

Minutes of Meeting
VIRGINIA REAL ESTATE BOARD
INFORMAL FACT-FINDING CONFERENCES
JULY 6, 2004 (9:00 A.M.)

The Virginia Real Estate Board convened in Richmond, Virginia, for the purpose of holding Informal Fact-Finding Conferences pursuant to the Administrative Process Act.

Schaefer Oglesby, Board Member, Presided. No other Board members were present

Douglas W. Schroder appeared for the Department of Professional and Occupational Regulation.

The conferences were recorded by Inge Snead & Associates, LTD.

Disc=Disciplinary Case
Lic=Licensing Application

C=Complainant/Claimant
A=Applicant
R=Respondent/Regulant
PB=Principal Broker
SA=Sales Agent
Invest=Investigator
W=Witness

Participants

1. Ethel Leigh Battle
File Number 2003-03177 (Discp)
No decision made

Ethel Battle – R
Robert Flax – Atty
Ollie Lofton – C
Janet Creamer – Invest

2. Nancy S. Hawthorne
File Number 2003-03552 (Discp)

Nancy Hawthorne – R
Lem Marshall – Atty
Mike Jones – PB
David & Kendall Gaddis – C
Stephen Coleman – Atty
Shelby Smith-Hill – Invest

3. William Seldon Crostic, Jr.
File Number 2003-03169 (Discp)

William Crostic - R

4. William Seldon Crostic, Jr.
File Number 2003-00848 (Discp)

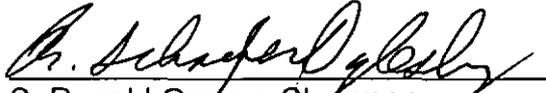
William Crostic – R
Donald Cole – W
Kim Parker – W
Janet Creamer – Invest
Wayne Mozingo – Invest

5. William Seldon Crostic, Jr.
File Number 2003-02674 (Discp)

William Crostic – R
Boyd Smith – C
Wayne Mozingo – Invest

The meeting adjourned at 5:45 p.m.

Virginia Real Estate Board



S. Ronald Owens, Chairman



Louise Fontaine Ware, Secretary

COPY TESTE:

Custodian of Records

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: Nancy S. Hawthorne

File Number: 2003-03552
License Number: 0205101887

SUMMARY OF THE INFORMAL FACT-FINDING CONFERENCE

On May 19, 2004, the Notice of Informal Fact-Finding Conference ("Notice") was mailed, via certified mail, to Nancy S. Hawthorne to the address of record. The Notice included the Informal Fact-Finding Conference Memorandum, which contained the facts regarding the regulatory and/or statutory issues in this matter. The certified mail was received.

On July 6, 2004, an Informal Fact-Finding Conference ("IFF") was convened at the Department of Professional and Occupational Regulation.

The following individuals participated at the IFF: Nancy S. Hawthorne, Respondent; Lawrence Marshall, Respondent's Attorney; David & Kendall Gaddis, Complainants; Stephen Coleman, Complainants' Attorney; Michael Jones, Respondent's Principal Broker; Shelby Smith-Hill, Investigator; Doug Schroder, Staff Member; and Schaefer Oglesby, Presiding Board Member.

RECOMMENDATION

Based upon the evidence and the IFF, the following is recommended regarding the Count as outlined in the IFF Memorandum:

Count 1: Code of Virginia

In the Summer of 2002, at the time of this real estate transaction, the City of Virginia Beach had not made a final decision on the Witchduck Road Project. Further, Ms. Hawthorne testified at the IFF that as of the Summer of 2003, the City Council had yet to vote on the final location of the road widening project. During the IFF, none of the participants could confirm if the City currently has funded this project. Without a definite decision (including allocation of funds) being made by the City at the time of the real estate transaction, Ms. Hawthorne only knew "rumors" and possible "proposals". Virginia Code § 54.1-2131(B) requires, in part, Ms. Hawthorne to disclose material adverse facts pertaining to the property.

Therefore, I recommend that Count I of this file be closed with a finding of no violation of § 54.1-2131(B) of the Code of Virginia.

