

FILED

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DEPT. OF REAL ESTATE

By

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10 BEFORE THE DEPARTMENT OF REAL ESTATE
11 STATE OF CALIFORNIA

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13 In the Matter of the Accusation of) No. H- 41910 LA
14)
15 S.D.S. REALTY & PROPERTY)
16 MANAGEMENT and) A C C U S A T I O N
17 EDDY XAVIER SANDOVAL,)
18 individually and as designated officer of)
19 S.D.S. Realty & Property Management,)
20 Respondents.)
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27)

28 The Complainant, Veronica Kilpatrick, a Supervising Special Investigator of the
29 State of California, for cause of Accusation against S.D.S. REALTY & PROPERTY
30 MANAGEMENT and EDDY XAVIER SANDOVAL, individually and as designated officer of
31 S.D.S. Realty & Property Management, ("Respondents"), is informed and alleges as follows:

32 1.

33 The Complainant, Veronica Kilpatrick, acting in her official capacity as a
34 Supervising Special Investigator of the State of California, makes this Accusation against
35 Respondents S.D.S. REALTY & PROPERTY MANAGEMENT and EDDY XAVIER
36 SANDOVAL.
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Accusation of S.D.S. Realty & Property Management and Eddy Xavier Sandoval

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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.

LICENSE HISTORY

3.

Respondent S.D.S. REALTY & PROPERTY MANAGEMENT ("S.D.S. REALTY") presently has license rights under the Real Estate Law, Part 1 of Division 4 of the Code as a corporate real estate broker.

4.

Respondent EDDY XAVIER SANDOVAL ("SANDOVAL") presently has license rights as a real estate broker.

5.

Respondent S.D.S. REALTY is licensed by the Department of Real Estate ("Department") as a corporate real estate broker by and through Respondent SANDOVAL, 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 S.D.S. REALTY, or by S.D.S. REALTY'S officers, agents and employees.

BROKERAGE

S.D.S. REALTY & PROPERTY MANAGEMENT

6.

At all times mentioned, in the City of Riverside, County of Riverside, Respondent S.D.S. REALTY acted as a real estate broker, conducting licensed activities within the meaning of Code sections 10131(a) (sells or buys real property for others) and 10131(b) (leases or rents real property for others).

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AUDIT

S.D.S. REALTY & PROPERTY MANAGEMENT

7.

On July 1, 2020, the Department completed audit examinations of the books and records of Respondent S.D.S. REALTY pertaining to the activities described in Paragraph 6 (leases or rents real property for others) which require a real estate license. The audit examinations covered a period of time from June 1, 2019, to February 29, 2020. The audit examinations revealed violations of the Code and the Regulations as set forth in the following paragraphs, and as more fully discussed in Audit Report SD190030 and the exhibits and workpapers attached to said audit report.

8.

Respondent S.D.S. REALTY accepted or received funds in trust ("trust funds"). Thereafter, Respondent made deposits and or disbursements of such trust funds. During the examination period described in Paragraph 7 above, Respondent deposited or maintained trust funds in the following bank accounts:

Bank Account 1: Wells Fargo Bank account ending in 468.

AUDIT VIOLATIONS OF THE REAL ESTATE LAW

9.

In the course of activities described in Paragraph 6 above and during the examination period described in Paragraph 7 above, Respondents S.D.S. REALTY and SANDOVAL acted in violation of the Code and the Regulations in that:

9(a) As of February 29, 2020, Respondent S.D.S. REALTY had a trust fund shortage in the amount of \$2,694.46. Respondent did not have written consent from the owners of the trust funds to reduce the balance of trust funds to an amount less than the aggregate trust fund liabilities, in violation of Code section 10145 and Regulations section 2832.1.

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Accusation of S.D.S. Realty & Property Management and Eddy Xavier Sandoval

1 9(b) Respondent S.D.S. REALTY did not maintain a complete and accurate
2 control record or general ledger of all trust funds received and disbursed, in violation of Code
3 section 10145 and Regulations section 2831.

4 9(c) Respondent S.D.S. REALTY did not maintain a complete and accurate
5 separate record of all trust funds received and disbursed for each beneficiary in connection with
6 Respondent's mortgage loan brokerage and servicing activities, in violation of Code
7 section 10145 and Regulations section 2831.1.

8 9(d) Bank account 1 used by Respondent S.D.S. REALTY for trust funds was
9 not designated as a trust account, and was not in the name of Respondent as trustee or a
10 fictitious name held by Respondent's real estate license as trustee, in violation of Code
11 section 10145 and Regulations section 2832.

12 9(e) Respondent S.D.S. REALTY did not perform and maintain a monthly
13 reconciliation of all the separate records with the control record of all trust funds received and
14 disbursed, in violation of Code section 10145 and Regulations section 2831.2.

15 9(f) From December 1, 2019, through February 29, 2020, Respondent S.D.S.
16 REALTY commingled its own money with trust funds in Bank Account 1, in violation of Code
17 sections 10145 and 10176(e) and Regulations section 2835.

18 9(g) The conduct, acts, or omissions of Respondent SANDOVAL, as
19 described in Paragraph 9, in failing to ensure compliance of the Real Estate Law by Respondent
20 S.D.S. REALTY'S officers, agents and employees, is in violation of Code section 10159.2 and
21 Regulations section 2725.

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10.

The conduct, acts, or omissions of Respondents S.D.S. REALTY and SANDOVAL, described in Paragraph 9 above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
9(a)	Code section 10145 and Regulations section 2832.1 (S.D.S. REALTY)
9(b)	Code section 10145 and Regulations section 2831 (S.D.S. REALTY)
9(c)	Code section 10145 and Regulations section 2831.1 (S.D.S. REALTY)
9(d)	Code section 10145 and Regulations section 2832 (S.D.S. REALTY)
9(e)	Code section 10145 and Regulations section 2831.2 (S.D.S. REALTY)
9(f)	Code sections 10145 and 10176(e) and Regulations section 2835 (S.D.S. REALTY)
9(g)	Code section 10159.2 and Regulations section 2725 (SANDOVAL)

The foregoing violations constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent S.D.S. REALTY under the Real Estate Law pursuant to the provisions of Code sections 10176(e), 10177(d), and 10177(g).

The foregoing violations constitute cause for the suspension or revocation of all the licenses, license endorsements, and license rights of Respondent SANDOVAL under the Real Estate Law pursuant to the provisions of Code sections 10177(d), 10177(g), and 10177(h).

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11.

Code section 10148(b) provides, in pertinent part, that the Real Estate Commissioner shall charge a real estate broker for the cost of any audit if the Commissioner has found in a final decision, following a disciplinary hearing, that the broker has violated Code section 10145 or a Regulation or rule of the Commissioner interpreting said Code section.

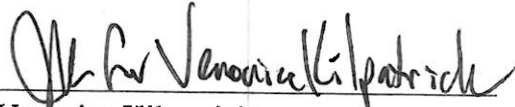
12.

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

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 the licenses, license endorsements, and license rights of Respondents S.D.S. REALTY & PROPERTY MANAGEMENT and EDDY XAVIER SANDOVAL under the Real Estate Law, for the cost of audit, investigation, and enforcement as permitted by law, and for such other and further relief as may be proper under other applicable provisions of law.

Dated at San Diego, California

this 5th day of February, 2021


Veronica Kilpatrick
Supervising Special Investigator

cc: S.D.S. REALTY & PROPERTY MANAGEMENT
EDDY XAVIER SANDOVAL
Veronica Kilpatrick

Accusation of S.D.S. Realty & Property Management and Eddy Xavier Sandoval

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Audits

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