

BEFORE THE MISSISSIPPI REAL ESTATE COMMISSION

MISSISSIPPI REAL ESTATE COMMISSION

COMPLAINANT

VS.

NO. 38-1807

GINA PEPE, BROKER;

RESPONDENT

AGREED ORDER

This cause came before the Mississippi Real Estate Commission, sometimes hereinafter "Commission," pursuant to authority of Miss. Code Ann. §§73-35-1, *et seq.*, as amended, on a formal complaint brought against Gina Pepe, Broker. Prior to the hearing before the Commission, the parties announced their agreement as to the allegations of the complaint and disciplinary action for the Respondent Gina Pepe, all as set forth herein. By entering into this Agreed Order, Respondent waives her right to a hearing with full due process and the right to appeal any adverse decision resulting from that hearing. Having reached an agreement on this matter, the Commission issues its Findings of Fact, Conclusions of Law and Disciplinary Order as follows:

FINDINGS OF FACT

I.

Respondent Gina Pepe, Broker, sometimes hereinafter "Respondent" or "Pepe" is an adult resident citizen of Mississippi whose last known address of record with the Commission is 1444 2nd St., Gulfport, Mississippi 39501. Respondent Pepe is the holder of a real estate broker's license issued by the Commission pursuant to Miss. Code Ann.

§§73-35-1, *et seq.*, as amended and, as such, she is subject to all of the provisions, rules, regulations and statutes governing the management and rental of real estate and licensing of real estate brokers under Mississippi law.

II.

On or about July 17, 2018, the Commission received a sworn complaint from Mike & Mary Morrow, sometimes hereinafter the “Morrows.” The Morrows, residents of Illinois, complained they had booked a vacation condo rental with Pepe through the Airbnb website. The Morrows had booked the rental for their family of five, Mrs. Morrow’s sister’s family of four, and their parents. The day before they were scheduled to leave for the trip to Mississippi, the Morrows were contacted by Respondent Pepe who informed them she had made a booking error for their requested property. Pepe offered them different accommodations in a house for the one night that was at issue and then their originally booked condo for the remainder of their week stay. Alternatively, Pepe offered that the Morrows could choose to stay at the alternative location for the entirety of their stay.

III.

Pepe sent pictures of the house she was offering for the Morrows alternative location. The Morrows were satisfied with the pictures and were pleased that the house had a pool and was big enough for the entire family so they agreed to the alternative property. Pepe quoted the price for the house rental at \$1740.00, which included cleaning and credit card transaction fees. The Morrows paid for the rental in advance with their credit card, directly through Pepe, and cancelled their original Airbnb rental. The Morrows

and family were scheduled to arrive the afternoon of Tuesday, June 12 and the property was promised to be ready for a 3:00 p.m. arrival.

IV.

The Morrows complained that when their family started to arrive around 3:30 p.m. on June 12, there was garbage bagged up on the front steps and trash strewn about the yard. A cleaning man was at the property who was trying to get the property in order and who complained that he had only gotten a call that morning to clean the property following the previous renters' extended stay. The cleaning man was working with no mop or vacuum, and only minimal cleaning supplies.

V.

The Morrows complained that they were finally given a set of keys to the property around 5:00 p.m. that day and, once inside, were immediately disappointed with the condition of the property. The Morrows observed dirty and sticky floors and carpets that had not been vacuumed. Countertops were greasy/sticky and dishes wet in the cabinet.

VI.

Of more concern to the Morrows, they found the bedding to be unclean. They found crumbs and wrappers inside the pull-out couch which they described as dirty. Upon inspection of beds, they discovered dead bugs underneath the mattress cover on two beds. Further, they discovered issues with the property they felt were unsafe conditions for their family. Steps in both the front and back of the house were in disrepair. A child grabbed

onto the railing near the pool area and a spindle broke. Mrs. Morrow's father tripped on a step in the front of the house described as rotting.

VII.

Finding the property unacceptable, the Morrows arranged for their own alternative lodging and demanded a refund of the \$1740.00 paid to Pepe. Pepe agreed to refund the full amount paid. After inquiry about the promised refund a couple of days later, Pepe responded that she was herself upset with the condition in which the Morrows had left the property. Pepe complained that mattress covers were ripped and bedding thrown upon the floor. Pepe admonished the Morrows that they should have left the property in the condition they had found it. Ultimately, Pepe refunded only a portion of the \$1740.00 she had agreed to refund in full. Pepe refunded the Morrows \$1237.67 after deducting "\$50 [for] damaged beds x 5, \$150 for reclean for next guest, plus 4 percent transaction fee."

VIII.

