

**FILED**

**MAR 2 2 2021**

**DEPARTMENT OF REAL ESTATE**

By           *Rj dew*          

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9 **BEFORE THE DEPARTMENT OF REAL ESTATE**

10 **STATE OF CALIFORNIA**

11 \* \* \*

12 In the Matter of the Accusation of: ) NO. H-6993 SAC  
13 SHANGRI-LA DREAMHOME REALTY, INC. ) ACCUSATION  
14 and MICHAEL DENNIS MASON, )  
15 Respondents. )

16 The Complainant, LUKE MARTN, in his official capacity as a Supervising  
17 Special Investigator of the Department of Real Estate of the State of California ("Department"),  
18 brings this Accusation against SHANGRI-LA DREAMHOME REALTY, INC. ("SDRI") and  
19 MICHAEL DENIIS MASON ("MASON"), (collectively "Respondents"), and is informed and  
20 alleges as follows:

21 GENERAL ALLEGATIONS

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23 SDRI is presently licensed and/or has license rights under the Real Estate Law,  
24 Part 1 of Division 4 of the Business and Professions Code ("Code"), as a corporate real estate  
25 broker, License No. 01879348.

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At all relevant times, SDRI held a Company Mortgage Loan Originator license endorsement, NMLS Id. No. 1197479.

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MASON is presently licensed and/or has license rights under the Real Estate Law, Part 1 Division 4 of the Code, as a real estate broker, License No. 00310192.

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At all relevant times, MASON held a Mortgage Loan Originator license endorsement, NMLS Id. No. 259209.

5

At all relevant times, MASON was the designated officer of SDRI. As the designated officer, MASON was 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 SDRI.

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Lulu Bardonado Alforque ("Alforque") was licensed with the Department as a real estate broker, License No. 01270510, from June 8, 2002, through October 9, 2009.

7

On October 9, 2009, Alforque's real estate broker license was revoked per Department Hearing No. H-5102 SAC on the grounds that Alforque violated Sections 10176(a) (knowingly making a substantial misrepresentation while in engaging in real estate activities), 10176(i) (fraud and/or dishonest dealings while engaging in real estate activities), 10177(j) (fraud and/or dishonest dealings), and 10177(g) (demonstrating negligence or incompetence in performing an act for which a license is required) of the Code.

8

At all relevant times, Alforque was an employee of and/or acting on behalf of Respondents as a mortgage loan processor. Alforque's responsibilities included, but were not limited to, the following: collecting loan applications and documents from clients; reviewing and

1 verifying client's personal information, including tax and income documents, social security  
2 number, bank account information, and driver's license numbers; order credit checks for clients;  
3 and/or correspond with third parties, like appraisers, escrow and insurance companies.

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5 At all relevant times, Alforque's personal residence was located at 1816 Avo  
6 Way, Manteca, CA 95337.

7 10

8 At all relevant times, Respondent's main office address registered with the  
9 Department was located at 1816 Avo Way, Manteca, CA 95337

10 11

11 At all relevant times, Florina Bardondo, Alforque's mother and an unlicensed  
12 individual with the Department, was an employee and/or agent of Respondents.

13 12

14 Whenever reference is made in this Accusation to an act or omission of SDRI,  
15 such allegation shall be deemed to mean that the employees, agents and real estate licensees  
16 employed by or associated with SDRI committed such act or omission while engaged in  
17 furtherance of the business or operations of SDRI and while acting within the course and scope  
18 of their authority and employment.

19 LICENSED ACTIVITY

20 13

21 At all times mentioned, Respondents engaged in the business of, acted in the  
22 capacity of, advertised, or assumed to act as real estate licensees, in the State of California, on  
23 behalf of others, for compensation or in expectation of compensation, within the meaning of:  
24 Section 10131(a) of the Code, including the operation and conduct of real estate business with  
25 the public wherein Respondents sells or offers to sell, buys or offers to buy, solicits prospective  
26 sellers or buyers, solicits or obtains listings of, or negotiates the purchase, sale, or exchange of  
27 real property or a business opportunity.

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate licensees, in the State of California, on behalf of others, for compensation or in expectation of compensation, within the meaning of: Section 10131(d) of the Code, including the operation and conduct of real estate business with the public wherein Respondents solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connections with loans secured directly or collaterally by liens on real property or on a business opportunity.

At all relevant times, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate licensees, in the State of California, on behalf of others, for compensation or in expectation of compensation, within the meaning of: Section 10131(e) of the Code, including the operation and conduct of real estate business with the public wherein Respondents sells or offers to sell, buys or offers to buy, or exchanges or offers to exchange a real property sales contract, or a promissory note secured directly or collaterally by a lien on real property or on a business opportunity, and performs services for the holders thereof.

**FIRST CAUSE OF ACTION**  
**(Negligence and/or Incompetence as to both Respondents)**

Each and every allegation made in Paragraphs 1 through 15, inclusive, is incorporated by this reference as if fully set forth herein.

On January 22, 2020, DRE Special Investigators Kristy Rodrigues and Mike Hanson, conducted a Broker Office Survey (“BOS”) of Respondents main office location: 1816 Avo Way, Manteca, CA 95337.

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During the BOS, Investigators Rodrigues and Hanson asked MASON to complete a Declaration regarding MASON's role and/or involvement with SDRI. While completing the Declaration, MASON asked Alforque if the business address for SDRI is Avo Street or Avo Way. MASON asked Alforque to clarify the address multiple times.

19

While completing the Declaration, MASON asked Alforque questions regarding the structure of SDRI, including questions regarding ownership interest.

20

During the BOS, MASON indicated to Investigators Rodrigues and Hanson that all SDRI loan files are kept in a filing cabinet at the SDRI main office location. MASON could not identify the cabinets in which the loan documents were maintained.

21

During the BOS, Investigators Rodrigues and Hanson asked MASON about Florina Bardondo. MASON indicated he did not know Florina Bardondo.

22

Pursuant to the requirements set forth in the Secure and Fair Enforcement for Mortgaged Licensing Act ("SAFE Act"), all Department licensees who hold an MLO License Endorsement with the Department must submit a Mortgage Call Report ("MCR") through NMLS within 45 days of the end of the calendar quarter.

23

As of the date of the BOS, all MCRs filed through NMLS on behalf of Respondents were signed by Florina Bardondo.

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As of the date of the BOS, Florina Bardondo, while acting on behalf of Respondents, engaged in the following transactions without the knowledge, consent, or supervision of MASON:

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<b>Property</b>	<b>Document</b>	<b>Settlement Date</b>
2127 Golden Leaf Lane., Tracy, CA 95377	Bardondo signed the RESPA Certification of Loan Estimate and Intent to Proceed submitted to Sterns Lending.	March 28, 2018
148 Oarsman Ct., Hercules, CA 94547	Bardondo submitted and signed the RESPA Changed Circumstances Detail Form, the Closing Information Request Form, the FHA Case Number Request Form, and a RESPA Certification of Loan Estimate and Intent to Proceed Form.	May 7, 2018
26 Wilms Ave., South San Francisco, CA 94080	Bardondo submitted and signed the RESPA Certification of Receipt of Loan Estimate and Intent to Proceed Form.	September 20, 2018
1883 Rochester St., Tracy, CA 95377	Bardondo submitted and signed the RESPA Certification of Receipt of Loan Estimate and Intent to proceed Form.  Alforque requested credit reports for borrowers on behalf of Respondents. The borrowers were not provided with a fair lending notice that included the DRE contact information.	March 13, 2019
110 Rhoades Way, Folsom, CA 95630	Bardondo submitted and signed a RESPA Certification of Receipt of Loan estimate and Intent to Proceed Form.	August 15, 2019

**SECOND CAUSE OF ACTION**  
**(Failure to file Business Activity Reports as to Respondents)**

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Each and every allegation in Paragraphs 1 through 24, inclusive, is incorporated  
by this reference as if fully set forth herein.

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Pursuant to Section 10166.07 of the Code, real estate brokers who engaged in real estate activities under Sections 10131(d), 10131(e), or 10131.1 of the Code, and who make, arrange, or service loans secured by residential 1-4 unit property must file a Business Activity Report ("BAR") for the respective fiscal years.

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As of the date of the signing of this Accusation, Respondents' have failed to file a single BAR, in violation of Section 10166.07 of the Code.

**THIRD CAUSE OF ACTION**  
**(Failure to Supervise as to MASON)**

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Each and every allegation made in Paragraphs 1 through 27, inclusive, is incorporated by this reference as if fully set forth herein.

29

As the designated office of SDRI, MASON was responsible for the supervision and control over the activities conducted on behalf of SDRI by the corporation's officers, employees and agents, as necessary to ensure full compliance with all provisions of the Real Estate Law, including the supervision of all salespersons licensed under the corporation in the performance of acts for which a real estate license is required.

30

MASON failed to exercise reasonable supervision and control over the activities of SDRI. In particular, MASON permitted, ratified and/or caused the conduct described above to occur, and failed to take reasonable steps, including but not limited to, supervision of employees and agents, and the implementation of policies, rules and systems to ensure the compliance of the business with the Real Estate Law and the Regulations.

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FOURTH CAUSE OF ACTION  
(Breach of Fiduciary Duties as to MASON)

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Each and every allegation made in Paragraphs 1 through 30, inclusive, is incorporated by reference as if fully set forth herein.

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At all relevant times herein, while acting as real estate agents, MASON owed the borrowers fiduciary duties, including, but not limited to the following: duty of reasonable care and skill; duty of good faith; duty of loyalty; and duty of diligence.

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MASON breached his fiduciary duties by engaging in the acts and/or omissions described above in the FIRST, SECOND and THIRD CAUSES OF ACTION.

GROUNDS FOR DISCIPLINE

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Each and every allegation made in Paragraphs 1 through 33, inclusive, is incorporated by this reference as if fully set forth herein.

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The acts and/or omissions of Respondents as alleged above in the FIRST CAUSE OF ACTION constitute grounds for the suspension or revocation of all licenses and license rights of Respondents under Sections 10166.051, 10177(d) and 10177(g) of the Code.

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The acts and/or omissions of Respondents as alleged above in the SECOND CAUSE OF ACTION further constitute grounds for the suspension or revocation of the license and license rights of Respondents under Sections 10166.07, 10177(d) and 10177(g) and of the Code.

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The acts and/or omissions of MASON as alleged above in the THIRD and FOURTH CAUSES OF ACTION further constitute grounds for the suspension or revocation of



1 the license and license rights of MASON under Sections 10159.2, 10177(d), 10177(g) and  
2 10177(h) of the Code, in conjunction with Section 2725 of the Regulations.

3 COST RECOVERY

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5 Each and every allegation made in Paragraphs 1 through 37, inclusive, is  
6 incorporated by this reference as if fully set forth herein.

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8 Section 10106 of the Code provides, in pertinent part, that in any order issued in  
9 resolution of a disciplinary proceeding before the DRE, the Commissioner may request the  
10 Administrative Law Judge to direct a licensee found to have committed a violation of this part to  
11 pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

12 WHEREFORE, Complainant prays that a hearing be conducted on the  
13 allegations of this Accusation and that upon proof thereof, a decision be rendered revoking all  
14 licenses and license rights of Respondent under the Real Estate Law (Part 1 of Division 4 of the  
15 Business and Professions Code), for the cost of investigation and enforcement as permitted by  
16 law, and for such other and further relief as may be proper under other provisions of law.

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LUKE MARTIN  
Supervising Special Investigator

20 Dated at Sacramento, California,  
21 this 16<sup>th</sup> day of MARCH, 2021.

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23 DISCOVERY DEMAND

24 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the  
25 DRE hereby makes demand for discovery pursuant to the guidelines set forth in the  
26 *Administrative Procedure Act*. Failure to provide Discovery to the DRE may result in the  
27 exclusion of witnesses and documents at the hearing or other sanctions that the Office of  
Administrative Hearings deems appropriate.