

Doc 4 - Complaint

This Complaint is related to a residential real estate transaction in Monterey County CA. The contract was ratified on April 1, 2021 for \$895,000 and the transaction closed escrow May 15, 2021.

This Complaint is being formally filed with:

- California Department of Real Estate
- California Attorney General
- California State's Attorney / Monterey District Attorney
- NAR
- California Association of Realtors
- The US Justice Department
- FTC

The US Justice Department is being copied because they have been engaged with the National Association of Realtors recently as it relates to competition and antitrust, and this seems like it may shed light on Brokerage operations in a relevant way. Internet Search: "the US justice department national association of realtors"

The FTC is being copied on this because of historical and various matters related to National and state associations of realtors, and this would seem to shed light on Brokerage operations in a relevant way. Internet Search: "the Federal Trade Commission national association of realtors"

Many/Most of the individuals involved in this transaction had decades of experience. Incompetence and inexperience would be very poor choices for explanation. .

<https://www.wsj.com/articles/real-estates-biggest-trade-group-seeks-to-block-justice-department-probe-11631557612>

https://oag.ca.gov/consumers/general/real_estate_agencies_agents

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Sixteen Conspiracies

These conspiracies are generally presented in a Chronological Order. The business relationship between congregation members started in the summer of 2020. Exact months for the initial dialogue between the two and the move out date are “general” at this time.

- June 2020 - Buyer and Seller Agree to work together to sell home (month estimated)
- August 2020 - Seller and family move out of state and turn property management and deconstruction, repair and construction oversight over to the Seller's Agent (month estimated)
- August through November 2020 - the deconstruction, cleaning and construction transpires
- December 2020 - March 2021 - Unexplained Listing delay. 2 presale property inspections
- March 2021 - Photo shoot (month uncertain)
- March 2021 - Property listed in MLS
- March 2021 - We (buyers) viewed property on two different occasions starting 7 days after listing
- April 1, 2021 - Ratification of Contract.
- May 15, 2021 - Close of Escrow
- May 16, 2021 to present - Invasive inspections, wait for rainy season to find more problems, production of voluminous amount of documentation

1) Conspiracy to Actively Hide or obfuscate Material Defects in preparation for sale

The Seller, the Seller's Agent, a Licensed General Contractor, a Licensed Painter and unlicensed cleaning contractors all recommended and supervised by the Seller's Agent worked together to perform \$50,000 worth of deconstruction, cleaning and construction to obfuscate and/or conceal approximately \$150,000 to \$250,000 of known material defects for the Seller AND the Seller and Seller's Agent provided disclosure documents claiming that they did NOT engage in the exact type of co-operative repair relationship they engaged in.

2) Man in the Middle Fraud (Seller's Agent Operating between Seller and Contractors)

Documents indicate the Seller was quoted various work from the General Contractor and the Painting Contractor that was not remotely done per the quote but seemingly approved for payment by the Seller's Agent. It's unclear if the payments for that work went directly to the Contractors or if they flowed to the Seller's Agent who may or may not then have distributed funds for lesser work. If payment went to the Contractors, it's unclear if some kickbacks may have been made to the Seller's Agent for the approval of work done which was not in fact completed.

3) Conspiracy to create and deliver a pre-sale termite inspection with material false statements and omissions

The Seller and Seller's Agent's solicited and presented a Pre-Sale Termite Inspection Document as part of their Disclosure Documents. The inspector chosen was suggested by the Seller's Agent and the Seller's Agent scheduled the inspection. It's unknown if the Seller or Seller's Agent paid for the inspection. The inspection document was marked as “complete” yet it had no repair estimates next to damaged items as a “complete report” is expected to have. The report is an archaic and confusing format and omitting those values provides the layman with a feeling they may not have been relevant. In this case, the value for Fascia damage alone was estimated at \$8,000 by two different contractors,

and that defect was not disclosed by the seller nor included in his own list price calculations given it was not provided to him by his own inspector.

4) Conspiracy to create and deliver a pre-sale home inspection with material false statements and omissions

The Seller and Seller's Agent's solicited and presented a Pre-Sale Home Inspection Document as part of their Disclosure Documents. The Home Inspector chosen was suggested by the Seller's Agent and the Seller's Agent was at the inspection in the seller's absence. The Home Inspection document that was produced obfuscated and/or omitted \$60,000 to \$100,000 worth of material defects that would have been known to both the Seller and Seller's Agent prior to the inspection and they aligned with omissions false statements made on the statutory disclosure documents. Numerous omissions were related to material facts and defects any Home Inspector with basic training, much less one with decades of experience, should have called out with ease.

The Seller's Pre-sale Home Inspector claims to have done over 11,000 inspections in Monterey County since the late 1990s. If those were executed like this one, that could represent \$100M to \$440M in omitted defects over a 20 year period. Such omissions always and only benefit the Seller and all Agents and Brokerages involved, no matter if it was the seller or buyer who solicited the report. All omissions always come at the long term expense of the buyer.

A home inspector who negatively affects too many transactions gets no referrals. One who helps transactions complete, without raising negative flags gets referrals and repeat business. Based on business volume statements made by the pre-sale home inspector, he may be generating \$200,000 to \$300,000/year annually for his services in Monterey County with steady stream of referrals from a select group of Real Estate Agents, Brokerages and Offices.

