

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 To: Eco Technology, Inc.
5 16255 Ventura Blvd., Ste. 910
6 Encino, California 91436

7 DESIST AND REFRAIN ORDER
8 (For violations of Financial Code sections 22161, 22690)

9 The Commissioner of Business Oversight (Commissioner) finds that:

10 1. Property Assessed Clean Energy (PACE) is a financing product where homeowners
11 finance certain clean energy projects to their property such as solar panels, water heaters and
12 windows. Homeowners enter into assessment contracts¹ with public agencies for voluntary
13 contractual assessments imposed on the real property. Payment for the PACE financing is added
14 onto the homeowner’s property tax as a special assessment, to be paid twice over a one year span,
15 and the financing entity obtains a lien on the property. If the homeowner does not pay the special
16 assessment, the financing entity can enforce the lien, including through foreclosure.

17 2. Pursuant to Financial Code sections 22100.5² and 22150, the Commissioner licenses
18 and regulates PACE program administrators in the State of California. A “program administrator”
19 means a person administrating a PACE program on behalf of, and with the written consent of a
20 public agency. (Section 22018.) A PACE solicitor is a person authorized by a program administrator
21 to solicit a property owner to enter into an assessment contract. (Section 22017.) A “PACE solicitor
22 agent” means an individual who is employed or retained by, and acts on behalf of, a PACE solicitor
23 to solicit a property owner to enter into an assessment contract. (Section 22017.) (A PACE solicitor
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25 _____
26 ¹ Finance Code section 22003.5 defines the “Assessment contract” to mean “an agreement entered into between all
27 property owners of record on real property and a public agency in which, for voluntary contractual assessments imposed
28 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.

² All further statutory references will be to the California Financial Code, unless otherwise indicated.

1 agent acting on behalf of Eco Tech will be referred to as “Eco Tech solicitor agent” or “solicitor
2 agent for Eco Tech.”)

3 3. At all relevant time, Eco Technology, Inc. (Eco Tech) is and was a construction
4 contractor licensed in California beginning on August 15, 2017 with the California Contractor’s
5 State License Board, license number 1030029 holding both B-1 (General Building Contractor) and
6 C-35 (Plumbing) classifications with a business address of 16255 Ventura Blvd., Ste. 910, Encino,
7 California, 91436. At all relevant times, Norbertas Sinica is and was the President of Eco
8 Technology, Inc.

9 **Investigation Of Assessment Contracts Of PA1**

10 4. On February 8, 2018, Eco Tech entered into contract with one such PACE program
11 administrator (PA1) to act as a PACE solicitor and to perform work on behalf of that particular
12 PACE Administrator.

13 5. PA1 enrolled Norbertas Sinica as a solicitor agent for Eco Tech on February 6, 2018
14 and disenrolled him as a solicitor agent on April 10, 2019. PA1 enrolled and disenrolled other Eco
15 Tech employees as solicitor agents for Eco Tech on other dates.

16 6. In review of the PA1’s complaint files, Department of Business Oversight (DBO)
17 learned that the PA1 received 22 complaints relating to contracts entered between homeowners and
18 the PACE Administrator where Eco Tech served as the PACE solicitor. Of the 22 complaints
19 reviewed at least seven complaints arise out of PACE assessments in 2019. All 22 complaints
20 involve conduct that occurred in Los Angeles County.

21 8. In all 22 complaints from PA1, the homeowners allege that Eco Tech employee(s)
22 represented in their sales presentation that the energy efficient system to be installed in the homes
23 were part of a “free government program” and that the homeowners would not have to pay anything.
24 Moreover, the Eco Tech solicitor agent/employee advised the homeowners that they would have to
25 sign up very quickly to qualify.

26 9. The complaints reveal that the Eco Tech solicitor agent would ask the homeowner for
27 personal financial information such as tax statements, paycheck stubs, and driver’s license in order
28 to determine if the homeowners qualified for the “free government program.” After taking a picture

1 of the documents on a cell phone or iPad, the employee would leave. Then, the PACE Administrator
2 would receive an application for PACE financing from the homeowner. All 22 complaints arise out
3 of assessment contracts that were e-signed by DocuSign. In 20 of the 22 complaints, the homeowner
4 denies ever signing the PACE financing contract between PA1 and the homeowner. In the two
5 complaints where the homeowners do recall signing contracts on an iPad, the contracts were written
6 in English, while the homeowners primarily speak Spanish.

7 10. DBO has identified at least seven of the 22 complaints that allege the PACE financing
8 contracts contain statements that the homeowners deny making, and email address and/or phone
9 number that they deny are attributed to them. The complaints imply that Eco Tech created email
10 address and phone numbers in order to have the financing documents routed to them rather than the
11 homeowner. The complainants also deny that they signed the financing documents that were
12 returned to PA1. Additionally, several of the complainants allege that the voice on the recorded
13 “welcome call” and/or “completion call” with that PACE Administrator is not their voice, but rather
14 an impersonator.

15 **Investigation Of Assessment Contracts Of PA2**

16 11. DBO’s investigation reveals that Eco Tech was also enrolled as a PACE solicitor for
17 a second PACE program administrator (PA2) on October 3, 2018.

18 12. PA2 enrolled Norbertas Sinica as a solicitor agent for Eco Tech on October 3, 2018
19 and disenrolled him as a solicitor agent on January 2, 2019.

20 13. DBO has identified eight complaints from homeowners where Eco Tech was the
21 PACE solicitor for PA2. In further review, seven of the eight complaints arise out of PACE
22 assessment contracts entered into in 2019.

23 14. In all eight complaints, the homeowners allege that a Eco Tech solicitor
24 agents/employees represented in their sales presentation that the energy efficient system to be
25 installed in the homes was part of a “free government program” and that the homeowners would not
26 have to pay anything.

