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2 REAL ESTATE AGENCY
3 BEFORE THE REAL ESTATE COMMISSIONER

4 In the Matter of the Real Estate License of

5
6 RICHARD ERNEST GREGG

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8 } ORDER ON DEFAULT
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10 1.1 On November 14, 2016, the Real Estate Commissioner issued, by certified mail,
11 a notice of intent to levy a civil penalty and revoke the real estate principal broker license of
12 Richard Ernest Gregg (Gregg). The Oregon Real Estate Agency (OREA) sent the notice of
13 intent to Gregg's last known address of record with the OREA on November 15, 2016. On
14 November 15, 2016, the notice of intent was also mailed to Gregg by regular first class mail in
15 a handwritten envelope.

16 1.2 The certified mailing and first class mailing of the notice of intent were sent to
17 Gregg at the following addresses: 22061 Teresa, Mission Viejo, CA 92692 (OREA address of
18 record for Gregg) and 27093 Callado Mission Viejo, CA 92691 (address provided by
19 complainant for Gregg).

20 1.3 OREA received back both the certified mailing and regular mailing of the notice
21 of intent mailed to 22061 Teresa, Mission Viejo, CA 92692. The regular mail returned was
22 marked, "Return to Sender Not Deliverable As Addressed Unable to Forward." The certified
23 mailing was marked, "Return to Sender Not Deliverable As Addressed Unable to Forward."

24 1.4 OREA received back the certified mailing of the notice of intent mailed to 27093
25 Via Callado, Mission Viejo, CA 92691, it was marked, "Forward Time Exp Rtn to Send," and
26 provided a forwarding address for Richard E Gregg of 94 Hartford Dr #53, Newport Beach, CA
27 92660. The regular mailing of the notice of intent was not returned to OREA.

28 1.5 On November 21, 2016, a copy of the notice of intent was emailed to Gregg
29 using the email address OREA had on file, richard@oreoit.com.

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1 2.5 On November 21, 2016, a copy of the notice of intent was emailed to Gregg
2 using the email address OREA had on file, richard@oreoit.com.

3 2.6 On December 2, 2016, the notice of intent was mailed by both certified mail and
4 by regular first class mail in a handwritten envelope to 94 Hartford Dr #53, Newport Beach, CA
5 92660. Neither mailing addressed to this address has been returned to OREA. The domestic
6 return receipt for the certified mailing was signed for, however was unclear from the signature
7 who signed for the certified mailing.

8 2.7 The mailing in the handwritten envelope addressed to Gregg at the 94 Hartford
9 Dr #53, Newport Beach, CA 92660 address has not been returned to OREA. In accordance
10 with ORS 40.135(1)(q), there is a presumption that the mailing properly addressed and placed
11 with the U.S. Postal Service was delivered. That presumption has not been overcome by any
12 evidence.

13 2.8 Over twenty (20) days have elapsed since the mailing of the notice and no
14 written request for a hearing has been received.

15 2.9 Pursuant to ORS 696.775, the lapsed status of Gregg's license does not prohibit
16 the Commissioner from proceeding with further action.

17 FINDINGS OF FACT

18 &

19 CONCLUSIONS OF LAW

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21 3.1 Gregg was licensed as a principal broker doing business under the registered
22 business name of Apple 1 Realty. Gregg's license was active from April 29, 2014 through
23 September 30, 2015. On October 1, 2015, Gregg's license expired. On October 1, 2016,
24 Gregg's license lapsed.

25 3.2 On June 7, 2015, OREA received a complaint from Amir "John" Gabriel
26 (Gabriel). OREA opened an investigation.

27 3.3 On September 27, 2013, Gregg emailed Gabriel regarding property located at
28 1194 Uglow Avenue, Dallas, Oregon, (subject property) that he offered to repair and sell for
29 Gabriel.

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1 3.4 On October 2, 2013, Gregg and Gabriel discussed the vesting and financing of
2 the subject property purchase by email. Gregg asked Gabriel to sign the vesting agreement
3 attached to his email and Gabriel replied, "Please attach a copy of the contract along with this
4 assignment (no worry about the assignment fee :)." Gregg responded to the email, "I do not
5 have a copy of the contract, but attached is escrow instructions, which should do what you
6 need."

7 3.5 On October, 7, 2013, Gabriel emailed the lender and Gregg stating, "The Escrow
8 is in SRB Investment Properties name and not Princy Investment Group Inc? That is fine if we
9 are doing a double closing otherwise what is needed is the contract which shows that SRB
10 Investment Properties, Inc has the right to assign the contract and the assignment agreement
11 which stipulate the contract purchase price plus the assignment fee and ORIET marketing fee."

