

BEYOND THE SCOPE

In this case, a broker acted outside of the scope of his license and agency by representing a client in a real estate transaction under an entity that was not a licensed real estate firm in Virginia. It highlights the importance of operating within the scope of your license and firm when representing others in real estate transactions.

THE SITUATION:

On August 6, 2020, the Department of Professional and Occupational Regulation received a written complaint from Callie Rhimes regarding Preston Seigfried. Ms. Rhimes is a salesperson and Director at Best Beach Realty Group, Inc. Mr. Seigfried is a part owner and associate broker for West Peninsula Real Estate, Inc.

On June 23, 2020, Andrew Tucker, as Buyer, and Ramona Ramirez, as Seller, entered into a Standard Purchase Agreement for the purchase of 200 Main Street, Hampton, Virginia. Best Beach Realty Group, Inc. was the listing firm. Bay Realty, Inc. was listed as the selling firm, with Mr. Seigfried as the Buyer's Agent.

THE INVESTIGATION:

On November 8, 2011, Bay Realty, Inc. became registered as a Limited Liability Company in Virginia. Investigators reviewed the State Corporation Commission records, which revealed Molly Seigfried, Mr. Seigfried's wife, is the registered agent for Bay Realty, Inc. Mr. and Ms. Seigfried are the owners of Bay Realty, Inc.

On June 28, 2018, Preston M. Seigfried, dba P.M. Seigfried Real Estate, was issued a real estate firm license as a sole proprietor. Mr. Seigfried is the owner and principal broker for P.M. Seigfried Real Estate. He is also an associate broker at West Peninsula Real Estate, Inc.

On June 23, 2020, Mr. Seigfried drafted the Contract for his client, Mr. Tucker, indicating Bay Realty, Inc. as the Selling Firm and escrow agent. On the same day, Mr. Seigfried collected a \$2,000 earnest money deposit (EMD) check, made payable to Bay Realty, Inc. from Mr. Tucker.

On June 29, 2020, Mr. Seigfried deposited the EMD into a non-escrow business checking account for Bay Realty, Inc. Mr. Seigfried has signatory authority on the Bay Realty, Inc. bank account.

Mr. Seigfried told investigators that Bay Realty, Inc. is used to acquire, own, develop, improve, mortgage, buy, and sell real estate. However, investigators learned that Bay Realty, Inc. is not a licensed real estate firm in Virginia. Mr. Seigfried stated that he was not aware Bay Realty, Inc. needed a real estate firm license, as it only handles the interests of him and his wife. Mr. Seigfried stated that P.M. Seigfried Real Estate is used to buy, sell, and manage properties owned by Bay Realty, Inc.

Mr. Seigfried could not provide a specific reason why he listed Bay Realty, Inc. as the selling firm on the contract and not West Peninsula Real Estate, Inc. or P.M. Seigfried Real Estate. He did tell investigators that he was aware that EMDs should be deposited into an escrow account. However, Mr.

Seigfried stated that because he knew both the buyer and sellers, he did not feel it would be a problem to deposit the EMD into the Bay Realty, Inc. bank account. He further stated that he has never previously deposited an EMD into an account which was not an escrow account.

Mr. Seigfried did not believe it to be a problem to use Bay Realty, Inc. on the contract because he is an associate broker for West Peninsula Real Estate, Inc. and principal broker for P.M. Seigfried Real Estate. He stated that he felt he could act as a broker for Bay Realty, Inc., even though it is not a licensed real estate firm and had not ownership interest in the subject property.

THE RESULT:

The Board determined that Mr. Seigfried acted as a standard agent outside of his brokerage firms by negotiating and preparing the contract and collecting and depositing the EMD for the subject property. They issued a fine of \$1,250 and required three hours of Board-approved continuing education pertaining to escrow management. Further, the Board stated it would waive \$600 of the monetary penalty if he completed at least three hours of continuing education pertaining to Ethics and Standards of Conduct.