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8
9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11
12 In the Matter of:) CFL LICENSE NO.: 60DBO-91914
)
13 THE COMMISSIONER OF FINANCIAL) ACCUSATION IN SUPPORT OF INTENT TO
PROTECTION AND INNOVATION,) REVOKE CALIFORNIA FINANCING LAW
14) LICENSE OF RENOVATE AMERICA, INC.
15 Complainant,)
)
16 v.)
)
17 RENOVATE AMERICA, INC.,)
)
18 Respondent.)
19)
20)

21 I.

22 **Jurisdiction and Venue**

23 1. The Commissioner brings this action pursuant to the provisions of California
24 Finance Code sections 22100.5 and 22714¹.

25 2. The Commissioner is authorized to administer and enforce the provisions of the
26 California Financing Law section 22000 et seq.

27 _____
28 ¹ All further statutory references will be to the California Financial Code, unless otherwise indicated.

1 **II.**

2 **Facts**

3 1. Property Assessed Clean Energy (PACE) is a financing product where
4 homeowners finance certain clean energy projects to their property such as solar panels, water
5 heaters and windows. Homeowners enter into assessment contracts² with public agencies for
6 voluntary contractual assessments imposed on the real property. Payment for the PACE
7 financing is added onto the homeowner’s property tax as a special assessment, to be paid twice
8 over a one year span, and the financing entity obtains a lien on the property. If the homeowner
9 does not pay the special assessment, the financing entity can enforce the lien, including through
10 foreclosure.

11 2. Pursuant to Financial Code sections 22100.5 and 22150, the Commissioner
12 licenses and regulates PACE program administrators³ in the State of California. A “program
13 administrator” means a person administering a PACE program on behalf of, and with the written
14 consent of a public agency. (Section 22018.) A PACE solicitor is a person authorized by a
15 program administrator to solicit a property owner to enter into an assessment contract. (Section
16 22017.) A “PACE solicitor agent” means an individual who is employed or retained by, and
17 acts on behalf of, a PACE solicitor to solicit a property owner to enter into an assessment
18 contract. (Section 22017.)

19 3. At all relevant times, Renovate America, Inc. (Renovate) is and was a company,
20 licensed as a program administrator (Program Administrator) under the authority of the
21 California Financing Law (CFL) beginning on January 1, 2019, CFL license number 60DBO-
22 91914 with a business address of 16870 W Bernardo Drive Suite 408, San Diego, California,
23 92127. Renovate and its related entities offer several options for financing home improvement
24

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26 _____
27 ² Section 22003.5 defines the “Assessment contract” to mean “an agreement entered into between all property
28 owners of record on real property and a public agency in which, for voluntary contractual assessments imposed on
the real property, the public agency provides a PACE assessment for the installation of one or more efficiency
improvements on the real property in accordance with a PACE program.

³ Section 22018 defines “Program administrator” to mean a person administering a PACE program on behalf of,
and with the written consent of, a public agency. “Program administrator” does not include a public agency.

1 projects. Renovate markets its PACE financing product under the name, Home Energy
2 Renovation Opportunity (HERO).

3 III.

4 Martinez Construction Solicited PACE Contracts

5 4. Martinez Construction became a solicitor for Renovate on November 6, 2018
6 when it signed “Renovate America Registered Contractor Participant Agreement” (Agreement)
7 and entered into contract with Renovate to act as a PACE solicitor on Renovate’s behalf. The
8 Agreement lists Martinez Construction address as 325 SV Vista Village Drive, Vista, CA 92083
9 with California state contractor’s license number 961741. The Agreement identifies Juan Jose
10 Martinez as the sole owner of Martinez Construction and purportedly contains his e-signature.

11 5. Renovate enrolled Martinez Construction as a PACE solicitor with the
12 Department of Financial Protection and Innovation (DFPI) on April 1, 2019 pursuant to the then
13 effective laws relating to the licensing of PACE Administrators and enrollment of PACE
14 solicitors and solicitor agents. Renovate also enrolled Juan Jose Martinez as a solicitor agent for
15 Martinez Construction. (A PACE solicitor agent acting on behalf of Martinez Construction will
16 be referred to as “Martinez Construction solicitor agent” or “solicitor agent for Martinez
17 Construction.”)

18 6. In review of the Renovate’s files, DFPI learned that Martinez Construction
19 solicited ten PACE contracts between November 14, 2018 and March 27, 2019 on behalf of
20 Renovate with nine homeowners. One homeowner has two PACE contracts through Renovate.⁴
21 All ten PACE contracts were for homes in San Diego County and were for instillation of energy
22 or drought efficient products such as solar panels, solar inverters, attic insulation or artificial turf.
23 The price of the construction work varied from \$28,400.00 to \$51,500.00 (not including interest
24 and/or other fees) for each contract depending on the scope of the project.

25 7. A review of Renovate’s complaint files revealed that Renovate received
26 complaints from all nine homeowners that Martinez Construction purportedly solicited. In all
27 complaints, the homeowners allege the PACE financing contracts contain statements that the
28

1 homeowners deny making, and email address and/or phone number that they deny are attributed
2 to them. The complaints imply that the fake Martinez Construction created email address and
3 phone numbers in order to have the financing documents routed to them rather than the
4 homeowner. The homeowners also deny that they signed the financing documents that were
5 returned to Renovate. Additionally, the homeowners allege that the voice on the recorded
6 “welcome call” and/or “completion call” with Renovate is not their voice, but rather that of an
7 impersonator. DFPI notes that it appears that the same male voice, speaking either in English or
8 Spanish, is on all the recordings for the “welcome call” and/or “completion call” purporting to be
9 that of the homeowners.

