

REAL ESTATE AGENCY  
BEFORE THE REAL ESTATE COMMISSIONER

In the Matter of the Real Estate License of )  
JOHN J. MORRISON ) STIPULATED FINAL ORDER

The Oregon Real Estate Agency (Agency) and John J. Morrison (Morrison) do hereby agree and stipulate to the following:

FINDINGS OF FACT, STATEMENTS OF LAW  
AND  
CONCLUSIONS OF LAW

1.

In establishing the violations set forth herein, the Agency may rely on one or more of the definitions contained in ORS 696.010.

**First Findings of Fact:**

1.1 At all times mentioned herein, Morrison was licensed as a principal broker with Morrison Real Estate.

1.2 On September 18, 2020, Morrison was requested to participate in a clients' trust account review for account ending in #6174 holding owner funds. On October 27, 2020, Morrison submitted the reconciliation records to the Agency. Due to outstanding issues from the review, the Agency opened an investigation.

1.3 On July 8, 2021, Morrison provided reconciliation documents complete through the end of June 2021 for clients' trust account ending in #6174. He submitted a "Trust Account Reconciliation" document showing an ending balance of \$15,918.08 dated July 1, 2021. The document was a list of checks and deposits not yet clearing the bank.

- Part I, the total adjusted bank statement balance, per Morrison's calculations was \$4,393.24.

- 1           • Part II, the ending balance for June 2021 as recorded on Morrison’s register was
- 2           \$13,009.53.
- 3           • Part III, the owner ledger balance as of July 8, 2021 was \$6,228.08.

4           1.4    The three parts of the reconciliation did not balance and Morrison failed to

5 explain the difference.

6           **First Statement of Law:** The Real Estate Commissioner may reprimand the real

7 estate license of any real estate licensee if the licensee has disregarded or violated any

8 provision of ORS 659A.421, 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and

9 696.890 or any rule of the Agency. ORS 696.301(3) is implemented in part by OAR 863-025-

10 0028(2)(b) (01/01/2021 Edition) which states: (2) A property manager must reconcile each

11 clients’ trust account within 30 calendar days of the date of the bank statement pursuant to the

12 requirements contained in this section. (b) The balances of each component in section (2)(a) of

13 this rule must be equal to and reconciled with each other. If any adjustment is needed, the

14 adjustment must be clearly identified and explained on the reconciliation document.

15           **First Conclusion of Law:** The three parts of the June 2021 reconciliation for account

16 ending in #6174 did not balance, and Morrison failed to explain the differences in violation of

17 ORS 696.301(3) and its implementing rule OAR 863-025-0028(2)(b) (01/01/2021 Edition).

18           **Second Findings of Fact:**

19           1.5    The Trust Account Reconciliation document dated July 1, 2021, contained a

20 deposit adjustment for \$9,303.50 for a transaction occurring on July 7, 2021, which occurred

21 after the reconciliation period.

22           1.6    According to Morris he reconciled June 2021 on July 1, 2021. When asked

23 about the adjustment made on July 7, 2021, Morrison said he printed the reconciliation

24 document on the 8<sup>th</sup> and thought that was why, but wasn’t really sure.

25           **Second Statement of Law:** ORS 696.301(3) authorizes the Commissioner to

26 reprimand a licensee’s real estate license who has disregarded or violated any provision of

27 ORS 659A.421, 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or

28 any rule of the Real Estate Agency. ORS 696.301(3). Implementation of ORS 696.301(3) is

29 made through OAR 863-025-0028(2)(a)(B) (01/01/2021 Edition) which states: (2) A property

30 manager must reconcile each clients’ trust account within 30 calendar days of the date of the

1 bank statement pursuant to the requirements contained in this section. (a) The reconciliation  
2 must have three components that are contained in a single reconciliation document: (B) The  
3 balance of the record of receipts and disbursements or the check register as of the date of the  
4 bank statement.

5 **Second Conclusion of Law:** According to the Trust Account Reconciliation document  
6 dated July 1, 2021, a disbursement of \$9,303.50 made on July 7, 2021, was accounted and  
7 adjusted for on the June 2021 reconciliation, in violation of ORS 696.301(3) and its  
8 implementing rule OAR 863-025-0028(2)(a)(B) (01/01/2021 Edition).

