

FILED

OCT 28 2022

DEPT. OF REAL ESTATE

By *Emma Perry*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation against)	
)	DRE No. H-05294 SD
SANCO PROPERTIES, INC., and)	
CARLOS ALBERTO CASTRO,)	
individually and as designated officer for)	
Sanco Properties, Inc.,)	
)	
Respondents.)	

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on September 28, 2022, and the Findings of Fact set forth herein, which are based on one or more of the following: (1) The express admissions of Respondents, SANCO PROPERTIES, INC, and CARLOS ALBERTO CASTRO, individually and as designated officer for Sanco Properties, Inc. (collectively "Respondents"); (2) affidavits; and (3) other evidence.

This Decision revokes one or more real estate licenses on the grounds of the violation of the Real Estate Law, Part 1 commencing with Section 10000 of the Business and Professions Code ("Code") and/or the Regulations of the Real Estate Commissioner, Title 10, Chapter 6 of the California Code of Regulations ("Regulations").

Pursuant to Government Code Section 11521, the California Department of Real Estate ("the Department") may order reconsideration of this Decision on petition of any party. The party seeking reconsideration shall set forth new facts, circumstances, and evidence, or errors in law or analysis, that show(s) grounds and good cause for the Commissioner to reconsider the Decision. If new evidence is presented, the party shall specifically identify the new evidence and explain why it was not previously presented. The Department's power to order reconsideration of this Decision shall expire 30 days after mailing of this Decision, or on the effective date of this Decision, whichever occurs first. The right to reinstatement of a revoked real estate license, or to the reduction of a penalty, is controlled by Section 11522 of the Government Code. A copy of Government Code Sections 11521 and 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondents.

FINDINGS OF FACT

1.

On June 27, 2022, Veronica Kilpatrick, made the Accusation in her official capacity as a Supervising Special Investigator of the Department. The Accusation, Statement to Respondent, and Notice of Defense were mailed, by certified mail, return receipt requested, to Respondent's last known mailing address on file with the Department on July 1, 2022 and on August 24, 2022.

2.

On September 28, 2022, no Notice of Defense having been received or filed herein within the time prescribed by Section 11506 of the Government Code, Respondents' default was entered herein.

3.

LICENSES

1. On March 10, 2017, the Department issued a real estate corporation license to Respondent SANCO PROPERTIES, INC. ("SPI"), License ID 02026467.
2. Respondent SPI's license expired on June 30, 2021. Respondent SPI has renewal rights pursuant to Code section 10201. The Department retains jurisdiction pursuant to Code section 10103.
3. On or about December 7, 2016, the Department issued a real estate broker license to Respondent CARLOS ALBERTO CASTRO ("CASTRO"), License ID 01736392. Unless renewed, Respondent CASTRO's license is scheduled to expire on July 12, 2025.
4. During all times relevant herein, Respondent CASTRO was not licensed by the Department to do business under any fictitious business names.
5. From March 10, 2017, through June 30, 2021, Respondent SPI was licensed by the Department as a corporate real estate broker, by and through Respondent CASTRO as designated officer-broker of Respondent SPI to qualify said corporation and to act for said corporation as a real estate broker.
6. At all times relevant herein, Respondent CASTRO was licensed as the designated officer-broker for Respondent SPI, pursuant to section 10211 of the Code. As said designated officer-broker, Respondent CASTRO, was, at all times mentioned herein, responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of Respondent SPI for which a license is required.

4.

To date, the Department has incurred investigation costs of \$1,708.75 and enforcement costs of \$1,224.00.

5.

Attached as Exhibit "A" is a true and correct copy of the Accusation filed on July 01, 2022, which is incorporated herein as part of this Decision.

DETERMINATION OF ISSUES

1.

The allegations contained in the Accusation, incorporated herein by reference made in Paragraph 5, above, constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent SPI under the provisions of Regulation 2742, subdivision (c), and Code Sections 10130, 10137, and 10177, subdivisions (d), (f), (g).

2.

The allegations contained in the Accusation, incorporated herein by reference made in Paragraph 5, above, constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent CASTRO under the provisions of Regulation 2731 and Code Sections 10130, 10137, 10157, 10159.2, 10159.5, and 10177, subdivisions (d), (g), and (h).

3.

The standard of proof applied was clear and convincing evidence to a reasonable certainty.

ORDER

All licenses and licensing rights of Respondents SANCO PROPERTIES, INC. and CARLOS ALBERTO CASTRO under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on 11/28/2022.

DATED: 10/18/2022.

DOUGLAS R. McCAULEY
REAL ESTATE COMMISSIONER



By: Marcus L. McCarther
Chief Deputy Real Estate Commissioner

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

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 8 BEFORE THE DEPARTMENT OF REAL ESTATE
 9 STATE OF CALIFORNIA

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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 Estate¹ ("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 ¹ 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 required.

2 9. Whenever reference is made in an allegation in this Accusation to an act or
3 omission of Respondent SPI, such allegation shall be deemed to mean that the officers,
4 directors, employees, agents and/or real estate licensees employed by or associated with
5 Respondent SPI committed such act or omission while engaged in the furtherance of the
6 business or operations of such corporate respondent and while acting within the course and
7 scope of their authority and employment.

8 First Cause of Accusation

9 Suspended Corporate Status

10 10. SPI is a corporation formed in California, on or about November 16, 2015,
11 California Corporate Number C3842043. The California Secretary of State suspended SPI's
12 corporation status on June 29, 2021, pursuant to the provisions of the California Corporations
13 Code. The California Franchise Tax Board suspended the entity's powers, rights, and privileges
14 on January 3, 2022, pursuant to the provisions of the California Revenue and Taxation Code.
15 SPI's powers, rights, and privileges remain suspended.

16 11. The suspension of Respondent SPI is in violation of Regulation 2742, subdivision
17 (c) and constitutes grounds to suspend or revoke Respondent SPI's corporate real estate broker
18 license pursuant to Code section 10177, subdivisions (d) and/or (g).

19 12. Said corporate suspension would have constituted grounds for the denial of
20 Respondent's corporate real estate broker license under Regulation section 2742 of Chapter 6,
21 Title 10, California Code of Regulations and is now cause to suspend or revoke the license and
22 license rights of Respondent SPI pursuant to Code section 10177, subdivision (f).

23 13. The conduct, acts and/or omissions of Respondent CASTRO as set forth in
24 Paragraphs 10 through 12, above, in failing to adequately supervise the activities of Respondent

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.² 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).

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24 ² 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).

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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.
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1 Department of Real Estate
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3 Los Angeles, CA, 90013

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DEPT. OF REAL ESTATE

By R. P. S. Call

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8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

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11 In the Matter of the Accusation of:) DRE NO. *H-05294 SD*
12)
13 SANCO PROPERTIES, INC., and) DEFAULT ORDER
14 CARLOS ALBERTO CASTRO,)
15 Individually and as designated officer)
16 for Sanco Properties, Inc.,)
17 Respondents.)

18 Respondents SANCO PROPERTIES, INC., and CARLOS ALBERTO
19 CASTRO, individually and as designated officer for Sanco Properties, Inc. (collectively
20 "Respondents"), having failed to file a Notice of Defense within the time required by
21 Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a
22 default be entered on the record in this matter.

23 IT IS SO ORDERED

9/28/2022

24 DOUGLAS R. McCAULEY
25 REAL ESTATE COMMISSIONER

26 By: ce. a.

27 CHIKA SUNQUIST
Assistant Commissioner, Enforcement