5) Conspiracy related to 4 month listing delay as a mechanism for hiding material defects

The Seller and Seller's Agent's executed a listing strategy that included "an illogical" 4 month listing delay that resulted in the home listing going live just weeks after the end of the cold and rainy season

- 1) The delay avoided the potential for exposing major water runoff and drainage issues in at least two separate parts of the property.
- 2) The delay helped conceal a heating system that was out of balance for the home, resulting in the necessity to leave the upstairs windows cracked or open to maintain a reasonable temperature on the 2nd floor when the heat was on.
- 3) The delay helped conceal pet and rodent related urine damage in the duct work and in the home that had otherwise been concealed and/or mitigated in preparation for sale, as long as the heat was not running for long periods of time to keep the home warm. The listing delay was only discovered one day prior to a demand to remove our condition contingency and our questions about that delay may have in fact catalyzed that demand.

6) Conspiracy related to posting and then removing misleading listing Photos

The Seller and Seller's Agent's used old photos of beautiful pastoral views on MLS and MLS fed websites to present a false representation of current conditions. This is one of several factors that supports the idea they were looking for a remote buyer who might never come to the property. This complaint documents the existence of those photos during AND after escrow, AND it documents the removal of the misleading images from MLS related websites AFTER those concerns were intentionally leaked to social media well AFTER the close of escrow. It's unknown at this time who removed those

and how, but we provide multiple screenshots showing a reduction in photo count after the social media leak, and the missing photos included those that mis-represented the pastoral views.

7) CAR Contract tuned for Disclosure Fraud - Part 1 // The Required CAR contract allows a Seller to deliver all disclosure documents after contract ratification

The California Association of Realtors requires the use of a Contract in three counties in the Monterey Bay area that does not require the delivery of any disclosure documents prior to contract ratification. Such a clause is known to both encourage and support disclosure fraud and seemingly it was added to these contracts in the past 10-15 years.

In our example, the Seller and Seller's Agent refused to provide statutory disclosure documents until after contract ratification, even though we asked for them prior and they promised them prior.

When the statutory disclosure documents were delivered as a small part of 300 pages of disclosures documents the day after ratification, it was discovered three of three statutory Seller Disclosure documents were both "patently incomplete" and "filled with a few false and fraudulent statements" based on information that had already been shared during our showings. Later they were also found to have been filled with "material omissions" as well.

Had we not completed this transaction, this clause allowed them to remarket the property again without completing the documents and without making any proper changes that they would have been notified about as part of our negotiation process.

And if he had walked away from this transaction and then tried to notify a future buyer of our experience so they could confirm they got updated or complete documents, that could result in "tortious interference" claim against us from the seller, per a local attorney who was consulted during our escrow period.

That clause, which is not in contracts in other counties, allows for a fully secretive system for attempting fraud over and over again until a "mark" is found with little to no room for any concerned citizen, agent or responsible broker to expose it without the risk of counter suits that could drain the whistleblower financially, even if their concerns were valid..

8) Conspiracy to Create and Deliver Patently Incomplete Disclosure Documents the Day after Contract Ratification // The Seller and Seller's Agent's Activities

The Seller and Seller's Agent created three patently incomplete, Statutory Disclosure Documents several days AFTER the home was listed on MLS, which begs to question how the Seller's Agent provided proper List Price Counseling without knowing or confirming all details related to home condition. The Seller and Seller's Agent then electronically delivered those three patently incomplete Statutory Disclosure Documents the day AFTER contract ratification. The Transfer Disclosure Statement (TDS), the Seller Property Questionnaire (SPQ) and Seller's Agent Visual Inspection Document (Seller's AVID) were all delivered to us via email the day after ratification with missing signatures and missing answers to material questions related to Mold and Property Flooding.

9) Conspiracy to Deliver Patently Incomplete Disclosure Documents the day after Contract Ratification // The Seller's Transaction Coordinator and our Transaction Coordinator's Activities

The patently incomplete Seller and Seller's Agent Disclosure documents flowed electronically from the Seller and Seller's Agent, to the Seller's Transaction coordinator, to our Transaction Coordinator to our Agent and on to us.

The Seller's Transaction Coordinator is a Broker herself for her own firm, and her job is to make sure all T's are crossed and all I's are dotted to protect the Seller, the Seller's Agent and the Selling Brokerage. The fact that she is affiliated with her own Brokerage and not the Seller's Brokerage further complicates things? She has decades of experience and claims to have handled over 15,000 transactions so far in her career, yet providing patently incomplete disclosure documents transpired.

Our Transaction Coordinator has been in the business since the 1970s and he started and ran an Agent Training program in Beverly Hills for a national Brokerage for many years. His job is to make sure all T's are crossed and all I's are dotted to protect us and his brokerage.

No notification was provided to us about the patently incomplete information from the Seller's Transaction Coordinator nor from our own transaction coordinator. They both get paid from funds from the seller only, if the transaction completes.

From our perspective, this is a gross and blatant example of Brokerage Collusion where only the Buyer's and the reputation of the Brokerage system as a whole are harmed. What could otherwise be deemed mutually negligent can not once more details are shared.

10) Conspiracy between Buyers Transaction Coordinator and Buyers Agent's supervisor to encourage subversion of Brokerage to gain sales without disrupting Seller Brokerage Scams

As the buyers, we were the ones who had to discover the patently blank disclosure omissions by reading through 300 pages of disclosures in this "Brokered Sale". We were the ones who had to initiate the conversations about Disclosure negligence and fraud with our Transaction Coordinator as it related to these patently incomplete documents with material omissions.

In response to our concerns, our Transaction Coordinator admitted to knowing there were blank details when he presented the documents to us. He indicated his job as a Broker's Agent was to encourage us to do any and all investigations we could with the information the Seller and Seller's Agent had provided, and then make the best decision for us.

