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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

In the Matter of:	)	CFL LICENSE NO.: 60DBO-91914
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,	)	SETTLEMENT AGREEMENT
Complainant,	)	
v.	)	
RENOVATE AMERICA, INC.,	)	
Respondent.	)	

The Commissioner of Financial Protection and Innovation (Commissioner) and Renovate America, Inc. (Renovate) enter into this Settlement Agreement with respect to the following facts:

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**I.**

**RECITALS**

A. The Commissioner is authorized to bring actions pursuant to the provisions of California Finance Code sections 22100.5 and 22714<sup>1</sup>.

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

**II.**

**FACTS**

A. Property Assessed Clean Energy (PACE) is a financing product where homeowners finance certain clean energy products secured by their property such as solar panels, water heaters and windows. Homeowners enter into assessment contracts<sup>2</sup> with public agencies for voluntary contractual assessments imposed on the real property. Payment for the PACE financing is added onto the homeowner’s property tax as a special assessment, to be paid twice a year , and the financing entity obtains a lien on the property. If the homeowner does not pay the special assessment, the financing entity can enforce the lien, including through foreclosure.

B. Pursuant to Financial Code sections 22100.5 and 22150, the Commissioner licenses and regulates PACE program administrators<sup>3</sup> in the State of California. A “program administrator” means a person administering a PACE program on behalf of, and with the written consent of a public agency. (Section 22018.) A PACE solicitor is a person authorized by a program administrator to solicit a property owner to enter into an assessment contract. (Section 22017.) A “PACE solicitor agent” means an individual who is employed or retained by, and acts on behalf of, a PACE solicitor to solicit a property owner to enter into an assessment contract. (Section 22017.)

<sup>1</sup> All further statutory references will be to the California Financial Code, unless otherwise indicated.

<sup>2</sup> Section 22003.5 defines the “Assessment contract” to mean “an agreement entered into between all property 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.

<sup>3</sup> 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 C. At all relevant times, Renovate America, Inc. (Renovate) is and was a company,  
2 licensed as a program administrator (Program Administrator) under the authority of the California  
3 Financing Law (CFL) beginning on January 1, 2019, CFL license number 60DBO-91914 with a  
4 business address of 16870 W Bernardo Drive Suite 408, San Diego, California, 92127. Renovate and  
5 its related entities offer several options for financing home improvement projects. Renovate markets  
6 its PACE financing product under the name, Home Energy Renovation Opportunity (HERO). On  
7 December 21, 2020, Renovate filed for bankruptcy with the U.S. Bankruptcy Court for the District of  
8 Delaware, Case No. 20-13172 (LSS). Prior to its bankruptcy filing, Renovate advised the public  
9 agencies with which it contracted that it was withdrawing from the PACE market as of October 2020  
10 and would not originate any further PACE financing as of that time.

11 **Martinez Construction Solicited PACE Contracts**

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

18 E. Renovate enrolled Martinez Construction as a PACE solicitor with the Department of  
19 Financial Protection and Innovation (DFPI) on April 1, 2019 pursuant to the then effective laws  
20 relating to the licensing of PACE Administrators and enrollment of PACE solicitors and solicitor  
21 agents. Renovate also enrolled Juan Jose Martinez as a solicitor agent for Martinez Construction. (A  
22 PACE solicitor agent acting on behalf of Martinez Construction will be referred to as “Martinez  
23 Construction solicitor agent” or “solicitor agent for Martinez Construction.”)

24 F. DFPI’s investigation found that between November 14, 2018 and March 27, 2019  
25 Martinez Construction solicited PACE contracts on behalf of Renovate. The PACE contracts were  
26 for homes in San Diego County and were for installation of energy or drought efficient products such  
27 as solar panels, solar inverters, attic insulation or artificial turf. The price of the construction work  
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1 varied from \$28,400.00 to \$51,500.00 (not including interest and/or other fees) for each contract  
2 depending on the scope of the project.