By: _____
Schaefer Oglesby
Presiding Board Member

Real Estate Board

Date: _____

MONETARY PENALTY TERMS

THE TOTAL MONETARY PENALTY RECOMMENDED HEREIN SHALL BE PAID WITHIN SIXTY (60) DAYS FROM THE DATE OF ENTRY OF THE FINAL ORDER IN THIS MATTER. FAILURE TO PAY THE TOTAL MONETARY PENALTY ASSESSED WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR REGISTRATION UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

VIRGINIA DEPARTMENT OF PROFESSIONAL
AND OCCUPATIONAL REGULATION
ENFORCEMENT DIVISION
3600 WEST BROAD STREET
RICHMOND, VIRGINIA 23230-4917

INFORMAL FACT FINDING CONFERENCE MEMORANDUM

TO: Adjudication Section
BOARD: Real Estate Board
DATE: January 9, 2004
RE: 2003-03552, David and Kendall Gaddis v. Nancy S. Hawthorne

LICENSE, CERTIFICATION, OR REGISTRATION NUMBER: 0205101887

EXPIRATION DATE OF LICENSE: 11/30/2005

INVESTIGATOR: Shelby Smith Hill
ASSISTANT DIRECTOR: David Dorner

COMMENTS:

Companion file number 2003-03551, David and Kendall Gaddis vs. Theresa L. Nock,
was closed on September 11, 2003. (Exh. I-4)

2003-03552, David and Kendall Gaddis v. Nancy S. Hawthorne

BACKGROUND:

On June 17, 2003, the Enforcement Division of the Department of Professional and Occupational Regulation received a written complaint from David and Kendall Gaddis (hereinafter referred to as "Gaddis"), buyers, regarding a contract entered into with Bob S. Turner ("Turner"), seller. Theresa L. Nock ("Nock"), with William E. Wood & Associates Inc., was the buyer's agent representing Gaddis and Nancy S. Hawthorne ("Hawthorne"), with Rose & Womble Realty Company LLC, was the listing agent representing Turner. (Exh. C-1 and C-2)

On or about May 7, 2002, Gaddis entered into a standard purchase agreement with Turner, to purchase property located at Section 2, Lot 10, 263 S. Witchduck Road, Virginia Beach, Virginia. On or about June 28, 2002, Gaddis closed on the subject property located at 263 S. Witchduck Road, Virginia Beach, Virginia. (Exh. C-1)

Approximately 6 weeks after purchasing the subject property, Gaddis found that the subject property was located in an area included in the Princess Anne Road/Kempsville Road/Witchduck Road Intersection Improvements plan. The City of Virginia Beach, Virginia ("City") proposed a road widening project (hereinafter referred to as "project") in this area.

1. Violation of Code of Virginia or Board Regulation (Effective January 1, 1999)

§54.1-2131(B) Licensees engaged by sellers.

FACTS:

On or about March 19, 2001, Hawthorne attended a project meeting which discussed the project history and purpose, the need for the project, the mission statement for the project and the identification of the project area and scope. (Exh. R-5) The proposed plan may take a portion or all of the subject property to complete the proposed plan.

On or about May 7, 2002, Gaddis entered into a standard purchase agreement with Turner, to purchase property located at Section 2 Lot 10, 263 S. Witchduck Road, Virginia Beach, Virginia. (Exh. R-2)

In a letter dated June 27, 2002, the Department of Transportation, notified Turner of the following: (Exh. R-4)

"The Virginia Department of Transportation is considering improving and constructing the above noted section of highway. To plan new highways or improve existing highways, it is necessary for a survey to be made to determine the safest, most economical and most serviceable route. It appears that this will necessitate entering upon your property to gather this survey data.

