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8
9 **BEFORE THE**
BUREAU OF REAL ESTATE APPRAISERS
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12
13 In the Matter of the Accusation Against:

Case No. L20180920-01

14 **VALUATION CONCEPTS GROUP**
21031 Ventura Blvd., No. 750
15 Woodland Hills, CA 91364

A C C U S A T I O N

16 **Appraisal Management Company**
17 **Registration No. 3005126,**

Respondent.

18
19
20 Complainant alleges:

21 **PARTIES**

22 1. Aaron Klinger, acting on behalf of the Bureau of Real Estate Appraisers
23 ("Complainant"), Department of Consumer Affairs, brings this Accusation solely in his official
24 capacity as Chief of Enforcement for Complainant.

25 2. On or about February 8, 2018, the Bureau of Real Estate Appraisers (formerly Office
26 of Real Estate Appraisers, referred to herein as the "Bureau" or "BREA") issued Appraisal
27 Management Company ("AMC") Registration Number 3005126 to Valuation Concept Group
28 ("Respondent"). The AMC Registration was in full force and effect at all times relevant to the

1 charges brought herein and will expire on February 7, 2020, unless renewed. Kendrick S.
2 Jackson ("Jackson") is Respondent's Designated Officer and the only designated Controlling
3 Person.

4 JURISDICTION

5 3. This Accusation is brought before the Bureau for the Department of Consumer
6 Affairs, under the authority of the following laws. All section references are to the Business and
7 Professions Code unless otherwise indicated.

8 4. Section 22 of the Code states:

9 "Board' as used in any provisions of this code, refers to the board in which the
10 administration of the provision is vested, and unless otherwise expressly provided, shall include
11 'bureau,' 'commission,' 'committee,' 'department,' 'division,' 'examining committee,'
12 'program,' and 'agency.'"

13 5. Business and Professions Code section 11301 states:

14 "(a) There is hereby created within the Department of Consumer Affairs a Bureau of Real
15 Estate Appraisers to administer and enforce this part.

16 "(b) Whenever the term 'Office of Real Estate Appraisers' appears in any other law, it
17 means the 'Bureau of Real Estate Appraisers.'"

18 6. Business and Professions Code section 11302 states, in pertinent part:

19 "For the purpose of applying this part, the following terms, unless otherwise expressly
20 indicated, shall mean and have the following definitions:

21 " . . .

22 "(d) (1) 'Appraisal management company' means any person or entity that satisfies
23 all of the following conditions:

24 "(A) Provides appraisal management services to creditors or to secondary
25 mortgage market participants, including affiliates.

26 "(B) Provides those services in connection with valuing a consumer's principal
27 dwelling as security for a consumer credit transaction or incorporating such
28 transactions into securitizations.

1 “(C) Within a given 12 calendar month period oversees an appraiser panel of
2 more than 15 state-certified or state-licensed appraisers in a state or 25 or more state-
3 certified or state-licensed appraisers in two or more states, as described in Section
4 11345.5.

5 “....

6 “(e) ‘Appraisal management services’ means one or more of the following:

7 “(1) Recruiting, selecting, and retaining appraisers.

8 “(2) Contracting with state-certified or state-licensed appraisers to perform
9 appraisal assignments.

10 “(3) Managing the process of having an appraisal performed, including
11 providing administrative services such as receiving appraisal orders and appraisal
12 reports, submitting completed appraisal reports to creditors and secondary market
13 participants, collecting fees from creditors and secondary market participants for
14 services provided, and paying appraisers for services performed.

15 “(4) Reviewing and verifying the work of appraisers.

16 “....

17 “(i) ‘Controlling person’ means one or more of the following:

18 “(1) An officer or director of an appraisal management company, or an
19 individual who holds a 10 percent or greater ownership interest in an appraisal
20 management company.

21 “(2) An individual employed, appointed, or authorized by an appraisal
22 management company that has the authority to enter into a contractual relationship
23 with clients for the performance of appraisal services and that has the authority to
24 enter into agreements with independent appraisers for the completion of appraisals.

25 “(3) An individual who possesses the power to direct or cause the direction of
26 the management or policies of an appraisal management company.

27 “....

1 “(t) ‘License’ means any license, certificate, permit, registration, or other means
2 issued by the bureau authorizing the person to whom it is issued to act pursuant to this part
3 within this state.

4 “(u) ‘Licensure’ means the procedures and requirements a person shall comply with
5 in order to qualify for issuance of a license and includes the issuance of the license.

6 “....

7 “(w) ‘Registration’ means the procedures and requirements with which a person or
8 entity shall comply in order to qualify to conduct business as an appraisal management company.
9 ...”