12 3.6 During the investigation OREA Investigator/Auditor Jeremy Brooks interviewed
13 Gabriel regarding the purchase of the subject property. Gabriel said the purchase contract
14 was informal, and Gregg listed himself as an investor, then charged a marketing fee. Gabriel
15 provided for the investigation copies of the vesting agreement between Princy Investment
16 Group, Inc (Gabriel was a real estate investor from the Princy Investment Group) and SRB
17 Investment Properties dated October 3, 2013, where SRB Investment Properties agreed to
18 purchase the subject property for \$78,836.00, pay all closing costs and pay a \$2,000
19 "Marketing Fee" to OREOIT LLC. (Gregg was the President of OREOIT according to the
20 Oregon Secretary of State Records.)

21 3.7 Regarding the marketing fee, Gabriel emailed Brooks the following, "Richard
22 received 2,000 from Princy Investment as per the vesting agreement through SRB Investment
23 Properties Inc."

24 3.8 When Brooks first spoke with Gregg about the purchase of the subject property,
25 Gregg said he received a small finder's fee. During Brooks' second interview with Gregg on
26 February 19, 2016, Gregg said, "I was never paid a finder's fee."

27 **Violation:** By receiving a \$2,000 commission in the form of a "marketing fee" for the
28 subject property, as the sole agent of OREOIT LLC, on October 3, 2013, without having an
29 active real estate license, Gregg violated ORS 696.020 (2013 Edition), which states, an
30 individual may not engage in, carry on, advertise or purport to engage in or carry on

1 professional real estate activity, or act in the capacity of a real estate licensee, within this state
2 unless the individual holds an active license.

3 3.9 On April 12, 2014, Gregg sent Gabriel a listing agreement for the subject
4 property. The listing agreement was between Princy Investments Group Inc. and California
5 Home Realty/Richard Gregg, with Gregg listed as, "(Agent)" for California Home
6 Realty/Richard Gregg. The listing agreement set the price at \$179,900. The listing agreement
7 stated under Section 4 Compensation to Broker, "Seller agrees to pay Broker," 6% percent of
8 the listing price. At the time of the listing agreement, Gregg did not have an Oregon real estate
9 license.

10 **Violation:** By entering into a listing agreement with Princy Investment Group on April 9,
11 2014, for the subject property, without having an active real estate license, Gregg violated
12 ORS 696.020 (2013 Edition), which states, an individual may not engage in, carry on,
13 advertise or purport to engage in or carry on professional real estate activity, or act in the
14 capacity of a real estate licensee, within this state unless the individual holds an active license.

15 3.10 On July 23, 2014, Gabriel emailed Gregg requesting a price reduction to either
16 \$174,900 or \$172,900. Gregg replied the following day and suggested lowering the price to
17 \$173,900. On August 14, 2014, Gabriel emailed Greg to point out the websites did not reflect
18 the new sales price and was still showing the \$179,000 price. Gabriel said he tried to contact
19 Gregg for a month and didn't receive a response until Gregg emailed Gabriel on September 9,
20 2014, with multiple reasons why he hadn't been in contact. Gregg stated he was going to take
21 the property off the market for seven days to reset the listing so it would show up as new.

22 3.11 On September 17, 2014, Gabriel emailed Gregg that the property was still
23 showing up on Zillow and Trulia.

24 **Violation:** By failing to lower the subject property listing price on a timely basis after the
25 seller requested the reduction, Gregg violated ORS 696.301(12) (2013 Edition), which states a
26 licensee's real estate license may be disciplined if they have demonstrated incompetence or
27 untrustworthiness in performing any act for which the licensee is required to hold a license.

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1 3.12 On November 16, 2014, Gregg emailed Gabriel an attachment titled, "Purchase
2 Offer Kastle. pdf." In his complaint Gabriel made several comments about the purchase
3 contract and the pre-approval letter, including the following:

4 "The contract looked unusual with no closing date or other dates in it. I had called that
5 [sic] alleged buyer after searching the name on the Internet, the buyer [sic] agent that
6 was on the contract and the mortgage company that was supposedly issued the letter
7 for the buyer. Found out that the person listed as buyer- Richard Castle- not in the
8 market to buy any property and he did not know or met [sic] Richard, that Blum Real
9 Estate named buyer agency do [sic] not have that buyer or the property in their records
10 and the mortgage company- LandMark and Associates Inc. – do [sic] not have that
11 named Loan Originator – Nelson Lomax – and the company is licensed only in Florida
12 and never done any business in Oregon. Richard fake and forged not only a Sales
13 Contract but also a Loan Pre-approval Letter. I sent the data to the Lender. And on 11-
14 21-2014 talked to Richard and he gave me names of the broker and the mortgage
15 company phone number and both were made up names and wrong phone numbers.
16 And that led to investigating the data in the contract and the letter."

