Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

FILED

AUG 25 2011

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

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TO: LDT INVESTMENTS INC., doing business as LDT Escrow Division a Non Independent Escrow Division, and DIANA J. LOPEZ,	No. H- 37475 LA 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 LDT INVESTMENTS INC. (LDT), doing business as LDT Escrow Division a Non Independent Escrow Division. Based on that investigation, the Commissioner has determined that LDT and DIANA J. LOPEZ (LOPEZ) have violated:

(1) Financial Code Section 17006(a)(4) for performing third party escrows in violation of the exemption for real estate brokers performing escrows incidental to a real estate transaction where the broker is a party; and

(2) Business and Professions Code Section 10177(j) for conversion, fraud and dishonest dealing through the instrumentality of LDT's escrow division for LDT's real estate purchases and resales, acting in its principal capacity for itself as opposed to its brokerage services, as directed

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by LOPEZ, which resulted in conversion of $1,744,537.68 in escrowed funds between January 1, to July 1, 2011,

(3) Code Section 10177(f) of the Business and Professions Code and Section 2742, Title 10, Chapter 6, California Code of Regulations in that although LDT's corporate status was suspended by the California Secretary of State on March 11, 2011, LDT continued to conduct operations.

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 Business and Professions Code Section 10086.

Whenever acts referred to below are attributed to LDT, those acts are alleged to have been done by LDT, acting by itself, or by and/or through one or more agents, associates, affiliates, and/or co-conspirators, including, but not limited to LOPEZ, an unlicensed person, owner and president of LDT and other names or fictitious names unknown at this time.

FINDINGS OF FACT

1. LDT INVESTMENTS INC. (LDT). At all times mentioned, LDT was licensed or had license rights issued by the Department of Real Estate (Department) as a real estate broker. On June 13, 2009, LDT was originally licensed as a corporate real estate broker. LDT was authorized to act by and through Adrian Hernandez as LDT's designated broker pursuant to Business and Professions Code Sections 10159.2 and 10211 to be responsible for ensuring compliance with the Real Estate Law. On March 11, 2011, LDT's corporate status was suspended by the California Secretary of State pursuant to Revenue and Taxation Code Section 23302, yet LDT continued to conduct operations to date.

2. Adrian Hernandez (Hernandez). At all times mentioned, Hernandez was licensed or had license rights issued by the Department as a real estate broker. On November 13, 2007, Hernandez was originally licensed as a real estate broker. On June 13, 2009, Hernandez became the designated officer of LDT. Hernandez was responsible for supervising LDT's officers,

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employees, and LDT's broker-controlled, in-house escrow. On February 25, 2011, Hernandez was cancelled as designated officer of LDT.

3. LOPEZ is an unlicensed person and is LDT's owner and president.

4. At all times mentioned, in the City of Granada Hills, County of Los Angeles, LDT and Hernandez acted as real estate brokers conducting licensed activities within the meaning of:

A. Code Section 10131(a). Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers including the operation and conduct of a residential resale including a short sale brokerage with the public wherein, for or in expectation of compensation, for another or others, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others.

B. Code Section 10131(d). Respondents engaged in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance including but not limited to short sales, short sale-repurchase and flash funder financing.

C. In addition, LDT and Hernandez conducted broker-controlled in-house escrows through LDT's escrow division, to wit, LDT Escrow Division A Non-Independent Broker Escrow, (Escrow Division) under the exemption set forth in California Financial Code Section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate transaction where the broker is a party.

5. On July 1, 2011, the Department completed an investigation of LDT pertaining to the (1) residential resale and purchase, mortgage loan brokerage, short sale and broker-controlled activities described in Paragraph 4, which require a real estate license; and completed investigation into (2) principal transactions, whereby LDT acts for itself, buying real properties and reselling them to buyers. The investigative examination covered a period of time beginning on January 1, 2011 to July 1, 2011.

6. At all times mentioned, in connection with the activities described in Paragraphs 4 and 5, LDT accepted or received funds (hereinafter "escrowed funds") including funds in the form of (1) earnest money deposits from buyers for the purchase of LDT's own properties, and (2) net proceeds due on sale to sellers from their sales of properties to LDT and escrowed by LDT's escrow division and tabled below in Paragraph 13. From time to time herein mentioned during the investigative period, said trust funds were deposited and/or maintained by LDT in the bank accounts as follows:

"LDT Investments Inc./and/or Diane J. Lopez (sic) Account
No. xxxxxx3605
Citibank (G/A #1)

"LDT Investments Inc./and/or Diane J. Lopez (sic) Account
No. xxxxxx8920
Citibank (G/A #2)

7. Acting in its principal capacity, LDT bought and inventoried properties for itself and then sold them, as directed by its owner and president, LOPEZ, using its in-house escrow to facilitate the closing of these transactions.

8. Typically, LDT bought properties directly from sellers, including but not limited to distressed sellers facing foreclosure due to default on their home loans to institutional lenders. LDT bought these properties, through the instrumentality of a short term lender, known as a "flash funder", who financed LDT's acquisitions. As such, LDT took title to a property in exchange for an obligation to pay off the outstanding lien owed by the seller to the lien holder. LDT, using its in-house escrow then subsequently paid over to the seller the remaining net sale proceeds.