This survey work on your property does not indicate that a highway across your property is imminent or that a decision on a route location has been made. It is for the purpose of gathering data for an economical analysis of the proposed improvements and is one of the early steps towards locating routes." (Exh. R-4)

Approximately 6 weeks after purchasing the subject property, the City was surveying the street, the subject property, and the surrounding properties. Gaddis inquired with the surveyor as to why they were there. The surveyor, name not known, explained that the City was widening Witchduck Road and that the subject property would be affected during phase 1 of 6 phases. (Exh. C-1)

On or about July 24, 2003, Hawthorne indicated the following:

"As a resident of Kempsville Heights since December of 1959 and a Realtor since 1985, I had an interest in the rumors that Witchduck Road was slated to be widened. After contact with the city zoning and planning departments, I was told that no decision had been made regarding the taking of homes at that time. I was informed that a committee had been formed titled the Citizens Advisory Committee which included members of the city, VDOT, and an engineering firm regarding improvements to the intersection of Witchduck/Princess Anne/Kempsville Roads only. I have included a copy of the minutes of one of the meetings. Please see "Record of Meeting, issue date: March 19, 2001." These meetings were open to the public. I have also included an article from *The Virginian-Pilot* newspaper dated March 21, 2002, regarding these proposed improvements. These were all matters of public record." (Exh. R-1, R-4, R-5, and R-6)

"As the listing agent for the property at 263 S. Witchduck Road, I represented the seller. As such I was required to disclose only those material facts regarding the physical condition of the property." (Exh. R-1)

On or about August 19, 2003, Hawthorne told Investigator Shelby Smith-Hill, the Board's agent, that she lives in the subject property's neighborhood and was aware of the Princess Anne Road/Kempsville Road/Witchduck Road Intersection Improvements plan, however, her responsibility was to the seller, not the buyer. According to the standard purchase agreement, dated May 7, 2002, Hawthorne was required to disclose material facts related to the physical condition of the property and the widening project does not affect the physical condition of the subject property. (Exh. I-1 and R-2)

Hawthorne failed to disclose material adverse facts pertaining to the physical condition of the property which was actually known by the licensee.

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: William Seldon Crostic, Jr.

File Number: 2003-03169
License Number: 0205068734

SUMMARY OF THE INFORMAL FACT-FINDING CONFERENCE

On July 28, 2003, the Notice of Informal Fact-Finding Conference ("Notice") was mailed, via certified mail, to William Seldon Crostic, Jr. to the address of record. The Notice included the Informal Fact-Finding Conference Memorandum, which contained the facts regarding the regulatory and/or statutory issues in this matter. The certified mail was received.

On May 25, 2004, a letter rescheduling the Informal Fact-Finding Conference ("IFF") was mailed, via certified mailed, to William Seldon Crostic, Jr. to the address of record. The certified mail was received and signed for by William Seldon Crostic, Jr.

On July 6, 2004, an Informal Fact-Finding Conference ("IFF") was convened at the Department of Professional and Occupational Regulation.

The following individuals participated at the IFF: William Seldon Crostic, Jr., Respondent; Doug Schroder, Staff Member; and Schaefer Oglesby, Presiding Board Member.

RECOMMENDATION

Based upon the evidence and the IFF, the following is recommended regarding the Counts as outlined in the IFF Memorandum:

Count 1: Code of Virginia

Crostic's actions are a violation of § 54.1-2131(A)(2)(d) of the Code of Virginia. During the investigation and again at the IFF, Crostic admitted he did not turn in the earnest money deposit check or the ratified contract to his broker in a timely manner. Crostic did not offer a compelling justification for his failure to do so. During the IFF, Crostic stated that at the time of this transaction he was living in Chesterfield and his broker's office was in Innsbrook. He did not take the time to deliver the check across town until 17 days later. Therefore, I recommend that a monetary penalty of \$1,000.00 be imposed.

By: _____
Schaefer Oglesby
Presiding Board Member

Real Estate Board

Date: _____

MONETARY PENALTY TERMS

WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR REGISTRATION UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

VIRGINIA DEPARTMENT OF PROFESSIONAL
AND OCCUPATIONAL REGULATION
ENFORCEMENT DIVISION
3600 WEST BROAD STREET
RICHMOND, VIRGINIA 23230-4917

INFORMAL FACT FINDING CONFERENCE MEMORANDUM

TO: Adjudication Section
BOARD: Real Estate Board
DATE: June 10, 2003, Revised June 17, 2003
RE: 2003-03169 Duda vs. Crostic

LICENSE, CERTIFICATION, OR REGISTRATION NUMBER: 0205-068734

EXPIRATION DATE OF LICENSE: 10-31-2004

INVESTIGATOR: Janet P. Creamer
ASSISTANT DIRECTOR: Wayne Mozingo

COMMENTS:

2003-03169 Duda vs. Crostic

BACKGROUND:

On May 20, 2003, the Enforcement Division of the Department of Professional and Occupational Regulation received a written complaint from Gary Duda ("Duda"), Principal Broker, Re/Max Action Real Estate, regarding an escrow violation on the part of William S. Crostic Jr., ("Crostic") of Re/Max Action Real Estate.

