

FILED

OCT 18 2022

DEPT. OF REAL ESTATE
By Emma Mij

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Investigation of) No. H-05319 SD
PEDRO LUIS BARROSO JR,) STIPULATION AND AGREEMENT
Respondent.)
_____)

Respondent PEDRO LUIS BARROSO JR ("Respondent") is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate salesperson with an individual mortgage loan originator license endorsement.

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1 an investigation into this matter. The Investigative Review Committee found that Real Estate
2 Educational Services fraudulently provided course credit to mortgage loan originators who had
3 never attended and completed Real Estate Educational Services's eight-hour in-person
4 continuing education course in Westminster, California (the "In-person Education Scheme").
5 The Investigative Review Committee also found that Real Estate Educational Services helped
6 mortgage loan originators cheat on online pre-licensure and continuing education courses by
7 taking those courses on behalf of those mortgage loan originators. In each of the schemes
8 orchestrated by Real Estate Educational Services, the mortgage loan originators accepted credit
9 for SAFE-Act-required education courses that they had either not taken or completed on their
10 own behalf in violation of the Rules of Conduct, and state and federal law (collectively, the
11 "MLO Education Schemes").

12 Based on the initial findings of the Investigative Review Committee, this matter
13 was referred from the Investigative Review Committee for further investigation and possible
14 enforcement action, and to which the CSBS Non-Depository Supervisory Committee
15 authorized the creation of a Regulatory Taskforce to coordinate the multi-state investigation and
16 enforcement activity in this matter. Specifically, the Regulatory Taskforce, which includes the
17 California Department of Real Estate ("Department"), adopted the work of the Investigative
18 Review Committee investigation and engaged in additional investigatory work that included a
19 demand from Respondent for a statement in writing under oath as to all the facts and
20 circumstances concerning the MLO Education Schemes coordinated by and implemented
21 through Real Estate Educational Services.

22 Respondent has been informed by the Department that Respondent is subject to
23 an investigation and possible enforcement action. As a result of the investigation as it pertains
24 to Respondent, the following relevant facts and determinations were made, including but not
25 limited to:

26 1. That Respondent was a student in the In-person Education Scheme
27 coordinated by and implemented through Real Estate Educational Services;

1 2. That Respondent used Real Estate Educational Services to annually
2 report completion of an in-person course for the year 2018, 2019, and 2020 in violation of
3 federal and state law. Specifically, that Real Estate Educational Services did not teach the in-
4 person course and Respondent never attended the in-person course nor completed the required
5 exam or course work to receive course credit under the In-person Education Scheme;

6 3. That by participating in the In-person Education Scheme coordinated by
7 and implemented through Real Estate Educational Services, Respondent had in fact violated the
8 Rules of Conduct; and

9 4. That by participating in the In-person Education Scheme coordinated by
10 and implemented through Real Estate Educational Services, Respondent violated state and
11 federal laws concerning competing certain continuing education requirements as a mandatory
12 qualification for licensure.

13 ACKNOWLEDGMENTS AND VOLUNTARY WAIVER OF RIGHTS

14 It is hereby stipulated by and between Respondent and the Complainant, acting
15 by and through Steve Chu, Counsel for the Department of Real Estate ("Department"), as
16 follows:

17 1. All issues relating to the Department's investigation of Respondent's
18 improperly completed continuing education courses, and all evidence which may be presented
19 by the Department and Respondent at a formal disciplinary hearing held in accordance with the
20 provisions of the Administrative Procedure Act ("APA") resulting from the Department's
21 investigation shall instead and in place thereof be submitted on the basis of the provisions of
22 this Stipulation and Agreement ("Stipulation").

23 2. Respondent hereby waives Respondent's right to a formal hearing under
24 the provisions of the APA regarding the Factual Basis set forth above, and the Determination of
25 Issues set forth below.

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1 3. Respondent acknowledges that Respondent understands that by waiving
2 Respondent's right to notice of the charges brought against Respondent by the Department, and
3 Respondent's right to file a Notice of Defense requesting a formal hearing under the APA,
4 Respondent will thereby waive Respondent's right to require the Real Estate Commissioner
5 ("Commissioner") to prove the allegations which would be alleged in a formal Accusation at a
6 contested hearing held in accordance with the provisions of the APA and that Respondent will
7 waive other rights afforded to Respondent in connection with a hearing such as the right to
8 present evidence in defense of the allegations in the Accusation and the right to cross-examine
9 witnesses.

10 4. It is understood by the parties that the Real Estate Commissioner may
11 adopt the Stipulation as his Decision in this matter, thereby imposing the penalty and sanctions
12 on all of Respondent's real estate licenses and license rights as set forth in the below Order. In
13 the event that the Commissioner in his discretion does not adopt the Stipulation, it shall be void
14 and of no effect.

15 5. The Order or any subsequent Order of the Commissioner made pursuant
16 to this Stipulation shall not constitute an estoppel, merger or bar to any further administrative or
17 civil proceedings by the Department with respect to any matters which were not specifically
18 alleged as grounds for discipline in this matter.

19 DETERMINATION OF ISSUES

20 By reason of the foregoing stipulations, admissions, and waivers, and solely for
21 the purpose of settlement of the Department's investigation of Respondent's improperly
22 completed continuing education courses, it is stipulated and agreed that the following
23 Determination of Issues shall be made:

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1 I.

2 The conduct, acts or omissions of Respondent PEDRO LUIS BARROSO JR, as
3 described in the Factual Basis set forth above, constitutes cause for the suspension or revocation
4 of all real estate licenses, license endorsements, and license rights of Respondent PEDRO LUIS
5 BARROSO JR under California Business and Professions Code ("Code") sections 10166.05(c),
6 10166.051(a), 10166.051(b), 10177(d), 10177(g), and 10177(j).

