### STATE OF CALIFORNIA BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

To: Eco Renovation Group 4095 E. La Palma Avenue, Suite C Anaheim, California 92807

# DESIST AND REFRAIN ORDER

(For violations of Financial Code sections 22161, 22690)

The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

- 1. Property Assessed Clean Energy (PACE) is a financing product where homeowners finance certain clean energy projects to their property such as solar panels, water heaters and windows. Homeowners enter into assessment contracts<sup>1</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 over a one year span, 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.
- 2. Pursuant to Financial Code sections 22100.5<sup>2</sup> and 22150, the Commissioner licenses and regulates PACE program administrators in the State of California. A "program administrator" means a person administrating 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.) (A PACE solicitor

<sup>&</sup>lt;sup>1</sup> Finance Code 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>&</sup>lt;sup>2</sup> All further statutory references will be to the California Financial Code, unless otherwise indicated.

agent acting on behalf of Eco Renovation Group will be referred to as "Eco Renovation solicitor agent" or "solicitor agent for Eco Renovation")

3. At all relevant times, Eco Renovation Group (Eco Renovation) is and was a construction contractor licensed in California with the California Contractor's State License Board, license number 1048865 holding a B-1 (General Building Contractor with a business address of 4095 E. La Palma Avenue, Suite C, Anaheim, California, 92807. At all relevant times, Jeremy Herget was the Responsible Managing Officer (RMO) of Eco Renovation.

### **Investigation of Assessment Contracts of PA**

- 4. On May 30, 2019, Eco Renovation entered into contract with one such PACE program administrator (PA) to act as a PACE solicitor and to perform work on behalf of that particular PACE Administrator<sup>3</sup>. PA enrolled Eco Renovation as a solicitor on June 11, 2019 and disenrolled it on August 25, 2020.
- 5. PA enrolled Jeremy Herget as a solicitor agent for Eco Renovation on June 11, 2019 and disenrolled him as a solicitor agent on August 25, 2020. PA enrolled Soulie Elkarake as a solicitor agent for Eco Renovation on July 9, 2019 and disenrolled him as a solicitor agent on March 5, 2021. PA enrolled and disenrolled other Eco Renovation employees/agents as solicitor agents for Eco Renovation on other dates.
- 6. In review of the PA's complaint files, Department of Financial Protection and Innovation (DFPI) learned that the PA received a complaint relating to contract entered on November 29, 2019 between a homeowner and the PA where Eco Renovation served as the PACE solicitor. The complaint involve conduct that occurred in Los Angeles County.
- 8. In the complaint examined, the homeowner alleges that he had never any contact with Eco Renovation. The homeowner alleges that he had contact with another construction company by the name of SunCosmic Builders, whose salesperson was Soulie Elkarake. Soulie Elkarake is listed as a solicitor agent for both SunCosmic Builders and Eco Renovation. Jeremy Herget is listed as the RMO or owner of both SunCosmic Builders and Eco Renovation. The homeowner denies that the

<sup>&</sup>lt;sup>3</sup> The Program Administrator (PA) is not a party to this order, and thus is not identified by name.

email address and phone attributed to him on the PACE financing contract is his email and phone number. The homeowner denies signing any PACE financing contract solicited by Eco Renovation or with any other solicitor or company. The homeowner was unaware that his home was encumbered with a lien because of the PACE financing contract. The homeowner denies that any work was done or any products were permanently installed. The homeowner alleges that one of the products was propped up against an exterior wall, pictures taken of the product but the unit was not actually installed onto the structure. The homeowner alleges that the contractor removed the unit shortly after the pictures were taken.