3 G. DFPI’s investigation revealed that Renovate received complaints about Martinez  
4 Construction alleging the PACE financing contracts contain statements that the homeowners did not  
5 make , and email addresses and/or phone numbers that are not attributed to them. The homeowners  
6 also deny that they signed the financing documents that were returned to Renovate. Additionally, the  
7 homeowners allege that the voice on the recorded “welcome call” and/or “completion call” with  
8 Renovate is not their voice, but rather that of an impersonator. DFPI notes that it appears that the  
9 same male voice, speaking either in English or Spanish, is on all the recordings for the “welcome  
10 call” and/or “completion call” purporting to be that of the homeowners.

11 H. DFPI found that fraudulent paycheck stubs or wage documents were submitted in the  
12 financing package in order to increase the income level of the homeowners in order to meet the  
13 “ability to pay” requirements contained in sections 22686 and 22687.

14 I. Furthermore, some homeowners had no or minimal contact with any contractor while  
15 other homeowners do not recall dealing with Martinez Construction.

16 J. Despite the financing contract, in some instance there was no work done and the  
17 homeowner only learned of the PACE assessment when they received their property tax bill, months  
18 after the PACE lien was placed on their property.

19 K. Renovate received and documented the complaints, sent persons to verify if the work  
20 was done or not, and cooperated with regulatory investigative requests. Renovate also reported the  
21 fraud to a local district attorney’s office and cooperated with its criminal investigation. However, the  
22 PACE liens remain on the properties.

23 **The Contractor Signed Up Was Not the Real Martinez Construction**

24 L. DFPI’s investigation revealed that Renovate did not confirm that the person who they  
25 contracted with was actually Juan Jose Martinez.

26 M. The real Juan Jose Martinez acknowledges that he is the owner of Martinez  
27 Construction but maintains that his identity and contractor’s license number were used to enroll as a  
28 PACE solicitor for Renovate without his knowledge or approval. Juan Jose Martinez maintains that

1 his company, Martinez Construction’s address is 411 Ringwood Drive, San Diego, CA 92114 and not  
2 the address in Vista, CA.

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

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

8 P. Between November 23, 2018 and April 2, 2019, Renovate sent payment for the PACE  
9 work attributed to Martinez Construction to a bank account as directed by the person impersonating  
10 Juan Jose Martinez.

11 **Fake Martinez Construction’s Violations**

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

- 14 i. assuming homeowner’s identities in order to sign them up for PACE
- 15 financing;
- 16 ii. falsely signing homeowners names on PACE assessment contracts;
- 17 iii. providing false earning statements to Renovate;
- 18 iv. impersonating homeowners on “welcome calls” and/or “completion calls”
- 19 v. falsely representing how the PACE program works

20 R. Section 22161 provides:

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

24 S. DFPI found that the fake Martinez Construction engaged in pattern and practice of  
25 making materially false representations regarding the PACE program , which are acts that constitute  
26 fraud as is in violation of Section 22161, such as:

1 i. The fake Martinez Construction through its employees/solicitor agents represented  
2 to homeowners that PACE energy efficient products were of no cost to them and that they would not  
3 have to pay for the products;

4 ii. The fake Martinez Construction assumed the homeowners' identities in order to  
5 sign the homeowner up for PACE contracts.

6 iii. The fake Martinez Construction created fake telephone numbers and email  
7 addresses that were not the homeowners.

8 iv. The fake Martinez Construction's solicitors or employees fraudulently e-signed  
9 the homeowners PACE assessment contracts;

10 v. the fake Martinez Construction submitted fraudulent earnings statements on  
11 behalf of certain homeowners in the PACE application process;

12 vi. The fake Martinez Construction impersonated homeowners on recorded phone  
13 calls.

14 T. Therefore, the Commissioner is of the opinion that the Renovate enrolled solicitor, the  
15 fake Martinez Construction, is in violation of section 22161.

16 U. It is the opinion of the Commissioner that the fake Martinez Construction's fraudulent  
17 practices in soliciting PACE financing is injurious and unsafe to the public.

