Case study
C.E. Fraud

In a recent case, the Department received a tip from an anonymous source alleging that a continuing education provider was providing full continuing education credit for license renewal, as well as credit for real estate principles for individuals wishing to obtain licenses, without requiring completed coursework.

In responding to this tip, the DRE sent investigators to the provider’s offices to purchase credit for completing these education requirements without completing the courses. In the first instance, a Deputy Commissioner posing as an individual wishing to obtain a real estate principles certificate paid $189 and received a certificate on the spot. The deputy was not offered any course materials, textbooks, or assignments. A few days later, a second Deputy went to the office of this provider posing as a real estate licensee wishing to obtain the necessary continuing education credits for license renewal. For a fee of $289, the Deputy left the office with a certificate reflecting that he had completed 51 hours of continuing education, including the mandatory course hours in agency, ethics, trust fund handling and fair housing. Again, there were no course materials offered.

In a separate case involving a different continuing education provider, a Deputy Commissioner went to an office posing as a licensee wishing to obtain the credits necessary for license renewal and was immediately given the final examination, together with the answer key so that he wouldn’t miss any of the questions. Upon completing the examination, he was given a certificate for having completed the 45 hours of continuing education necessary for license renewal.

The DRE filed accusations against the course sponsors involved and disciplined the course offerings, as well as the individual real estate broker licenses of the school’s owners. The story, however, goes beyond just one of unscrupulous course providers offering credit without education. The question remains open as to how many real estate licensees obtained credit for education that they did not complete and then submitted it to the DRE to either qualify for a license or renew an existing license. It is certain that any licensee who submitted fraudulent education credits to the DRE will face the possible revocation of their license.

In the future, the DRE will continue to monitor the offerings of education providers to weed out those that do not require licensees to complete education in order to receive credit. When these schools are discovered, the licensees who used the school will also be scrutinized and face disciplinary action if it is proven that they did not legitimately complete the education requirements. With this in mind, licensees should carefully assess the risk of possibly losing their license when attempting to avoid completing educational requirements.
Screening License Applicants

During the 2002–2003 fiscal year, the Department issued over 47,000 new original licenses. This was an increase of 44% over the prior fiscal year and a 95% increase over the number of new licenses issued in fiscal 2000–2001. This huge increase not only placed a burden on existing staff in the Licensing Section to handle the associated paperwork, but it also affected the Commissioner’s responsibility to screen beyond the examination process the qualifications of new applicants. The Commissioner has a duty to enforce the Real Estate Law (Sections 10000 et seq., of the Business and Professions Code) and the Subdivided Lands Law (Sections 11000 et seq., of the B&P Code) “in a manner which achieves the maximum protection for the purchasers of real property and those persons dealing with real estate licensees” (Section 10050 of the B&P Code). This process begins prior to licensure. In addition to an applicant’s truthfulness and honesty, the functions, duties, and responsibilities of licensees require the Commissioner to also look at other characteristics that relate to one’s qualifications for licensure. The primary tool used to screen an applicant’s qualifications is to look into his or her criminal background and/or whether or not the applicant has had another license issued by the state or federal government suspended or revoked. This is done by asking specific questions in the license application and requiring the applicant to be fingerprinted. The fingerprints are then used to check criminal history, if any. If the answer or search reveals a criminal conviction, then the Department opens an investigation to learn more about the applicant. This is because the Commissioner can deny a license application if an applicant has been convicted of a crime involving moral turpitude and/or that crime is substantially related to licensed activity. This short article provides an example of how broadly the concepts of moral turpitude and “substantial relationship” apply to a criminal conviction when screening an applicant’s qualifications.

(It is also important to remember that a criminal conviction is not necessarily a barrier to licensure. Our laws and society recognize and encourage individuals to rehabilitate themselves, establish that they have done so, and are now eligible for licensure. Section 2911 of the Commissioner’s Regulations establishes the Criteria of Rehabilitation applicable to evaluate rehabilitation for issuance of a license [Regulation Section 2912 governs the Criteria of Rehabilitation applicable to a license suspension or revocation based on a criminal conviction]. In the case described below, for reasons that are not relevant to this article, the administrative law judge hearing the case determined that the applicant did not establish sufficient evidence of rehabilitation and his application was denied.)

