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1 DEPARTMENT OF REAL ESTATE
2 P. O. Box 187007
3 Sacramento, CA 95818-7007
4
5 Telephone: (916) 227-0789
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7

FILED
JUN 14 2005

DEPARTMENT OF REAL ESTATE

By Jean Arnold

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 To:)
12)
13 SOUTHERN CALIFORNIA RENTAL)
14 PROPERTIES, INC.,)
15 SOCIAL RENTALS, SO CAL RENTALS)
16 WALLACE PATTEE WATKINS,)
17 individually and doing)
18 business as SOUTHERN)
19 CALIFORNIA RENTAL PROPERTIES,)
20 RAY RUBALCAVA, and)
21 JACK TAYLOR.)

NO. H-3216 SD

ORDER TO DESIST & REFRAIN
(B&P §10086)

18 The Real Estate Commissioner of the State of California
19 (Commissioner) has determined from the findings herein set forth
20 below that you, SOUTHERN CALIFORNIA RENTAL PROPERTIES, INC.,
21 SOCIAL RENTALS, SO CAL RENTALS, RAY RUBALCAVA, and JACK TAYLOR
22 have violated Section 10130 and/or Section 10167.2 of the
23 California Business and Professions Code (hereafter the Code)
24 by engaging in the business of a prepaid rental listing service
25 (hereafter PRLS) operator within the State of California without
26 either a real estate broker license or a PRLS license. The
27 Commissioner has also determined from the findings herein set

1 forth below that you, WALLACE PATTEE WATKINS, individually and
2 doing business as SOUTHERN CALIFORNIA RENTAL PROPERTIES, have
3 violated Section 10159.5 of the Code and Section 2731 of Title
4 10, California Code of Regulations (Regulations) by engaging in
5 business as SOCAL RENTALS and/or SO CAL RENTALS without a
6 fictitious business name license from the Department; and that
7 you, WALLACE PATTEE WATKINS, have violated 10167.3(b) of the Code
8 by failing to supervise or oversee licensed supervision of a PRLS
9 business. The Commissioner has also determined from the findings
10 herein set forth below that you, SOUTHERN CALIFORNIA RENTAL
11 PROPERTIES, INC., SOCAL RENTALS, SO CAL RENTALS, WALLACE PATTEE
12 WATKINS, individually and doing business as SOUTHERN CALIFORNIA
13 RENTAL PROPERTIES, RAY RUBALCAVA, and JACK TAYLOR have violated
14 Sections 10167.9(a), 10167.9(c), 10167.10(a), 10167.11(a), and/or
15 10167.11(b) of the Code, by failing to comply with PRLS laws, as
16 set forth more fully below.

17
18 PRELIMINARY FINDINGS

19 I

20 At no time herein mentioned were you, SOUTHERN
21 CALIFORNIA RENTAL PROPERTIES, INC., SOCAL RENTALS, SO CAL RENTALS,
22 RAY RUBALCAVA, and JACK TAYLOR licensed by the Department of Real
23 Estate of the State of California (hereafter "Department") as a
24 real estate broker, individually or doing business under any
25 fictitious business name, or as a real estate salesperson. At
26 no time herein mentioned were you licensed by the Department to
27 engage in the business of a PRLS operator.

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II

At all times herein mentioned, you, WALLACE PATTEE WATKINS (WATKINS), were and are licensed by the Department as a real estate broker, with a main office address of record with the Department at 4528 Cordoba Way, Oceanside, California. On or about January 30, 2004, you obtained a branch office license from the Department to do business at 8199 Clairemont Mesa Blvd., Suite O, San Diego, California. At no time prior to on or about June 2, 2004, were you licensed to do business under any fictitious business name.

III

In or about January of 2004, you, RAY RUBALCAVA (RUBALCAVA), and you, JACK TAYLOR (TAYLOR), were and are owners, officers, directors, and/or shareholders of SOUTHERN CALIFORNIA RENTAL PROPERTIES, INC., and entered into a business arrangement with you, WATKINS, to conduct business as prepaid rental listing service company at 8199 Clairemont Mesa Blvd., Suite O, San Diego California. At no time herein mentioned were you, RUBALCAVA or TAYLOR, licensed by the Department as either a real estate licensee, or as a PRLS provider.

IV

On or about June 2, 2004, you, WATKINS, obtained a license from the Department to do business under the fictitious business name of SOUTHERN CALIFORNIA RENTAL PROPERTIES. At no time herein mentioned, were you licensed by the Department as the designated broker officer of a corporation entitled SOUTHERN CALIFORNIA RENTAL PROPERTIES, INC., or licensed to do business

1 under a fictitious business name of SO CAL RENTALS or SOCIAL
2 RENTALS.

