

FILED

October 10, 2011

1 DEPARTMENT OF REAL ESTATE
2 P. O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0789

DEPARTMENT OF REAL ESTATE

By *R. Jones*

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

11 To:)	
)	DRE No. H-2429 FR
12 K.N.C. FINANCIERA, INC.,)	<u>FIRST AMENDED</u>
13 RICARDO MELGOZA, an individual, and)	<u>ORDER TO</u>
14 JORGE ZEPEDA, an individual)	<u>DESIST AND REFRAIN</u>
)	(B&P Code Section 10086)

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16 The Commissioner of the California Department of Real Estate ("the

17 Commissioner") caused an investigation to be made of the activities of K.N.C. FINANCIERA,

18 INC. ("KNC), RICARDO MELGOZA ("MELGOZA"), and JORGE ZEPEDA ("ZEPEDA").

19 Based on the investigation, the Commissioner has determined KNC, MELGOZA, and ZEPEDA

20 have engaged in, are engaging in, or are attempting to engage in, acts or practices constituting

21 violations of the California Business and Professions Code ("the Code") and/or Title 10, Chapter

22 6, California Code of Regulations ("Regulations"), including the business of, acting in the

23 capacity of, and/or advertising or assuming to act as, a real estate broker in the State of

24 California within the meaning of Section 10131(d) (performing services for borrowers in

25 connection with loans secured by real property) of the Code. Furthermore, based on the

26 investigation, the Commissioner hereby issues the following Findings of Fact, Conclusions of

27 Law, and Desist and Refrain Order under the authority of Section 10086 of the Code.

1 Whenever acts referred to below are attributed to KNC, those acts are alleged to have been
2 done by MELGOZA , and/or ZEPEDA, acting by themselves, or by and/or through one or more
3 agents, associates, affiliates, and/or co-conspirators, and using the name K.N.C. FINANCIERA,
4 INC.

5 FINDINGS OF FACT

6 1. At no time have KNC, MELGOZA, and/of ZEPEDA, been licensed by the
7 Department in any capacity.

8 2. During the period of time set out below and up to the present and despite
9 the Commissioner's original Order to Desist and Refrain filed in Department of Real Estate Case
10 number H-2429 FR, KNC acting by and through MELGOZA and/or ZEPEDA, and/or other
11 agents, associates, affiliates, and/or other names or fictitious names unknown at this time and/or
12 co-conspirators solicited one or more borrowers and negotiated to do one or more of the
13 following acts for another or others, for or in expectation of compensation: negotiate one or more
14 loans for, or perform services for, borrowers and/or lenders in connection with loans secured
15 directly or collaterally by one or more liens on real property; and charge, demand or collect an
16 advance fee for any of the services offered, in violation of Sections 10130 (real estate broker
17 license required to perform certain acts), 10085.5 (real estate broker license required to charge or
18 collect an advance fee), and 10139 (criminal penalties for unlicensed activity) of the Code.

19 3. On or about July 21, 2008, KNC, acting through MELGOZA, entered into
20 a written agreement with Victor O. a.k.a. Victor O. R. ("VOR") to negotiate a loan modification
21 concerning his real property located at 6915 Wild Rogue Court, Bakersfield, CA, in which KNC
22 would negotiate a loan modification for VOR's loan. VOR agreed to pay KNC as its fee for loan
23 modification services the sum of \$1,600.00 and VOR did pay to KNC the sum of at least
24 \$800.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

25 4. On or about August 2, 2008, KNC, acting through MELGOZA, entered
26 into a written agreement with Juan C. G. ("JCG") to negotiate loan modifications concerning his
27 two pieces of real property located at 12008 Cedar Bluff Avenue and 3500 Planz Road,

1 Bakersfield, CA, respectively, in which KNC would negotiate loan modifications for JCG's
2 mortgage loans on the Cedar Bluff Avenue and Planz Road properties. JCG agreed to pay KNC
3 the sum of \$3,422.28 as its fee for loan modification services and JCG did pay to KNC the sum
4 of at least \$1,000.00 to retain legal services in connection with KNC's representation and JCG
5 did pay to KNC the sum of at least \$1,000.00, in violation of Sections 10130, 10085.5, and
6 10139 of the Code.