Every state licensing board or agency may issue criteria to assist it in determining if a crime is “substantially related” to its license qualifications, functions, or duties. The Commissioner, in response to this authority, has adopted Regulation 2910, Title 10 of the Code of Regulations, known as “The Criteria of Substantial Relationship.” Among the criteria listed, is one that covers crimes done “with the intent or threat of doing substantial injury to the person or property of another” (Regulation 2910(a)(8)). To assist in making a determination of whether or not a crime comes within this, or any of the other listed criteria, the Commissioner is authorized to look behind the conviction itself into the circumstances surrounding the crime (Section 493 of the Government Code). It is often such a look that provides the insight about whether or not to issue a

Continued on page 3
Screening applicants
Continued from page 2

license. This authority is relevant when the crime on its face does not appear to be related to the applicant’s actual conduct resulting in the conviction. (In some situations the conviction on its face is a sufficient basis to establish its substantial relationship, i.e., a conviction for theft, burglary or robbery, all involving dishonesty.)

A recent Decision in a case involving an applicant convicted of a crime of violence provides a good analysis of how the concept of “moral turpitude,” the “Criteria of Substantial Relationship,” and the ability to look behind the face of the crime is applied. In this case the applicant had been convicted of violating Section 273.5(a) of the Penal Code (Inflicting Corporal Injury on Spouse or Cohabitant), a felony. He had gotten into a fight with his wife, grabbed her and threw her to the ground. When she tried to escape, he again threw her to the ground. He then got on top of her and hit her in the head with his closed fist two or three times. The wife, needless to say, suffered various injuries, including cuts and bruises.

Following an administrative hearing the administrative law judge presiding in the case found that the crime involved moral turpitude. The judge concluded that respondent’s acts not only involved a serious breach of duty owed to another or to society (one of the tests for moral turpitude), but that it also involved acts demonstrating a “bad character” and “readiness to do evil” (another test of moral turpitude). As the judge noted, the use of force and violence on the body of another person, as the applicant did with his wife, showed a “bad character” and “readiness to do evil” and the beating of a woman constitutes a breach of duties owed to the victim and to society. You may ask what does this have to do with real estate license activity? This is where the substantial relationship criteria become involved.

The judge noted that the primary goal of licensing statutes is to protect the public from unscrupulous and irresponsible persons and that the Real Estate Law is intended to protect the public when dealing with licensees. Moreover, that licensees are continuously interacting with members of the public and that those with complaints and demands, can be a source of frustration. The judge went on to conclude that a person who cannot control his or her temper and who has violently battered an individual is manifestly unfit for licensure as a real estate salesperson. Because of these factors, the judge found that the crime bore a substantial relationship to the qualifications, etc., of a real estate salesperson.

If you are a broker and are approached by a license applicant about whether or not a particular criminal conviction will disqualify the applicant from licensure, you should advise the applicant to review the Department’s “Criteria of Substantial Relationship” and to carefully consider all the facts surrounding the conviction to determine the conviction’s impact on the ability to become licensed (of course, it goes without saying, the broker should advise the applicant not to hold back any information and to disclose all convictions suffered). A crime that on its face may not seem relevant may nevertheless be disqualifying. The Criteria of Substantial Relationship intentionally casts a wide net to effect the purpose of the Real Estate Law to protect persons dealing with real estate licensees by assisting the Commissioner to screen and prevent unfit persons from becoming licensees.

Instructor Qualifications

Commissioner’s Regulations 3000 and 3006 were recently amended to include instructor qualifications for real estate schools providing the statutory college equivalent pre-license courses and for sponsors of continuing education offerings.

Regulation 3000 provides that instructors for the statutory college equivalent pre-license courses must have credentials issued by the Board of Governors of the California Community Colleges or by a comparable California teacher-credentialing agency, or meet the qualifications established in Sections 53400 et seq. of Title 5. Instructors can also qualify by education or experience or a combination of the two.

Regulation 3006 provides that instructors, conference leaders, lecturers, and others who present a continuing education offering shall meet at least one of the following qualifications: (1) A bachelor’s degree, from an institution of higher learning, in a related field to that in which the person is to teach; (2) A valid teaching credential or certificate issued by the Board of Governors of the California Community Colleges or by a comparable California teacher-credentialing agency authorizing the holder to teach in the field of knowledge covered in the offering; (3) Three years full-time experience in the applicable field; (4) Any combination of at least three years of full-time experience and college level education in the applicable field.