- 9. The homeowner denies signing the Completion Certificate, which verifies that the work was complete, satisfactory and that Eco Renovation could be paid. S Elkarake signed the Completion Certificate on behalf of Eco Renovation on December 3, 2019.
- 10. The complaint and facts implies that Eco Renovation through its agent Soulie Elkarake and/or others acting on behalf of Eco Renovation, created email addresses and phone numbers in order to have the financing documents routed to them rather than the homeowner. The homeowner also denies that he signed or knowingly signed the financing documents that were returned to PFG. Additionally, the homeowner alleges that the voice on the recorded "welcome call" and/or "completion call" with PFG is not his voice, but rather of an impersonator.
- 11. Finally, it appears that the payroll stub Eco Renovation submitted along with the financing package in order to meet the "ability to pay" requirements contained in sections 22686 and 22687, is not the homeowner's payroll stub. The homeowner alleges that he never worked at the business noted on the payroll stub and that his vocation is a different vocation from that which is implied by the payroll stub (a landscaping company).

# **DFPI Issues Report Letter On October 6, 2021**

12. On October 6, 2021, DFPI issued a letter to Eco Renovation regarding DFPI's findings as a result of an examination of PA's records (Report Letter). DFPI determined that with regard to the PACE assessment contracts entered into between the homeowner and the PACE administrator, it appeared that Eco Renovation, through its employees or agents violated section 22161 by perpetrating identity fraud.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

27

28

1

2

3

- 13. Section 22161 provides in pertinent part:
- (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.
- 14. The Report Letter requested Eco Renovation and its solicitor agents cease violating section 22161, by not:
  - a. Creating emails and/or telephone numbers on the assessment contract that are not the homeowners.
  - b. Representing that they were the homeowners on "welcome calls" and/or "completion calls" with PACE administrators.
  - c. Creating and submitting false documents to PACE administrators.

### **Eco Renovation's Response To Report Letter**

15. Eco Renovation did not respond to the Report Letter.

## **Eco Renovation Committed Fraud Through Its Solicitor Agent**

- 16. The allegations contained in the homeowner complaint are serious and alarming. It appears that Eco Renovation through its employees/solicitor agents solicitated PACE financing through identity fraud as telephone numbers and email addresses were used that were not the homeowner's. Therefore, DFPI concludes Eco Renovation through its solicitor agents or employees fraudulently e-signed the homeowner's PACE assessment contract.
- 17. Additionally, it appears that the voices on recorded "welcome calls" and or "completion calls" were not the homeowner's. Therefore, DFPI concludes that Eco Renovation solicitors or employees fraudulently impersonated the homeowner on these calls.
- 18. Moreover, it appears that homeowner's the payroll stub Eco Renovation submitted along with the financing package was fraudulent. The homeowner alleges that he never worked at the business noted on the payroll stub and his vocation is a different vocation that that is implied on by payroll stub (a landscaping company).
- 19. It is the opinion of the Commissioner that Eco Renovation fraudulent practices in soliciting PACE financing is injurious and unsafe to the public.

2

3

20.

4 **Order To Desist And Refrain** 5 Based on the foregoing, the Commissioner is of the opinion that Eco Renovation Group has violated section 22161 by making fraudulent statements and/or making material misrepresentations 6 7 about the PACE program. Pursuant to section 22690(c)(2)(B), Eco Renovation Group is ordered to 8 desist and refrain from the engaging in the business of a PACE Solicitor. 9 This Order is effective immediately as it addresses unsafe or injurious behavior by Eco 10 Renovation Group. See Section 22690(c)(2)(B)(i). 11 This Order is necessary, in the public interest, for the protection of consumers and consistent 12 with the purposes, policies, and provision of the California Financing Law. 13 Dated: December 21, 2021 San Francisco, CA CLOTHILDE V. HEWLETT 14 Commissioner of Financial Protection and Innovation 15 16 17 Mary Ann Smith **Deputy Commissioner** 18 **Enforcement Division** 19 20 21 22 23 24 25 26 27 28

On December 10, 2021, DFPI issued a demand to Eco Renovation to discontinue

violating section 22161 and to discontinue engaging in the business of soliciting property owners to

enter into assessment contracts related to all program administrators indefinitely.