7 5. On or about November 22, 2008, KNC, acting through ZEPEDA, entered
8 into a written agreement with Maria G. M. ("MGM") to negotiate loan modifications concerning
9 her real property located at 1024 North Fruit Avenue, Bakersfield, CA, in which KNC would
10 negotiate a loan modification for MGM's mortgage loan. MGM agreed to pay to KNC the sum
11 of \$1,500.00 as its fee for loan modification services and did pay to KNC the sum of at least
12 \$1,500.00 in violation of Sections 10130, 10085.5, and 10139 of the Code.

13 6. On or about December 8, 2008, KNC, acting through MELGOZA,
14 entered into a written agreement with Juana E. E. ("JEE") to negotiate loan modifications
15 concerning her real property located at 5214 Oswell Park Drive, Bakersfield, CA, in which KNC
16 would negotiate a loan modification for JEE's mortgage loan. JEE agreed to pay to KNC the
17 sum of \$1,500.00 as its fee for loan modification services and did pay to KNC the sum of at least
18 \$1,400.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

19 7. On or about December 16, 2008, KNC, acting through MELGOZA,
20 entered into a written agreement with Santos E. ("SE") to negotiate loan modifications
21 concerning her real property located at 9011 Long Island Drive, Bakersfield, CA, in which KNC
22 would negotiate a loan modification for SE's mortgage loan. SE agreed to pay to KNC the sum
23 of \$1,000.00 as its fee for loan modification services and did pay to KNC the sum of at least
24 \$750.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

25 8. On or about August 13, 2009, KNC acting through MELGOZA, entered
26 into a written agreement with Juan H. ("JH") to negotiate loan modifications concerning his real
27 property located at 1738 17th Avenue, Delano, CA. KNC was employed to negotiate a loan

1 modification for JH's mortgage loan. JH agreed to pay and did pay to KNC the sum of
2 \$2,500.00 as its fee for loan modification services. JH made three payments to KNC beginning
3 with \$500.00 on July 16, 2009, \$1,000 on August 13, 2009, and \$1,000.00 on September 4,
4 2009, for the aforementioned sum of \$2,500.00 in violation of Sections 10130, 10085.5, and
5 10139 of the Code.

6 9. In addition, JH paid to MELGOZA the sum of \$1,000.00 to seek loan
7 modification on a second property owned by JH. JH never received either of the promised loan
8 modifications. On or about September 4, 2009, JH was informed by MELGOZA that his 1738
9 17th Avenue, Delano, CA home had been the subject of a foreclosure sale. JH never received a
10 refund of the advance fees paid to KNC through MELGOZA as promised by MELGOZA.

11 10. On or about December 9, 2009, KNC acting through MELGOZA, entered
12 into a written agreement with Rolando A. ("RA") to negotiate a loan modification concerning
13 RA's real property located at 951 East Sutter Avenue, Earlimart, CA, in which KNC would
14 negotiate an affordable loan modification for RA's mortgage loan. In December 2009, RA paid
15 the sum of \$2,000.00 to KNC as KNC's fee to begin performing loan modification services in
16 violation of Sections 10130, 10085.5, and 10139 of the Code. RA never received the promised
17 loan modification.

18 11. On or about February 4, 2010, RA received notification from the lender
19 that his loan modification was canceled. RA's home was sold via a foreclosure sale
20 approximately 4 weeks later. MELGOZA's reaction to this information was that the lender
21 illegally foreclosed on the property, but RA needed to hire an attorney to address this problem.
22 MELGOZA advised RA to pay MELGOZA an additional advance fee of approximately \$2,000
23 so MELGOZA could hire an attorney. RA decided not to pay the requested additional advance
24 fee. RA has not received a refund of the advance fees paid to KNC.