10 7. Business and Professions Code section 11313 states:

11 “The bureau is under the supervision and control of the Director of Consumer Affairs. The
12 duty of enforcing and administering this part is vested in the chief, and he or she is responsible to
13 the Director of Consumer Affairs therefor. The chief shall adopt and enforce rules and
14 regulations as are determined reasonably necessary to carry out the purposes of this part. Those
15 rules and regulations shall be adopted pursuant to Chapter 3.5 (commencing with Section 11340)
16 of Part 1 of Division 3 of Title 2 of the Government Code. Regulations adopted by the former
17 Director of the Office of Real Estate Appraisers shall continue to apply to the bureau and its
18 licensees.”

19 8. Business and Professions Code section 11315.3 states:

20 “The suspension, expiration, or forfeiture by operation of law of a license or certificate of
21 registration issued by the office, or its suspension, forfeiture, or cancellation by order of the office
22 or by order of a court of law, or its surrender without the written consent of the office, shall not,
23 during any period in which it may be renewed, restored, reissued, or reinstated, deprive the office
24 of its authority to institute or continue a disciplinary proceeding against the licensee or registrant
25 upon any ground provided by law or to enter an order suspending or revoking the license or
26 certificate of registration, or otherwise taking disciplinary action against the licensee or registrant
27 on any such ground.”
28

9. Business and Professions Code section 11314 states, in pertinent part: “The office is required to include in its regulations requirements for licensure and discipline of real estate appraisers that ensure protection of the public interest.”

10. Business and Professions Code section 11328.1 states, in pertinent part:

"If the director has a reasonable belief that a registrant, or person or entity acting in a capacity that requires a certificate of registration, has engaged in activities prohibited under this part, he or she may submit a written request to the registrant, person, or entity, requesting copies of written material related to his or her investigation. Any registrant, person, or entity receiving a written request from the director for information related to an investigation of prohibited activities shall submit that information to the director or the office within a reasonable period of time, which shall be specified by the director in his or her written request. Any material submitted shall be kept confidential by the director and the office."

11. Business and Professions Code section 11345.3 states, in pertinent part:

“(f) Appraisal management companies shall maintain all of the following records for each service request:

“(1) Date of receipt of the request.

“(2) Name of the person from whom the request was received.

“(3) Name of the client for whom the request was made, if different from the name of the person from whom the request was received.

“(4) The appraiser or appraisers assigned to perform the requested service.

“(5) Date of delivery of the appraisal product to the client.

“(6) Client contract.

“(7) Engagement letter.

“(8) The appraisal report.”

REGULATORY PROVISIONS

12. California Code of Regulations, title 10, section 3721 states:

“(a) The Chief may issue a citation, order of abatement, assess a fine or private or public reproof, suspend or revoke any license or Certificate of Registration, and/or may deny the

1 issuance or renewal of a license or Certificate of Registration of any person or entity acting in a
2 capacity requiring a license or Certificate of Registration who has:

3 "....

4 "(7) Violated any provision of the Real Estate Appraisers' Licensing and Certification Law,
5 Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code, or
6 regulations promulgated pursuant thereto; or any provision of the Business and Professions Code
7 applicable to applicants for or holders of licenses authorizing appraisals. . . ."

8 13. California Code of Regulations, title 10, section 3527 states, in pertinent part:

9 "....

10 "(b) All holders of a Certificate of Registration, or a Controlling Person for an Appraisal
11 Management Company shall submit written notice to BREa of any change to the following
12 within 10 days on the Appraisal Management Company Change Notification and Miscellaneous
13 Requests Form REA 5011 (Rev/ 1/1/17), which is herein incorporated by reference:

14 "(1) Name Change (addition or deletion of a Controlling Person);

15 "(2) Residence telephone number;

16 "(3) Business telephone number;

17 "(4) Business name; or

18 "(5) Mailing address.

19 "Any Form REA 5011 (Rev. 1/1/17) submitted to BREa must be signed by the Designated
20 Officer of the Appraisal Management Company. . . ."

21 **FINE PROVISIONS**

22 14. Business and Professions Code section 11315, states in pertinent part:

23 "(a) The director may issue to a licensee, applicant for licensure, person who acts in a
24 capacity that requires a license under this part, course provider, applicant for course provider
25 accreditation, or a person who, or entity that, acts in a capacity that requires course provider
26 accreditation, a citation that may contain an order to pay an administrative fine assessed by the
27 office if the person or entity is in violation of this part or any regulations adopted to carry out its
28 purposes.

1 “ . . .

2 “(e) In no event shall an administrative fine assessed by the office by citation or order
3 exceed ten thousand dollars (\$10,000) per violation. In assessing a fine, the office shall give due
4 consideration to the appropriateness of the amount of the fine with respect to factors such as the
5 gravity of the violation, the good faith of the person who committed the violation, and the history
6 of previous violations. . . .”