7 ORDER

8 I.

9 All licenses, license endorsements, and license rights of Respondent PEDRO
10 LUIS BARROSO JR under the Real Estate Law are revoked; provided, however, a restricted
11 real estate salesperson license and restricted individual mortgage loan originator license
12 endorsement shall be issued to Respondent pursuant to Section 10156.5 of the Code if
13 Respondent makes application therefor and pays to the Department the appropriate fee for the
14 restricted license within ninety (90) days from the effective date of this Decision. The restricted
15 license issued to Respondent shall be subject to all of the provisions of Section 10156.7 of the
16 Code and to the following limitations, conditions, and restrictions imposed under Section
17 10156.6 of the Code:

18 1. The restricted license issued to Respondent may be suspended prior to
19 hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction,
20 plea of guilty, or plea of nolo contendere to a crime which is substantially related to
21 Respondent's fitness or capacity as a real estate licensee.

22 2. The restricted license issued to Respondent may be suspended prior to
23 hearing by Order of the Real Estate Commissioner on evidence satisfactory to the
24 Commissioner that Respondent has violated provisions of the California Real Estate Law, the
25 Subdivided Lands Law, Regulations of the Real Estate Commissioner, or the conditions
26 attaching to this restricted license.

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1 3. Respondent shall not be eligible to apply for the issuance of an
2 unrestricted real estate license, including designated officer or mortgage loan originator
3 endorsement, nor for the removal of any of the conditions, limitations or restrictions of a
4 restricted license until two (2) years have elapsed from the effective date of this Decision and
5 Order. Respondent withdraws all pending license applications.

6 4. Respondent shall, within ninety (90) days from the Effective Date of this
7 Decision and Order, take and complete the following mortgage loan originator education
8 requirements:

- 9 a. Twenty (20) hours of NMLS approved pre-licensure education,
10 which shall consist of fourteen (14) hours of federal law
11 curriculum, three (3) hours of ethics curriculum, and three (3)
12 hours of non-traditional mortgage lending curriculum. None of
13 these twenty (20) hours of pre-licensure education may be
14 state-specific curriculum;
- 15 b. Eight (8) hours of continuing education, which shall consist of
16 four (4) hours of federal law curriculum, two (2) hours of ethics
17 curriculum, and two (2) hours of non-traditional mortgage
18 lending curriculum. None of these eight (8) hours of continuing
19 education may be state-specific curriculum.

20 5. Respondent may not take any of the pre-licensure education or
21 continuing education provided for in Paragraph 4 of this Order in an online self-study format.

22 6. For a period of three (3) years from the Effective Date of this Order,
23 Respondent shall be required to complete any additional required pre-licensure education or
24 continuing education in a format other than online self-study format.

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1 7. All licenses, license endorsements, and license rights of Respondent
2 PEDRO LUIS BARROSO JR are indefinitely suspended unless or until Respondent PEDRO
3 LUIS BARROSO JR pays an administrative penalty of \$1,500.00. Said payment shall be in the
4 form of a cashier's check made payable to the Department of Real Estate. The payment must
5 be delivered to the Department of Real Estate, Flag Section at P.O. Box 137013,
6 Sacramento, CA 95813-7013, prior to the effective date of this Decision and Order.

7 8. All licenses, license endorsements, and license rights of Respondent
8 PEDRO LUIS BARROSO JR are indefinitely suspended unless or until Respondent PEDRO
9 LUIS BARROSO JR pays the sum of \$1,424.00 for the Commissioner's reasonable cost of the
10 investigation which led to this disciplinary action. Said payment shall be in the form of a
11 cashier's check made payable to the Department of Real Estate. The investigative costs must be
12 delivered to the Department of Real Estate, Flag Section at P.O. Box 137013,
13 Sacramento, CA 95813-7013, prior to the effective date of this Decision and Order.

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15 DATED: 9-15-2022



Steve Chu, Counsel
Department of Real Estate

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2 I have read the Stipulation and Agreement. I understand that I am waiving rights
3 given to me by the California Administrative Procedure Act, (including but not limited to
4 sections 11521 and 11523 of the Government Code), and I willingly, intelligently, and
5 voluntarily waive those rights, including the right to seek reconsideration and the right to seek
6 judicial review of the Commissioner's Decision and Order by way of a writ of mandate.

7 I agree, acknowledge, and understand that I cannot rescind or amend this
8 Stipulation and Agreement.

9 I can signify acceptance and approval of the terms and conditions of this
10 Stipulation and Agreement by mailing the original signed Stipulation and Agreement to:
11 Steve Chu, Department of Real Estate, 320 West 4th Street, Suite 350, Los Angeles,
12 California 90013-1105. Steve Chu must receive the original signed Stipulation and Agreement
13 or a copy faxed to (213) 576-6917 by August 31, 2022; if not, this Stipulation and Agreement is
14 invalid and void because the sum for the Commissioner's reasonable cost of the investigation
15 which led to this disciplinary action will increase.

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17 DATED: 8-25-22



PEDRO LUIS BARROSO JR
Respondent

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2 The foregoing Stipulation and Agreement is hereby adopted by me as my
3 Decision in this matter as to Respondent PEDRO LUIS BARROSO JR, and shall become
4 effective at 12 o'clock noon on 11/7/2022.

5 IT IS SO ORDERED 10.4.22

6 DOUGLAS R. McCAULEY
7 REAL ESTATE COMMISSIONER

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