3 V

4 Unless otherwise specified, whenever reference is made
5 herein to an act or omission of "you", such reference shall be
6 deemed to mean that you, SOUTHERN CALIFORNIA RENTAL PROPERTIES,
7 INC., SOCIAL RENTALS, SO CAL RENTALS, WATKINS, individually and
8 doing business as SOUTHERN CALIFORNIA RENTAL PROPERTIES,
9 RUBALCAVA, and/or TAYLOR, and/or the employees and/or agents
10 employed by or associated with you, committed such act or
11 omission while engaged in the furtherance of your business
12 operation, and while acting within the course and scope of their
13 authority, agency, and/or employment.

14 FIRST CAUSE OF ACTION
15 (Unlicensed Business)

16 VI

17 During a period of time from about January, 2004, you
18 engaged in the business and acted in the capacity of a real
19 estate broker or PRLS operator in the name of SOUTHERN CALIFORNIA
20 RENTAL PROPERTIES, INC., SO CAL RENTALS, SOCIAL RENTALS, and/or
21 SOUTHERN CALIFORNIA RENTAL PROPERTIES in California within the
22 meaning of Section 10167 of the Code, for advance compensation,
23 wherein prospective tenants were solicited to enter into a
24 contract and purchase PRLS services for a flat fee of
25 approximately \$75 to \$95 for a 90-day contract period, and
26 wherein such services were offered and sold, including but not
27 limited to the following:

CONTRACT DATE	PRLS ADVANCE FEE	CLIENT/TENANT
April 18, 2004	\$95	Joseph-Tammy Rudolf
June 2, 2004	\$95	Brian-Leslie Vian
January 5, 2005	\$75	Wendy McNair
January 20, 2005	\$75	Gregory Duncan

VII

During a period of time from about January of 2004, you solicited the public with respect to the above business by methods including advertisements, including but not limited to ads:

- (1) On the Internet, with domain name addresses of www.SOUTHERNCALIFORNIARENTALPROPERTIES.COM, and/or www.SOCALRENTALS.NET, and
- (2) In the San Diego Union-Tribune, a newspaper of general circulation, and on its classified web site on the Internet at <http://classsifieds.signonsandiego.com>.

VIII

As to the above alleged conduct from about January of 2004 to the present, you, SOUTHERN CALIFORNIA RENTAL PROPERTIES, INC., SOCAL RENTALS, SO CAL RENTALS, RUBALCAVA, and TAYLOR have violated Section 10167.2 and/or Section 10130 of the Code in that your acts and/or omissions, as found above, constitute the conduct of a PRLS business without either a real estate broker license or a PRLS license.

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IX

As to the above alleged conduct from about January of 2004 to on or about June 2, 2004, you, WATKINS, have violated Section 10159.5 of the Code and Section 2731 of the Regulations, in that your acts and/or omissions, as found above, constitute the conduct of a PRLS business in the name of SOUTHERN CALIFORNIA RENTAL PROPERTIES, without a duly issued fictitious business name license from the Department.

X

As to your above alleged conduct from about January of 2004, to the present, you, WATKINS, have violated Section 10159.5 of the Code and Section 2731 of the Regulations, in that your acts and/or omissions, as found above, constitute the conduct of a PRLS business in the name of SOCAL RENTALS and/or SO CAL RENTALS without a duly issued fictitious business name license from the Department.

SECOND CAUSE OF ACTION
(PRLS Violations)

XI

On or about June 3, 2004, the Department approved a specific written PRLS contract form for you, WATKINS, doing business as SOUTHERN CALIFORNIA RENTAL PROPERTIES, pursuant to Sections 10167.9 and 10167.10 of the Code, and subject to specified conditions set forth in an accompanying Department letter and Addendum of June 3, 2004, including but not limited to the following:

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- (a) That all applicable licensing requirements would be met by you before the approved contract would be negotiated with the public;
- (b) That your use of the contract would be in accordance with all applicable provisions of the Real Estate Law;
- (c) That no refund request form would be used by you which contains requirements or representations contrary to applicable provisions of the Real Estate Law; and
- (d) That there were no other hard-copy or Internet versions or variations of any PRLS contracts for the company to do business with the public that were not disclosed to the Department.

XII

The approved contract form described in Paragraph XI above contains the statutory advisement of refund rights required by Section 10167.10 of the Code, including but not limited to the following:

- (a) The client's right to a refund of the full amount of the fee paid by the client within five days after payment of the fee if you have not supplied to the client at least three available rental properties meeting the client's specifications; and
- (b) The client's right to a refund of the net amount of the fee paid by the client in excess

1 of a \$50 service charge within ten days after
2 receipt by you of the client's demand for
3 refund in specified circumstances.

