGS engaged in the business of, acted in the capacity of, advertised or assumed to act as:

(a) A real estate licensee within the State of California, for or in expectation of compensation, including the operation and conduct of a real property sales business with the public wherein buyers and sellers were solicited, and sales and purchases of real property were negotiated and consummated; and/or

(b) A "finder" or "consultant" within the State of California, for or in expectation of compensation, including the operation and conduct of a referral business with the public wherein buyers and sellers of real property were located and introduced to each other.

### FIRST CAUSE OF ACTION (JENNINGS AND SMITH)

VI

•

Prior to June 8, 2000, Respondent JENNINGS solicited business from an investor, Edward Barry (hereafter Buyer) and agreed to represent Buyer to arrange referrals for, and/or to negotiate various purchases of real estate for Buyer's investment purposes.

VII

On or about June 8, 2000, Respondent became associated with or employed by licensed real estate broker Deana Wells Oliver, doing business as New Millennium Properties (hereafter Broker).

#### VIII

The written association agreement between Broker and Respondent, dated June 8, 2000, provided for payment of compensation in all transactions for which a real estate license is required from Broker to Respondent JENNINGS as required by the Real Estate Law. The agreement provided that Respondent would be paid a contractual share of 85% of commissions received by Broker. It further provided that commissions would be paid to JENNINGS upon Broker's receipt and review of the completed transaction file. JENNINGS further agreed to keep Broker "completely apprised of all current dealings and transactions."

IX

Subsequent to June 8, 2000, Respondent JENNINGS performed activities on behalf of Broker for which a real estate license is required, for or in expectation of compensation.

X

Prior to June 8, 2000, Respondent JENNINGS had solicited and negotiated a real estate investment opportunity on behalf of Buyer, for or in expectation of compensation, with a real estate agent representing Respondent SMITH's company. The negotiations concerned a commercial real property located at 465 W. Shaw Avenue, Clovis, California, owned by Beryle Floyd and Dorthy Marie Burns Trust (hereafter Sellers). Respondent JENNINGS had negotiated a "referral fee" of 2% of the sale price of \$350,000.00 in any such transaction (\$7,000.00). Prior to June 8, 2000, negotiations had terminated.

XI

On or about June 20, 2000, Respondent JENNINGS contacted Respondent SMITH's company again with respect to Sellers' Shaw Avenue property described above. JENNINGS represented that he was now licensed with an employing broker, and that Buyer was interested in making an offer on Sellers' Shaw Avenue property. JENNINGS represented that he wanted to negotiate an offer on behalf of Buyer, and to increase his compensation in the transaction.

XII

The parties thereafter negotiated terms of sale.

Respondent JENNINGS represented to Sellers that Buyer would offer

to increase the purchase price to cover the increased compensation to JENNINGS, and that Buyer would agree to be "represented by" Respondent SMITH in the transaction. In the final contract, from an increased purchase price of \$360,000.00, Sellers agreed to pay \$31,000.00 in total compensation to Respondent SMITH. By separate agreement, and without the knowledge or consent of Buyer, Respondent SMITH agreed to pay Respondent JENNINGS the sum of \$17,000.00.

#### XIII

Escrow was opened at First American Title Company. On or about August 30, 2000, escrow closed. Respondent JENNINGS demanded, charged, and collected a "consulting fee" fee in the sum of \$17,000.00 from Respondent SMITH's gross commission, payable directly to JENNINGS from escrow, without the knowledge, consent or authorization of Broker. Respondent failed to report the Shaw Avenue transaction to Broker, failed to deliver a completed transaction file to her, failed to deliver the above fee to Broker, and deprived Broker of her contractual share of compensation in the transaction.

#### XIV

At no time prior to close of escrow did Respondent JENNINGS disclose to Buyer that JENNINGS intended to and did increase the purchase price to increase compensation for JENNINGS, and intended to and did charge Sellers for compensation in the sum of \$17,000.00, or any sum. At no time prior to close of escrow did JENNINGS disclose to Buyer the full amount of his compensation. Respondent JENNINGS was so compensated without the knowledge, consent, or authorization of Buyer.

·

VX

Я

At no time prior to close of escrow did Respondent SMITH, acting as an apparent dual agent on behalf of both Seller and Buyer, disclose to Buyer that SMITH agreed to and did pay JENNINGS the sum of \$17,000.00 or any sum.

#### XVI

By reason of the above acts and/or omissions,
Respondent JENNINGS assumed to act as a real estate broker in
violation of Section 10130 of the Code. The acts and/or
omissions of Respondent JENNINGS as set forth above constitute
his employment by, and/or acceptance of compensation from someone
other than the broker under whom he was then licensed, and
constitute cause under Sections 10137 and 10177(d) of the Code
for the suspension or revocation of all license(s) and license
rights of Respondent JENNINGS under the Real Estate Law.

