

FILED

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BUREAU OF REAL ESTATE

By 

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9 **BEFORE THE BUREAU OF REAL ESTATE**

10 **STATE OF CALIFORNIA**

11 * * *

12 In the Matter of the Accusation of)	
)	
13 VIP REAL ESTATE LOANS INC.;)	No. H-39499 LA
)	
14 LUIS J. VERDUGO, individually and as)	
15 designated officer of VIP Real Estate Loans)	<u>ACCUSATION</u>
16 Inc.,)	
)	
17 Respondents.)	

18 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State
19 of California, for cause of Accusation against VIP REAL ESTATE LOANS INC. and LUIS J.
20 VERDUGO, individually and as designated officer of VIP Real Estate Loans Inc., alleges as
21 follows:

22 1.

23 The Complainant, Robin Trujillo, acting in her official capacity as a Deputy Real
24 Estate Commissioner of the State of California, makes this Accusation.

25 2.

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

1 3.

2 License Status

3 A. VIP REAL ESTATE LOANS INC. (VIP). At all times mentioned,
4 Respondent VIP was licensed or had license rights issued by the Bureau of Real Estate (Bureau)
5 as a corporate real estate broker. On November 29, 2005, VIP was originally licensed as a
6 corporate real estate broker. Respondent VIP was authorized to act by and through Respondent
7 LUIS J. VERDUGO as VIP's designated officer pursuant to Business and Professions Code
8 (hereinafter Code) Sections 10159.2 and 10211 to be responsible for ensuring compliance with
9 the Real Estate Law.

10 B. LUIS J. VERDUGO (VERDUGO). At all times mentioned, Respondent
11 VERDUGO was licensed or had license rights issued by the Bureau as a real estate broker. On
12 October 24, 2005, VERDUGO was originally licensed as a real estate broker.

13 Brokerage

14 4.

15 At all times mentioned, in the City of Tarzana, County of Ventura, VIP and
16 VERDUGO acted as real estate brokers conducting licensed activities within the meaning of:

17 A. Code Section 10131(d). Respondents engaged in activities with the public
18 wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on
19 real property, wherein such loans were arranged, negotiated, processed and consummated on
20 behalf of others for compensation or in expectation of compensation and for fees often collected
21 in advance.

22 B. Code Section 10131(d) and 10131.2. Respondents engaged in activities and
23 advertised, solicited and offered to provide loss mitigation and loan modification services to
24 economically distressed homeowners seeking adjustments to the terms and conditions of their
25 home loans including, but not limited to, repayment plans, forbearance plans, partial claims, and
26 reduction in principal or interest, extenuations, foreclosure prevention and short sales.

1 FIRST CAUSE OF ACCUSATION

(Audit)

2 5.

3 On November 28, 2012, the Bureau completed an audit examination of the books
4 and records of VIP limited to the mortgage loan brokerage, advanced fee and loan modification
5 activities, as described in Paragraph 4, which require a real estate license. The audit examination
6 covered a period of time beginning on January 1, 2010 and ending on August 31, 2012. The
7 audit examination revealed violations of the Code and the Regulations as set forth in the
8 following paragraphs, and more fully discussed in Audit Report LA 120022 and the exhibits and
9 work papers attached to said audit report.

10 Trust Account

11 6.

12 During the audit period VIP did not maintain a trust account.

13 Audit Violations

14 7.

15 In the course of activities described in Paragraphs 4 and 6, above, and during the
16 examination period described in Paragraph 5, Respondents VIP and VERDUGO, acted in
17 violation of the Code and the Regulations in which Respondents:

18 (a) Mixed and commingled trust funds and personal funds by depositing advanced
19 fees collected from loan modification applicants into VIP's general operating account, in
20 violation of Code Sections 10145 and 10176(e) and Regulation 2832;

21 (b) Employed and compensated real estate salesperson Erick Danilo Perez, as a
22 loan agent for performing acts for which a real estate license is required when his license was
23 suspended pursuant to California Financial Code 17520, in violation of Code Section 10137;

24 (c) Conducted licensed activities at 1915 Ventura Blvd., Tarzana, CA which was
25 not registered as VIP's main address, in violation of Code Section 10163 and Regulation 2715;
26
27

