

1 Department of Real Estate
P. O. Box 187000
2 Sacramento, CA 95818-7000
3 Telephone: (916) 227-0789

FILED
OCT 21 2002

DEPARTMENT OF REAL ESTATE

By *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11	TO:)	No. H-3727 SAC
12	SOLANO PACIFIC CORPORATION,)	<u>ORDER TO DESIST AND REFRAIN</u>
13	a Corporation, RICHARD ALAN)	(B&P Code Section 11019)
14	BORTOLAZZO, R. JOSEPH BANUAT,)	
15	ARLENE DENISE CLAUSEN,)	
16	THOMAS LEWIS ADAMS,)	
	THE ZEKA GROUP, INC.,)	
	a Corporation, LOUISA KAO,)	
	and LORENZ KAO)	

17 RE: HARBOR HOMES UNIT I AND II
18 Solano County, California
19 Subdivision Public Report
File Numbers 027832 SA A02 and 108029 SA F00

20 The Real Estate Commissioner of the State of
21 California (hereinafter "the Commissioner") has caused an
22 investigation to be made of your activities selling or offering
23 to sell lots or units in a subdivision as defined in Sections
24 11000 and 11004.5 of the California Business and Professions
25 Code (hereinafter "the Code"), and based upon the findings of
26 that investigation, as set forth below, has determined that you,
27 SOLANO PACIFIC CORPORATION, a Corporation, RICHARD ALAN

1 BORTOLAZZO, R. JOSEPH BANUAT, ARLENE DENISE CLAUSEN, THOMAS
2 LEWIS ADAMS, THE ZEKA GROUP, INC., a corporation, LOUISA KAO,
3 and LORENZ KAO (hereinafter collectively "you"), have:

4 (a) Violated Sections 11012 and 11018.1(a) of the
5 Code and Section 2795.1 of Chapter 6, Title 10, California Code
6 of Regulations (hereinafter "the Regulations");

7 (b) Failed to fulfill agreements and assurances given
8 by you to the Department in the application for a final public
9 report;

10 (c) Failed to report in writing to the Department any
11 information concerning material changes in the offering of
12 interests in a subdivision which caused a public report to be
13 misleading or inaccurate or which would have caused the
14 Department to deny a public report if the conditions had existed
15 at the time of issuance of the public report; and

16 (d) After the setup of the offering of interests was
17 submitted to the Department in an application for a final public
18 report, knowingly changed the setup of the offering of interests
19 in the subdivision without first notifying the Department in
20 writing of such intended change.

21 I

22 At all times mentioned herein, you, and each of you,
23 were the owners and/or subdividers and/or the agents of the
24 owners and/or subdividers of subdivided lands as defined in
25 Section 11000 of the Code.

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1 II

2 Said subdivided lands, known as or commonly called
3 "HARBOR HOME UNITS I AND II" (hereinafter "the Subdivision") is
4 a two-phase, 60-lot residential planned development subdivision
5 located at South Regatta Drive and Whitesides Drive within the
6 city limits of Vallejo, Solano County, California. Harbor Homes
7 Unit I (hereinafter "Unit I"), the first phase of the
8 Subdivision, contains 26 residential lots, and is identified in
9 the records of the Department under the Department's File Number
10 027832 SA. Harbor Homes Unit II (hereinafter "Unit II"), the
11 second phase of the Subdivision, contains 33 residential lots,
12 and is identified in the records of the Department under the
13 Department's File Number 108029 SA.

14 III

15 From on or about September 28, 1999 through on or
16 about January 11, 2002, in File Number 027832 SA A02, you, THE
17 ZEKA GROUP, INC., LOUISA KAO, and LORENZ KAO, applied to the
18 Department for an amended final subdivision public report
19 (hereinafter "the public report") authorizing you, and each of
20 you, to offer for sale or lease, negotiate the sale or lease,
21 and sell or lease lots or units in Unit I, and, in support of
22 this application for the public report, you, THE ZEKA GROUP,
23 INC., LOUISA KAO, and LORENZ KAO, submitted a public report
24 questionnaire and additional supporting documents and
25 information.