25 12. KNC acting through MELGOZA, entered into a written agreement with
26 Alonso H. V. ("AHV") to negotiate a loan modification for his California real property. AHV
27 paid KNC more than \$500.00 as KNC's fee for loan modification services in at least two

1 payments - a March 25, 2009, payment in the amount of \$500.00 and an April, 2009, payment
2 where in the KNC receipt for payment lists an amount of the payment and exact date of the
3 payment, but the entries are illegible. AHV understood KNC's fee for the loan modification was
4 \$1,600.00. KNC's collection of the advance fee by MELGOZA is a violation of Sections 10130,
5 10085.5, and 10139 of the Code. In addition, in violation of Sections 10130, 10085.5, and 10139
6 of the Code, on or about December 1, 2010, AHV, at the direction of MELGOZA, paid to
7 Affordable Escrow the sum of \$2,000.00, purportedly to assist MELGOZA and KNC in
8 recovering AHV's aforementioned real property which was lost via a foreclosure sale.

9 13. On or about July 1, 2009, KNC acting through MELGOZA, entered into a
10 written agreement with Martha C. ("MC") to negotiate a loan modification concerning MC's real
11 property located at 4071 N. Cecelia Avenue, Fresno, CA. KNC was to negotiate an affordable
12 loan modification for MC's mortgage loan. On or about July 1, 2009, MC paid KNC the sum of
13 \$2,300.00 as KNC's fee. In violation of Sections 10130, 10085.5, and 10139 of the Code, KNC
14 began providing loan modification services. After entering into the agreement with KNC, MC
15 learned from her residential lender that MELGOZA never obtained the loan modification.
16 Despite MELGOZA's failure to obtain MC's loan modification, MELGOZA has failed to
17 provide MC with a full refund of her \$2,300.00 advance fees paid to KNC.

18 CONCLUSIONS OF LAW

19 Based on the findings of fact contained in paragraphs 1 through 13, above,
20 KNC, acting by and/or through one or more agents, associates, affiliates, and/or co-
21 conspirators, including MELGOZA, ZEPEDA, and using the name K.N.C. FINANCIERA,
22 INC., and/or other names or fictitious names unknown at this time, solicited one or more
23 borrowers and performed services for those borrowers and/or those borrowers' lenders in
24 connection with loans secured directly or collaterally by one or more liens on real property,
25 acts which require a real estate license under Section 10131(d) of the Code, during a period of
26 time when KNC, MELGOZA, and/or ZEPEDA were not licensed by the Department in any
27 capacity.

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DESIST AND REFRAIN ORDER

Based on the Findings of Fact and Conclusions of Law stated herein:

K.N.C. FINANCIERA, INC., RICARDO MELGOZA and JORGE ZEPEDA

(collectively and individually "you") doing business under your own names, the corporate names K.N.C. FINANCIERA, INC., and/or any corporation which does not hold a valid California Department Real Estate Corporate Broker License or any other names or fictitious names, ARE

HEREBY ORDERED TO:

1. Immediately desist and refrain from performing any acts within the State of California for which a real estate broker license is required. In particular, you are jointly and separately ordered to desist and refrain from 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, unless and until you obtain a real estate broker license issued by the Department.

2. Immediately desist and refrain from charging, demanding, claiming, collecting and/or receiving advance fees, as that term is defined in Section 10026 of the Code, for any of the services you offer to others, unless and until you demonstrate and provide evidence satisfactory to the Commissioner that you are properly licensed by the Department as a real estate broker, and:

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

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

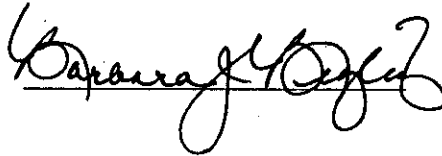
(C) Have provided an accounting to trust fund owner-beneficiaries pursuant to Section 2972 of the Regulations; and

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1 (D) Are in compliance with California law, as amended effective as of
2 October 11, 2009, with respect to loan modification and/or forbearance services. Under the
3 amended law, you can only collect advance fees for loan modification or other mortgage loan
4 forbearance services related to commercial loans and loans for residential properties containing
5 five or more dwelling units.