#### XVII

The acts and/or omissions of Respondent JENNINGS as set forth above constitute the claiming or taking of secret or undisclosed compensation, commission or profit, and/or Respondent JENNING's failure to reveal to his employer the full amount of such compensation, and constitute cause under Section 10176(g) of the Code for the suspension or revocation of all license(s) and license rights of Respondent JENNINGS under the Real Estate Law.

#### IIIVX

The acts and/or omissions of Respondent SMITH set forth above constitute Respondent SMITH's payment of compensation for which a real estate license is required to someone other than a

licensed real estate broker, and constitute cause under Section 10137 of the Code for the suspension or revocation of all license(s) and license rights of Respondent SMITH under the Real Estate Law.

XIX

The acts and/or omissions of Respondents JENNINGS and SMITH set forth above constitute misrepresentation, fraud or dishonest dealing, and/or negligence, and constitute cause under Sections 10176(a), 10176(i), and/or 10177(g) of the Code for the suspension or revocation of all license(s) and license rights of Respondents JENNINGS and SMITH under the Real Estate Law.

## SECOND CAUSE OF ACTION (JENNINGS)

XX

On or about October 1, 2000, Respondent JENNINGS solicited and negotiated a real estate investment opportunity on behalf of Buyer, for or in expectation of compensation, to purchase commercial real property located at 5054-5092 N. Academy Street, Clovis, California, owned by Beal Properties Inc. (hereafter Seller).

XXI

On or about October 11, 2000, escrow was opened at First American Title Company. Respondent negotiated and prepared or caused to be prepared Escrow Instructions dated October 11, 2000, constituting the written contract of the parties, and providing that Buyer would purchase the property for \$950,000.00 on stated terms and conditions. The contract did not provide for payment of compensation to Respondent JENNINGS.

IIXX

Respondent negotiated a separate agreement, without the knowledge or consent of Buyer, wherein Seller agreed to pay Respondent JENNINGS, doing business as "M.G. JENNINGS & ASSOCIATES," the sum of \$25,000.00 as a "consulting fee."

#### IIIXX

Escrow closed in the above transaction on or about October 19, 2000. Respondent JENNINGS demanded, charged, and collected a "consulting fee" fee in the sum of \$25,000.00 from Seller, payable directly to JENNINGS from escrow, without the knowledge, consent or authorization of Broker. Respondent failed to report the Academy Street transaction to Broker, failed to deliver a completed transaction file to her, failed to deliver the above fee to Broker, and deprived Broker of her contractual share of compensation in the transaction.

#### VIXX

At no time prior to close of escrow did Respondent JENNINGS disclose to Buyer that JENNINGS intended to and did unilaterally charge the Seller compensation in the sum of \$25,000.00, or any sum. At no time prior to close of escrow did JENNINGS disclose to Buyer the full amount of his compensation. Respondent JENNINGS was so compensated without the knowledge, consent or authorization of Buyer.

#### XXV

Respondent JENNINGS charged Buyer the sum of \$39,000.00 as his compensation in the Academy Street transaction. Buyer later learned that Respondent was paid by Seller as alleged herein.

#### IVXX

By reason of the above acts and/or omissions,
Respondent JENNINGS assumed to act as a real estate broker in
violation of Section 10130 of the Code. The acts and/or
omissions of Respondent JENNINGS as set forth above constitute
Respondent JENNINGS's employment by, and/or acceptance of
compensation from someone other than the broker under whom he
was then licensed, and constitute cause under Sections 10137 and
10177(d) of the Code for the suspension or revocation of all
license(s) and license rights of Respondent under the Real Estate
Law.

#### XXVII

The acts and/or omissions of Respondent JENNINGS as set forth above constitute the claiming or taking of secret or undisclosed compensation, commission or profit, and/or Respondent JENNING's failure to reveal to his employer the full amount of such compensation, and constitute cause under Section 10176(g) of the Code for the suspension or revocation of all license(s) and license rights of Respondent JENNINGS under the Real Estate Law.

#### XXVIII

The acts and/or omissions of Respondent JENNINGS as set forth above constitute misrepresentation, fraud or dishonest dealing, and/or negligence, and constitute cause under Sections 10176(a), 10176(i), and/or 10177(g) of the Code for the suspension or revocation of all license(s) and license rights of Respondent JENNINGS under the Real Estate Law.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof a decision be rendered imposing disciplinary action against all license(s) and license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further relief as may be proper under other provisions of law.

,

Dated at Fresno, California,

day of July, 2003.

Deputy Real Estate Commissioner