9. Once acquired into its inventory, LDT "flipped" or quickly resold its properties to buyers. LDT profited on the difference between the discount price paid by LDT to pay off the institutional lender's lien on the short sale and the resale price to a new buyer paying cash for the

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"flipped" property. LDT then is obligated to pay off the lien placed on the property by the flash funder.

10. LDT neither fulfilled the promise to resell the residences back to the defaulting homeowners, nor recorded a deed of trust securing the flash funders security interest in the short term loan to LDT to acquire the distressed property, nor, after reselling the property to a new cash buyer, deed over the property to the buyer free and clear of liens.

11. The table below reflects the purchases from two sellers and the sales to five buyers and recites the purchase dates, addresses, resale prices and their losses to the five buyers.

12. LDT embezzled funds channeled into its escrow from sources including buyer deposits, flash funder loans, and seller net proceeds, systematically converted for LDT's and/or LOPEZ' personal purposes and private concerns totaling approximately $1,744,537.68.

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13. TABLE: ESCROW FRAUD VICTIMS

Victim	Party	Date	Price	Paid	Status
Mercado					
1 Pierce St.	Buyer	1/27/11	$200,000	$200,000	Converted; Title conveyed on 2/11/11, but existing $150,000 lien not paid off
2 Van Ness	Buyer	1/28/11; 1/28/11	$250,000	$150,00; $100,000	Converted
Sub-Total				$450,000	
Mukesh					
1 Van Ness	Buyer	1/27/11	$225,000	$47,250	Converted
Lin					
1 Rinaldi/Saticoy	Buyer	12/2/10; 1/31/11	$215,000	$100,000; $115,000	Converted
2 Friar/Cohasset	Buyer	1/12/11; 1/21/11; 1/25/11	$235,000	$100,000; $50,000; $85,000	Converted; LDT never held title to Cohasset property
3 Tampa	Buyer	3/25/11	$215,000	$100,000	Converted
4 Bleeker	Buyer	11/5/10; 11/19/10; 12/2/10; 12/2/10; 12/7/10; 12/20/10	$260,000	$50,000; $55,000; $22,000; $38,000; $50,000; $45,000	Converted; Title conveyed on 2/11/11, but existing $252,000 lien not paid off
Sub-Total				$550,000	
Ulrich					
1 Canby/Quartz	Buyer	2/17/11	$171,000; $306,000	$120,000	Converted
2 Snow/Cantara	Buyer	2/24/11	$306,000; $283,000	$150,000	Converted; LDT never held title to Snow property
3 Canyon Ridge	Buyer	3/4/11	$414,000	$100,000	Converted
4 Weidner St.	Seller	3/16/11	$207,000	<$54.250>	Converted; Title conveyed to LDT on 3/24/11 and Seller's existing loan paid off, but proceeds from sale not received
Sub-Total				$424,250	
Li					
1 Van Ness	Buyer	4/25/11 4/29/11	$270,000	$67,500; $205,537.68	Converted
Sub-Total				$273,037.68	
Gomez					
1 Pierce St.	Seller	7/10	$135,000	No proceeds	Short Sale; LDT purchased and acquired title to Pierce St

2 Pierce St	Buyer	7/10	$265,000	$5,000	LDT failed to resell property back to Gomez; rented property back instead
Sub-Total				$5,000	
Total				$1,749,537.68	

CONCLUSIONS OF LAW

14. Based on the findings of fact contained in finding 7, LDT, acting in its principal capacity, and DIANA J. LOPEZ, violated Financial Code Section 17006(a)(4), for conducting third party escrows.

15. Based on the findings of fact contained in findings 7 through 13, LDT violated Business and Professions Code Section 10177(j), for fraud and dishonest dealing resulting in conversion of $1,744,537.68 in escrowed funds.

16. Based on the finding of fact contained in finding 1, LDT' suspension by the California Franchise Tax Board is a violation of Business and Code Section 10177(f) and Section 2742(c) of the California Code of Regulations, in that it would have constituted grounds for denial of LDT's corporate real estate broker license.

DESIST AND REFRAIN ORDER

NOW, THEREFORE, LDT INVESTMENTS INC., IS ORDERED TO DESIST AND REFRAIN AND LDT INVESTMENTS INC., SUCCESSORS IN INTEREST ARE HEREBY ORDERED TO DESIST AND REFRAIN from performing any acts for which a real estate license is required.

Based on the Findings of Fact and Conclusions of Law stated herein, LDT INVESTMENTS INC., and DIANA J. LOPEZ whether doing business under your own name, or any other names or fictitious names, ARE HEREBY ORDERED to immediately desist and refrain from performing any acts requiring a real estate license in California unless and until LDT INVESTMENTS INC., is in compliance with California Financial Code Section 17006(a)(4).

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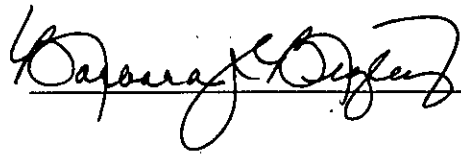
FURTHERMORE, LDT INVESTMENTS INC. IS ORDERED TO DESIST AND REFRAIN from conversion, fraud and dishonest dealing of funds.

DATED: 8/23, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner



cc: LDT Investments Inc.
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