When asked about reaching out to his Broker and/or the Selling Agents Manager or Broker, he indicated that was logical and proper given the theoretical rules of brokerage. He went on to advise us that if that transpired, we would likely lose the opportunity to purchase the home due to complications which he did not clarify. He indicated if we wanted the property we should try to figure out all we could based on what we were given, and then we should make a decision that was best for us.

When the Seller's Agent's Manager was consulted her response was that they could not make him sign any document or provide any answers.

Conversations with our Transaction Coordinator and others indicated our experience was extreme, but not overly uncommon, and that no homes get pulled from the Brokerage System when documentation is grossly lacking or agents discover serious problems with disclosure documents.

When we asked using the lack of a Seller's Condition Contingency kick out as an appropriate "negotiating tool" for non-disclosed items that were clearly fraudulent based on simple facts and statement provided, neither our Transaction coordinator nor our Agent's Supervisor seemed interested in providing proper support with respect to that proper "negotiating tool". Their paychecks all depend on Seller satisfaction only.

11) Conspiracy to commit Disclosure Fraud (related to over a dozen patently false statements, or material omissions on Statutory Disclosure Documents that are separate from construction related matters and separate from patently incomplete document matters)

The Seller and Seller's Agent presented over a dozen patently false statements or omissions about material facts and defects on numerous disclosure documents. This is separate from and in addition to the patently incomplete answers on those same documents which were mentioned prior. We refer these items as "work NOT done in preparation for sale" in the supporting documentation. NOTE: Most of the material false statements, obfuscations and omissions in this category align to a very high degree with omissions or obfuscation provided in the Seller's Pre Sale Home Inspection and Pre Sale Termite Inspection reports.

12) "Ghost writing" Fraud / Wire Fraud

It seems apparent that the Seller's Agent or someone else was fabricating answers for the Seller throughout the transaction process.

- A singular "wrong answer" provided in the disclosure documents seemed way "out of character" for a seller who was a degreed Mechanical Engineer with a Masters in Biomedical Engineering who currently manages a high tech medical implant device product line.
- The same, illogical "wrong answer" was given in essay form to demand questions that were issued when concerns about fraud became overly apparent.

We know the Seller's Agent fully edited all information provided by the Seller for long form answers and we have no idea of the level to which he "edited" information as opposed to "fabricated" information.

The most logical and simplest conclusion to come to is that the Seller's Agent was filling in Disclosure Documents for the Seller and the Seller was not proofing his Agent's work. At this time, there is no reason to assume the Seller was even manually or digitally signing any of his disclosure documents either. That should be clarified first.

An investigation will clarify if a gross amount of information was provided by the Seller's Agent pretending to be the Seller OR if someone other than the Seller and Seller's Agent were answering questions (a spouse or child related to the seller, for example), AND/OR it may reveal a problem related to the habitual fabrication of false statements by the Seller solely for confusion or compulsion purposes.

13) Conspiracy to force the termination of the Contract prior to meeting all basic requirements of a Brokered Transaction (Coercion)

The Seller, Seller's Agent, and Seller's Transaction Coordinator engaged in coercive conspiracy to attempt to force the termination of the contract for the seller and/or force the signature of an indemnity clause that would (superficially?) protect the seller from disclosure fraud.

These three individuals were involved in creating and electronically delivering a written demand to remove our Property Condition Contingency while simultaneously ignoring a request for a completed SPQ with written answers for mold and property flooding questions that were not originally answered. Those were property conditions and questions that were concerning from the beginning and ones that became far more relevant when the listing delay was discovered and asked about a day prior to the condition contingency removal demand.

In the absence of a Property Condition Kick Out for the Seller, this is the option that is used to force a buyer to accept the property with or without fraud or to walk away.

14) CAR contract tuned for Disclosure Fraud - Part 2 // The required CAR Contract includes a clause in the Buyer's Condition Contingency Removal Clause that protects Sellers in an excessive manner

The CAR Contract contains an "illogical" Condition Contingency Removal clause which attempts to nullify the Seller's "timely" Disclosure responsibilities that are clearly stated in other parts of the Contract. The clause indemnifies the seller for any and all conditions found during the escrow period, no matter if the seller properly disclosed them or not during his disclosure window. .

When we didn't walk away from the contract after seeing and voicing concerns about numerous fraudulent items days after the Seller's Disclosure window closed, the Seller's agent forwarded us the Seller's original home inspection from 2015 which revealed asbestos related matters and water damage that the seller hadn't previously disclosed.

We feel this was done to encourage us to exit the contract.

Ironically, however, by making these disclosures outside of the window but prior to our removal of the condition contingency clause, the seller and seller's agent likely believe they "protected the seller from disclosure fraud" if this Condition Contingency Clause is deemed valid.

When we didn't walk away then and when they failed to respond to our continued demand for answers several days later, they were forced to produce documents. They produced all kinds of documents that should have been produced during their 7 day disclosure window, many of which confirmed fraudulent behavior.

Does the Condition Contingency Removal clause we were forced to sign actually provide them protections against fraudulent claims they shouldn't get? At face value it does, although we don't believe any clause in a contract can be used to excuse fraud.

15) CAR contract tuned for Disclosure Fraud - Part 3 // The required CAR Contract includes a mediation clause which omits a material fact which exposes a system of confidentiality that would prevent any proper industry oversight into perpetuity

The CAR contract Mediation Clause fails to disclose that all mediation that is required to maintain one's ability to collect attorney fees 1) must be completed first in "confidentiality" and 2) is not attorney free. This makes the required mediation a far larger required financial expenditure with no binding and a confidentiality bow tie that would strangle any harmed buyer into silence.