Upon receipt of the Morrows' complaint, the Commission initiated an investigation. Documents and responses were obtained from Pepe. The Morrows had included photographs taken of the property by their party while on the property. The photographs supplied by the Morrows included pictures of dead bugs/roaches in bedding as they had described and pictures of the unkempt pool area.

IX.

During the Commission investigation, Respondent Pepe responded that she had deducted the referenced charges because she had found the bedding all over the floor, and

mattress covers ripped and felt the Morrows had vandalized her home. Pepe acknowledged that this was her personal property. Pepe also submitted color photographs of the property that she represented to the Commission to be photographs taken both before and after the Morrows arrival, as evidence of the condition of her property before and after. The “before” photographs were labeled as “Pictures right before Morrow party.” Upon review by the Commission Investigator, it was determined that there were discrepancies with the purported “before” photographs submitted by Respondent Pepe. Some photographs showed placemats and a distinctive centerpiece on the dining table. Other “before” photographs showed no such placemats and a different centerpiece on the table. Some pictures showed throw pillows on a sofa and others showed no such pillows. Likewise, the photographs of the pool area were inconsistent with the photographs taken by the Morrow party which reflected unkempt landscaping around the pool. It is apparent that the “before” photographs submitted by Pepe were not in fact taken right before the Morrow party arrived.

X.

Additionally, it was determined in the Commission investigation that Pepe’s licensed company, Mississippi Vacation Properties, LLC, had been dissolved by the Mississippi Secretary of State, rendering her company license inactive. During the Commission investigation, Pepe had been instructed to submit all transactional documents to the Commission for the subject rental to the Morrows. Pepe failed to provide proof of the required Working With a Real Estate Broker (WWREB) form and Mrs. Morrow responded that no such paperwork was ever provided by Pepe during the transaction.

CONCLUSIONS OF LAW

XI.

The Commission and Respondent agree that the above and foregoing described actions and omissions of Respondent constitute violations of the Mississippi Real Estate Brokers License Act of 1954, as amended, §§73-35-1, *et seq.*, Miss. Code Ann., and the Rules and Regulations of the Commission, and, more specifically, §73-35-21(1)(a) and (n) and Commission Rule 4.3B which provide, in relevant parts:

§73-35-21(1)(a) Making any substantial misrepresentation in connection with a real estate transaction;

§73-35-21(1)(n) Any act or conduct, whether of the same or a different character than hereinabove specified, which constitutes or demonstrates bad faith, incompetency or untrustworthiness, or dishonest ...or improper dealing...

Rule 4.3B In a single agency, a real estate broker is required to disclose, in writing, to the party for whom the broker is not an agent, that the broker is an agent for another party in the transaction. The written disclosure shall be made at the time of the first substantive meeting with the party for whom the broker is not an agent. This shall be in an MREC Agency Disclosure Form.

DISCIPLINARY ORDER

Upon agreement and consent of Respondent as to disciplinary terms and disposition of the matter in lieu of a hearing before the Commission and, having issued its Findings of Fact and Conclusions of Law, the Commission hereby issues its Disciplinary Order as follows:

1. The license of Respondent Gina Pepe will be suspended for a period of two (2) months. During this two month period of suspension, Respondent shall not be allowed to practice real estate in the State of Mississippi; and
2. Following the period of suspension, the license of Respondent Gina Pepe will be suspended for a period of four (4) months, held in abeyance. During the period of suspension in abeyance, Respondent Pepe will be permitted to continue the practice of real estate in the State of Mississippi insofar as she complies with all Mississippi Real Estate Commission statutes, rules and regulations and terms of this Agreed Order; and
3. Following the period of suspension held in abeyance, Respondent's license will be placed on probation for a period of six (6) months; and
4. During the two (2) month period of suspension, Respondent shall complete eight (8) hours of mandatory continuing education: four (4) hours Agency, two (2) hours Contract Law and two (2) hours License Law. All courses shall be approved by the Commission prior to being taken and must be administered by a Commission approved continuing education provider in a classroom setting. The mandatory continuing education hours shall be in addition to any continuing education hours required for renewal of Respondent's license and shall not be the same continuing education course from the same provider previously completed for the renewal of Respondent's license during the last two (2) renewal periods. Respondent

shall furnish to the Commission written evidence of the satisfactory completion of the required courses.

5. This Agreed Order shall be effective ten (10) days following the date it is executed by Respondent Gina Pepe.

This the 11th day of MARCH, 2019.

MISSISSIPPI REAL ESTATE COMMISSION

BY: Robert E. Praytor
ROBERT E. PRAYTOR, Administrator

AGREED:

Gina Pepe
GINA PEPE

DATE: 3/4/19