17 On November 19, 2014, Gregg sent Gabriel an attachment titled "Preapproval.pdf."

18 3.13 A "Prequalification Letter" was also included with Gregg's November 16, 2014
19 email that indicates on November 7, 2014, borrower Chad Kastle was pre-qualified by Nelson
20 Lomax, Loan Originator of LandMark Mortgage & Associates, to purchase a home for up to
21 \$183,400.00 and referenced the subject property in the address line.

22 3.14 Brooks contacted Nelson Lomax and discussed the pre-qualification letter with
23 Lomax. Lomax told Brooks he had never heard of Chad Kastle, the alleged buyer. Brooks was
24 able to confirm the letterhead from the pre-qualification letter submitted by Gregg did not come
25 from LandMark Professional Mortgage. Brooks searched the National Mortgage System for
26 additional loan originators named Nelson Lomax nationwide. The only result was for Nelson
27 Lomax, who was registered with Landmark Professional Mortgage in Salem Oregon.

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1 3.15 By doing an online search, Brooks was able to locate LandMark Mortgage &
2 Associates, Inc., in Lakeland FL that appeared to have a similar logo to the prequalification
3 letter submitted by Gregg. Brooks contacted LandMark Mortgage & Associates, Inc., to find
4 out if Nelson Lomax had ever worked there or if Kastle had been a client in the past. Brooks
5 was told Lomax did not ever work there, and they did not have any record of any file for Chad
6 Kastle as a borrower.

7 3.16 Brooks met with Gladys Blum (Blum) of Blum Real Estate to verify the details of
8 the purchase offer Gregg submitted to Gabriel. The purchase contract appeared to have been
9 written by Patrick Livingston (Livingston) at Blum Real Estate. Blum stated she didn't have a
10 broker named Livingston and was not familiar with the offer. The transaction coordinator from
11 Blum Real Estate, verified they were not familiar with Kastle, Livingston or the transaction in
12 general.

13 3.17 Brooks contacted Chad Kastle (Kastle) in Salem Oregon using a phone number
14 he found on the internet. Kastle confirmed he had not made any offer on the subject property.
15 Brooks was unable to locate any other Chad Kastle located in Salem.

16 **Violation:** By making a material misrepresentation to the seller presenting a fictitious
17 mortgage pre-qualification letter associated with a purchase offer Gregg violated ORS
18 696.301(1), (12) and (14) (2013 Edition) which states, a licensee's real estate license may be
19 disciplined for the following reasons if they: (1) created a reasonable probability of damage or
20 injury to a person by making one or more material misrepresentations or false promises in a
21 matter related to professional real estate activity, (12) demonstrated incompetence or
22 untrustworthiness in performing any act for which the licensee is required to hold a license,
23 and (14) committed an act of fraud or engaged in dishonest conduct substantially related to the
24 fitness of the applicant or licensee to conduct professional real estate activity, without regard to
25 whether the act or conduct occurred in the course of professional real estate activity.

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ORDER

IT IS HEREBY ORDERED that Gregg's principal broker license is revoked.

IT IS FURTHER ORDERED that pursuant to ORS 696.990, Gregg pay a civil penalty in the sum of \$1,500, and said penalty to be paid to the General Fund of the State Treasury by paying the same to OREA. ORS 696.990 allows for the imposition of a civil penalty in the range of \$100 to \$500.00 for the first occurrence of unlicensed professional real estate activity, and \$500 to \$1,000.00 for each subsequent occurrence. In this instance there were two occurrences of unlicensed activity.

Dated this 18th day of JANUARY, 2017.

OREGON REAL ESTATE AGENCY



GENE BENTLEY
Real Estate Commissioner

Date of service: 1/18/2017

NOTICE: You are entitled to judicial review of this order. Judicial review may be obtained by filing a petition for review within 60 days from the date of service of this order. Judicial review is pursuant to the provisions of ORS 183.482.