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FILED

JUL 07 2016

BUREAU OF REAL ESTATE

By John Aguirre

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6
7 BEFORE THE BUREAU OF REAL ESTATE
8 STATE OF CALIFORNIA
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10 In the Matter of the Accusation against) CalBRE No. H-40303 LA
11)
DARLENE CRYSTAL MARTINEZ) ACCUSATION
12 and REALTY PRO GROUP, INC.,)
13 Respondents.)
14

15 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator for the Bureau
16 of Real Estate ("Bureau") of the State of California, for cause of Accusation against DARLENE
17 CRYSTAL MARTINEZ aka Darlene Martinez and REALTY PRO GROUP, INC. (collectively
18 "Respondents"), is informed and alleges as follows:

19 1.

20 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator, makes this
21 Accusation in her official capacity.

22 2.

23 Unless otherwise noted, all references to the "Code" are to the California Business and
24 Professions Code and all references to "Regulations" are to the Regulations of the Real Estate

1 Commissioner, Title 10, Chapter 6, California Code of Regulations.

2 3.

3 From July 24, 2013, through the present, Respondent DARLENE CRYSTAL
4 MARTINEZ (Respondent "MARTINEZ") has been licensed and/or has license rights under the
5 Real Estate Law (Part 1 of Division 4 of the Code) as a real estate broker, License ID 01780481.
6 Respondent MARTINEZ was licensed as a salesperson from January 26, 2007 through July 23,
7 2013. At all times relevant herein, Respondent MARTINEZ was licensed to do business as
8 Realty Pro Group.

9 4.

10 From August 11, 2014, through the present, Respondent REALTY PRO GROUP, INC.
11 ("RPGI") has been licensed as a real estate corporation, License ID 01959980. Respondent
12 MARTINEZ is the owner and President of RPGI. At all times relevant herein, RPGI and Realty
13 Pro Group used the same office address of 212 Yale Avenue, Claremont, California 91711.

14 5.

15 Maria P. Edmon aka Maria Vega ("Maria Edmon") has never been licensed by the
16 Bureau in any capacity.

17 6.

18 A real estate salesperson is defined under Code section 10132 as a natural person who,
19 for a compensation or in expectation of a compensation, is employed by a licensed real estate
20 broker to do one or more of the acts set forth in Sections 10131, 10131.1, 10131.2, 10131.3,
21 10131.4, and 10131.6.

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7.

Code section 10131 defines a real estate broker, in pertinent part, as follows:

A real estate broker within the meaning of this part is a person who, for a 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 or others:

(a) Sells or offers to sell, buys or offers to buy, solicits prospective sellers or purchasers of, solicits or obtains listings of, or negotiates the purchase, sale or exchange of real property or a business opportunity.

(d) Solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

8.

Code section 10130 provides:

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 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 assume to act as a mortgage loan originator within this state without having obtained a license endorsement. The commissioner may prefer a complaint for violation of this section before any court of competent jurisdiction, and the commissioner and his or her counsel, deputies, or assistants may assist in presenting the law or facts at the trial. It is the duty of the district attorney of each county in this state to prosecute all violations of this section in their respective counties in which the violations occur.

9.

Code section 10137 provides, in pertinent part, the following:

It is unlawful for any licensed real estate broker to employ or compensate, directly or indirectly, any person for performing any of the acts within the scope of this chapter who is not a licensed real estate broker, or a real estate salesperson licensed under the broker employing or compensating him or her, or to employ or compensate, directly or indirectly, any licensee for engaging in any activity for which a mortgage loan originator license endorsement is required, if 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.

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3761 3rd Ave.

10.

On or about April 13, 2014, an open house took place for the sale of a property located at 3761 3rd Avenue, Los Angeles, California ("subject property"). Prospective purchaser J.C.¹ was interested in purchasing the subject property. Maria Edmon contacted J.C. and offered to assist J.C. with the purchase of the subject property.

11.

On or about April 16, 2014, Maria Edmon submitted a Residential Income Property Purchase Agreement and Joint Escrow Instructions ("purchase agreement") on behalf of J.C. for the purchase of the subject property. Respondent MARTINEZ was listed as the agent and Realty Pro Group was listed as the selling broker for buyer J.C. on the purchase agreement. The seller accepted J.C.'s offer. The seller was represented by agent C.W. and broker TDC/Pacific Properties, Inc. Escrow for the subject property was handled by San Martin Escrow, Escrow No. 4410-CB.

12.

According to the seller's agent - C.W., Maria Edmon negotiated J.C.'s purchase of the subject property. According to J.C., Maria Edmon found a lender and assisted J.C. with securing a mortgage to purchase the subject property. J.C. believed that Maria Edmon was acting on J.C.'s behalf as J.C.'s agent in the purchase of the subject property. J.C. dealt primarily with Maria Edmon during the purchase of the subject property.

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¹ 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 and/or her attorney, after service of a timely and proper request for discovery on Complainant's counsel.

13.