18 **Financial Code Section 22689**

19 V. Section 22689 provides in pertinent part as follows:

20 (a) A program administrator shall not permit a PACE solicitor to do any of the  
21 following:

22 (1) Solicit a property owner to enter into an assessment contract with a program  
23 administrator, unless the PACE solicitor and the program administrator comply with  
24 the requirements of this chapter and any rules adopted by the commissioner.

25 (2) Engage in any act in violation of Sections 5898.16 or 5898.17 of the Streets and  
26 Highway Code ... including offering an assessment contract with terms, conditions, or  
27 disclosures that are not in compliance with applicable laws or omits terms, conditions,  
28 or disclosures required by applicable law . . .

1 (b) A program administrator shall be subject to the enforcement authority of the  
2 commissioner for any violation of this division, to the extent those violations have  
3 been committed by the program administrator or by a PACE solicitor authorized by  
4 that program administrator, in connection with activity related to that program  
5 administrator.

6 W. Section 22689(a) requires that a program administrator “shall” not permit a PACE  
7 solicitor to solicit a homeowner to enter into assessment contract until it complies with the rules of  
8 the chapter and certain Streets and Highway Code sections. It is the opinion of the Commissioner  
9 that Renovate is in violation of section 22689(a) by failing to properly establish that fake Martinez  
10 Construction was a contractor licensed in “good standing” with the Contractors’ State License Board  
11 as required under section 22680 (d)(1).

12 X. Section 22689(b) provides a program administrator such as Renovate shall be subject  
13 to the enforcement authority for any violations of this division committed by an authorized PACE  
14 solicitor in connection with activities related to that program administrator.

15 Y. Renovate neither admits nor denies the Commissioner’s allegations or any  
16 wrongdoing, including but not limited to that it failed to properly establish that fake Martinez  
17 Construction was a contractor licensed in “good standing” with the Contractors’ State License Board  
18 as required under section 22680 (d)(1) or that it failed to stop the fraudulent activity after learning of  
19 it in complaints it received.

20 Z. On June 4, 2021, the Commissioner served Renovate with an Accusation to Revoke its  
21 CFL license.

22 AA. On June 18, 2021, Renovate requested a hearing on the Accusation to Revoke its CFL  
23 license.

24 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set  
25 forth herein, the Parties agree as follows:

26 **III.**

27 **TERMS AND CONDITIONS**

28 1. Purpose. This Settlement Agreement resolves the issues before the Commissioner in

1 a manner that avoids the expense of a hearing and other possible court proceedings, protects  
2 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of  
3 the applicable law.

4 2. Consent to Order Revoking CFL License. Renovate consents to the Commissioner  
5 revoking Renovate’s CFL license (60DBO-91914) and therefore, the Commissioner hereby  
6 Revokes Renovate America Inc.’s CFL license (60DBO-91914) as of the date of this Settlement  
7 Agreement.

8 3. Full and Final Settlement. The Parties hereby acknowledge and agree that this  
9 Settlement Agreement is intended to constitute a full, final, and complete resolution of Renovate’s  
10 alleged violations set forth in the Recitals only, and that no further proceedings or actions will be  
11 brought by the Commissioner based on such alleged violations.

12 4. Information Willfully Withheld. The Settlement Agreement may be rescinded and  
13 the Commissioner may suspend or revoke the CFL license issued to Renovate if the Commissioner  
14 later finds out that Renovate knowingly or willfully withheld information used and relied upon in  
15 the Settlement Agreement.

16 5. Assisting Other Agencies. The Parties further acknowledge and agree that nothing in  
17 the Settlement Agreement shall limit the Commissioner’s ability to assist any other agency (city,  
18 county, state, or federal) with any prosecution, administrative, civil, or criminal, brought by any  
19 such agency against Renovate or any other person based upon any of the activities alleged in this  
20 matter or otherwise.

21 6. Headings. The headings to the paragraphs of this Settlement Agreement are inserted  
22 for convenience only and will not be deemed a part hereof or affect the construction or interpretation  
23 of the provisions hereof.

24 7. Binding. The Settlement Agreement is binding on all heirs, assigns, or successors in  
25 interest.