Instructors of both pre-license courses and continuing education offerings shall not be qualified to teach if the instructor: (1) does not meet the instructor qualification criteria; (2) As a real estate licensee, has had that license suspended, revoked or restricted as a result of disciplinary action; (3) Acted or conducted himself or herself in a manner which would have warranted the denial of his or her application for a real estate license; (4) Has violated Regulations or engaged in conduct which would have warranted the denial of an application for approval, or withdrawal of approval, of a pre-license course or continuing education offering, as applicable.

In addition, effective January 1, 2004, schools and course sponsors are required to notify students that an online evaluation is available on the DRE’s Web site for on-line evaluation of courses and instructors. The evaluation can be accessed at the DRE home page at www.dre.ca.gov.

Instructor Qualifications

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Disciplinary Action — Sept. to Nov. 2003

A list of actions is not published in this Bulletin until the 30-day period allowed for court appeal has expired, or if an appeal is filed and the disciplinary action is stayed, until the stay is dissolved. Names of persons to whom licenses are denied on application are not published.

Licensees are listed alphabetically by the District Office region of responsibility.

The license type is listed in parentheses after the licensee’s name. [REB – Real estate broker; RREB – Restricted real estate broker; RES – Real estate salesperson; RRES – Restricted real estate salesperson; PRLS – Prepaid rental listing service; RPRLS – Restricted prepaid rental listing service; REO – Real estate officer; REC – Real estate corporation]

Below are brief summaries of various regulations and code sections. The full text of the sections is found in the Business and Professions Code and the Regulations of the Real Estate Commissioner, both of which are printed in the Real Estate Law book. The Real Estate Law book is available for purchase from the Department of Real Estate (see page 11 or DRE Web site).

Disciplinary actions that are “stayed” means there is “a delay in carrying out” all or part of the recommended discipline.

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**Commissioner’s Regulations**

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**Business and Professions Code**

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<td>10159.5</td>
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</tr>
<tr>
<td>10161.8(a)</td>
<td>Failure of broker to notify Commissioner of salesperson employment</td>
</tr>
</tbody>
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**REVOKED LICENSES**

**Fresno Region**

Oliver, Deana Darlene (REB)
63 W. Shaw Ave., Clovis
Effective: 10/30/03
Violation: 10176(a)(c)(g)(i), 10176.5, 10177(g)(h)(j)

Lankford, Patricia Ann (RES)
P.O. Box 1273, Garden
Effective: 11/7/03
Violation: 490, 10177(b)(f)

Lopez, Francisco (RES)
6255 Baker St., Riverside
Effective: 11/10/03
Violation: 10176(a)(i), 10177(d)(g)

**Los Angeles Region**

Chesnut, Daniel Mark (RES)
819 Robles Pl., Corona
Effective: 11/19/03
Violation: 10177(f)

Girardin, Christian S. (RES)
3005 S. Bristol, Santa Ana
Effective: 9/24/03
Violation: 490, 10177(b)

Gomez, Tranquillo Frank (RES)
2501 Cherry Ave., Ste. 100, Signal Hill
Effective: 10/29/03
Violation: 490, 10177(b)

Gray, Jone Young (REB)
2265 Westwood Blvd., #337, Los Angeles
Effective: 9/3/03
Violation: 10177(f)

Hubbard, Mike George (REB)
400 S. Sepulveda Blvd., Ste. 100, Manhattan Beach
Effective: 9/25/03
Violation: 490, 10177(b)

Mendez, Juan Manuel (RES)
6333 Tijuana Ave., North Hollywood
Effective: 10/7/03
Violation: 490, 10177(b)

Monge, Carlos (RES)
15149 Cerezo Rd., Victorville
Effective: 10/27/03
Violation: 490(b), 10177(b)

Murphy, Thomas Michael (REB)
1192 SE Bristol St., Santa Ana
Effective: 10/27/03
Violation: 490, 10177(b)

Patilla, Miguel R. (REB, REO)
P.O. Box 761122, Los Angeles
Effective: 9/29/03
Violation: 490, 10177(b)
REVOVED WITH A RIGHT TO A RESTRICTED LICENSE