On or about April 9, 2003, Daniel Duncan ("Duncan"), as seller, and Bonnie King ("King"), as purchaser, entered into a Residential Contract of Purchase for property known as 3640 Ghent Drive in Chesterfield, Virginia, through Re/Max Action Real Estate, as both Listing and Selling broker, by Crostic as listing agent representing the seller. The contract was ratified on April 9, 2003. (Exh. C-2).

2. Violation of Code of Virginia or Board Regulation

54.1-2131(A)(2)(d)

FACTS:

Terms of the purchase contract called for a \$1,000.00 earnest money deposit made by the purchaser to be deposited with Re/Max Action Real Estate upon ratification of the contract.

King submitted her check #5839 dated April 7, 2003, in the amount of \$1,000.00 payable to Re/Max Action Real Estate, to Crostic as payment for the earnest money deposit. (Exh. C-3)

Crostic received the check from King on or about April 7, 2003. Crostic did not deliver the check and ratified contract to the firm until April 24, 2003. (Interview with Crostic, and W-1) The funds were deposited into Re/Max Action Real Estate Escrow account on April 25, 2003 (Exh. C-4).

Crostic failed to insure that the earnest money deposit was deposited by Re/Max Action Real Estate within five days of contract ratification.

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: William Seldon Crostic, Jr.

File Number: 2003-00848
License Number: 0205068734

SUMMARY OF THE INFORMAL FACT-FINDING CONFERENCE

On May 24, 2004, the Notice of Informal Fact-Finding Conference ("Notice") was mailed, via certified mail, to William Seldon Crostic, Jr. to the address of record. The Notice included the Informal Fact-Finding Conference Memorandum, which contained the facts regarding the regulatory and/or statutory issues in this matter. The certified mail was received and signed for by William Seldon Crostic, Jr.

On July 6, 2004, an Informal Fact-Finding Conference ("IFF") was convened at the Department of Professional and Occupational Regulation.

The following individuals participated at the IFF: William Seldon Crostic, Jr., Respondent; Donald Cole, Witness; Kim Parker, Witness; Janet Creamer, Investigator; Wayne Mazingo, Investigator; Doug Schroder, Staff Member; and Schaefer Oglesby, Presiding Board Member.

RECOMMENDATION

Based upon the evidence and the IFF, the following is recommended regarding the Counts as outlined in the IFF Memorandum:

Count 1: Code of Virginia

Crostic's actions are a violation of § 54.1-2131(A)(2)(a) of the Code of Virginia. The purchaser, Ms. Gilchrist, wanted to submit an offer to purchase containing a contingency that the contract is subject to the sale of her current house. The purchaser wanted to sell her current home as "for sale by owner". Crostic refused to present this offer to his client, the seller (Mr. Cole), unless the purchaser listed her home for sale with Crostic. Crostic stated during the IFF that he knew of no builder who would accept an offer to purchase with this "subject to" clause unless the purchaser listed their current home with a real estate licensee. Mr. Crostic assumed Mr. Cole would have such a requirement. Mr. Cole stated during the IFF that he had no such requirement. While Mr. Cole does not know if he would have accepted the purchaser's offer, as originally written, he would have considered it had Crostic presented it. Mr. Cole testified that he did not have the opportunity to consider the original offer because Mr. Crostic never presented it to him. Had the purchaser been unwilling to change the terms of her offer and list her home with Crostic, Crostic's actions could have deprived his client, Mr. Cole, of a potential offer to purchase the property on terms acceptable to Crostic's client, the seller.

Therefore, I recommend that a monetary penalty of \$1,000.00 be imposed.