7 15. Business and Professions Code section 11316, subdivision (a) states:

8 “(a) The director may assess a fine against a licensee, applicant for licensure, person who
9 acts in a capacity that requires a license under this part, course provider, applicant for course
10 provider accreditation, or a person who, or entity that, acts in a capacity that requires course
11 provider accreditation for violation of this part or any regulations adopted to carry out its
12 purposes.”

13 16. California Code of Regulations, title 10, section 3724 states:

14 “(a) Where the Chief has verified a notice of acts or omissions by a licensed appraiser,
15 Registrant or person or entity acting in a capacity requiring a license or Certificate of Registration
16 which constitute a violation of statute, regulation or USPAP, he/she may issue a citation in
17 writing which describes with particularity the nature of the violation and including specific
18 reference to the law, regulation or professional practice standard determined to have been
19 violated. The citation may include a notice of abatement fixing a reasonable period of time for
20 abatement of the violation, assessment of private or public reproof, suspension, revocation,
21 restriction of license, fine or any combination of these actions.

22 “(b) Fines shall not exceed \$10,000 per incident. In assessing a fine, the Chief shall give
23 due consideration to:

24 “(1) The gravity of the violation;

25 “(2) The good or had faith of the person cited;

26 “(3) The history of previous violations;

27 “(4) Evidence that the violation was willful;

28 “(5) The extent to which the cited person has cooperated with the Office;

1 “(6) The extent to which the cited person has mitigated or attempted to mitigate any loss or
2 potential loss caused by the violation; and

3 “(7) Such other matters as the Chief determines are in the interest of justice.

4 “(c) Citations issued hereunder shall be subject to review as provided in subsection (b) of
5 Section 3721.”

6 **COST RECOVERY PROVISION**

7 17. Business and Professions Code section 11409, subdivision (a) states:

8 “Except as otherwise provided by law, any order issued in resolution of a disciplinary
9 proceeding may direct a licensee, applicant for licensure, person who acts in a capacity that
10 requires a license under this part, registrant, applicant for a certificate of registration, course
11 provider, applicant for course provider accreditation, or a person who, or entity that, acts in a
12 capacity that requires course provider accreditation found to have committed a violation or
13 violations of statutes or regulations relating to real estate appraiser practice to pay a sum not to
14 exceed the reasonable costs of investigation, enforcement, and prosecution of the case.”

15 **FACTS**

16 18. Between June 2018 and August 2018, the Bureau received three complaints from
17 three distinct licensed real estate appraisers. The complaints are dated May 31, 2018, June 8,
18 2018, and July 28, 2018. Each of the appraisers who filed a complaint with the Bureau alleged
19 that they completed appraisal services for Respondent, but that Respondent has not paid them for
20 their completed appraisal assignments. The first appraiser reported that she completed 16
21 appraisal assignments for Respondent, and Respondent has not compensated her for any of these
22 assignments. The second appraiser reported that he completed 20 appraisal assignments for
23 Respondent, and Respondent has not compensated him for any of these assignments. The third
24 appraiser reported that he completed eight appraisal assignments for Respondent, and Respondent
25 has not compensated him for any of these assignments.

26 19. To investigate each of these complaints, the Bureau initiated an investigation into
27 Respondent's activities relating to the three complaints. On or about August 2, 2018, the Bureau
28 mailed a letter by regular mail to Respondent. The letter indicated the following:

1 The Bureau of Real Estate Appraisers (BREA) will be investigating Valuations
2 Concepts Group for potential violations of the California laws and regulations.
3 BREA is now in the process of gathering information to conduct the
4 investigation. An important part of this information is your appraisal
5 management company's records. Pursuant to the California Business and
6 Professional (sic) Code, Section 11328.1, BREA is requesting you provide the
7 following information for each property identified below:

- 8 • Date of the receipt of the appraisal requested;
- 9 • The name of the person(s) from whom the appraisal request was
10 received;
- 11 • The name of the client(s) for whom the appraisal request was made (if
12 different from the name of the person(s) from whom the request was
13 received);
- 14 • The date of delivery of the appraisal product(s) to the person/client;
- 15 • The appraisal engagement letter and all written communications
16 (emails[,] web portal entries, etc.) between you and the contracted
17 appraiser including the appraisal report(s); and
- 18 • Records of all appraiser fees dispersed (including dates) to the contracted
19 appraiser and the final fee charged to the lender/client.

20 [Addresses of eight properties redacted]

21 The information requested is limited to contracted appraisals, or appraisal
22 services, which occurred in 2017 and 2018.

23 Please certify that the information you are providing to BREA is correct and
24 complete by filling out and signing the enclosed *Penalty of Perjury* statement,
25 and attaching it to the items requested.