Fresno Region

Alford, Phyllis Janet (REB)
538 W. Tefft St., Nipomo
Effective: 11/6/03
Violation: 2725, 2731, 2752, 10159.5, 10161.8(a)(b), 10177(d)(b)
Right to RREE license on terms and conditions

Costa, Chad Aaron (RES)
3245 Coffee Rd., 2C, Modesto
Effective: 11/4/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Kirkorian, John R. P. (REB)
5380 N. Fresno St., #103, Fresno
Effective: 5/9/03
Violation: 2831.1, 2831.2, 2832.1, 2832.1, 10145, 10177(d)(b)
Right to RREE license on terms and conditions

Sjolom, Paul Leonard (REB, REO)
4100 Moorpark Ave., Ste. 219, San Jose
Effective: 10/2/03
Violation: 490, 10177(d)
Officer of: Orchard Valley Realors
Right to RRES license on terms and conditions

Wessel, June Lorraine (RES)
3355 Camden St, Rosamond
Effective: 10/15/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Wilson, Christina C. (RES)
2250 Newport Ct., Delano
Effective: 10/2/03
Violation: 10130, 10177(d)
Right to RRES license on terms and conditions

Los Angeles Region

Bellamy, Leslie Gail (REB)
3734 W. Slauson Ave., Los Angeles
Effective: 11/3/03
Violation: 490, 10177(b)
Right to RREE license on terms and conditions

Chang, Sonya C. (RES)
403 Medea Creek Ln., Oak Park
Effective: 11/4/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Forte, John Robert (RES)
1955 Tamarind Ave., #11, Los Angeles
Effective: 10/14/03
Violation: 10130, 10177(d)
Right to RRES license on terms and conditions

Gallegos, Roberto F. (REB, REO)
1522 East 4th St., Santa Ana
Effective: 10/14/03
Officer of: RFG Group, Inc.
Violation: 10177(g)
Right to RRES license on terms and conditions

Garcia, Gabriel (REB)
23181 Verdugo Dr., Ste. 103A, Laguna Hills
Effective: 9/23/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Gerales, Grace Z. (RES)
PO Box 3264, Santa Monica
Effective: 10/9/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

Jarvis, Tameka (RES)
677 S. Memorial Ave., Los Angeles
Effective: 11/1/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

McGinty, Richard E. (REB)
745 Roca Rd., Chula Vista
Effective: 11/10/03
Violation: 490, 10177

Renton, John R. (RES)
333 Swett St., Santa Ana
Effective: 10/26/03
Violation: 490, 10177

Schumer, Daniel A. (RES)
1201 W. 17th St., Santa Monica
Effective: 11/15/03
Violation: 490, 10177

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Cirimele and Associates, Inc. (REC)
1132 Tennessee St., Vallejo
Effective: 9/8/03
Violation: 2831.2, 2832.1, 2834, 10145, 10145(d), 10160, 10165, 10177(d)
Right to RREC license on terms and conditions

Cirimele, Thomas E. (RES)
1132 Tennessee St., Vallejo
Effective: 9/8/03
Violation: 2831.2, 2832.1, 2834, 10145, 10145(d), 10160, 10165, 10177(d)
Right to RRES license on terms and conditions

Hoover, Delvita Natalie (REB, REO)
1132 Tennessee St., Vallejo
Effective: 9/8/03
Officer of: Cirimele and Associates, Inc.
Violation: 10159.2, 10177(d)(g)(h)
Right to RREE license on terms and conditions

LaBella, Robert Charles (REO)
7220 Greenhaven Dr., Ste. 5, Sacramento
Effective: 11/24/03
Officer of: Real Estate Center of Sacramento, Inc.
Violation: 2831, 2831.1, 2831.2, 10137, 10145, 10159.2, 10177(d)(g)(h)
Right to RREE license on terms and conditions

Real Estate Center of Sacramento, Inc. (REC)
7220 Greenhaven Dr., Ste. 5, Sacramento
Effective: 11/24/03
Violation: 2831, 2831.1, 2831.2, 10137, 10145, 10177(d)
Right to RREC license on terms and conditions

Sumpter, Luis Lee (RES)
3180 Carly Way, Sacramento
Effective: 10/8/03
Violation: 400, 10177(b)
Right to RRES license on terms and conditions

