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OCT 13 2020

1 STEVE CHU, Counsel (SBN 238155)  
2 Department of Real Estate  
3 320 West 4th Street, Suite 350  
4 Los Angeles, California 90013-1105

DEPT. OF REAL ESTATE  
By [Signature]

4 Telephone: (213) 620-6430  
5 Fax: (213) 576-6917

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8  
9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of ) No. H-41272 LA  
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14 PAUL A CUBILLOS, ) FIRST AMENDED  
15 ) ACCUSATION  
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20 This First Amended Accusation amends the Accusation filed on  
21 January 18, 2019. The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of  
22 the State of California, for cause of Accusation against PAUL A CUBILLOS, PREFERRED  
23 GROUP PROPERTIES INC, doing business as Harcourts Prime Properties, Portico, Portico  
24 Financial, and Portico Properties, and KEVIN JOHN SANCHEZ, individually and as  
25 designated officer of Preferred Group Properties Inc., ("Respondents"), is informed and alleges  
26 as follows:  
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1.

The Complainant, Veronica Kilpatrick, acting in her official capacity as a Supervising Special Investigator of the State of California, makes this Accusation against Respondents PAUL A CUBILLOS, PREFERRED GROUP PROPERTIES INC, and KEVIN JOHN SANCHEZ.

2.

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

3.

Respondent PAUL A CUBILLOS ("CUBILLOS") presently has license rights under the Real Estate Law, Part 1 of Division 4 of the Code as a restricted real estate salesperson.

4.

Respondent PREFERRED GROUP PROPERTIES INC, doing business as Harcourts Prime Properties, Portico, Portico Financial, and Portico Properties ("PREFERRED GROUP PROPERTIES"), presently has license rights as a corporate real estate broker.

5.

Respondent KEVIN JOHN SANCHEZ ("SANCHEZ") presently has license rights as a real estate broker.

6.

Respondent PREFERRED GROUP PROPERTIES is licensed by the Department of Real Estate as a corporate real estate broker by and through Respondent SANCHEZ, as the designated officer and broker responsible, pursuant to Code section 10159.2, for supervising the activities requiring a real estate license conducted on behalf of PREFERRED GROUP PROPERTIES, or by PREFERRED GROUP PROPERTIES'S officers, agents and employees.

///

1 SUSPENSION OF ALL LICENSES FOR FAILURE TO PAY COSTS

2 7.

3 On or about October 15, 2012, the Department of Real Estate filed an  
4 Accusation against Respondents CUBILLOS and Alta Vista Investments Inc. in Case  
5 No. H-38473 LA.

6 8.

7 On or about July 27, 2015, the Real Estate Commissioner in Case  
8 No. H-38473 LA adopted as his Decision effective on or about August 20, 2015, a Stipulation  
9 and Agreement entered on or about June 4, 2015, by Respondents CUBILLOS and Alta Vista  
10 Investments Inc. and the Bureau of Real Estate where CUBILLOS stipulated to the acts and  
11 omissions in the Accusation as grounds for disciplinary action in that: CUBILLOS violated  
12 Code sections 10140.6, 10145, 10148, 10159.2, and 10176(a), and Regulations sections 2725,  
13 2731, 2831, 2831.1, 2831.2, 2832, 2950(e), 2950(g), 2950(h), and 2951. The Decision  
14 provided that CUBILLOS's real estate broker license was revoked and that CUBILLOS would  
15 be issued a restricted real estate salesperson license if he complied with certain conditions such  
16 as submitting an application within 90 days of the effective date. The Decision also provided  
17 that, "All licenses and licensing rights of Respondent PAUL A. CUBILLOS are indefinitely  
18 suspended unless or until Respondent pays the sum of \$12,000.00 for the Commissioner's  
19 reasonable cost of the investigation and enforcement which led to this disciplinary action."

20 9.

21 On or about October 9, 2015, Respondent CUBILLOS made application to the  
22 Department of Real Estate for a restricted real estate salesperson license.

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1 10.

2 On or about October 9, 2015, Respondent PREFERRED GROUP PROPERTIES  
3 through Respondent SANCHEZ signed the Broker Certification section of Respondent  
4 CUBILLOS's restricted real estate salesperson license, to wit, "I hereby certify under penalty of  
5 perjury that I am a licensed Real Estate Broker, and that I have read the applicant's answers to  
6 all questions in the application, and that there is a written agreement on file in my office  
7 covering the material aspects of employment relationship including supervision, duties, and  
8 compensation of the applicant named on this form under the employment provisions of  
9 Section 2726 of the Regulations of the Real Estate Commissioner."

