



**Department
of State**

**2019 ANNUAL REPORT:
REAL ESTATE COMPLAINTS**

Pursuant to Paragraph (7) of Section 442-k of the Real Property Law

**FOR SUBMISSION TO:
THE JUDICIARY COMMITTEE OF THE NEW YORK STATE SENATE &
THE JUDICIARY COMMITTEE OF THE NEW YORK STATE ASSEMBLY**

**ANDREW M. CUOMO
GOVERNOR**

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SECRETARY OF STATE**

INTRODUCTION

The Department of State (the “Department”) submits the following report regarding real estate complaints on behalf of the New York State Real Estate Board (the “Board”), in compliance with paragraph (7) of section 442-k of the Real Property Law (“NY RPL”). Specifically, paragraph (7) requires the Board to submit information regarding the types of complaints the Department has received, the status of cases, and the length of time from the initial complaint to any final disposition.

COMPLAINTS RECEIVED

In 2019, the Department received 806 complaints against real estate brokers and salespersons. The range of allegations include, but are not limited to: failure to disclose the broker or salesperson’s agency status; retaining a rental or other security deposit as an unearned commission; housing discrimination; and general acts of untrustworthiness and incompetency.

In addition to investigating consumer based complaints, the Department of State conducts state initiated audits and investigations.

During 2019, the Department conducted random audits of brokerage websites to ensure compliance with advertising regulations and the permitted use of titles by real estate brokers and salespeople. Six audits were completed in 2019, resulting in \$12,000 in fines. Four audits involved commercial real estate brokers and two involved residential firms.

The Department also opened 35 cases, on its own initiative, to investigate the allegations of discrimination that were reported in a November 2019 article published by Newsday. The investigations were jointly conducted, as part of a collaborative effort, with the NYS Division of Human Rights and are focused on brokerages, brokers, salespeople and licensed educational providers under Article 12-A of the NY RPL.

In 2019, the Department conducted 2831 qualifying education audits. Of those audited, 2751 were compliant with qualifying education requirements. Twenty-nine licensees were in violation and voluntarily surrendered their licenses. An additional 51 licensees were alleged to be in violation and sent to administrative hearing.

The Department also conducts random audits of continuing education. In 2019, 454 licensees were audited. Of those audited, 402 were in compliance with continuing educational requirements. Fifty-two (52) licensees did not complete the required education. Of these, 5 voluntarily surrendered their licenses, 36 were fined and 11 were sent to administrative hearing. \$17,900 in fines were collected.

STATUS OF CASES

In 2019, the Department completed 728 investigations against real estate brokers or salespersons; some of these investigations were commenced prior to 2019. Following investigation, 662 cases were closed for reasons including, but not limited to: Complaint Withdrawn, No Violation of Law, No Jurisdiction, Hearing Referral, Dispute Resolved and Civil Litigation Pending. Of the 728 investigations completed, 66 were referred to the Department’s Office of General Counsel with the recommendation to commence formal disciplinary proceedings.

LENGTH OF TIME TO FINAL DISPOSITION

The Department closed complaints in an average of 237 days. Actual cycle time for each complaint varies on a case-by-case basis due to factors such as the complexity of the subject-matter, the volume of records required for review, and the degree of cooperation received from potential witnesses.