

1 LISSETE GARCIA, Counsel (SBN 211552)  
Department of Real Estate  
2 320 West 4th Street, Suite 350  
Los Angeles, California 90013-1105  
3 Telephone: (213) 576-6982  
Direct: (213) 576-6914  
4 Fax: (213) 576-6917  
*Attorney for Department of Real Estate*

**FILED**  
JUL 01 2022  
DEPT. OF REAL ESTATE  
By *Emmanuel*

5  
6  
7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation against

DRE No. 05294 SD

12 SANCO PROPERTIES, INC., and  
13 CARLOS ALBERTO CASTRO, individually and as  
designated officer for Sanco Properties, Inc.,

**ACCUSATION**

14 Respondents.  
15

16 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the  
17 Department of Real Estate<sup>1</sup> ("Department") of the State of California, makes this Accusation in  
18 her official capacity for cause of Accusation against SANCO PROPERTIES, INC. and  
19 CARLOS ALBERTO CASTRO, individually and as designated officer for Sanco Properties,  
20 Inc. (collectively "Respondents"), is informed and alleges as follows:

21 1. All references to the "Code" are to the California Business and Professions Code  
22 and all references to "Regulations" are to the Regulations of the Real Estate Commissioner,  
23

24 <sup>1</sup> Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 Title 10, Chapter 6, California Code of Regulations.

2 2. Respondents were licensed and/or have license rights under the Real Estate Law  
3 (Part 1 of Division 4 of the California Business and Professions Code).

4 Statement of Facts

5 Licenses

6 3. On March 10, 2017, the Department issued a real estate corporation license to  
7 Respondent SANCO PROPERTIES, INC. ("SPI"), License ID 02026467.

8 4. Respondent SPI's license expired on June 30, 2021. Respondent SPI has  
9 renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to  
10 Code section 10103.

11 5. On or about December 7, 2016, the Department issued a real estate broker  
12 license to Respondent CARLOS ALBERTO CASTRO ("CASTRO"), License ID 01736392.  
13 Unless renewed, Respondent CASTRO's license is scheduled to expire on July 12, 2025.

14 6. During all times relevant herein, Respondent CASTRO was not licensed by the  
15 Department to do business under any fictitious business names.

16 7. From March 10, 2017, through June 30, 2021, Respondent SPI was licensed by  
17 the Department as a corporate real estate broker, by and through Respondent CASTRO as  
18 designated officer-broker of Respondent SPI to qualify said corporation and to act for said  
19 corporation as a real estate broker.

20 8. At all times relevant herein, Respondent CASTRO was licensed as the  
21 designated officer-broker for Respondent SPI, pursuant to section 10211 of the Code. As said  
22 designated officer-broker, Respondent CASTRO, was, at all times mentioned herein,  
23 responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the  
24 officers, agents, real estate licensees, and employees of Respondent SPI for which a license is

1

2

## 8

## 9

10

16

19

23

1 SPI is in violation of Section 10159.2 of the Code and constitutes grounds to suspend or revoke  
2 the license and/or license rights of Respondent CASTRO pursuant to Code section 10177,  
3 subdivisions (h), (d) and/or (g).

4 Second Cause of Accusation

5 Unlicensed Activity/Use of Unlicensed Fictitious Business Name

6 14. There is hereby incorporated in this Second, separate and distinct Cause of  
7 Accusation, all of the allegations contained in Paragraphs 1 through 13, with the same force and  
8 effect as if herein fully set forth.

9 15. The Department conducted an investigation of Respondents' real estate activities  
10 which required a real estate license pursuant to Code sections 10130 and 10131.

11 16. During the months of July, August, and September of 2021, SPI continued to  
12 charge and collect property management fees for providing property management services,  
13 within the meaning of Code section 10131, subdivision (b), for the owner of real property  
14 located at 383 Mankato#14, Chula Vista, California ("Mankato property".) Said property  
15 management services included soliciting prospective tenants, negotiating the lease of the  
16 Mankato property, and collecting rents, deposits, and late charges for the owner.

17 17. On or about March 9, 2021, Respondent CASTRO executed a listing agreement  
18 on behalf of SPI, with property owner C.E.P.<sup>2</sup> for the sale of real property located at 1722  
19 Bramblewood Street, Chula Vista, California ("Bramblewood property".) SPI was the listed as  
20 the broker for the seller, C.E.P., for or in expectation of compensation, within the meaning of  
21 Code section 10131, subdivision (a).