4 XIII

5 On or about April 18, 2004, Joseph and Tammy Rudolf went
6 to your office in San Diego and entered into a written contract
7 for PRLS services with you, in consideration of the sum of \$95
8 paid by them. In connection with this transaction, you used a
9 written contract form that was not approved by the Department,
10 contained provisions contrary to applicable provisions of the
11 Real Estate Law, including unlawful refund provisions, had not
12 been submitted to the Department for approval at any time prior
13 to its use; and was not disclosed to the Department.

14 XIV

15 You failed to provide the Rudolfs with listings of at
16 least three available rental properties meeting the clients'
17 specifications within five days of the date of the contract; and
18 you failed to provide the Rudolfs with a full refund that is
19 required under Section 10167.10(a) of the Code.

20 XV

21 On or about June 2, 2004, Brian and Leslie Vian went to
22 your office in San Diego and entered into a written contract for
23 PRLS services with you, in consideration of the sum of \$95 paid
24 by them. In connection with this transaction, you used a written
25 contract form that was not approved by the Department, contained
26 provisions contrary to applicable provisions of the Real Estate
27 Law, including unlawful refund provisions, had not been submitted

1 to the Department for approval at any time prior to its use; and
2 was not disclosed to the Department.

3 XVI

4 You failed to provide the Vians with listings of at
5 least three available rental properties meeting the clients'
6 specifications within five days of the date of the contract; and
7 you failed to provide the Vians with a full refund that is
8 required under Section 10167.10(a) of the Code.

9 XVII

10 On or about January 5, 2005, Wendy McNair went to your
11 office in San Diego and entered into a written contract for PRLS
12 services with you, in consideration of the sum of \$75 paid by
13 her. In connection with this transaction, you failed to provide
14 McNair with listings of at least three available rental properties
15 meeting the client's specifications within five days of the date
16 of the contract; and you failed to provide McNair with a full
17 refund that is required under Section 10167.10(a) of the Code.

18 XVIII

19 On or about January 20, 2005, Gregory Duncan went to
20 your office in San Diego and entered into a written contract for
21 PRLS services with you, in consideration of the sum of \$75 paid
22 by him. In connection with this transaction, you failed to
23 provide Duncan with listings of at least three available rental
24 properties meeting the client's specifications within five days
25 of the date of the contract; and you failed to provide Duncan
26 with a full refund that is required under Section 10167.10(a) of
27 the Code.

1 XIX

2 Since about January of 2004, you have posted in your
3 PRLS listings, advertised to the public, and supplied prospective
4 tenants, for an advance fee, with listings of residential
5 property without the written or oral permission of the property
6 owner, property manager, or other authorized agent, in violation
7 of Section 10167.11(4) of the Code, including but not limited
8 to:

- 9 (a) Residential property located at 4817 Barstow
10 Street, San Diego, California; and
11 (b) Property owned by the State of California
12 Department of Transportation.

13 XX

14 Since about January of 2004, you have posted in your
15 PRLS listings, advertised to the public, and supplied prospective
16 tenants, for an advance fee, with listings of residential property
17 that you knew or should have known were unavailable for rental,
18 in violation of Section 10167.11(1) of the Code, including but
19 not limited to:

- 20 (a) Residential property located at 4817 Barstow
21 Street, San Diego, California.

22 XXI

23 Since about January of 2004, you posted in your PRLS
24 Listings, advertised, and supplied prospective tenants, for an
25 advance fee, with listings of residential property when you
26 failed to confirm the availability of the property for tenancy
27 during any four-day period immediately preceding dissemination of

1 the listing information, in violation of Section 10167.11(3) of
2 the Code, including but limited to:

- 3 (a) Residential property located at 4817 Barstow
4 Street, San Diego, California.

5 XXII

6 Since about January of 2004 to the present, you have
7 expressly or impliedly made false, misleading, and/or deceptive
8 advertisements and/or representations to various prospective
9 tenants concerning the services you would provide to them,
10 including but not limited to the failure to disclose: (1) that
11 you were not properly licensed; (2) that your PRLS contract had
12 not been approved by the Department prior to June 3, 2004;
13 (3) that your contract contained unlawful refund language prior
14 to June 3, 2004; (4) that you did not obtain written or oral
15 permission from property owners or managers to list many
16 properties; (5) that you did not check availability of properties
17 within the requisite days of their dissemination to prospective
18 tenants; and/or (6) that you did not make full refunds of the
19 PRLS advance fees charged even though the approved contract after
20 June 3, 2004, so provided.

21 XXIII

22 Since about January of 2004, you have posted various
23 written PRLS contract forms on the Internet at www.socalrentals.net,
24 and at www.southerncaliforniarentalproperties.com, that were not
25 disclosed to the Department, that were not approved by the
26 Department, and that did not contain information required under
27 the PRLS laws prior to acceptance of a fee, varying in particular

1 versions of the Internet contracts, including but not limited to:
2 (1) the name of the licensee and the address and telephone number
3 of the principal PRLS office; (2) acknowledgment of receipt of
4 the fee, including the amount; (3) a description of the service
5 to be performed by the licensee, including significant conditions,
6 restrictions, and limitations where applicable; (4) the contract
7 expiration date; and/or (5) the statutory full and partial right
8 to refund clauses.

