DEPARTMENT OF REAL ESTATE
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FILED

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DEPARTMENT OF REAL ESTATE

By K. Contreras

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

To: SCOTT WOODS, GINA RODRIGUEZ, and, KI SYSTEMS, LLC.	NO. H-5251 SAC ORDER TO DESIST AND REFRAIN (B&P Code Section 10086)

The Commissioner (Commissioner) of the California Department of Real Estate (Department) caused an investigation to be made of the activities of SCOTT WOODS (WOODS), GINA RODRIGUEZ (RODRIGUEZ), and KI SYSTEMS, LLC (KI), dba "Loan Redux." Based on that investigation, the Commissioner has determined that WOODS, RODRIGUEZ, and KI, have engaged in, are engaging in, or are attempting to engage in, acts or practices constituting violations of the California Business and Professions Code (Code) and/or Title 10, Chapter 6, California Code of Regulations (Regulations), including RODRIGUEZ and KI, acting in the capacity of, being in the business of, and/or advertising or assuming to act as, real estate brokers in the State of California within the meaning of Section 10131(d) (performing services for borrowers in connection with loans secured by real property) of the Code; obtaining advance fee agreements, in violation of Section of 10085 of the Code and Section 2970 of the Regulations; and claiming, demanding, charging, and/or collecting advanced fees for performing services in connection with a loan to be secured directly or collaterally by a lien on real property before the borrower was obligated to complete the loan, in violation of Section 10085.5 of the Code.

Furthermore, based on the investigation, the Commissioner hereby issues the following Findings of Fact, Conclusions of Law, and Desist and Refrain Order under the authority of Section 10086 of the Code.

Whenever acts referred to below are attributed to WOODS, those acts are alleged to have been done by WOODS, acting by himself, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to RODRIGUEZ and KI, and using the names "Loan Redux A Division of KI Systems, LLC" or other names or fictitious names unknown at this time.

FINDINGS OF FACT

1. WOODS has been licensed by the Department as a real estate broker since August 12, 2006, whose license expires on August 11, 2010 and who is the managing member of "Loan Redux".

2. RODRIGUEZ has been licensed by the Department as a real estate salesperson since June 11, 2005, whose license expires on June 10, 2009, and who was under the supervision and control of Norcal Gold, Inc., at all times mentioned herein.

3. KI is not now, and has never been, licensed by the Department in any capacity.

4. During the period of time set out below, RODRIGUEZ, solicited borrowers and negotiated to do one or more of the following acts for another or others, for or in expectation of compensation: negotiate one or more loans for, or perform services for, borrowers and/or lenders in connection with loans secured directly or collaterally by one or more liens on real property; and charge, demand or collect advanced fees for any of the services offered.

5. On about October 9, 2008, RODRIGUEZ solicited Sarah and David Picton (the Picton's) in order to provide loan modification services to save the Picton's three (3) properties, as set out below, from being lost in foreclosure:

a) 8060 Stallion Way Sacramento, 95830

b) 4816 17th Ave., Sacramento, CA 95820

c) 42 Moonlit Circle, Sacramento, CA 95831

6. On about October 9, 2008, RODRIGUEZ represented she would reduce the principal balance on their home or the Picton's would receive 100 percent of their money back.

7. On about October 9, 2008, in furtherance of WOODS', KI's, and RODRIGUEZ' plan and scheme to provide loan modification services to the Picton's, RODRIGUEZ requested advance fees from the Picton's in the amount of about $3,600.00, about $1,200.00 for each property.

8. On about October 9, 2008, three (3) Negotiation Contracts were entered into, one for each property as described in Paragraph 4, above, between David Picton and "Loan Redux A Division of KI Systems, LLC", wherein Loan Redux would provide loan modification services in exchange for a fee of $2,500.00, which included a "processing & packaging" fee of $1,250.00, the remaining $1,250.00 to be paid "on completion."

9. On about October 9, 2008, in reliance on RODRIGUEZ representations, the Picton's delivered three (3) checks, each for $1,200.00, to RODRIGUEZ.

10. After the Picton's delivered the checks to RODRIGUEZ, as mentioned above, they received no further communications or services of any type from RODRIGUEZ, WOODS, KI, or from anyone connected in any way with Loan Redux.

CONCLUSIONS OF LAW

11. Based on the Findings of Fact contained in Paragraphs 1 through 10, RODRIGUEZ and KI, acting by themselves, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to WOODS, and using the names "Loan Redux A Division of KI Systems, LLC," or other names or fictitious names unknown at this time, solicited borrowers and performed services for those borrowers and/or those borrowers' lenders in connection with loans secured directly or collaterally by one or more liens on real property, and charged, demanded or collected advance fees for the services to be provided, which acts require a real estate broker license under Sections 10131(d) and 10131.2 of the Code, during a period of time when KI was not licensed by the Department as a real estate broker.

12. Based on the Findings of Fact contained in Paragraphs 1 through 10, RODRIGUEZ and KI, acting by themselves, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to WOODS, and using the names "Loan Redux A Division of KI Systems, LLC," or other names or fictitious names unknown at this time, charged, demanded or collected advance fees for the services to be provided, without first submitting advanced fee materials for approval to the Department as required by Section 10085 of the Code; and claimed, demanded, charged, and/or collected advanced fees prior to a borrower's obligation to complete a loan, in violation of Section 10085.5 of the Code.

DESIST AND REFRAIN ORDER

Based on the Findings of Fact and Conclusions of Law stated herein, SCOTT WOODS, GINA RODRIGUEZ, and KI SYSTEMS, LLC, dba "Loan Redux.", whether doing business under your own names, or any other names or fictitious names, ARE HEREBY ORDERED to:

1. RODRIGUEZ and KI, immediately desist and refrain from performing any acts within the State of California for which a real estate broker license is required;

2. immediately desist and refrain from:

(i) soliciting borrowers and/or performing services for borrowers or lenders in connection with loans secured directly or collaterally by one or more liens on real property; and,

(ii) from charging, demanding, or collecting an advance fee for any of the services you offer to others, unless and until you obtain a real estate broker license issued by the Department, and until you demonstrate and provide evidence satisfactory to the Commissioner that you are in full compliance with all of the requirements of the Code and Regulations relating to charging, collecting, and accounting for advance fees; and,

3. immediately desist and refrain from collecting advance fees, as that term is defined in Section 10026 of the Code, in any form and particularly with respect to loan modification, loan refinance, principal reduction, foreclosure abatement or short sale services,

unless and until you demonstrate and provide evidence satisfactory to the Commissioner that you have:

(i) an advance fee agreement which has been submitted to the Department and which is in compliance with Sections 2970 and 2972 of the Regulations;

(ii) placed all previously collected advance fees into a trust account for that purpose and are in compliance with Section 10146 of the Code; and,

(iii) provided an accounting to trust fund owner-beneficiaries pursuant to Section 2972 of the Regulations.

DATED: 7/20, 2009

JEFF DAVI
Real Estate Commissioner

By

BARBARA J. BIGBY
Chief Deputy Commissioner

-NOTICE-

Business and Professions Code Section 10139 provides that, "Any person acting as a real estate broker or real estate salesperson without a license or who advertises using words indicating that he or she is a real estate broker without being so licensed shall be guilty of a public offense punishable by a fine not exceeding twenty thousand dollars ($20,000), or by imprisonment in the county jail for a term not to exceed six months, or by both fine and imprisonment; or if a corporation, be punished by a fine not exceeding sixty thousand dollars ($60,000) . . ."

cc: SCOTT WOODS
KI SYSTEMS, LLC
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Atty MFC