Count 2: Code of Virginia

Crostic's actions are a violation of § 54.1-2132(A)(2)(a) of the Code of Virginia. Mr. Crostic's client, the purchaser (Ms. Gilchrist), wanted to submit an offer to purchase the

property containing a contingency that the contract is subject to the sale of her current house. The purchaser wanted to sell her current home "for sale by owner". Crostic refused to present this offer to the seller, Mr. Cole, unless the purchaser listed her home for sale with Crostic. Crostic stated during the IFF that he knew of no builder who would accept an offer to purchase with this "subject to" clause unless the purchaser listed their current home with a real estate licensee. Mr. Crostic assumed Mr. Cole would have such a requirement. Mr. Cole stated during the IFF that he had no such requirement. While Mr. Cole does not know if he would have accepted the purchaser's offer, as originally written, he would have considered it had Crostic presented it. Mr. Cole testified that he did not have the opportunity to consider the original offer because Mr. Crostic never presented it to him. As a result of Crostic's refusal to present the original offer, Mr. Crostic's client, the purchaser, had to change her offer to include the term that she did not want.

Therefore, I recommend that a monetary penalty of \$1,000.00 be imposed.

By: _____
Schaefer Oglesby
Presiding Board Member

Real Estate Board

Date: _____

MONETARY PENALTY TERMS

WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR REGISTRATION UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

VIRGINIA DEPARTMENT OF PROFESSIONAL
AND OCCUPATIONAL REGULATION
ENFORCEMENT DIVISION
3600 WEST BROAD STREET
RICHMOND, VIRGINIA 23230-4917

INFORMAL FACT FINDING CONFERENCE MEMORANDUM

TO: Adjudication Section
BOARD: Real Estate
DATE: February 20, 2003 Revised on April 22, 2003, June 5, 2003, June 16,
2003 & April 13, 2004.

RE: 2003-00848 Gilchrist vs. William S. Crostic, Jr. DBA Bill Crostic

LICENSE, CERTIFICATION, OR REGISTRATION NUMBER: 0205-068734

EXPIRATION DATE OF LICENSE: 10/31/2004

INVESTIGATOR: Janet P. Creamer
ASSISTANT DIRECTOR: Wayne Mozingo

COMMENTS:

NOTE: The remainder of the issues addressed in Gilchrist's complaint were either not regulatory or could not be substantiated without third party evidence. This was discussed with Ms. Gilchrist during her interview on February 17, 2003.

2003-00848 Annett Gilchrist vs. William S. Crostic, Jr. DBA Bill Crostic

BACKGROUND:

On September 10, 2002, the Enforcement Division of the Department of Professional and Occupational Regulation received a written complaint from Annett Williams Gilchrist ("Gilchrist") regarding the purchase of her property located at 10442 Chesdin Ridge Drive in Chesterfield, Virginia.

On or about May 11, 2002, Scott and Annett Gilchrist ("the Gilchrist's"), as purchasers, and D. N. Cole Inc. (Cole), as seller, made and offer for the construction of a residence on Lot 9, Section A, Chesdin Ridge, 10442 Chesdin Ridge Drive in Chesterfield, Virginia, through ReMax Commonwealth Group as both Listing and Selling Broker, by William S. Crostic, Jr. ("Crostic") as a dual agent. (Ex. C-2)

3. Violation of Code of Virginia § 54.1-2131(A)(2)(a) and 54.1-2132(A)(2)(a)

FACTS:

Gilchrist wanted to submit an offer with the contingency that the purchase was subject to the sale of the purchaser's present home at 14302 Long Feather Court. (Ex. C-2)

Crostic told Gilchrist that the builder would not accept the offer with that contingency and that Gilchrist must list her home with Crostic in order to submit the offer. The builder had no such requirement.

On or about May 11, 2002, the Gilchrest's, as Owners, and ReMax Commonwealth Group, by Crostic, as Listing Agent, entered into an Exclusive Right to Sell Agreement for property known as 14302 Long Feather Court. (Ex. C-3)

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: William Seldon Crostic, Jr.

File Number: 2003-02674
License Number: 0205068734

SUMMARY OF THE INFORMAL FACT-FINDING CONFERENCE

On May 24, 2004, the Notice of Informal Fact-Finding Conference ("Notice") was mailed, via certified mail, to William Seldon Crostic, Jr. to the address of record. The Notice included the Informal Fact-Finding Conference Memorandum, which contained the facts regarding the regulatory and/or statutory issues in this matter. The certified mail was received and signed for by William Seldon Crostic, Jr.