9 XXIV

10 By reason of the acts and/or omissions alleged in
11 Paragraphs XI through XXIII above, you have violated Sections
12 10167.9(a), 10167.9(c), 10167.10(a), 10167.11(a), and/or
13 10167.11(b) of the Code.

14 THIRD CAUSE OF ACTION
15 (Failure to Supervise)

16 XXV

17 By reason of the acts and/or omissions found in the
18 Preliminary Findings, and in the First and Second Causes of
19 Action above, you, WATKINS, failed to conduct business as a PRLS
20 operator at your licensed branch office in San Diego under your
21 immediate supervision.

22 XXVI

23 By reason of the acts and/or omissions found in the
24 Preliminary Findings, and in the First and Second Causes of
25 Action above, you, WATKINS, failed to conduct business as a PRLS
26 operator at your licensed branch office in San Diego under the
27 supervision of a real estate salesperson licensed to, and acting
on your behalf as the broker.

1 XXVII

2 The acts and/or omissions alleged in Paragraphs XXVI
3 and XXVII above, jointly and severally, violate Section 10167.3(b)
4 of the Code.

5 NOW, THEREFORE, YOU, SOUTHERN CALIFORNIA RENTAL
6 PROPERTIES, INC., SOCAL RENTALS, SO CAL RENTALS, RAY RUBALCAVA,
7 and JACK TAYLOR, YOUR OFFICERS, AGENTS, EMPLOYEES, SUCCESSORS,
8 AND/OR ASSIGNS, ARE HEREBY ORDERED TO DESIST AND REFRAIN from
9 performing any and all acts for which a real estate license or a
10 prepaid rental listing service license is required unless and
11 until such time as you may obtain the required license from the
12 Department.

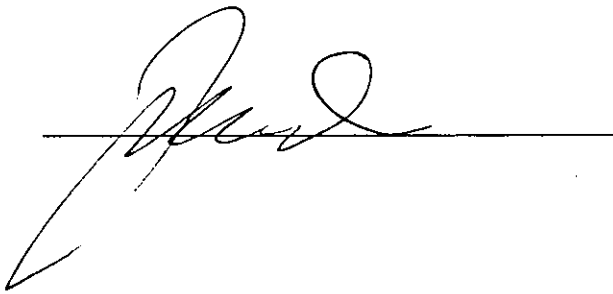
13 NOW, THEREFORE, YOU, WALLACE PATTEE WATKINS,
14 individually and doing business as SOUTHERN CALIFORNIA RENTAL
15 PROPERTIES, ARE HEREBY ORDERED TO DESIST AND REFRAIN from doing
16 business under the fictitious business name(s) of SOCAL RENTALS
17 and/or SO CAL RENTALS, unless and until such time as you may
18 obtain the required fictitious business name license from the
19 Department; and until such time as you are in compliance with
20 requisite supervision laws as set forth above.

21 AND NOW, THEREFORE, YOU, SOUTHERN CALIFORNIA RENTAL
22 PROPERTIES, INC., SOCAL RENTALS, SO CAL RENTALS, WALLACE PATTEE
23 WATKINS, individually and doing business as SOUTHERN CALIFORNIA
24 RENTAL PROPERTIES, RAY RUBALCAVA, and JACK TAYLOR ARE HEREBY
25 FURTHER ORDERED TO DESIST AND REFRAIN from engaging in the acts
26 and/or omissions in violation of Sections 10167.9(a), 10167.9(c),
27 10167.10(a), 10167.11(a), and/or 10167.11(b) of the Code as set

1 forth above unless and until such time as you are in compliance
2 with the law with respect to said items.

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4 DATED: 5/31, 2005.

5
6 JEFF DAVI
Real Estate Commissioner

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14 cc: SOUTHERN CALIFORNIA
15 RENTAL PROPERTIES, INC.
16 SOCAL RENTALS/SO CAL RENTALS
17 Attn: Ray Rubalcava
8199 Clairemont Mesa Blvd,
Suite O
San Diego, CA 92111

18 WALLACE PATTEE WATKINS
19 Individually and dba
20 SOUTHERN CALIFORNIA
RENTAL PROPERTIES
4528 Cordoba Way
Oceanside, CA 92056

21
22 RAY RUBALCAVA
8199 Clairemont Mesa Blvd,
23 Suite O
San Diego, CA 92111

24
25 JACK TAYLOR
8199 Clairemont Mesa Blvd,
26 Suite O
San Diego, CA 92111

27 ATTY/DLJ