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1 IV

2 In course of said application, in order to induce the
3 Department to issue the final public report, you, THE ZEKA
4 GROUP, INC., LOUISA KAO, and LORENZ KAO, submitted a proposed
5 purchase and sale agreement in exemplar form (hereinafter "the
6 exemplar sales agreement"), and represented to the Department
7 that the written agreements used by the Subdividers and
8 Respondents in each and every sale, lease, or option to sell or
9 lease by Subdividers and/or Respondents of lots or units in Unit
10 I under authority of the final public report would conform in
11 all material respects to the exemplar sales agreement.

12 V

13 On or about January 11, 2002, in File Number 027832 SA
14 A02, in reliance upon the representations and assurances
15 described in Paragraph IV, above, the Department issued the
16 public report to you, THE ZEKA GROUP, INC., LOUISA KAO, and
17 LORENZ KAO. At no time mentioned herein was the public report
18 amended, renewed or otherwise superseded

19 VI

20 Between on or about January 26, 2002 and on or about
21 June 27, 2002, in course of the activities described in
22 Paragraph VII, above, in each of the transactions tabulated
23 below, you, and all of you, offered for sale, negotiated for
24 sale, and/or sold lots in Unit I under authority of the public
25 report, and, in the course of each such transaction, you
26 solicited and obtained the execution by purchasers of written
27 agreements for the purchase of lots in Unit I which differed

1 materially from the exemplar sales agreement described in
2 Paragraph XI, above:

3 TRANSACTIONS

4	<u>BUYERS</u>	<u>ADDRESS</u>	<u>LOT</u>
5	(1) Thomas L. Adams	15 Shoal Drive East	23
6	Barbara Adams	Vallejo, CA 94591	
7	(2) Renee Shoenborn	15 Shoal Drive East	7
8		Vallejo, CA 94591	
9	(3) John R. Schulte	15 Shoal Drive East	24
10	Jeannine Mockovciak	Vallejo, CA 94591	
11	(4) Lee North	15 Shoal Drive East	22
12	Susan L. North	Vallejo, CA 94591	
13	(5) Shari Morris	15 Shoal Drive East	18
14		Vallejo, CA 94591	
15	(6) Thomas L. Koenig	15 Shoal Drive East	16
16	Alexandra Koenig	Vallejo, CA 94591	

17 VII

18 In committing the acts and omissions described in
19 Paragraph VI, above:

20 (a) You, and each of you, violated Section 11012 of
21 the Code;

22 (b) You, THE ZEKA GROUP, INC., LOUISA KAO, and LORENZ
23 KAO, failed to fulfill agreements and assurances given by you to
24 the Department in the application for a final public report;

25 (c) You, and each of you, failed to report in writing
26 to the Department any information concerning material changes in
27 the offering of interests in a subdivision which caused a public

1 report to be misleading or inaccurate or which would have caused
2 the Department to deny a public report if the conditions had
3 existed at the time of issuance of the public report; and

4 (d) You, and each of you, after the setup of the
5 offering of interests was submitted to the Department in an
6 application for a final public report, knowingly changed the
7 setup of the offering of interests in the subdivision without
8 first notifying the Department in writing of such intended
9 change.

10 VIII

11 In course of each of the transactions described in
12 Paragraph VI, above, you and each of you violated Section
13 11018.1(a) of the Code in conjunction with Section 2795.1 of the
14 Regulations in that you failed to provide the purchasers with a
15 copy of the public report prior to the execution of a binding
16 contract for the sale of a lot and/or to obtain a receipt from
17 the purchaser for the final public report in a form and manner
18 as set forth in Section 2795.1 of the Regulations.

19 NOW, THEREFORE, YOU, SOLANO PACIFIC CORPORATION,
20 RICHARD ALAN BORTOLAZZO, R. JOSEPH BANUAT, ARLENE DENISE
21 CLAUSEN, THOMAS LEWIS ADAMS, THE ZEKA GROUP, INC., LOUISA KAO,
22 and LORENZ KAO, AND YOUR AGENTS AND EMPLOYEES, ARE HEREBY
23 ORDERED TO DESIST AND REFRAIN from selling, exchanging or
24 leasing, offering for sale, exchange or lease, soliciting
25 purchasers or lessees, or negotiating for sale, exchange or
26 lease, lots or units in the Subdivision until such time as you
27 have:

