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FILED

JAN 05 2012

DEPARTMENT OF REAL ESTATE

BY: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 SUPERSTARS INC., doing business as Award Escrow,) No. H- 37776 LA
14 Century 21 Superstars and Superstars University; and)
15 DAVID PATRICK ROMERO, individually and as)
16 designated officer of Superstars Inc.,) ACCUSATION
17 Respondents.)

17 The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State
18 of California, for cause of Accusation against SUPERSTARS INC., doing business as Award
19 Escrow, Century 21 Superstars and Superstars University, and DAVID PATRICK ROMERO,
20 individually and as designated officer of Superstars Inc., alleges as follows:

21 1.

22 The Complainant, Maria Suarez, acting in her official capacity as a Deputy Real
23 Estate Commissioner of the State of California, makes this Accusation.

24 2.

25 All references to the "Code" are to the California Business and Professions Code
26 and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

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License Status

A. SUPERSTARS INC. ("SI"). At all times mentioned, Respondent SI was licensed or had license rights issued by the Department of Real Estate ("Department") as a real estate broker. On November, 30, 1994, SI was originally licensed as a corporate real estate broker. Respondent SI was authorized to act by and through Respondent DAVID PATRICK ROMERO as SI's designated broker pursuant to Business and Professions Code (hereinafter "Code") Sections 10159.2 and 10211 to be responsible for ensuring compliance with the Real Estate Law.

B. SI's real estate broker license includes the dbas Award Escrow, a "non-independent broker escrow ("AWARD"), as of February 15, 2011, Century 21 Superstars ("C21"), as of October 1, 1999, and Superstars University ("SU"), as of May 2, 2003.

C. DAVID PATRICK ROMERO ("ROMERO") At all times mentioned, Respondent ROMERO was licensed or had license rights issued by the Department as a real estate broker. ROMERO is the designated officer of SI, AWARD, and Award-Superstars

Brokerage

At all times mentioned, in the City of Rancho Santa Margarita, Orange County, SI and ROMERO acted as real estate brokers conducting licensed activities within the meaning of:

A. Code Section 10131(a). Selling or offering to sell, buying or offering to buy, soliciting prospective sellers or purchasers of, soliciting or obtaining listings of, or negotiating the purchase, sale or exchange of real property or a business opportunity.

B. Code Section 10131(d). Soliciting borrowers or lenders for or negotiating loans or collecting payments or performing services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property.

C. In addition, SI conducted broker-controlled escrows through its escrow division under the exemption set forth in California Financial Code Section 17006(a)(4) for real estate

1 brokers performing escrows incidental to a real estate transaction where the broker is a party and
2 where the broker is performing acts for which a real estate license is required.

3
4 FIRST CAUSE OF ACCUSATION

(Audit Examination – Superstars Inc. – Real Estate Sales Activity)

5 5.

6 On September 29, 2010, the Department completed an audit examination of the
7 books and records of SI's real estate sales activity, as described in Paragraph 4A, which require a
8 real estate license. The audit examination covered a period of time beginning on October 1, 2007
9 and ending on July 31, 2010. The audit examination revealed violations of the Code and the
10 Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report
11 LA 090251 and the exhibits and work papers attached to said audit report.

12 Trust Account

13 6.

14 During the audit period, SI did not maintain a trust account for its real estate sales
15 activity.

16 Audit Violations

17 7.

18 In the course of activities described in Paragraph 4A, above, and during the audit
19 examination period described in Paragraph 5, Respondents SI and ROMERO acted in violation
20 of the Code and the Regulations in which Respondents:

21 (a) Did not have in its possession the earnest money deposit check SI's agent
22 purported to have in its "California Residential Purchase Agreement and Joint Escrow
23 Instructions" presentation to the seller, a substantial misrepresentation in violation of Code
24 Section 10176(a).

25 (b) Failed to maintain an accurate record for trust funds received and disbursed in
26 its trust log, in violation of Code Section 10145 and Regulation 2831. Examples include
27

1 inaccurate information pertaining to the "Date Received" and "Date of Disposition" appearing on
2 the trust log of "Trust Fund Received – Not Placed in Broker's Trust Account."

3 (c) Failed to obtain a written authorization from a buyer to hold the Earnest
4 Money Deposit check beyond three (3) business days after acceptance of the offer, in violation of
5 Code Section 10145 and Regulation 2832.

6 (d) Failed to timely notify the Department of the closure of one of its licensed
7 branch offices, namely its Yorba Linda office, in violation of Code Section 10163 and Regulation
8 2715.

9 (e) Failed to make available for inspection by the Department the original/current
10 license certificate for real estate salespersons Mariam Nicole Farzad, John Whitney Luce Jr.,
11 Shelly Calderon, Parastou Mendoza and Nader Tajbakhsh, in violation of Code Section 10160
12 and Regulation 2753.

13 (f) Used the fictitious business name "The Bond Real Estate Group" in a real
14 estate resale advertisement in "The Newport News" without first obtaining a license from the
15 from the Department, in violation of Code Section 10159.5 and Regulation 2731.

16 Discipline Statues and Regulations

17 8.

18 The conduct of Respondents SI and ROMERO, in its real estate sales activities, as
19 described in Paragraph 7, above, violated the Code and the Regulations as set forth below:

21 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
22 7(a)	Code Section 10176(a)
23 7(b)	Code Section 10145 and Regulation 2831
24 7(c)	Code Sections 10145 and Regulation 2832
25	
26	
27	

1 7(d) Code Section 10163 and Regulation 2715

2 7(e) Code Sections 10160 and Regulation 2753

3
4 7(f) Code Section 10159.5 and Regulation 2731

5
6 The foregoing violations constitute cause for discipline of the real estate license
7 and license rights of Respondents SI and ROMERO, as the case may be, under the provisions of
8 Code Sections 10176(a), 10176(e), 10177(d) and/or 10177(g), and as to ROMERO only,
9 10177(h).

10 SECOND CAUSE OF ACCUSATION

(Audit Examination – Superstars Inc. – Broker Escrow Activity)

11 9.

12 On November 29, 2010, the Department completed an audit examination of the
13 books and records of SI's broker escrow activity, as described in Paragraph 4B, which require a
14 real estate license. The audit examination covered a period of time beginning on October 1, 2007
15 and ending on September 30, 2010. The audit examination revealed violations of the Code and
16 the Regulations as set forth in the following paragraphs, and more fully discussed in Audit
17 Report LA 100092 and the exhibits and work papers attached to said audit report.

18 Trust Account

19 10.

20 During the audit period, SI maintained two (2) trust accounts for its broker escrow
21 activity, T/A 1 (No. XXXXX0547) and T/A 2 (No. XXXXX1444).

22 Audit Violations

23 11.

24 In the course of activities described in Paragraph 4B, above, and during the audit
25 examination period described in Paragraph 9, Respondents SI and ROMERO acted in violation
26 of the Code and the Regulations in which Respondents:
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(a) Allowed non-licensees as signatories to its trust accounts T/A 1 and T/A 2 without written authorization from D.O. ROMERO, failed to maintain the fidelity bond coverage for the non-licensees to be signatories, and did not designate D.O. ROMERO as the signatory of T/A 2, in violation of Code Section 10145 and Regulation 2834/2951.

(b) Failed to disclose on the escrow instruction escrow holders with trust funds in T/A 1 and T/A 2 that it maintained an earning credit relationship with City National Bank, in violation of Code Section 10176(g).

(c) Failed to disclose in writing to all escrow holders SI's stockholder, officer, partner or ownership in the escrow operation, in violation of Regulation 2950(h).

(d) Conducted broker escrow activity and used the fictitious business name "Award Escrow" without first obtaining a license from the Department to use such fictitious name, in violation of Section 10159.5 and Code 2731.

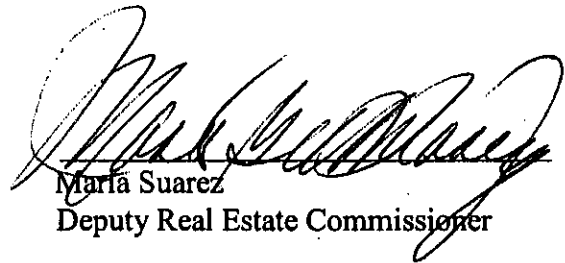
<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
11(a)	Code Section 10145 and Regulation 2834/2951
11(b)	Code Section 10176(g)
11(c)	Regulation 2950(h)
11(d)	Code Section 10159.5 and Regulation 2731

The foregoing violations constitute cause for discipline of the real estate license and license rights of Respondents SI and ROMERO, as the case may be, under the provisions of Code Sections 10176(g), 10176(i), 10177(d) and/or 10177(g), and as to ROMERO only, 10177(h).

1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against the license and license rights of Respondents SUPERSTARS INC. and DAVID
4 PATRICK ROMERO, under the Real Estate Law (Part 1 of Division 4 of the Business and
5 Professions Code) and for such other and further relief as may be proper under other applicable
6 provisions of law.

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8 Dated at Los Angeles, California

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10 This January 4, 2012


Maria Suarez
Deputy Real Estate Commissioner

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22 cc: Superstars Inc.
23 c/o David Patrick Romero, D.O.
24 Maria Suarez
25 Sacto
26 Enforcement – Charles White
27 Audits – Gina King