And there's actually more. The details related to the activities described above are actually far worse than the summaries can convey, but these are the gross examples of malfeasance that frame our "Brokered" House Horse Buying experience in Monterey County CA in the Spring of 2021.

16) Seller Fraud that may or may not include Seller's Agent facilitated false statements

This property has a community well on it. The Well is run as a small business and that business was transferred as part of this real estate deal. The Seller provided 8 documents claiming they represented the contracts/agreements/commitments to the well. The Seller also made statements about the cost of running the well business. After closing, we found that one of the contracts he provided was for a family that had sold their home 2 years prior. The new home occupants have a far larger footprint and there are concerns from neighbors related to their water use which was not disclosed. In addition, the average cost to run the water company was found to be \$100 /month higher than the declared costs for the Seller. The seller was contacted about these concerns and he refused to provide billing documents to support the written declarations about costs and status of well company. Litigation is intended that may or may not provide clarity as to who was making what statements in this process. .

The initial signs of Conspiracy and Fraud that caused us to question everything

Disclosure documents were not posted in MLS.

We waited to see if the home was still available after 1 week on the market. We had no interest in getting into any bidding wars within the first week of a listing.

After 7 days we requested a showing and disclosure documents. The agent indicated he's send over the documents but they never arrived.

The first showing revealed a dated home that had been well cleaned and polished in the areas most visible but it also revealed deep filth in some areas on the edge of hand and eye reach. It also revealed minor, repairable issues that could cause major under writing issues and presented an odd way to list a \$900k home given the other cleaning done.

The second showing was scheduled. Disclosure documents were requested as was a meeting with the sellers agent after the showing.

The seller's agent showed up on time after the showing but he was without disclosure documents (?).

We were by the pool house. We asked about the pre-sale septic inspection results. He acted surprised and indicated he and the Seller had "forgotten" to get a Septic Inspection and we'd just work that inspection into the contract if we were interested. We found that extremely odd given the Septic System is a massive and costly part of property infrastructure that can cause major problems in a rural home sale.

From that same position we looked back on the south wall of the home and we noticed from the distance a subtle difference in siding between the top and bottom half of the wall. We asked the Seller's Agent a vague question about it.

The Seller's Agent immediately and gleefully told us about a horribly rotten wrap around deck had to be removed in preparation for sale. He also told us about the construction of a partial one to replace it and he told us the entire wall had been cleaned and painted.

When we walked closer it was apparent that he removed deck had had cantilever joists and a hack job with luan had been placed over the cut ends and painted to mimic a course of siding.

He was again asked about the condition of the deck in a leading manner to see how rotten it had been, and he indicated it was horribly unsalvageable without seemingly realizing he was also indicating there was most likely some level of interior damage and rot that had been covered up.

We indicated we wanted to make an offer. We asked him to send over all relevant disclosure documents and he affirmed the request. That nigh, he only sent over a pre-sale termite inspection and a presale home inspection and both were recognized as being professionally done but professionally incomplete in numerous ways, raising more concern about conspiratorial matters.

We chose to write a contract without any Statutory Disclosure Documents because it was apparent that ratifying a contract was the only way we'd be able to see them, given the clause allowing for their Retention until after ratification that is a part of the Monterey County Contract. .

After ratifying the contract, we we received the disclosure documents.

- They were patently incomplete with major questions unanswered and relevant signatures absent.
- In addition, the seller claimed no structural work had been done to the home and no work had been done without permits.

We were extremely concerned about the honesty and integrity of both the Seller's Agent and the Seller and it got worse with the disclosure delivery. The fact that our own experienced Transaction Coordinator didn't raise a flag about the patently incomplete documents was very concerning as was his suggestion that we simply do all the investigative work we can to decide if we wanted the home or not.

With this experience, we confirmed we were not operating in any semblance of a properly Brokered Marketplace and if we wanted to participate we were going to have to take it whatever way they wanted to serve it.

We immediately scheduled an inspection with a California Contractor to review several contradictory items in the Pre-Sale Home inspection and Pre-Sale termite inspection documents. This was prior to our inspection with a Home Inspector.

We notified the Seller's Agent we wanted to do a 2nd floor attic inspection. We confirmed with him an access location we had noted during our walk through. We confirmed he was okay with us bringing a ladder and removing a shelf that prevented access.

- When we opened the 2nd floor ceiling attic access with the Seller's Agent by our side, , a pungent odor of feces and urine flooded out.
- When we climbed in, we found 1000sf of destroyed insulation.
- The Seller's Agent immediately started conveying details about a major rodent infestation that lasted weeks and required the removal of the 2' x 8' closet ceiling for extermination company access and rodent removal.
- He revealed the exterior side wall also had to be repaired to close up the hole the rodents had used as access.
- Oddly, and to our shock, he was fully versed on all the details as well as the construction to close up the closet ceiling. It was to our shock because there are specific areas where rodent infestations are to be disclosed and he had transferred documents to us with all this information omitted, while knowing it was omitted.
- Oddly, he showed absolutely no outward signs of stress related to the fact we had just discovered a blatant case of Conspiracy to Commit Disclosure Fraud valued at somewhere between \$6 and \$15,000 that he, the pre-sale home inspector and his seller had all participated in.

During that same meeting...