26 Submit the required documents or make other acceptable arrangement with
27 BREA no later than August 12, 2018. The documents should be sent to the
28 attention of BREA Enforcement Unit. A return label has been provided for
your convenience. Note that failure to comply with this request may result in
the imposition of disciplinary sanctions.

During the investigative process, the investigator assigned to your case may
contact you to schedule an informal telephone interview to discuss your case.

1 The interview is an opportunity for you to present to the investigator any
2 further information you believe relevant to your case.

3 Note that Title 10, Chapter 6.5, Section 3527 of the California Code of
4 Regulations requires written notice to BREa, within 10 days, of any contact
5 changes.

6 Thank you for your cooperation. If you have any questions or need further
7 clarification, please contact [name redacted] at the above address or by calling
8 [phone number redacted].

9 20. Respondent never provided a response to the Bureau's August 2, 2018, letter.

10 21. On or about August 14, 2018, the Bureau's letter was returned to the Bureau. The
11 letter had a yellow sticker from the United States Postal Service, indicating, "Return to Sender,
12 Attempted - Not Known - Unable to Forward."

13 22. Prior to mailing the August 2, 2018, letter to Respondent, the Bureau confirmed
14 Respondents' address as 21031 Ventura Blvd., No. 750, Woodland Hills, CA 91364. This is the
15 address Respondent has maintained on file with the Bureau. It is the address Respondent reported
16 on his AMC Certificate of Registration Application, filed with the Bureau on or about November
17 17, 2017. It is also the address Respondent reported to the California Secretary of State on a
18 Statement of Information Respondent filed on May 8, 2018.

19 23. An investigator from the Bureau also left several voice mail messages for Respondent
20 at Respondent's phone number on record with the Bureau. Respondent did not return any of the
21 investigator's phone calls or voice mail messages.

22 **FIRST CAUSE FOR DISCIPLINE**

23 **(FAILURE TO PROVIDE WORK FILES TO BUREAU)**

24 24. Respondent is subject to disciplinary action under California Code of Regulations,
25 title 10, section 3721, subdivision (a)(7), since in or around August 2018, Respondent has
26 continuously violated section 11328.1 of the Code by failing to provide any response to the
27 Bureau's August 2, 2018, letter requesting Respondent's files for eight appraisal assignments.
28 Respondent also failed to respond to several telephone calls and voice mail messages left by a

1 Bureau investigator. As of the date of this accusation, Respondent has not responded to the
2 Bureau's written and telephonic inquiries and has not provided the Bureau with copies of his
3 appraisal and work files as requested. Complainant refers to and by this reference incorporates
4 the allegations set forth above in paragraphs 18-23, inclusive, as though fully set forth herein.

5 DISCIPLINARY CONSIDERATIONS

6 25. Respondent's Designated Officer, Kendrick S. Jackson ("Jackson"), was fined \$500
7 for violating California Code of Regulations, title 10, section 3721, subdivision (a)(5). On
8 February 7, 2018, the Bureau adopted a stipulated settlement resolving the matter.

9 26. Jackson was fined \$1,000 for violating the Conduct section of the Ethics Rule of
10 USPAP¹ and Business and Professions Code section 11328. The Bureau adopted the final order
11 on the citation on October 31, 2007. Jackson produced two appraisals off the subject property
12 with different values without explanation. He subsequently failed to facilitate the Bureau's
13 investigation by not providing written copies of his appraisal reports and work files, as requested.

14 27. Jackson was fined \$1,000 for violating USPAP Standards 1 and 2 for failure to select
15 appropriate comparable sales in the sales comparison approach. The Bureau adopted the final
16 order on the citation on July 7, 2005.

17 PRAYER

18 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
19 and that following the hearing, the Chief of the Bureau of Real Estate Appraisers issue a decision:

20 1. Revoking or suspending Appraisal Management Company Registration Number
21 3005126, issued to Valuation Concepts Group;

22 2. Ordering Valuation Concepts Group to pay the Bureau of Real Estate Appraisers the
23 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
24 Professions Code section 11409;

25 3. Ordering Valuation Concepts Group to pay the Bureau of Real Estate Appraisers a
26 fine in the amount of \$10,000.00 pursuant to Business and Professions Code section 11316; and

27
28 ¹ USPAP is the Uniform Standards of Professional Appraisal Practice, adopted by the Appraisal
Standards Board of the Appraisal Foundation. (Cal. Code Regs., tit. 10, § 3500, subd. (b)(19).)

4. Taking such other and further action as deemed necessary and proper.

DATED: 11/18

nal Signed

AARON KLINGER
Chief of Enforcement
Bureau of Real Estate Appraisers
Department of Consumer Affairs
State of California
Complainant

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