27 15. All eight complaints allege the PACE financing contracts contain statements that the
28 homeowners deny making, and email address and/or phone number that they deny are attributed to

1 them. The complaints imply that Eco Tech created email address and phone numbers in order to
2 have the financing documents routed to them rather than the homeowner. The complainants also
3 deny that they signed the financing documents that were returned to PA2.

4 16. Additionally, several of the complainants allege that the voice on the recorded
5 “welcome call” and/or “completion call” with PA2 is not their voice, but rather an impersonator.

6 17. DBO determined that in at least one homeowner complaint, it appears that a
7 fraudulent IRS Form 1099 was submitted in the financing package in order to increase the income
8 level of the homeowners in order to meet the “ability to pay” requirements contained in sections
9 22686 and 22687.

10 **DBO Issues Report Letters On April 20, 2020**

11 18. On April, 2020, DBO issued letters to Eco Technology regarding DBO’s findings as
12 a result of an examination of PA1’s and PA2’s records (Report Letters). DBO determined that with
13 regard to the PACE assessment contracts entered into between the homeowners and their respective
14 PACE Administrators, it appeared that Eco Tech violated section 22161 by representing that the
15 energy efficient work to the home was part of a “free” government program.

16 19. Section 22161 provides in pertinent part:

17 (a) A person subject to this division shall not do any of the following:

18 (2) Make a materially false or misleading statement or representation to a property owner
19 about the terms or conditions of an assessment contract. . . .

(7) Commit an act that constitutes fraud or dishonest dealings.

20 20. The Report Letters requested Eco Tech and its solicitor agents cease violating section
21 22161, such as by not:

- 22 1. Representing to homeowners that the energy efficient product is part of a “free
23 government program.”
- 24 2. Representing to homeowners that the homeowner will not have to pay for the
25 energy efficient product proposed for their home.
- 26 3. Creating emails and/or telephone numbers on the assessment contract that are not
27 the homeowners.
- 28 4. Representing that they were the homeowners on “welcome calls” and/or
“completion calls” with PACE administrators.

1 5. Creating and submitting false documents to PACE administrators.

2 **Eco Tech’s Response To Report Letters**

3 21. In May, 2020, Eco Tech through its counsel responded to the Report Letters by
4 stating that the PACE Administrators were responsible for ensuring homeowners understood the
5 terms of the PACE financing. Further, Eco Tech argued that it is a licensed contractor and does not
6 understand the nature of PACE financing.

7 22. Further, Eco Tech denied any participation in or knowledge of fraud where it was
8 alleged that Eco Tech solicitor agents told homeowners that the energy efficient products were part
9 of a “free” government program,

10 23. In the response letters, Eco Tech argued that since the PACE Administrators were
11 required to and did supervise the training for all Eco Tech solicitor agents, any fraudulent activity by
12 Eco Tech solicitor agents were the result of the PACE Administrators’ own negligent and/or
13 intentional fraudulent conduct.

14 24. Eco Tech’s responses do not state what corrective action(s) it will take in light of the
15 Report Letters. Nor did Eco Tech state that it will instruct its solicitor agents to cease any fraudulent
16 activity in violation of Section 22161 as noted in the Report Letters.

17 **Eco Tech Committed Fraud Through Its Solicitor Agents**

18 25. The allegations contained in the homeowner complaints are serious and alarming. It
19 appears that Eco Tech through its employees/solicitor agents represented to homeowners that PACE
20 energy efficient products were part of a “free government program” and that they would not have to
21 pay for the products. The number of complaints show a pattern and practice of materially false
22 representation of the PACE program³ and acts that constitute fraud as was in violation of Section
23 22161.

24 26. Furthermore, it appears that Eco Tech’s business practice in soliciting PACE
25 financing may also include identity fraud as telephone numbers and email addresses were used that

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27 ³ Pursuant to section 22016, “PACE program” means a program in which financing is provided for the installation of
28 efficiency improvements on real property and funded through the use of property assessments, as well as other program
components defined in law.

1 were not the homeowners. Therefore, DBO concludes Eco Tech solicitors or employees
2 fraudulently e-signed the homeowners PACE assessment contracts.

3 27. Additionally, it appears that some voices on recorded “welcome calls” and or
4 “completion calls” were not the homeowners. Therefore, DBO concludes that Eco Tech solicitors or
5 employees fraudulently impersonated the homeowners on these calls.

6 28. Eco Tech’s response to the Report Letters contains only arguments. Eco Tech has not
7 provided any evidence to show a contrary conclusion.

8 29. It is the opinion of the Commissioner that Eco Tech fraudulent practices in soliciting
9 PACE financing is injurious and unsafe to the public.

10 30. On May 13, 2020, DBO issued a demand to Eco Tech to discontinue violating section
11 22161 and to discontinue engaging in the business of soliciting property owners to enter into
12 assessment contracts related to all program administrators indefinitely.

13 **Order To Desist And Refrain**

14 Based on the foregoing, the Commissioner is of the opinion that Eco Technology, Inc. has
15 violated section 22161 by making fraudulent statements and/or making material misrepresentations
16 about the PACE program. Pursuant to section 22690(c)(2)(B), Eco Technology, Inc. is ordered to
17 desist and refrain from the engaging in the business of a PACE Solicitor.

18 This Order is effective immediately as it addresses unsafe or injurious behavior by Eco
19 Technology, Inc. See Section 22690(c)(2)(B)(i).

20 This Order is necessary, in the public interest, for the protection of consumers and consistent
21 with the purposes, policies, and provision of the California Financing Law.

22 Dated: May 27, 2020
23 San Francisco, CA

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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25
26 By _____
Mary Ann Smith
27 Deputy Commissioner
Enforcement Division
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