26 8. Reliance. Each of the parties represents, warrants, and agrees that in executing this  
27 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its  
28 own counsel. Each of the parties further represents, warrants, and agrees that in executing this



1 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any  
2 other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
3 party or any other person or entity to make any statement, representation, or disclosure of anything  
4 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in  
5 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the  
6 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
7 Settlement Agreement.

8       9.     Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
9 of this Settlement Agreement will be valid or binding unless it is in writing and signed by each of  
10 the parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver  
11 of any other provision. No waiver by either party of any breach of, or of compliance with, any  
12 condition or provision of this Agreement by the other party will be considered a waiver of any other  
13 condition or provision or of the same condition or provision at another time.

14       10.    Full Integration. This Settlement Agreement is the final written expression and the  
15 complete and exclusive statement of all the agreements, conditions, promises, representations, and  
16 covenant between the parties with respect to the subject matter hereof, and supersedes all prior or  
17 contemporaneous agreements, negotiations, representations, understandings, and discussions  
18 between and among the parties, their respective representatives, and any other person or entity, with  
19 respect to the subject matter covered hereby.

20       11.    Governing Law. This Settlement Agreement will be governed by and construed in  
21 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court,  
22 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient  
23 forum to the maintenance of such action or proceeding in such court.

24       12.    Counterparts. This Settlement Agreement may be executed in one or more separate  
25 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
26 together constitute a single document.

27       13.    Effect Upon Future Proceedings. If Respondent applies for any license, permit or  
28 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future

1 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof  
2 shall be admitted, to the extent relevant for the purpose of the Commissioner's consideration of  
3 such application(s) or enforcement proceedings(s).

4 14. Voluntary Agreement. Renovate enters into the Settlement Agreement voluntarily  
5 and without coercion and acknowledges that no promises, threats, or assurances have been made by  
6 the Commissioner, or any officer or agent thereof, about the Settlement Agreement. Nothing in this  
7 Agreement shall constitute or be deemed an admission that Renovate violated any law.

8 15. Notice. Any notices required under the Settlement Agreement shall be provided to  
9 each party at the following addresses:

10 If to Respondent to: Sharon Weiss, Esq.  
11 BRYAN CAVE LEIGHTON PAISNER LLP  
12 Email: sharon.weiss@bclplaw.com

13 Barry Hester, Esq.  
14 BRYAN CAVE LEIGHTON PAISNER LLP  
15 One Atlantic Center 14th Floor  
16 1201 W. Peachtree St., N.W.  
17 Atlanta, GA 30309-3471  
18 Email: barry.hester@bclplaw.com

19 If to the Commissioner to: Paul Yee, Senior Counsel  
20 Department of Financial Protection and Innovation  
21 One Sansome Street, Suite 600  
22 San Francisco, California 94104-4448  
23 Email: paul.yee@dfpi.ca.gov

24 16. Signatures. An electronic signature, or a faxed, photocopied, or scanned copy of an  
25 original signature, shall be deemed the same as an original signature.

26 17. Public Record. Renovate acknowledges that the Settlement Agreement shall be  
27 matters of public record.

28 18. Effective Date. The Settlement Agreement shall become final and effective when  
signed by all signatories listed below and delivered by the Commissioner to Renovate or Renovate's  
agent via e-mail at [sharon.weiss@bclplaw.com](mailto:sharon.weiss@bclplaw.com) and [barry.hester@bclplaw.com](mailto:barry.hester@bclplaw.com).

19. Authority to Sign. Each signatory hereto covenants that he/she possesses all  
necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the

1 obligations set forth herein.

2 IN WITNESS WHEREOF, the parties hereto have approved and executed the  
3 Settlement Agreement on the dates set forth opposite their respective signatures.

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5 Dated: September 8, 2021

CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and  
Innovation

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By \_\_\_\_\_

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MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

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Dated: August 30, 2021

RENOVATE AMERICA, INC.  
Respondent

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By \_\_\_\_\_

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Title: \_\_\_\_\_

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