On July 6, 2004, an Informal Fact-Finding Conference ("IFF") was convened at the Department of Professional and Occupational Regulation.

The following individuals participated at the IFF: William Seldon Crostic, Jr., Respondent; Boyd Smith, Complainant; Wayne Mazingo, Investigator; Doug Schroder, Staff Member; and Schaefer Oglesby, Presiding Board Member.

RECOMMENDATION

Based upon the evidence and the IFF, the following is recommended regarding the Counts as outlined in the IFF Memorandum:

Count 1: Board Regulation (Effective January 1, 1999)

Crostic's actions are a violation of Board Regulation 18 VAC 135-20-260(9). During the IFF, Crostic admitted he lost the initial \$500.00 earnest money deposit check given to him by the buyer. Crostic could not explain how this happened. The buyer promised to provide a replacement check but never did so. On March 17, 2003, the buyer also promised to provide an additional non-refundable deposit (as consideration for postponing the date of settlement) in the amount of \$2,000.00, but failed to do this as well. Settlement was held on March 31, 2003. Crostic did not turn in the contract or notify his broker of the missing deposit checks until April 2, 2003, which was after the closing. It appears that the \$2,000.00 non-refundable deposit was, in part, an inducement for the seller to agree to the extension of the settlement date. During the IFF, Crostic admitted that he also failed to inform the seller that the deposits had not been received. Crostic could not offer a compelling justification for his actions. Therefore, I recommend that a monetary penalty of \$1,000.00 and a 90 day suspension (concurrent with Count 2) of Crostic's license be imposed.

Count 2: Board Regulation (Effective January 1, 1999)

Crostic's actions are a violation of Board Regulation 18 VAC 135-20-260(9). Crostic engaged in improper, fraudulent, and dishonest conduct. During the investigation and IFF, Crostic claimed that the buyer wanted to change the terms of the contract at the closing table (adding the term that the deposit would be made good at closing). According to Crostic, he told the buyer this could not be done without the approval of both the buyer and seller. Crostic then left the room to go to the bathroom, leaving the buyer in the room alone with the contract. Upon Crostic's return, he did not review the contract, but merely filed it away. The buyer admitted to the Board's investigator that he forged the seller's initials on the contract while Crostic was out of the room. Crostic

claimed he did not know what the buyer had done. Based on his appearance and demeanor during the IFF, I find Crostic's explanation to be less than candid. He either knew or should have known what the buyer did and he took no action to correct the situation or to notify his broker. Therefore, I recommend that a monetary penalty of \$1,000.00 and a 90 day suspension (concurrent with Count 1) be imposed.

By: _____
Schaefer Oglesby
Presiding Board Member

Real Estate Board

Date: _____

MONETARY PENALTY TERMS

WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR REGISTRATION UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

VIRGINIA DEPARTMENT OF PROFESSIONAL
AND OCCUPATIONAL REGULATION
ENFORCEMENT DIVISION
3600 WEST BROAD STREET
RICHMOND, VIRGINIA 23230-4917

INFORMAL FACT FINDING CONFERENCE MEMORANDUM

TO: Adjudication Section
BOARD: Real Estate
DATE: June 19, 2003, revised April 22, 2004
RE: 2003-02674 William S. Crostic, Jr. DBA Bill Crostic

LICENSE, CERTIFICATION, OR REGISTRATION NUMBER: 02 05 068734 S

EXPIRATION DATE OF LICENSE: 10-31-2004

INVESTIGATOR: E. Wayne Mozingo
ASSISTANT DIRECTOR:

COMMENTS:

2003-02674 William S. Crostic, Jr. DBA Bill Crostic

BACKGROUND:

On or about April 7, 2003, the Enforcement Division of the Department of Professional and Occupational Regulation received a complaint against William S. Crostic, Jr. [Crostic] from Boyd Smith [Smith] principal broker of Re/Max Commonwealth Group alleging that Crostic turned in a contract and simultaneously turned in a settlement statement for the same property. (Exh. C-1) The contract called for a deposit of \$500.00, but the method in which it was tended is not noted, but there is an initialed clause that reads "to be made good at closing." [Exh. C-2]