10 11.

11 On or about October 9, 2015, Respondent PREFERRED GROUP PROPERTIES  
12 through Respondent SANCHEZ signed the Prospective Employing Broker Certification in a  
13 letter dated July 30, 2015, attached to Respondent CUBILLOS's restricted real estate  
14 salesperson license, to wit, "I hereby certify that I have read the Decision of the Real Estate  
15 Commissioner dated 07/27/2015 in Case Number H-38473 LA which provides for the issuance  
16 of a restricted real estate salesperson license to PAUL A CUBILLOS. I will carefully review all  
17 transaction documents which the restricted salesperson licensee prepares and will otherwise  
18 exercise close supervision over the licensed activity of the above named salesperson."

19 12.

20 On or about November 12, 2015, the Department of Real Estate issued  
21 Respondent CUBILLOS a restricted real estate salesperson license.

22 13.

23 On or about November 12, 2015, all licenses and licensing rights of Respondent  
24 CUBILLOS, including the restricted real estate salesperson license, remained indefinitely  
25 suspended for failure to pay the Commissioner's reasonable cost of the investigation and  
26 enforcement of Case No. H-38473 LA in the amount of \$12,000.00, as described in Paragraph 8  
27 above.

1 14.

2 On or about November 13, 2015, the Department of Real Estate mailed an  
3 invoice to Respondent CUBILLOS by certified mail for the Commissioner's reasonable cost of  
4 the investigation and enforcement of Case No. H-38473 LA in the amount of \$12,000.00.  
5 CUBILLOS's restricted real estate salesperson license remained indefinitely suspended.

6 15.

7 On or about January 12, 2016, the Department of Real Estate mailed an invoice  
8 to Respondent CUBILLOS for the Commissioner's reasonable cost of the investigation and  
9 enforcement of Case No. H-38473 LA in the amount of \$12,000.00. CUBILLOS's restricted  
10 real estate salesperson license remained indefinitely suspended.

11 16.

12 On or about February 12, 2016, the Department of Real Estate mailed an invoice  
13 to Respondent CUBILLOS for the Commissioner's reasonable cost of the investigation and  
14 enforcement of Case No. H-38473 LA in the amount of \$12,000.00. CUBILLOS's restricted  
15 real estate salesperson license remained indefinitely suspended.

16 17.

17 On or about March 22, 2016, Respondent CUBILLOS submitted payment in the  
18 amount of \$8,500 to the Department of Real Estate for the Commissioner's reasonable cost of  
19 the investigation and enforcement of Case No. H-38473 LA, which was less than the full  
20 amount of \$12,000.00. CUBILLOS's restricted real estate salesperson license remained  
21 indefinitely suspended.

22 18.

23 On or about March 14, 2017, Respondent CUBILLOS submitted payment to the  
24 Department of Real Estate for the remaining unpaid balance in the amount of \$3,500 for the  
25 Commissioner's reasonable cost of the investigation and enforcement of Case  
26 No. H-38473 LA, and at that time CUBILLOS's restricted real estate salesperson license was  
27 no longer indefinitely suspended.

1 UNSUCCESSFUL SHORT SALE OF 35584 RUTH AVENUE, WILDOMAR

2 19.

3 On or about December 22, 2014, sellers C. Rivera and K. Brito entered into a  
4 Residential Listing Agreement ("2014 Residential Listing Agreement") with broker Respondent  
5 PREFERRED GROUP PROPERTIES through agent Respondent CUBILLOS to short sell real  
6 property at 35584 Ruth Avenue, Wildomar, CA 92595 ("Wildomar house"). The contract time  
7 period was from on or about December 22, 2014, to on or about December 22, 2015.

8 20.

9 In aggravation, Respondents PREFERRED GROUP PROPERTIES and  
10 CUBILLOS failed to provide a copy of the 2014 Residential Listing Agreement to sellers  
11 C. Rivera and K. Brito.

12 21.

13 On or about January 8, 2015, sellers C. Rivera and K. Brito signed an  
14 authorization for the mortgage servicer of the Wildomar house, Chase Home Finance LLP /  
15 JPMorgan Chase Bank, N.A., to provide information to Respondent CUBILLOS.

16 22.