1. We discovered an undisclosed emergency drainage system in the crawl space with an 8-12" high flood line mark which should have also been called out clearly and easily by his presale home inspector.
2. We discovered a "newer" septic main line cleanout with significant cable marks indicating numerous clean out problems had transpired contrary to disclosure documents.
3. We discovered there was about \$8,000 in undisclosed fascia damage which should have been quantified on the pre-sale termite report provided.

At that point, it seemed extremely clear to us that the Seller, the Seller's Agent, the pre-sale Home Inspector and the presale Termite inspector had worked in a coordinated manner to to paint a picture of a home condition that was different from reality.

At that point in time, we had figured out that at least one or more Licensed California Contractors had been engaged to do cover up and obfuscation work.

At that point in time, we did NOT realize the full extent of the Seller's Agent's role in property management for 9 months, nor his role as the construction oversight manager, nor his role as the deep cleaning contractor. That came out in more clarity in the days and weeks that followed.

At that point in time, we realized the entire marketplace and every home listed had the potential to be a "no holds barred" home shopping experience, and without any other marketplace to participate in, we were forced to remove our gloves too.

Fact Collection Timing and Methodology Details

This Complaint and the supporting documents include information that was not evident during our pre-offer showings and not disclosed in written documents properly during the Seller's 7 day, post ratification, Disclosure period.

- The Seller's Agent shared verbal information, photos and documents that patently contradicted the Seller and his own written disclosures before, during and after the Seller's disclosure period closed. That contradictory information that drove us to create written demands for information from the Seller
- At Day 17, when our written questions/demands for information were not fulfilled, as equitable owners of the property, we refused to remove our Condition Contingency (and we refused to walk away from the contract as they seemingly had hoped we might).
- Without a Condition Contingency Kick Out Clause for the Seller, the Seller and Seller's Agent found themselves in a bind given they had no way to exit the contract and no way to force a Condition Contingency Removal given the extent of the open demands for information.
- The Seller's Agent provided written documents in response to our demand questions. He presented those in his own voice and that of the seller. We are unsure how much the seller actually contributed to those answers at this time because some/all information provided by the "Seller" was "edited" by the Seller's Agent
- Some of the information attributed to the Seller was so lacking in facts it must have been fabricated by the Seller's Agent or others speaking on behalf of the seller OR the seller seems to have some serious problems related to a compulsion to fabricate facts for or because of sheer confusion

- Some information was obtained from relevant third parties during and after the close of escrow.
- Some information was not discovered or confirmed until after the close of escrow and/or when invasive inspections were performed after the close of escrow.
- Some information was not discovered or confirmed until the cold and rainy season arrived approximately 7 months after the close of escrow.

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Compiling this information took hundreds of hours, and thus the delay in timeliness of the complaint.

About the Art of Lying and Confidentiality

As our home buying experience progressed, it became very clear from the Seller and Seller's Agents tactics, as well as others involved, that they all seemed to prescribe to a very well known methodology of communication. This is from an online resource about the Art of Lying:

"Goebbels did describe the big lie in different language in an article he wrote in 1941, 'Churchill's Lie Factory,' but he was accusing the British of the ploy: 'The English follow the principle that when one lies, one should lie big, and stick to it. They keep up their lies, even at the risk of looking ridiculous.' "

<https://www.jewishvirtuallibrary.org/joseph-goebbels-on-the-quot-big-lie-quot>

Unfortunately there is absolutely no reason to believe any of the parties in this transaction will deviate from the patterns we were forced to deal with, no matter how ridiculous they look. For that reason this is all being done with copies in a public domain and without any guarantee of "confidentiality" to anyone.

Subject Property Backstory

In 1967 the home was originally built. It did not get any major interior or exterior upgrades from 1967 through 2015.

In 2015, the Seller in our transaction purchased the home. At the time of his purchase, it's our understanding the home could have only transferred with a Cash purchase or a Construction Loan. We personally know a couple who viewed the home when it was for sale in 2015. They were told the home wouldn't pass a VA Inspection for numerous (obvious) reasons, and they were told any offers needed to be with Cash or a Construction loan as it likely wouldn't pass an Appraiser's review on traditional Fannie / Freddie Financing either.

From 2015 through 2020, the seller removed asbestos from the home (which he failed to disclose during his disclosure window), and he made some cosmetic interior upgrades while ignoring many known gross defects related to health, safety, and structure which were disclosed to him at time of purchase via his own home inspection. NOTE: His original home inspection was produced as part of a demand for documents weeks after his disclosure window closed and that shed light on many areas of concern we had without enough information to back them up.

From 2015 through 2020, a significant amount of interior damage to the home occurred in parts of the home he had improved along with other parts he had not improved. The home endured undisclosed

accidents, undisclosed pest invasions, a gross lack of conscientious care by he and/or his family members, and an “unconventional lifestyle”.

The Seller's and Seller's Agent Pre-Listing Relationship and Work Agreement

In 2020, the seller and his family sought to sell the home and move to the Midwest. It's unclear now if the move was solely for work related reasons or if the home had (finally) become uninhabitable.

At the time the move was considered, the home was not remotely in a marketable condition for traditional financing based on Seller's Agent admissions as well as observations from neighbors and another who witnessed the property condition. . A cash offer or construction loan is all that would have been available to a buyer in the condition the seller left the home in, and that would have reduced the home's “potential sales value” dramatically.

In 2020, the Seller asked a fellow Congregation member who was a “seasoned” but “part time” Licensed Real Estate Agent in California to come to his home to discuss a listing agreement. When the Agent arrived, he found a home that several people have described as a “hoarder's home as seen on TV”.