San Diego Region
Ladewig, William James (REB, REO)
504 W. Mission Ave., #102, Escondido
Effective: 9/23/03
Officer of: Malan Financial Alliance
Violation: 2726, 2726, 2752, 2831, 2831.2, 2832.1, 2834, 2951, 2970, 10085, 10145, 10159.5, 10161.8, 10177(d), 10236.4, 10240(a)
Right to RREB license on terms and conditions

Malan Financial Alliance (REC)
504 W. Mission Ave., #102, Escondido
Effective: 9/23/03
Violation: 2726, 2726, 2752, 2831, 2831.2, 2832.1, 2834, 2951, 2970, 10085, 10145, 10159.5, 10161.8, 10177(d), 10236.4, 10240(a)
Right to RREE license on terms and conditions

Scott, Mark A. (RES)
1349 Lucero Ct., Chula Vista
Effective: 9/23/03
Violation: 490, 10177(b)
Right to RRES license on terms and conditions

SUSPENDED WITH STAY

Los Angeles Region
Calstar Financial Services Corporation (REC)
5442 E. Beverly Blvd., Los Angeles
Effective: 10/6/03
Violation: 10177(d)(g), 10236.4, 10240
Suspended for 90 days-stayed for 2 years on terms and conditions

Johnson, Junius Jr. (REC)
124 N. Market St., Inglewood
Effective: 9/1/03
Violation: 2726, 2726, 2831, 2831.1, 2831.2, 2832, 2832.1, 10145, 10177(g)
Suspended for 30 days-stayed for 1 year on terms and conditions

Ramiljak, John B. (REB, REO)
12100 Wilshire Blvd., Ste. 200, Los Angeles
Effective: 10/14/03
Officer of: William Gregory Mortgage, Inc.
Violation: 10159.2, 10177(b)
Suspended for 60 days-stayed for 2 years

Robles, Daniel C. Jr. (REB, REO)
5442 E. Beverly Blvd., Los Angeles
Effective: 10/6/03
Officer of: Calstar Financial Services
Violation: 10159.2, 10177(b)
Suspended for 90 days-stayed for 2 years on terms and conditions

William Gregory Mortgage, Inc. (REC)
12100 Wilshire Blvd., Ste. 200, Los Angeles
Effective: 10/1/03
Officer of: William Gregory Mortgage, Inc.
Violation: 10159.2, 10177(b)
Suspended for 60 days-stayed for 2 years

William Gregory Mortgage, Inc. (REC)
12100 Wilshire Blvd., Ste. 200, Los Angeles
Effective: 10/1/03
Violation: 10143/03
Violation: 2840, 10137, 10177(d), 10240
Suspended for 60 days-stayed for 2 years

Robles, Daniel C. Jr. (REB, REO)
5442 E. Beverly Blvd., Los Angeles
Effective: 10/6/03
Officer of: Calstar Financial Services
Violation: 10159.2, 10177(b)
Suspended for 90 days-stayed for 2 years on terms and conditions

Sacramento Region
Lancaster Properties, Inc. (REC)
6965 El Camino Real, Ste. 202, La Costa
Effective: 10/1/03
Officer of: Lancaster Properties, Inc.
Violation: 10177(h)
Suspended for 90 days-stayed for 1 year

Waite, Eric L. Jr. (REB, REO)
6965 El Camino Real, Ste. 202, La Costa
Effective: 10/1/03
Officer of: Lancaster Properties, Inc.
Violation: 10177(h)
Suspended for 90 days-stayed for 1 year

LICENSE SURRENDERED
(Licenses voluntarily surrendered per B&P Code §110100.2 during an administrative action/investigation)

San Diego Region
Attarha Investment Corp. (REC)
1430 Leimert Blvd., Oakland
Effective: 10/28/03
Violation: 10137, 10159.5, 10177(d)
Suspended for 100 days-stayed for 2 years on terms and conditions

Attarha, M. M. (REO)
1430 Leimert Blvd., Oakland
Effective: 10/28/03
Officer of: Attarha Investment Corporation
Violation: 10177(b)
Suspended for 100 days-stayed for 2 years on terms and conditions

San Diego Region
American Internet Mortgage, Inc. (REC)
4241 Jutland Dr., Ste. 305, San Diego
Effective: 10/7/03
Violation: 2726, 2726, 2831, 2831.1, 2832, 2832, 2970, 10145, 10146, 10161.8, 10177(d), 10236.4, 10240
Suspended for 60 days-stayed for 1 year on terms and conditions