17 On or about February 3, 2015, Respondent PREFERRED GROUP  
18 PROPERTIES through Respondent CUBILLOS listed the Wildomar house in the California  
19 Regional Multiple Listing Service. Respondent CUBILLOS listed the Wildomar house using  
20 User ID PCUBIPAB. The California Regional Multiple Listing Service assigned the Listing ID  
21 PW15023253 to the Wildomar house.

22 23.

23 In aggravation, on or about October 1, 2015, Respondent CUBILLOS edited the  
24 Wildomar house listing using User ID PCUBIPAB. CUBILLOS changed the Wildomar house  
25 price from \$290,000 to \$310,000.

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1 24.

2 In aggravation, on or about October 3, 2015, Respondent CUBILLOS edited the  
3 Wildomar house listing using User ID PCUBIPAB. CUBILLOS changed the Wildomar house  
4 price from \$310,000 to \$305,000. CUBILLOS also changed the agent remarks from, "Please  
5 do not Disturb tenants.Call or Tex listing Agent Paul Cubillos @ 714-623-2409 This is a Short  
6 Pay all terms,Conditions and Commissions are Subject to Lenders Approval!!!!!" to "Please do  
7 not Disturb tenants.Call or Tex listing Agent Paul Cubillos @ 714-623-2409 This is a Short Pay  
8 all terms,Conditions and Commissions are Subject to Lenders Approval!!!!!! SHORT SALE  
9 APPROVE PLEASE SUMMIT ALL OFFERS.!!!!!"

10 25.

11 On or about January 20, 2016, sellers C. Rivera and K. Brito entered into a  
12 Residential Purchase Agreement with buyers C. Felix and J. Felix for the purchase of the  
13 Wildomar house.

14 26.

15 On or about February 2, 2016, sellers C. Rivera and K. Brito entered into a  
16 Residential Listing Agreement ("2016 Residential Listing Agreement") with broker Respondent  
17 PREFERRED GROUP PROPERTIES through salesperson Respondent CUBILLOS to short  
18 sell the Wildomar house. The contract time period was from on or about February 2, 2016, to  
19 or about July 2, 2016.

20 27.

21 Respondents PREFERRED GROUP PROPERTIES and CUBILLOS failed to  
22 provide a copy of the 2016 Residential Listing Agreement to sellers C. Rivera and K. Brito.

23 28.

24 On or about May 2, 2016, seller K. Brito sent an email to Respondent  
25 CUBILLOS asking CUBILLOS to call the mortgage servicer of the Wildomar house regarding  
26 the short sale. CUBILLOS sent an email to seller K. Brito in response, writing, "I just left a  
27 message I'll call her again around noon time."

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29.

On or about June 27, 2016, Respondent SANCHEZ sent an email to Pacific West Association regarding the Wildomar house listing on the California Regional Multiple Listing Service. The subject line of the email was "PW15023253" and the body of the email was, "Good afternoon, Please cancel this listing. Paul Cubillos does not have an active license and is no longer with our company. Thank you."

30.

On or about September 14, 2016, Respondent CUBILLOS sent an email to seller K. Brito regarding the short sale of the Wildomar house. The subject line of the email was "FW: Bayview Authorization", and the body of the email was, "Here you go please sign and return asap." The email had a signature banner that included, "Harcourts Prime Properties".

UNPAID LOAN FROM TENANTS OF 35584 RUTH AVENUE, WILDOMAR

31.

On or about December 12, 2014, sellers C. Rivera and K. Brito entered into a lease with tenant E. Felix for the rental of the Wildomar house.

32.

On or about March 2, 2016, Respondent CUBILLOS received a loan in the amount of \$7,000 from tenant E. Felix. CUBILLOS signed a promissory note to repay E. Felix in the amount of \$12,000, and a resident of the Wildomar house E. Becerra witnessed CUBILLOS signing the promissory note. CUBILLOS has not repaid E. Felix in full.

33.

On or about December 13, 2017, the Department of Real Estate mailed a letter to Respondent CUBILLOS regarding the Wildomar house.

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1 34.

2 On or about January 30, 2018, Respondent CUBILLOS drafted a letter and  
3 asked tenant E. Felix and resident E. Becerra to sign the letter ("2018 tenant letter").  
4 CUBILLOS promised E. Felix and E. Becerra that CUBILLOS would repay the loan if they  
5 signed the 2018 tenant letter, which induced E. Becerra to sign the 2018 tenant letter.  
6 CUBILLOS has not repaid E. Felix in full.

7 35.