In addition, some walls and ceiling coverings had been deconstructed during his occupancy due to water leaks and a rodent invasion. Based on our findings, mold most certainly was visible in other areas around the bathroom, laundry room and the kitchen as well. NOTE: None of these material facts and defects which would have been known to both the Seller and Seller's Agent at time of their initial meetings were disclosed in writing during the Seller's Disclosure period and numerous acts involving numerous parties were taken to actively conceal all of these facts and defects.

As a result of this meeting and possibly others, the Seller and Seller's Agent came to an agreement and/or performed the following:

1. The Seller and his family vacated the property and moved out of state.
2. The Seller's Agent took over all aspects of property management for the vacant property from date of Seller Vacancy until close of escrow after the sale. (That turned out to be approximately 10 months. August 2020 through May 2021. Any associated fee structure for these management services are unknown at this time)
3. The Seller's Agent managed debris removal, deep cleaning, and cleaning work with the assistance of his wife. Per some witnesses, at least five large dump truck loads of debris were removed from the property by a “Got Junk” type of service under the supervision of the Seller's Agent (or seller?). Per the Seller's Agent, as well as witnesses, the Seller's Agent and his wife did much of the deep cleaning. Per the Seller's Agent, he tried to sub out some of the deep cleaning he and his wife did not want to do. (Any associated fee structure(s) for cleaning services is unknown at this time)
4. The Seller's Agent personally recommended and then supervised contractors and subcontractors to do demolition, deconstruction, disposal, remediation, repair, and concealment work. (Any associated fee structure for work supervision services is unknown at this time)
5. The Seller's Agent did and/or subcontracted out all yard maintenance work. We know he personally paid as much as \$800 in cash to a service provider for one of the last services

provided. (Any associated fee structure and reimbursement system for these services is unknown at this time)

6. The Seller's Agent recommended and then met with a Pre-sale Home inspector and a Pre-Sale Termite inspector to generate marketing documents. These documents are extremely concerning, with the Home Inspection report being worse. The Home Inspection document had numerous gross and relevant omissions that total approximately \$60,000 to \$100,000 in easily detectable defects by anyone newly trained in Home Inspections. Many of the home inspection omissions align perfectly with Disclosure False Statements and Omissions which we can show both the Seller and Seller's Agent would have known to have been false and/or lacking at time of disclosure creation and delivery.
7. The Seller's Agent personally coordinated a photo shoot and he was present for that. He may have been the photographer as well. The Seller's Agent then used photos from that shoot along with older photos which grossly misrepresented one of the pastoral views for the MLS listing.
8. The Seller and Seller's Agent created a patently incomplete set of Disclosure documents with material false statements and omissions to make the home appear more attractive.
9. The Seller's Agent then listed the property and used some powerful communication techniques related to suggestion and omission to attempt to steer the transaction to completion until he realized we were documenting everything. Then he used the same techniques to try to steer it and us into a gutter to try to release he and his seller of fraudulent liabilities.

The Listing Strategy Theory (they were seeking an Internet Buyer)

The Seller and Seller's Agent's goal seemed to be to create the digital appearance of a moderately updated older home with some great views for an internet buyer.

This was all transpiring in the spring of 2021, which some could argue was the peak of COVID hysteria and it was causing many to buy homes in distant areas sight unseen.

The best case scenario was a buyer who might contact the seller's agent directly for purchase support, while possibly never showing up personally to view the property or only doing a cursory walk through.

In order to complete the transaction without concerns for claims about Fraud:

1. They needed a buyer who would accept the Seller provided inspection documents without doing their own inspections as that FULLY FREES THE SELLER from all civil liability claims in California
2. They needed a Buyer's Agent (from a different brokerage or their own) who would silently look past a gross level of patently incomplete disclosure documents and obvious contradictions in disclosure documents that violated basic tenants of Brokerage to gain a sale.

Subtle aspects of the home staging seemed designed to scare off buyers and agents who showed up in person. Those same things could be viewed as having been intended to convey to other "seasoned agents" that a ruse was in play and they should only consider encouraging an offer if in fact they too were willing to play along too.

This was all a recipe for disaster at face value for the Seller, the Seller's Agent, the Selling Broker, and the Selling Brokerage, but it wasn't really, because it would only become a disaster if odd balls like us were willing to play along and then spill industry secrets.

Buyer Broker Failure (as well)

As indicated above, we received the disclosure documents from our Transaction Coordinator the day after ratification with no expressed concerns about missing signatures or unanswered questions.

Once the blatant disclosure omissions and gross false statements were noted by us and shared with our very experienced Transaction Coordinator, he made it clear that if we wanted the property, we should do as much research as we could and then remove our condition contingency.

He acknowledged numerous ethical and legal concerns with the incomplete disclosure documents, but he did not feel it was a good idea to try to engage with the Selling Broker directly for rectification if we wanted the home.

He indicated that our experience was extreme, but he intimated that the general nature of our experience was not overly uncommon in the Seller's Market in this area.

He indicated his job was to help us decide if we wanted the home based on what we could surmise or not, and nothing more.

Our transaction coordinator had 40 years of experience in the industry. He had been a trainer for this large national brokerage for decades, and in fact, he started the SalesTraining Program for them in Beverly Hills CA some time ago.

He repeatedly indicated our concerns with fraud seemed valid and we could seek advice from an Attorney if we wanted to. The odd part was he seemingly didn't realize that any legal advice we might pursue would be related to his Brokers Failure and expressed concerns for racketeering too.

