

Division of Boating and Waterways
Boating Safety Unit
Yacht and Ship Enforcement Program Overview
May 8, 2025

Overview:

The Department of Parks and Recreation, Division of Boating and Waterways (DBW) is responsible for licensing and regulating yacht and ship brokers and salespersons in California. Anyone selling used vessels 16 feet or longer and less than 300 gross tons for others who do not own those vessels must be licensed in California. DBW enforces Article 2. Yacht and Ship Brokers in the Harbors and Navigation Code (HNC) § 700-740, which regulates the activities of licensees to ensure compliance and provide consumer protection.

DBW conducts site visits and remote inspections of broker's records to ensure compliance with HNC and to respond to consumer complaints.

Enforcement Program Components:

- 1) **Ensuring regulatory compliance of Yacht and Ship licensees.** This is mainly accomplished through brokerage inspections, such as physical inspections of brokerage operations or remote audits of brokerage files.
- 2) **Investigating consumer complaints against Yacht and Ship licensees.** Once a complaint is verified within DBW's jurisdiction (DBW has no jurisdiction over new boat sales or used boat sales that were not brokered), DBW has a legislative mandate to investigate. Complaints range from dissatisfaction with representation by a broker, to allegations of fraud.
- 3) **Monitoring for and responding to unlicensed activity.** We receive tips from licensees and consumers regarding licensing of brokers and salespeople and monitor advertisements for licensing compliance.

Levels of Intervention:

The Department of Boating and Waterways (DBW) enforces the Yacht and Ship Broker's Act (Act) through several levels of intervention, depending on factors such as the type and severity of the violation, whether it is a repeat offense, and the individual's knowledge of the Harbors and Navigation Code (HNC).

1. Education: The first level of intervention is education, which is often provided by responding to stakeholder questions. It can also involve

corrective guidance, such as issuing Cease and Desist Letters or Warning Letters.

2. **Civil Penalty Assessments:** The intermediate level of intervention involves civil penalty assessments, which may result from an inspection or a complaint investigation. These penalties, authorized under HNC Section 739, can range from \$100 to \$1,500 per violation.
3. **Referral to the Attorney General's Office:** The most severe level of intervention is referring a case or penalty matter to the Attorney General's Office (AG). The AG will present the matter before an administrative law judge (ALJ), who can impose a higher penalty and recover all associated costs. Additionally, the AG can bring criminal charges, as all codes under the Act, Article 2, are classified as misdemeanors under HNC 738.

Complaint and Brokerage Inspection Outcomes:

The numbers of complaints, inspections, and outcomes covering the period from June 1, 2024, to April 4, 2025:

Consumer Complaints:

- 8 cases were opened.
- 5 have been resolved.
- 3 remain active.

Cease and Desist Orders:

- 7 orders were issued.

Inspections and Audits:

- 6 physical inspections conducted.
- 9 remote audits conducted.
- Outcomes:
 - 8 inspections/audits resulted in penalty assessments totaling \$22,750.00.
 - \$2,250.00 in penalties has been collected.

- \$20,500.00 in penalties are due before the end of the fiscal year.
- 7 remote audit reports are currently pending completion.