Kasperick, Vincent J. (REB, REO)
4241 Jutland Dr., Ste. 305, San Diego
Effective: 10/7/03
Officer of: American Internet Mortgage, Inc.
Violation: 10177(b)
Suspended for 60 days-stayed for 1 year on terms and conditions

San Diego Region
Lowe, Michael Ashbury (RES)
1525 Laurel Rd., Oceanside
Effective: 9/30/03

INDEFINITE SUSPENSIONS
(under Recovery Acct. provisions)

Los Angeles Region
Equity Funding Bancorp (REC)
719 Fremont Ave., #C, South Pasadena
Effective: 9/24/03

Ortiz, Daniel Jay (REB)
745 E. 5th St., #34, Azusa
Effective: 11/19/03

Silverstar Realty, Inc. (REC)
6356 Van Nuys Blvd., Ste. 200, Van Nuys
Effective: 10/28/03

Stern, Yoram (REB)
6360 Van Nuys Blvd., #200, Van Nuys
Effective: 10/28/03

Varella, Nancy (RES)
PO Box 1211, San Fernando
Effective: 10/28/03

Verdeja, Gilbert Alex (RES)
PO Box 2257, Fontana
Effective: 11/19/02

Oakland Region
Barber, George Albert (REB)
2050 Pioneer Ct., #204, San Mateo
Effective: 10/20/03

Skinner, Robert Lee (REB)
459 Bryant St., San Francisco
Effective: 10/22/03

Sacramento Region
Taylor, William Dezmondi (RES)
1533 Zinfandel Dr., Lodi
Effective: 10/22/03

Macfarlane, Dana Lucile (RES)
11644 Montana Ave., #203, Los Angeles
Effective: 11/24/03

Medina, Steve (RES)
4312 Calico Ave., Pico Rivera
Effective: 10/29/03

Mould, Melvin Leroy (REB)
30100 Town Center Dr., Laguna Niguel
Effective: 9/9/03

Son, Vijay (REB)
11 Rocky Point Rd., Corona Del Mar
Effective: 10/9/03

Oakland Region
Lael, David Joseph (REB, REO)
18726 E. Cavendish Dr., Castro Valley
Effective: 11/14/03

Watts, Lovie Elos (REB)
812 S8* St., Oakland
Effective: 10/29/03

Lancaster Properties, Inc. (REC)
6965 El Camino Real, Ste. 202, Carlsbad
Effective: 10/1/03
Violation: 10137
Suspended for 90 days-stayed for 1 year

INDEFINITE SUSPENSIONS
(under Recovery Acct. provisions)


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Working with out-of-state brokers

In recent years, California real estate brokers have increasingly become involved in real estate transactions wherein the buyer or the seller resides outside of the State of California and may have an affiliation with a broker who is licensed in another state. The property involved is often commercial or industrial and of substantial value, providing incentive for the out-of-state broker to stay involved. It is also not uncommon for this situation to arise in a residential transaction when the buyer is relocating as a result of a job transfer or for other reasons. In transactions such as these, the question is often asked whether the out-of-state broker can share in a commission, and what role the out-of-state broker can play in the transaction.

The Real Estate Law (Section 10000 et seq. of the Business and Professions Code) requires a person, including a corporation, to hold a real estate broker license when performing certain acts within the state, for or in expectation of compensation. The most common acts that require a real estate broker license are set forth in Section 10131 of the Business and Professions Code and include any participation, in person, on telephones or other electronic means in arranging the sale of real property in California once the buyer and seller have been brought together. This means that there is little the out-of-state broker can do in California, unless or until he or she becomes licensed in the state. This does not mean, however, that the California broker can’t share a commission with the out-of-state broker. While Section 10137 of the Business and Professions Code makes it unlawful for a California real estate broker to employ or compensate any person for performing acts that require a real estate license in California who is not also licensed as a California broker or is a salesperson employed by the broker, there is one exception.

The exception allows the broker to pay a commission to the out-of-state broker. The ability to pay the commission does not authorize the out-of-state broker to perform licensed acts, but to in essence, receive a referral fee.

Thus, California real estate brokers should exercise caution when dealing with brokers from another state to ensure that these individuals do not perform acts requiring a California real estate license.