22 ///

23 \_\_\_\_\_  
24 <sup>2</sup> Initials are used in place of individuals' full names to protect their privacy. Documents containing individuals' full names will be provided during the discovery phase of this case to Respondent(s) and/or their attorneys, after service of a timely and proper request for discovery on Complainant's counsel.

1           18.    On or about July 7, 2021, escrow closed on the sale of the Bramblewood  
2 property and a commission of \$19,800.00 was paid to SPI on July 8, 2021.

3           19.    On or about June 18, 2021, Respondent CASTRO executed a listing agreement  
4 on behalf of SPI, with property owner T.P.T. for the sale of real property located at 4208-12  
5 Van Dyke Ave., San Diego, California ("Van Dyke property".) SPI was the listed as the broker  
6 for the seller, for or in expectation of compensation, within the meaning of Code section 10131,  
7 subdivision (a).

8           20.    On or about October 28, 2021, escrow closed on the sale of the Van Dyke  
9 property and a commission of \$37,200.00 was paid to SPI on November 1, 2021.

10          21.    On or about October 25, 2021, Respondent CASTRO, acting on behalf of SPI,  
11 submitted an offer from prospective buyers, J.A., O.A., and S.A., for the purchase of real  
12 property located at 6787 Alvarado Road #8, San Diego, California ("Alvarado property".) SPI  
13 was listed as the broker for the buyers, for or in expectation of compensation, within the  
14 meaning of Code section 10131, subdivision (a).

15          22.    On or about November 30, 2021, escrow closed on the sale of the Alvarado  
16 property and a commission of \$11,250.00 was paid to SPI on December 1, 2021.

17 Unlicensed Activity/Unlawful Compensation - SPI

18          23.    SPI engaged in activities which require a real estate broker license under Code  
19 section 10131, for compensation or in expectation of compensation, in violation of Code sections  
20 10130, 10137, and Regulation 2742, subdivision (c), which constitutes cause to suspend or  
21 revoke the real estate licenses and license rights of Respondent SPI pursuant to Code section  
22 10177, subdivisions (d), and/or (g).

23 ///

24 ///

1 Use of Unlicensed Fictitious Business Name - CASTRO

2 24. The conduct, acts and/or omissions of Respondent CASTRO, as described above,  
3 involved use of an unlicensed fictitious business name, Sanco Properties, Inc., which constitutes  
4 cause to suspend or revoke the real estate licenses and license rights of Respondent CASTRO  
5 pursuant to Code section 10177, subdivisions (d), and/or (g), for violation of Code sections  
6 10159.5, 10157, and Regulation 2731.

7 Broker Supervision-CASTRO

8 25. The conduct, acts and/or omissions of Respondent CASTRO, in allowing SPI to  
9 violate Code sections 10177, subdivision (d), 10130, 10137, and Regulation 2742, subdivision  
10 (c), constitutes cause to suspend or revoke the real estate license and license rights of  
11 Respondent CASTRO pursuant to Code section 10177, subdivision (h), for violation of Code  
12 section 10159.2.

13 Investigation and Enforcement Costs

14 26. Code section 10106 provides, in pertinent part, that in any order issued in resolution  
15 of a disciplinary proceeding before the Department of Real Estate, the Commissioner may  
16 request the administrative law judge to direct a licensee found to have committed a violation of  
17 this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of  
18 the case.

19 Statutory Provisions

20 Regulation 2742. Certificate of Status, Qualification or Good Standing.

21 27. Regulation 2742 provides:

22 (a) An applicant for an original broker license for a domestic corporation  
23 shall submit with the application, a Certificate of Status (Domestic Corporation)  
24 executed by the California Secretary of State not earlier than 30 days before the  
date of mailing or delivering the application to the headquarters office of the  
Bureau. However, if the applicant is a domestic corporation which filed its

1 original Articles of Incorporation not earlier than six (6) months before the date of  
2 mailing or delivering the application to the headquarters office of the Bureau,  
Articles of Incorporation executed by the California Secretary of State may be  
submitted instead of a Certificate of Status.