1. Violation of Board Regulation (Effective January 1, 1999)

18 VAC 135-20-260(9)

FACTS

On or about January 29, 2003, Ellen Robbins [Robbins] entered in to a contract to sell her residence located at 3460 Ghent Drive, Chesterfield, Virginia, to Daniel Duncan [Duncan]. The terms of the contract written by Crostic called for a \$500.00 earnest money deposit from the purchaser to be held by Re/Max Commonwealth Group upon ratification of the contract. Duncan had signed the contract on January 28, 2003. The contract called for a closing date of February 28, 2003. On January 31, 2003, Duncan gave Crostic a check for \$500.00 which Crostic lost.

On March 21, 2003, Robbins signed an addendum prepared by Crostic calling for a \$2,000.00 non-refundable deposit to be made and changing the closing date to March 31, 2003. Duncan had signed the addendum on March 17, 2003, and gave Crostic a \$2,000.00 deposit check. The addendum did not specify where the deposit would be held, but it did say all other terms of the contract remain the same.

On or about April 2, 2003, Crostic turned in this contract and simultaneously turned in the settlement statement for the same property to Smith did not have an earnest money deposit for this transaction. The contract called for a deposit of \$500.00, to be held by Re/Max Commonwealth Group. (Exh. C-2) The addendum calling for a \$2,000.00 deposit was not turned in to Smith.(Exh. C-3)

2. Violation of Board Regulation (Effective January 1, 1999)

18 VAC 135-50-260(9)

FACTS

On or about January 29, 2003, Ellen Robbins [Robbins] entered in to a contract to sell her residence located at 3460 Ghent Drive, Chesterfield, Virginia, to Daniel Duncan [Duncan]. The terms of the contract written by Crostic called for a \$500.00 earnest money deposit from the purchaser to be held by Re/Max Commonwealth Group upon ratification of the contract. Duncan had signed the contract on January 28, 2003. The contract called for a closing date of February 28, 2003. On January 31, 2003, Duncan gave Crostic a check for \$500.00 which Crostic lost.

On March 21, 2003, Robinson signed an addendum prepared by Crostic calling for a \$2,000.00 non-refundable deposit to be made and changing the closing date to March 31, 2003. Duncan had signed the addendum on March 17, 2003, and gave Crostic a

\$2,000.00 deposit check. The addendum did not specify where the deposit would be held, but it did say all other terms of the contract remain the same.

On March 31, 2003, at closing, Crostic told Duncan he did not get the \$2,000.00 check in time to clear by March 31, 2003. Duncan told Crostic to write on the contract that the deposit was to be made good at closing. Crostic told Duncan that it had already closed and that both the seller and purchaser would have to initial the change. Crostic left the room while Duncan was reading the contract. Duncan handed the contract to Crostic when Crostic returned to the room and Robbins initials were on the contract.

During an interview with Crostic and Duncan on April 11, 2003, Duncan told the Board's agents James L. Guffey and E. Wayne Mozingo that he put Robbins initials on the contract. Crostic told the Board's agents James L. Guffey and E. Wayne Mozingo that he did not obtain Robbins initials on the contract and he did not put her initials on the contract. Crostic and Duncan were at the closing; Robbins and McMillian were not present at the closing. [Exh. I-1, I-2]

**STATE AND LOCAL GOVERNMENT
CONFLICT OF INTEREST ACT**

**TRANSACTIONAL DISCLOSURE STATEMENT
for Officers and Employees of State Government**

1. Name: R. Schaefer Oglasky
2. Title: Presiding Board member
3. Agency: Virginia Real Estate Board
4. Transaction: Informal Fact-Finding Conferences on July 6, 2004
5. Nature of Personal Interest Affected by Transaction: _____

6. I declare that:

(a) I am a member of the following business, profession, occupation or group, the members of which are affected by the transaction:

(b) I am able to participate in this transaction fairly, objectively, and in the public interest.

R. Schaefer Oglasky
Signature

July 6, 2004
Date