10 8. DFPI has been able to determine that in several of the homeowner complaints, it
11 appears that fraudulent paycheck stubs or wage documents were submitted in the financing
12 package in order to increase the income level of the homeowners in order to meet the “ability to
13 pay” requirements contained in sections 22686 and 22687.

14 9. Furthermore, seven of the nine homeowners allege that they had no or minimal
15 interaction with a contractor and do not know how the fake Martinez Construction obtain their
16 personal names and address. The other two homeowners recall interactions with a construction
17 contractor - but not with Martinez Construction and both deny signing any PACE contracts.
18 Those two homeowners also maintain that the contractor they dealt with represented to them that
19 the solar project was at no cost to them because the energy savings and rebates would pay for the
20 projects.

21 10. In seven of the complaints, the homeowners allege that absolutely no work was
22 done and only learned of the PACE assessment when they received their property tax bill,
23 months after the PACE lien was placed on their property.

24 11. While Renovate received and documented the homeowners complaints, sent
25 persons to verify if the work was done or not, and cooperated with regulatory investigative
26 requests, Renovate did little else of substance to address the complaints. The PACE liens remain
27 on the properties for the nine homeowners.

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⁴ In reality, this one homeowner couple has a total of four PACE liens, two with Renovate and

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IV.

Renovate Did Not Properly Confirm that the Contractor They Signed Up Was the Real Martinez Construction

12. DFPI's investigation reveals that Renovate onboarding of Martinez Construction as a PACE solicitor did not require Renovate to confirm that the person who they contracted with was actually Juan Jose Martinez.

13. The real Juan Jose Martinez acknowledges that he is the owner of Martinez Construction but maintains that his identity and contractor's license number were used to enroll as a PACE solicitor for Renovate without his knowledge or approval. Juan Jose Martinez maintains that his company, Martinez Construction's address is 411 Ringwood Drive, San Diego, CA 92114 and not the address in Vista, CA.

14. Further Juan Jose Martinez maintains that he does general construction projects and is not in the business of installing solar panels and related products.

15. Juan Jose Martinez denies any participation in or knowledge of the PACE assessment contacts between the homeowners that were administered through Renovate and attributed to his company.

16. The review of Renovate's files reveals that between November 23, 2018 and April 2, 2019, payment for all the PACE work that Renovate attributed to Martinez Construction amounting to \$387,250.00 was electronically sent to a bank account as directed by the person impersonating Juan Jose Martinez. The bank account was in the name of Martinez Construction and another individual whose name was not Juan Jose Martinez.

V.

Fake Martinez Construction's Violations

17. A review of the Renovate files reveal that the fake Martinez Construction committed fraudulent acts in soliciting PACE contracts for Renovate. The fraudulent acts included:

- a) assuming homeowner's identities in order to sign them up for PACE financing;
- b) falsely signing homeowners names on PACE assessment contracts;

one each with two other PACE Program Administrators.

- c) providing false earning statements to Renovate;
- d) impersonating homeowners on “welcome calls” and/or “completion calls”
- e) falsely representing how the PACE program works

18. Section 22161 provides:

- (a) A person subject to this division shall not do any of the following:
 - (2) Make a materially false or misleading statement or representation to a property owner about the terms or conditions of an assessment contract. . . .
 - (7) Commit an act that constitutes fraud or dishonest dealings.

19. The allegations contained in the homeowner complaints are serious and alarming.

It appears that the fake Martinez Construction through its employees/solicitor agents represented to two homeowners that PACE energy efficient products were of no cost to them and that they would not have to pay for the products. For the other seven homeowners, it appears that the fake Martinez Construction simply fraudulently assumed the homeowners’ identities in order to sign the homeowner up for PACE contracts. The number of complaints show a pattern and practice of materially false representation of the PACE program⁵ and acts that constitute fraud as is in violation of Section 22161.

20. Furthermore, it appears that the fake Martinez Construction’s business practice in soliciting PACE financing includes creating fake telephone numbers and email addresses that were not the homeowners. DFPI concludes that the fake Martinez Construction’s solicitors or employees fraudulently e-signed the homeowners PACE assessment contracts.

21. Additionally, it appears that in some instances, the fake Martinez Construction also submitted fraudulent earnings statements on behalf of certain homeowners in the PACE application process.

22. Additionally, it appears that the voices on recorded “welcome calls” and or “completion calls” were not the homeowners. Therefore, DFPI concludes that the fake Martinez Construction’s solicitors or employees fraudulently impersonated the homeowners on these calls.

⁵ Pursuant to section 22016, “PACE program” means a program in which financing is provided for the installation of efficiency improvements on real property and funded through the use of property assessments, as well as other program components defined in law.

1 31. Therefore, pursuant to section 22714(a)(2), the Commissioner seeks to revoke
2 Renovates PACE Administrator’s license as it violated sections 22689(a) and 22689(b).

3 32. Additionally, pursuant to section 22714(a)(3), had the Commissioner known that
4 Renovate would not properly verify its PACE solicitors before onboarding the solicitor and then
5 would fail to satisfactorily address the homeowner’s complaint about the fraudulent PACE
6 contacts, the Commissioner would not have issued the PACE Administrator’s license to
7 Renovate America, Inc. when it applied for such licensure.

8 **VIII.**

9 **Prayer for Relief**

10 WHEREFORE, based upon the foregoing, the Commissioner finds it is in the public
11 interest to revoke the PACE Program Administrator’s license of Renovate America, Inc.
12 pursuant to Financial Code section 22714.

13 WHEREFORE, IT IS PRAYED that Renovate America, Inc. PACE Program
14 Administrator’s license number 60DBO-91914 be hereby revoked forthwith.

15 Dated: June 4, 2021

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

18 By _____
19 PAUL YEE
20 Senior Counsel
21 Enforcement Division
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