8 On or about February 6, 2018, Respondent CUBILLOS submitted a letter to the  
9 Department of Real Estate regarding the Wildomar house in which CUBILLOS wrote, "With  
10 the exception of one escrow check, for \$5,000.00, made payable to Stellar Escrow Services,  
11 that the renters gave to me for paying escrow, which I did convey to Escrow, I never received  
12 any money or compensation from the sellers or the renters." CUBILLOS also submitted with  
13 his letter as Exhibit E a copy of the 2018 tenant letter.

14 36.

15 On or about October 12, 2018, Respondent CUBILLOS submitted a declaration  
16 under perjury to the Department of Real Estate regarding the Wildomar house in which  
17 CUBILLOS wrote, "With the exception of one escrow check, for 5,000 made payable to Stellar  
18 Escrow Services, that was give to me by renters for escrow deposit, which I did convey to  
19 Escrow. I never received any money or compensation sellers or the tenants."

20 REQUEST FOR RECORDS OF WILDOMAR HOUSE TRANSACTION

21 37.

22 On or about July 23, 2018, the Department of Real Estate mailed a letter to  
23 Respondent PREFERRED GROUP PROPERTIES requesting records for the Wildomar house  
24 transaction.

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38.

On or about August 3, 2018, Respondent SANCHEZ submitted a letter to the Department of Real Estate regarding the Wildomar house transaction in which SANCHEZ wrote, "Our office cancelled the listing PW15023253 / 35584 Ruth Avenue, Wildomar on June 27, 2016 therefore we are unable to provide any documentation pertaining to this property."

39.

On or about August 20, 2018, the Department of Real Estate served a subpoena on Respondent PREFERRED GROUP PROPERTIES for the production of records related to the Wildomar house transaction.

40.

On or about August 28, 2018, Respondent SANCHEZ submitted a signed declaration in which he marked the selection for, "No copies of records are transmitted because the above-named business has none of the records described in the subpoena duces tecum."

41.

On or about January 18, 2019, the Department of Real Estate served a subpoena on Respondent PREFERRED GROUP PROPERTIES for the production of records related to the Wildomar house transaction.

42.

On or about January 18, 2019, Respondent SANCHEZ submitted a signed declaration in which he marked the selection for, "No copies of records are transmitted because the above-named business has none of the records described in the subpoena duces tecum."

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1 FIRST CAUSE OF ACTION

2 ENGAGING IN LICENSED ACTIVITY WITHOUT A VALID LICENSE

3 43.

4 The conduct, acts, and omissions of Respondent CUBILLOS, as described in  
5 Paragraphs 7 through 30 above, are in violation of section 10130 and constitute cause under  
6 sections 10137, 10177(d), 10177(g), 10177(j) and/or 10177(k) of the Code for the suspension  
7 or revocation of all the licenses and license rights of CUBILLOS.

8 SECOND CAUSE OF ACTION

9 SUBSTANTIAL MISREPRESENTATION, FALSE PROMISE, FRAUD

10 44.

11 The conduct, acts, and omissions of Respondent CUBILLOS, as described in  
12 Paragraphs 7 through 36 above, constitute cause under sections 10176(a), 10176(b), 10176(c),  
13 10176(i), 10177(d), 10177(g), 10177(j) and/or 10177(k) of the Code for the suspension or  
14 revocation of all the licenses and license rights of CUBILLOS.

15 THIRD CAUSE OF ACTION

16 NEGLIGENCE OR INCOMPETENCE

17 45.

18 The conduct, acts, and omissions of Respondent CUBILLOS, as described in  
19 Paragraphs 7 through 36 above, are in violation of section 10142 and constitute cause under  
20 section 10177(g) of the Code for the suspension or revocation of all the licenses and license  
21 rights of CUBILLOS.

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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 all the licenses and license rights of Respondents  
4 PAUL A CUBILLOS, PREFERRED GROUP PROPERTIES INC, and KEVIN JOHN  
5 SANCHEZ under the Real Estate Law, for the cost of investigation and enforcement as  
6 permitted by law, and for such other and further relief as may be proper under other applicable  
7 provisions of law.

8  
9 Dated at San Diego, California

10 this 13 day of October, 2020

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13 Veronica Kilpatrick  
14 Supervising Special Investigator

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16 cc: PAUL A CUBILLOS  
17 PREFERRED GROUP PROPERTIES INC  
18 KEVIN JOHN SANCHEZ  
19 Veronica Kilpatrick  
20 Sacto.  
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