9 **Third Findings of Fact:**

10 1.7 In comparing the Trust Account Reconciliation document dated July 1, 2021, to  
11 the check register, it appeared Morrison accounted for and adjusted \$2,720.00 twice.

12 1.8 The first entry was noted as "Brendon, Stock and Erin Guthrie" and was for  
13 \$2,500.00. The second entry was noted as "Brendon, Stock and Erin Guthrie," and was for  
14 \$220.00. The third entry was noted as check No: 10400, with detail noted as "Mike and Carol  
15 Morrison, See Split-Detail," for \$2,720.00. All three of these entries was for the same day,  
16 June 27, 2021.

17 1.9 Explaining the double adjustment, Morrison said Guthrie and Stock were the  
18 tenants and were owed the security deposit. He said he might have put the owner payment in  
19 the memo as he was "settling up" the account. Guthrie and Stock were paid, not the owner.  
20 He couldn't explain the way he accounted for it, but confirmed it was for the same transaction.

21 1.10 Additionally, there were debits totaling \$1,319.50 noted on the register that hadn't  
22 cleared the bank statement and were not noted on the Trust Account Reconciliation document.  
23 The unaccounted debits were for property management fees paid to Morrison on May 21,  
24 2021, May 24, 2021, and June 24, 2021, totaling \$487.00, and an owner draw to Tom and  
25 Gale Angstadt on June 8, 2021, for \$832.50.

26 **Third Statement of Law:** ORS 696.301(3) authorizes the Commissioner to reprimand a  
27 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,  
28 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the  
29 Real Estate Agency. Implementation of ORS 696.301(3) is made through ORS  
30 696.890(4)(c)(d) and (f) (2019 Edition) which states: (4) A real estate property manager owes

1 the property owner the following affirmative duties: (c) To exercise reasonable care and  
2 diligence; (d) To account in a timely manner for all funds received from or on behalf of the  
3 owner; (f) To be loyal to the owner by not taking action that is adverse or detrimental to the  
4 owner's interest.

5 **Third Conclusion of Law:** Per the Trust Account Reconciliation document, Morrison  
6 adjusted the \$2,720 transaction twice, admitting to accounting for a security deposit refund  
7 incorrectly. Additionally, there were debits noted on the register (transaction list), totaling  
8 \$1,319.50 that were not adjusted for in Part I of the reconciliation and not noted as clearing the  
9 bank. Morrison violated ORS 696.301(3) and its implementing statute ORS 696.890(4)(c)(d)  
10 and (f) (2019 Edition).

11 **Fourth Statement of Fact:**

12 1.11 The Trust Account Reconciliation document referenced six checks dating back to  
13 February 2021, totaling \$3,188.00 to Morrison Real Estate, not yet clearing the bank.

- 14 • Check#10375, date posted 2/20/21 for \$778.00
- 15 • Check #10382, date posted 3/22/21 for \$778.00
- 16 • Check# 10386, date posted 4/24/21 for \$778.00
- 17 • Check # 10392, date posted 5/27/21 for \$546.00
- 18 • Check posted 6/27/21 for \$165.00
- 19 • Check posted 6/27/21 for \$143.00.

20 1.12 Morrison confirmed these six checks were property management fees.

21 **Fourth Statement of Law:** ORS 696.301(3) authorizes the Commissioner to reprimand  
22 a licensee's real estate license who has disregarded or violated any provision of ORS  
23 659A.421, 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any  
24 rule of the Real Estate Agency. Implementation of ORS 696.301(3) is made through ORS  
25 696.241(5) and OAR 863-025-0027(6). ORS 696.241(5) states a principal real estate broker  
26 or licensed real estate property manager may not commingle any other funds with the trust  
27 funds held in a clients' trust account. OAR 863-025-0027(6) states a property manager must  
28 disburse earned management fees from the clients' trust account at least once each month  
29 unless a different schedule of disbursement is specified in the property management  
30 agreement and may only disburse such fees if sufficient funds are available.