3  
4 (b) An applicant for an original broker license for a foreign corporation  
shall submit with the application, a Certificate of Qualification or a Certificate of  
5 Good Standing (Foreign Corporation) executed by the California Secretary of  
State not earlier than 30 days before the date of mailing or delivering the  
6 application to the headquarters office of the Bureau.

7 (c) A corporation licensed under Section 10211 of the Code shall not  
engage in the business of a real estate broker while not in good legal standing  
8 with the Office of the Secretary of State."

9 License Requirement

10 28. Code section 10130 provides:

11 "It is unlawful for any person to engage in the business of, act in the  
capacity of, advertise as, or assume to act as a real estate broker or a real estate  
12 salesperson within this state without first obtaining a real estate license from the  
department, or to engage in the business of, act in the capacity of, advertise as, or  
13 assume to act as a mortgage loan originator within this state without having  
obtained a license endorsement.

14 The commissioner may prefer a complaint for violation of this section  
before any court of competent jurisdiction, and the commissioner and his or her  
15 counsel, deputies, or assistants may assist in presenting the law or facts at the  
trial.

16 It is the duty of the district attorney of each county in this state to  
17 prosecute all violations of this section in their respective counties in which the  
violations occur."

18 29. Code section 10131 provides:

19 "A real estate broker within the meaning of this part is a person who, for a  
20 compensation or in expectation of a compensation, regardless of the form or time  
of payment, does or negotiates to do one or more of the following acts for another  
21 or others:

22 (a) Sells or offers to sell, buys or offers to buy, solicits prospective sellers  
or buyers of, solicits or obtains listings of, or negotiates the purchase, sale, or  
23 exchange of real property or a business opportunity.

1 (b) Leases or rents or offers to lease or rent, or places for rent, or solicits  
2 listings of places for rent, or solicits for prospective tenants, or negotiates the sale,  
3 purchase, or exchanges of leases on real property, or on a business opportunity, or  
4 collects rents from real property, or improvements thereon, or from business  
5 opportunities.

6 (c) Assists or offers to assist in filing an application for the purchase or  
7 lease of, or in locating or entering upon, lands owned by the state or federal  
8 government.

9 (d) Solicits borrowers or lenders for or negotiates loans or collects  
10 payments or performs services for borrowers or lenders or note owners in  
11 connection with loans secured directly or collaterally by liens on real property or  
12 on a business opportunity.

13 (e) Sells or offers to sell, buys or offers to buy, or exchanges or offers to  
14 exchange a real property sales contract, or a promissory note secured directly or  
15 collaterally by a lien on real property or on a business opportunity, and performs  
16 services for the holders thereof.”

17 30. Code section 10137 provides:

18 “It is unlawful for any licensed real estate broker to retain, compensate,  
19 directly or indirectly, any person for performing any of the acts within the scope  
20 of this chapter who is not a licensed real estate broker, or a real estate salesperson  
21 licensed under the responsible broker retaining or compensating him or her, or to  
22 retain or compensate, directly or indirectly, any licensee for engaging in any  
23 activity for which a mortgage loan originator license endorsement is required, if  
24 that licensee does not hold a mortgage loan originator license endorsement;  
provided, however, that a licensed real estate broker may pay a commission to a  
broker of another state.

No real estate salesperson shall accept compensation for activity requiring  
a real estate license from any person other than the broker under whom he or she  
is at the time licensed.

It is unlawful for any licensed real estate salesperson to pay any  
compensation for performing any of the acts within the scope of this chapter to  
any real estate licensee except through the broker under whom he or she is at the  
time licensed. A licensee may enter into an agreement with another licensee to  
share that compensation provided that any compensation is paid through the  
responsible broker.

For a violation of any of the provisions of this section, the commissioner  
may temporarily suspend or permanently revoke the license of the real estate  
licensee, in accordance with the provisions of this part relating to hearings.”



1 Fictitious Names

2 31. Code section 10157 provides:

3 "No real estate license gives authority to do any act specified in this chapter to  
4 any person, other than the person to whom the license is issued."

5 32. Code section 10159.5 provides:

6 "(a) (1) Every person applying for a license under this chapter who desires  
7 to have the license issued under a fictitious business name shall file with his or  
8 her application a certified copy of his or her fictitious business name statement  
filed with the county clerk pursuant to Chapter 5 (commencing with Section  
17900) of Part 3 of Division 7.

9 (2) A responsible broker may, by contract, permit a salesperson to do all  
10 of the following:

11 (A) File an application on behalf of a responsible broker with a  
county clerk to obtain a fictitious business name.

12 (B) Deliver to the bureau an application, signed by the responsible  
13 broker, requesting the bureau's approval to use a county approved fictitious  
business name that shall be identified with the responsible broker's license  
number.

14 (C) Pay for any fees associated with filing an application with a  
county or the bureau to obtain or use a fictitious business name.

15 (D) Maintain ownership of a fictitious business name, as defined in  
16 paragraph (2) of subdivision (a) of Section 10159.7, that may be used subject to  
the control of the responsible broker.

17 (b)(1) A salesperson using a fictitious business name authorized by  
18 subdivision (a), shall use that name only as permitted by his or her responsible  
broker.

19 (2) This section does not change a real estate broker's duties under  
this division to supervise a salesperson.

20 (c) A person applying to a county for a fictitious business name pursuant  
21 to subdivision (a) may file his or her application in the county or counties where  
the fictitious business name will be used.

22 (d) Advertising and solicitation materials, including business cards, print  
23 or electronic media and "for sale" signage, using a fictitious business name  
obtained in accordance with paragraph (2) of subdivision (a) shall include the  
24 responsible broker's identity, as defined in paragraph (1) of subdivision (a) of

1 Section 10159.7, in a manner equally as prominent as the fictitious business  
2 name.

3 (e) Notwithstanding subdivision (b) of Section 10140.6, advertising and  
4 solicitation materials, including print or electronic media and "for sale" signage,  
5 containing a fictitious business name obtained in accordance with paragraph (2)  
6 of subdivision (a) shall include the name and license number of the salesperson  
7 who is using the fictitious business name.

8 (f) Notwithstanding Section 10185, a violation of this section is not a  
9 misdemeanor."

10 33. Regulation 2731 provides:

11 "(a) A licensee shall not use a fictitious name in the conduct of any  
12 activity for which a license is required under the Real Estate Law unless the  
13 licensee is the holder of a license bearing the fictitious name.

14 (b) The Bureau shall issue a license required under the Real Estate Law  
15 only in the legal name of the licensee or in the fictitious business name of a broker  
16 who presents evidence of having complied with the provisions of Sections 17910  
17 and 17917 of the Code.

18 (c) The commissioner may refuse to issue a license bearing a fictitious  
19 name to a broker if the fictitious name:

- 20 (1) Is misleading or would constitute false advertising.
- 21 (2) Implies a partnership or corporation when a partnership or  
22 corporation does not exist in fact.
- 23 (3) Includes the name of a real estate salesperson.
- 24 (4) Constitutes a violation of the provisions of Sections 17910,  
17910.5, 17913 or 17917 of the Code.
- (5) Is the name formerly used by a licensee whose license has since  
been revoked.

(d) A license may not be issued or renewed with a fictitious business name  
containing the term "escrow", or any name which implies that escrow services are  
provided, unless the fictitious business name includes the term, "a non-  
independent broker escrow" following the name. Licensees who have been or are  
issued a license with a fictitious business name with the term "escrow", or any  
term which implies that escrow services are provided, must include the term "a  
non-independent broker escrow" in any advertising, signs, or electronic  
promotional material.

(e) Where a licensee is a natural person, the use of a nickname in place of  
his or her legal given name (first name) shall not constitute a fictitious name for  
purposes of this section, provided that where the nickname is used, the licensee  
also uses as a surname (last name) his or her surname as it appears on his or her

1 real estate license, and includes his or her Bureau-issued license identification  
2 number as required by Section 10140.6 of the Code.”

3 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this  
4 Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action  
5 against all licenses and/or license rights of Respondents under the Real Estate Law (Part 1 of  
6 Division 4 of the Business and Professions Code), for the cost of investigation and enforcement  
7 as permitted by law, and for such other and further relief as may be proper under other  
8 provisions of law.

9 Dated Jun 27, 2022 at San Diego, California.

11 *Veronica Kilpatrick*

12 VERONICA KILPATRICK  
13 Supervising Special Investigator

14 cc: Sanco Properties, Inc.  
15 Carlos Alberto Castro  
16 Veronica Kilpatrick  
17 Sacto.  
18  
19  
20  
21  
22  
23  
24