The subject property was inspected while in escrow. The inspections revealed problems with the subject property including, among others, foundation problems and termite damage. The estimated cost of repairs to the foundation totaled \$5,000. The estimated cost of repairs for the termite damage was \$1,345. On May 22, 2014, a Standard Notice of Work Completed and Not Completed on the subject property was prepared by Estate Termite, Inc. The cost of work completed was \$1,150. Estate Termite, Inc. sent Invoice No. 17065 for \$1,150 to San Martin Escrow. Separate requests for repairs were submitted to the seller on behalf of J.C. The seller agreed to credit J.C. amounts totaling \$7,300 for repairs to the subject property.

14.

On May 28, 2014, Maria Edmon sent an email to J.C. stating: "You will have \$5,000 given to you after the close of escrow. Please do not inform people of this as this is illegal since we can't let the bank know that you are getting credit for repairs." On May 29, 2014, Maria Edmon sent another email to J.C. stating: "At close of escrow you will receive 5,000 plus 500 for the inspection." In reliance upon the representations, promises, and advice of Maria Edmon, J.C. agreed to proceed with the purchase of the subject property.

15.

On May 29, 2014, Respondent MARTINEZ sent the following email to C.W. - the seller's agent: "The buyer has decided to move forward with closing with the \$3,000 for repairs. After speaking to the lender, we can't give the buyers any credit through escrow. If it's not a problem, can you raise the commission through escrow? Another option is to submit an invoice in escrow to pay a handyman. What will work better?"

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16.

On May 29, 2014, C.W. replied to Respondent MARTINEZ's email and informed Respondent MARTINEZ that the escrow company would draft an amendment for an increase in Respondent MARTINEZ's commission. Buyer J.C. was not advised of this arrangement by either Maria Edmon or Respondent MARTINEZ prior to the close of escrow.

17.

On May 29, 2014, the seller signed amended instructions to pay commission which instructed San Martin Escrow to pay Realty Pro Group a commission of \$11,750 upon close of escrow. TDC/Pacific Properties was to receive a commission of \$10,000 according to the final HUD-1 settlement statement.

18.

Escrow closed on June 2, 2014. According to San Martin Escrow's conciliation report, \$2,300 was paid to Estate Termite, Inc., \$11,750 was paid to Realty Pro Group, and \$2,627.60 was paid to the seller's lender as a principal reduction.

19.

On June 4, 2014, Respondent MARTINEZ and Realty Pro Group executed a Cooperating Broker Compensation Agreement and Escrow Instruction with C.W. and TDC/Pacific Properties. TDC/Pacific Properties agreed to compensate Respondent MARTINEZ and Realty Pro Group as a cooperating broker for an unspecified percentage of the selling price.

20.

On June 5, 2014, Respondent MARTINEZ instructed San Martin Escrow to split her broker commission check of \$11,750 in the amounts of \$11,450 to Respondent MARTINEZ and \$300 to Melissa Gutierrez for a transaction coordinator fee. San Martin Escrow issued check no.

020559 to Respondent MARTINEZ for \$11,450.00 and check no. 020558 in the amount of \$300.00 to Melissa Gutierrez.

21.

After close of escrow, J.C. did not receive the \$5,500 that had been promised to J.C. by Maria Edmon. On June 11, 2014, J.C. sent an email to Maria Edmon asking for the \$5,500. Maria Edmon replied to J.C. on the same day and informed J.C. that J.C.'s lender was "eating the \$3,000 credit and applied it to your [J.C.'s] principal loan." On or about June 19, 2014, Maria Edmon gave J.C. check no. 111 for \$3,000 which was returned by the bank for insufficient funds when J.C. attempted to cash it. On June 30, 2014, Maria Edmon sent an email to J.C. stating that the funds would be wired to J.C. by one p.m. the following day. J.C. did not receive any funds from Maria Edmon. Respondent MARTINEZ failed to explain the transaction to J.C. and failed to deliver the funds that had been promised to J.C. by Maria Edmon.

22.

The conduct, acts and/or omissions of Maria Edmon as described above in Paragraphs 10 through 21 constitute activities requiring a real estate license in violation of Code section 10130.

23.

The conduct, acts and/or omissions of Respondent MARTINEZ and Pro Group Realty, as described above in Paragraphs 10 through 21, are in violation of Code section 10137 and constitute cause for the suspension or revocation of all real estate licenses and license rights of Respondent MARTINEZ under the provisions of Code sections 10177(d) (violation of the Real Estate Law), 10176(a) (substantial misrepresentation), 10177(j) (fraud or dishonest dealing), and/or 10177(g) (negligence).

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24.

As an officer and person owning or controlling RPGI, the conduct, acts and/or omissions of Respondent MARTINEZ as described above in Paragraphs 10 through 21, constitute cause for the suspension or revocation of the real estate license and license rights of Respondent RPGI under the provisions of Code sections 10177(d) (violation of the Real Estate Law), 10177(j) (fraud or dishonest dealing), and/or 10177(g) (negligence).

COST RECOVERY

25.

Code Section 10106 provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, 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.

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

Dated at San Diego, California this 15th day of June, 2016.

VERONICA KILPATRICK
Supervising Special Investigator

1 cc: Darlene Crystal Martinez
2 Realty Pro Group, Inc.
3 Veronica Kilpatrick
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