1 (d) On or about December 1, 2009, VIP's corporate status was suspended by the
2 California Franchise Tax Board, yet VIP continued to conduct operations to date, in violations of
3 Code Section 10177(f) and Regulation 2742(c);

4 (e) Failed to retain the salesperson license certificate for Ana Barajas, Steve
5 Flores, Firouz Mobarez and Andres Umana, in violation of Code Section 10160 and Regulation
6 2753;

7 (f) Failed to maintain a signed broker salesperson agreements with salespersons
8 Ana Barajas, Steve Flores, Firouz Mobarez and Mary Verdugo, in violation of Regulation 2726;

9 (g) Used the fictitious name of "VIP Real Estate Loans," to conduct licensed
10 activities including a real estate sales brokerage, without first obtaining from the Bureau a license
11 bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731;
12
13 and

14 (h) VERDUGO failed to exercise reasonable control and supervision over the
15 activity of VIP to secure full compliance with the Real Estate Law, including supervision of
16 VIP's employees and further including Erick Danilo Perez. Additionally, VERDUGO had no
17 system in place for regularly monitoring his compliance with the Real Estate Law particularly in
18 regard to establishing, systems, policies and procedures to review trust fund handling especially
19 including loss mitigation and loan modification services, in violation of Code Sections 10159.2,
20 10177(h) and Regulation 2725.

21
22 Discipline Statutes and Regulations

23 8.

24 The conduct of Respondents VIP and VERDUGO, described in Paragraph 7,
25 above, violated the Code and the Regulations as set forth below:

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27

<u>Paragraph</u>	<u>Provisions Violated</u>
7(a)	Code Sections 10145 and 10176(e) and Regulation 2832
7(b)	Code Section 10137
7(c)	Code Section 10162 and Regulation 2715
7(d)	Code Section 10177(f) and Regulation 2742(c)
7(e)	Code Section 10160 and Regulation 2753
7(f)	Regulation 2726
7(g)	Code Section 10159.5 and Regulation 2731
7(h)	Code Section 10159.2 and Regulation 2725 (VERDUGO)

The foregoing violations constitute cause for discipline of the real estate license and license rights of Respondents VIP and VERDUGO, as the case may be, under the provisions of Code Sections 10176(e), 10177(d), 10177(f), 10177(g) and 10177(h)(VERDUGO).

SECOND CAUSE OF ACCUSATION
(Negligence)

13.

The overall conduct of Respondents VIP and VERDUGO constitutes negligence or incompetence and is cause for discipline of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

THIRD CAUSE OF ACCUSATION
(Fiduciary Duty)

14.

The conduct, acts and omissions of Respondents VIP and VERDUGO constitute a breach of fiduciary duty, owed the homeowners, borrowers and loan modification, of good faith, trust, confidence and candor, within the scope of their relationship, in violation of Code Section 10177(g) and constitutes cause for discipline of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

FOURTH CAUSE OF ACCUSATION
(Supervision and Compliance)

15.

The overall conduct of Respondent VERDUGO constitutes a failure on said Respondent's part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of VIP as required by Code Section 10159.2 and Regulation 2725, and to keep VIP in compliance with the Real Estate Law, with specific regard to trust fund handling for licensed activities in connection with loan modification services, and is cause for discipline of the real estate license and license rights of Respondent VERDUGO pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

17.

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

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1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against the license and license rights of Respondents VIP REAL ESTATE
4 LOANS INC. and LUIS J. VERDUGO, under the Real Estate Law (Part 1 of Division 4 of the
5 Business and Professions Code) and for such other and further relief as may be proper under
6 other applicable provisions of law including , costs of audit, investigation and enforcement, and
7 as pursuant to applicable provisions of the California Administrative Procedure Act including
8 restitution.
9

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11 Dated at Los Angeles, California

12 this 17 day of June, 2014.
13

14 
15 ROBIN TRUJILLO
16 Deputy Real Estate Commissioner
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24 cc: VIP Real Estate Loans Inc.
25 c/o Luis J. Verdugo D.O.
26 Robin Trujillo
27 Sacto
Audits – Manijeh Khazrai