Our Background

I have been a Licensed Real Estate Agent in Maryland since 2002 and a Licensed Home Improvement Contractor in Maryland since 2006. I purchased and renovated approximately 20 row homes from 1998 through 2012. My licenses were mostly for my own work although I have done and sold millions in work for others. Any beliefs that the current California Brokerage System is working properly or in a healthy manner in the Monterey County area is false. Based on our conversations it seems the same may be transpiring in all the "Seller's Markets" across California and beyond. In truth, this is no different than what I stumbled into by accident in the late 1990s. It's just a lot more organized now with far larger players and far more money at stake.

We had been shopping for a home to rent or buy for over 6 months. We had already seen other listing situations with very concerning attempts at misrepresentation, the market was growing tighter by the week as prices were skyrocketing, and our position with our landlord who was asking us to move out during COVID was getting more stressful. We were pursuing rentals as another option. Rents for a

property that would fit us had jumped from \$2200 to over \$3200 and we couldn't even get showings before those listings were gone.

We needed a home. We can and will provide numerous reasons for why we finished this transaction. From our perspective, nothing about our purchase decision excuses nor mitigates the frauds perpetrated by those involved nor the damages that are currently outstanding.

This contract like all others has a specific disclosure window for declaring material fact and defects that establish the "as is condition" for the property and it had no contingency kick out for the seller. Those two facts together create an obligation for property delivery and potential liabilities that most do not understand properly, including many in the real estate profession. Furthermore, no "get out of jail free" indemnification clause forced as part of a Condition Contingency removal clause should be able to override those facts.

This image below is from a continuing education course I had to complete for my Maryland license in September 2022. In our opinion, every bulleted item on this image was violated knowingly by the Seller and his Seller's Agent and some were violated several times and several different ways.

The screenshot shows a web interface for 'The CE Shop'. The top navigation bar includes 'Course Home', 'Glossary', and 'Support'. The main header area displays 'Unit 6: Predatory Lending, Flipping, and Other Fraudulent Real Estate Practices' and 'Lesson 7: Fraud Based on Property Disclosure', with a progress indicator showing '2 of 4'. The main content area is titled 'Disclosure Statements and Fraud' and contains the following text and list:

To understand how disclosure fraud works, let's look at some of the items that are included in a disclosure statement. Examples of common disclosures include the following:

- Material adverse facts about the property, including explanations of information the seller is uncertain about
- Environmental information regarding soil expansion, erosion, or settlement; open wells or tunnels; unpleasant odors; or noise from airports or highways in the surrounding area
- Past or present asbestos, lead paint, radon, pesticides, underground storage tanks, or fuel storage
- Sewer waste and water treatment facilities and utilities, and whether the property currently receives listed utilities, including water sources and information on drinking water, as well as the names of utility providers
- Building and safety information, including the structural integrity of the property
- Heating, cooling, plumbing, and electrical information, including pools, spas, and saunas, and whether they've had any problems
- Insect and animal intrusion and damage
- Information about any work or improvements to the property, along with permits for those projects

As you can imagine, falsifying or omitting known information about any of these disclosure items with the intent to misrepresent, and resulting in harm to the buyer who relied on the misinformation meets the definition of fraud.

Real Estate Agents in Maryland are required to complete 15 hours of Continuing Education every 2 years. That content is generally the same year after year and arguably those hours aren't well spent given there is little change to the rules of brokerage year in and year out. Anyone who doesn't learn the rules during their licensing course isn't going to allow them to sink in via a repeat, droning manner.

Real Estate Agents in California are required to complete 40 hours every two years.

- This agent has been licensed in California since 2008 or so.
- To get his license he had to consume 135 hours of education.
- To keep it, he had to consume another 240 hours or so.
- If 375 hours of required education led to this experience, we can only presume California Real Estate Agents and Brokers don't get any Education that properly covers Seller Disclosure handling OR they do, but they all know it's not enforced at all.

Our position on Negligence, Fraud and Conspiracy to Commit Fraud is closely tied to a clear understanding about “As Is” sales AND faulty contractual clauses

Negligence vs Fraud

We are using the term fraud in layman's fashion to describe what we feel we experienced.

We are fully aware of the differences between negligence and fraud from a “legal perspective”. We are aware of the high bar required to show fraud in a legal sense. In all areas where we use the terms “fraud” and “conspiracy to commit fraud” it will be up to others and/or the courts to decide if their actions qualify for that legal term or the lesser legal term of negligence.

“As Is” Sales

From our perspective, the “As Is” condition of a home is NOT “what a buyer can discover”.

The “As Is” condition of a home is 1) all conditions which can be easily viewed by a layman on walkthroughs combined with 2) all conditions disclosed by the seller in writing during the Seller's Disclosure window.

If any negative condition not easily visible is NOT disclosed by a seller during their disclosure period it is NOT presumed to exist AND any transfer of property subsequent to that disclosure window should transpire without any defects that weren't disclosed.

This is an extremely “simple” concept that is implied with all real estate contracts, although the full nature of the situation is only really understood via the “omission” of a seller's condition contingency kick out clause.

We took possession of a property that has defects which were not visible on a walk through and which were known and not disclosed in writing by the Seller or the Seller's Agent during the Seller's Disclosure window.

We are now seeking reimbursement for ALL conditions which were known or should have been known to the Seller and Seller's Agent to be present but not disclosed as part of their "As Is" declaration statements.