1           **Forth Conclusion of Law:** The Trust Account Reconciliation referenced six checks  
2 dating back to February 2021, totaling \$3,188.00 to Morrison Real Estate, not yet clearing the  
3 bank. Morrison confirmed these were property management fees. By holding the management  
4 fees for February 2021 through May 2021, in the clients' trust account, Morrison violated ORS  
5 696.301(3) and its implementing rule OAR 863-025-0027(6) (1/01/2021 Edition) and  
6 implementing statute ORS 696.241(5) 2019 Edition).

7           **Fifth Findings of Fact:**

8           1.13 The register/record of receipts and disbursements noted the following April 2021  
9 rent deposits noted as "Apr 2021 Rent" that were posted on May 7, 2021.

- 10           • Brendon Stock and Erin Guthrie- 3940 Mill Street for \$1,650.00
- 11           • Eben Burkholder and Kathryn Forgery 2551 Friendly Street, for \$1,395.00
- 12           • TJ Evans and Nduga Hamilton, 210 E 39<sup>th</sup> St. for \$1,245.00
- 13           • Theresa and David Sturm, 726 Water St. for \$925.00
- 14           • Tyler and Nicole Lankford, 2883 Kindaid, for \$1,395.00

15           1.14 Morrison was asked if the April rent checks posted on the register in May were  
16 posted incorrectly. Morrison said he received the checks in April and placed them in the visor  
17 of his car after he discovered the bank was closed that day. He forgot the checks and didn't  
18 return to deposit them until May 7, 2021.

19           **Fifth Statement of Law:** ORS 696.301(3) authorizes the Commissioner to reprimand a  
20 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,  
21 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the  
22 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-  
23 0065(4) and 696.890(4)(c)(d) and (f). OAR 863-025-0065(4) states all funds, whether in the  
24 form of money, checks, or money orders belonging to others and accepted by any property  
25 manager while engaging in property management activity, must be deposited prior to the close  
26 of business of the fifth banking day following the date of the receipt of the funds into a clients'  
27 trust account or security deposits account as defined in OAR 863-025-0010 and established by  
28 the property manager under ORS 696.241. The property manager must account for all funds  
29 received. 696.890(4)(c)(d) and (f) (2021 Edition) which states (4) A real estate property  
30 manager owes the property owner the following affirmative duties: (c) To exercise reasonable

1 care and diligence; (d) To account in a timely manner for all funds received from or on behalf  
2 of the owner; (f) To be loyal to the owner by not taking action that is adverse or detrimental to  
3 the owner's interest.

4 **Fifth Conclusion of Law:** Morrison's record of receipts and disbursements showed  
5 "Apr 2021 Rent" deposits in May 2021. Morrison admitted he collected these rents in April  
6 2021, however he failed to deposit them until May 7, 2021, in violation of ORS 696.301(3) and  
7 its implementing rule OAR 863-025-0065(4) (01/01/2021 Edition) and implementing statute  
8 ORS 696.890(4)(c)(d) and (f) (2019 Edition).

9 **Sixth Findings of Fact:**

10 1.15 On or around May 20, 2021, Tom and Gale Angstadt (Angstadts) terminated their  
11 property management agreement with Morrison.

12 1.16 On the owner ledger, dated July 8, 2021, a balance of \$1,576.00 was noted as  
13 funds held for the Angstadts.

14 1.17 During his interview with Agency staff on August 8, 2021, Morrison was asked if  
15 the Angstadts had been paid the \$1576.00 that showed on the owner ledger, Morrison said no.  
16 He sated that they were still trying to figure out the exact amount owed and believes they are  
17 only about \$75.00 off, possibly due to his failing to account for a utility payment. As of August  
18 8, 2021, Morrison still held Angstadts' funds.

19 **Sixth Statement of Law:** ORS 696.301(3) authorizes the Commissioner to reprimand a  
20 licensee's real estate license who has disregarded or violated any provision of ORS 659A.421,  
21 696.010 to 696.495, 696.600 to 696.785, 696.800 to 696.870 and 696.890 or any rule of the  
22 Real Estate Agency. Implementation of ORS 696.301(3) is made through OAR 863-025-  
23 0070(2)(b)(B) (1-1-21 Edition) which states: (2) Not later than 60 days after the effective date  
24 of termination, the property manager must: (b) Provide the owner with the following: (B) All  
25 funds belonging to the owner as shown on the owner's ledger, unless the owner directs the  
26 property manager, in writing, to transfer the funds to another property manager, escrow agent  
27 or person.