Invalid "Get out of Jail Free" Clause in Monterey County CAR Contract

There is a clause found in the Condition Contingency Removal Addendum of the CAR (California Association of Realtors) Contract that "updates" the "As Is" Condition of the home from that which was easily visible and disclosed by the Seller during their Disclosure window to that which was known at time of Condition Contingency removal.

As a basic part of Contract Law, a contract clause itself can NOT be used to nullify fraudulent acts.

Once the Seller and Seller's Agent realized we were NOT going to voluntarily leave the transaction and once they knew that we knew the Seller had no "condition contingency kick out clause", the Seller's Agent forwarded over original home inspection documents and other commentary which proved disclosure negligence/fraud had transpired. It seemed very clear at that point, they both expected the condition contingency removal clause would protect them from prosecution, and in fact they wanted to say everything they had to say that might implicate them in fraud related to the items we could prove to attempt to gain immunity on those items.

As mentioned above, as a basic part of Contract Law, a contract clause itself can NOT be used to nullify fraudulent acts.

There are two different ways the "condition contingency removal clause may attempt to be used to excuse the Seller and Seller's Agents behavior.

Example 1 - Buyer discoveries during Escrow which contradict or expose material facts as compared to those disclosed

1. As of the close of the Seller's Disclosure period, the Seller and the Seller's Agent had under disclosed 150,000 to 250,000 in known material deficiencies.
2. This came to light during and after our inspections and it was presented to the Seller in writing AFTER the close of his disclosure period and prior to our contingency removal
3. The Seller was given the option to negotiate on the items that had been discovered that were not included in his "As Is" Declarations and he refused to acknowledge or accommodate reasonable adjustments for under disclosed and undisclosed material facts.
4. It is presumed the Seller and Seller's Agent believed the "illogical" condition contingency removal clause granted "immunity" for any and all false statements about conditions, when in fact it becomes an invalid contractual clause when used to nullify fraud.

Example 2 - Seller admissions during escrow, but after close of disclosure period

1. As of the close of the Seller's Disclosure period, the Seller and the Seller's Agent had under disclosed 150,000 to 250,000 in known material deficiencies.
2. When we issued a demand with concerns about truthful statements related to property condition, the Seller's Agent delivered documents from the Seller SHOWING numerous

statements provided by both he and the Seller were false and would have been known to have been false to both of them at time of disclosure creation and delivery.

3. It is presumed the Seller and Sellers Agent believed the “illogical” condition contingency removal clause granted “immunity” for any and all false statements about conditions, when in fact it becomes an invalid contractual clause when used to nullify fraud.

Invalid Mediation Clause in Monterey County CAR Contract

The CAR contract requires non-binding mediation in the event of post closing disagreements. No where in the contract does it state that California Law related to mediation requires that to be done in a confidential manner in order to retain rights to reimbursement for attorney fees.

Much like the condition contingency removal clause, no clause in a contract that can be used to hide or cover up fraud is a valid contractual clause. Requiring a citizen to pursue a Brokerage and a Seller Represented by a brokerage in a “confidential manner” in order to maintain reasonable rights to attorney reimbursement is a clause designed to assist in the cover up of fraud.

Tortious Interference

We considered walking away numerous times. Our problem was that we needed a home and it had become apparent this type of situation was systemic and we had no guarantees of finding another home that wasn't less of the same, nor winning a bidding war with 10 to 20 other people on the homes that were properly marketed.

One option was to walk away and then document this after the fact. I consulted a local attorney on this idea and he quickly warned me that any actions I might take to disrupt a future transaction on the home might be met with a Tortious Interference lawsuit.

This is seemingly yet another way this system has been allowed to fester for so long. By removing the condition contingency and completing the purchase, at least we removed this from our concerns.

This was more like Ritual Hazing under guise of Brokerage

In conversing with real estate professionals in the area, these problems we experienced seemed to be very well known. In fact, many long-time agents seem to be leaving the industry now because they seem to have gotten far worse in this area since 2015 or so.

As one local Licensed Contractor who also had his real estate license put it, it's awful to be on the buying side in this system in Monterey County, but if you can make it into the game, you get to benefit from the system on the sale too.

Summary

This complaint is related to an inappropriate relationship between a Seller, a Seller's Agent, a third party transaction coordinator who was a broker for another firm, and a Selling Broker with no appropriate document review systems nor agent oversight processes.

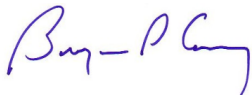
It involved several licensed contractors and two pre-sale inspectors, all of whom were recommended and overseen by the Seller's Agent.

It also involves a Buyer's Brokerage that took no appropriate document review steps either and knew the system was broken, but only focused on helping us try to make the best guesses available given the information we had while intimating they would not take any action to rectify disclosure fraud no matter what we decided to do.

Our experience also included dialogue with an attorney who indicated that anyone who tried to expose the disclosure fraud at a later date could be sued for Tortious Interference. This was beyond gross, and the details provided later are actually more shocking to most.

We are seeking compensation for any damages which can be clearly identified and appropriately corrected. We are seeking penalties, suspensions, and license revocations as deemed appropriate by others. We are suggesting a full review of all California Real Estate Contract rules by outside parties. We will support criminal investigations and encourage incarceration for the participants as applicable.

Seeking Rectification,



Bryan Canary

Cc:

California Attorney General

California State's Attorney / Monterey District Attorney

NAR

California Association of Realtors

The US Justice Department

FTC

The internet

https://oag.ca.gov/consumers/general/real_estate_agencies_agents

<https://www.wsj.com/articles/real-estates-biggest-trade-group-seeks-to-block-justice-department-probe-11631557612>