28 **Sixth Conclusion of Law:** Records show on or around May 20, 2021, the Agstadts  
29 terminated their management with Morrison and as of August 8, 2020, Morrison still held the  
30 funds of Tom and Gale Angstadt. By failing to disburse all obligated funds to the owner within

1 60 days of termination, Morrison violated ORS 696.301(3) and its implementing rule of OAR  
2 863-025-0070(2)(b)(B) (01/01/2021 Edition).

3 **Seventh Statement of Law:** A licensee's real estate license may be disciplined if they  
4 have demonstrated incompetence in performing any act for which a real estate license is  
5 required to hold a license. ORS 696.301(12).

6 **Seventh Conclusion of Law:** All of the above violations demonstrate incompetence in  
7 violation of ORS 696.301(12) (2019 Edition).

8 **Eight Conclusion of Law:** The forgoing violations are grounds for discipline pursuant  
9 to ORS 696.301(3) and (12). Based on these violations a reprimand is appropriate for  
10 violations of ORS 696.301(3) and (12). As previously noted, the Agency has set forth the  
11 grounds of discipline as ORS 696.301(3) and (12).

12 2.

13 According to ORS 696.775, the lapsing, expiration, revocation or suspension of a real  
14 estate license, whether by operation of law, order of the Real Estate Commissioner or decision  
15 of a court of law, or the inactive status of the license, or voluntary surrender of the license by  
16 the real estate licensee does not deprive the commissioner of jurisdiction to: (1) proceed with  
17 an investigation of the licensee; (2) conduct disciplinary proceedings relating to the licensee;  
18 (3) Take action against a licensee, including assessment of a civil penalty against the licensee  
19 for a violation of ORS 696.020(2); or (4) revise or render null and void an order suspending or  
20 revoking a license.

21 3.

22 The Agency reserves the right to investigate and pursue additional complaints that may  
23 be received in the future regarding this licensee.

24 4.

#### 25 STIPULATION AND WAIVER

26 I, John J. Morrison, have read and reviewed this Stipulated Final Order and its Findings  
27 of Fact, Statements of Law and Conclusions of Law. I understand that the Findings of Fact,  
28 Conclusions of Law and this Stipulation and Waiver of Hearing rights embody the full and  
29 complete agreement and stipulation between the Agency and me. I further understand that if I  
30 do not agree with this stipulation I have the right to request a Hearing on this matter and to be

1 represented by legal counsel at such a Hearing. I also understand that any Hearing would be  
2 conducted in accordance with the procedures set forth in ORS Chapter 183 and in accordance  
3 with the Rules of Practice and Procedure adopted by the Attorney General of the State of  
4 Oregon. By signing this Stipulated Final Order I freely and voluntarily waive my rights to a  
5 Hearing, to representation by legal counsel at such a Hearing, and to judicial review of this  
6 matter.

7 I hereby agree and stipulate to the above Findings of Fact and Conclusions of Law and  
8 understand that the Order which follows hereafter, which I have also read and understand,  
9 may be completed and signed by the Real Estate Commissioner or may be rejected by the  
10 Real Estate Commissioner. I further understand that, in accordance with the provisions of  
11 ORS 696.445(3), notice of this Order shall be published in the Oregon Real Estate News  
12 Journal.

13 In addition to all of the above, I agree that once the Commissioner executes this  
14 Stipulated Final Order, I will accept service of the Stipulated Final Order by email, and hereby  
15 waive the right to challenge the validity of service.

16 ORDER

17 IT IS HEREBY ORDERED that John J. Morrison's principal broker license be, and  
18 hereby is reprimanded.

19  
20 IT IS SO STIPULATED:

IT IS SO ORDERED:

21  
22 DocuSigned by:

23 *John J Morrison*

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24 JOHN J. MORRISON

25  
26 Date 12/21/2021 | 9:17 AM PST

DocuSigned by:

27 *Steven Strode*

E2C2D0097AD8471...

28 STEVEN STRODE

29 Real Estate Commissioner

30 Date 12/21/2021 | 10:53 AM PST

Date of Service: 12/21/2021