6 DATED: 10/3, 2011

7 BARBARA J. BIGBY
8 Acting Real Estate Commissioner

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11 **-NOTICE-**

12
13 Business and Professions Code Section 10139 provides that, "Any person acting as a real estate
14 broker or real estate salesperson without a license or who advertises using words indicating that
15 he or she is a real estate broker without being so licensed shall be guilty of a public offense
16 punishable by a fine not exceeding twenty thousand dollars (\$20,000), or by imprisonment in the
17 county jail for a term not to exceed six months, or by both fine and imprisonment; or if a
18 corporation, be punished by a fine not exceeding sixty thousand dollars (\$60,000)...."

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DEPARTMENT OF REAL ESTATE
P. O. Box 187007
Sacramento, CA 95818-7007
Telephone: (916) 227-0791

DEPARTMENT OF REAL ESTATE

R. Henry

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

To:

K.N.C. FINANCIERA, INC.,
RICARDO MELGOZA, an individual and,
JORGE ZEPEDA, an individual

)
) DRE No. H- 2429 FR
)
) **ORDER TO DESIST AND**
) **REFRAIN**
) (B&P Code Section 10086)
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)

The Commissioner (Commissioner) of the California Department of Real Estate (Department) caused an investigation to be made of the activities of K.N.C. FINANCIERA, INC., ("KNC"), RICARDO MELGOZA ("MELGOZA"), and JORGE ZEPEDA ("ZEPEDA"). Based on the investigation, the Commissioner has determined KNC, MELGOZA and ZEPEDA 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 the business of, acting in the capacity of, and/or advertising or assuming to act as, a real estate broker 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. Furthermore, based on the investigation, the

1 Commissioner hereby issues the following Findings of Fact, Conclusions of Law, and Desist and
2 Refrain Order under the authority of Section 10086 of the Code.

3 Whenever acts referred to below are attributed to KNC, those acts are alleged to have been
4 done by, MELGOZA and/or ZEPEDA, acting by themselves, or by and/or through one or more
5 agents, associates, affiliates, and/or co-conspirators, and using the name KNC
6 FINANCIERA.INC., or other names or fictitious names unknown at this time.

7
8 FINDINGS OF FACT

9 1. At no time herein mentioned have KNC, MELGOZA or ZEPEDA been licensed by the
10 Department in any capacity.

11 2. During the period of time set out below, KNC, acting by and through MELGOZA,
12 ZEPEDA, and/or other agents, associates, affiliates, and/or co-conspirators solicited one or more
13 borrowers and negotiated to do one or more of the following acts for another or others, for or in
14 expectation of compensation: negotiate one or more loans for, or perform services for, borrowers
15 and/or lenders in connection with loans secured directly or collaterally by one or more liens on
16 real property; and charge, demand or collect an advance fee for any of the services offered, in
17 violation of Sections 10130 (real estate broker license required to perform certain acts), 10085.5
18 (real estate broker license required to charge or collect an advance fee), and 10139 (criminal
19 penalties for unlicensed activity) of the Code.

20 3. On or about July 21, 2008, KNC, acting through MELGOZA, entered into a written
21 agreement with Victor Orozco a.k.a. Victor Orozco Rios (Rios) to negotiate a loan modification
22 concerning his real property located at 6915 Wild Rogue Court, Bakersfield CA, in which KNC
23 would negotiate a loan modification for Rios' loan and Rios agreed to pay KNC as its fee for
24 loan modification services, the sum of \$1,600.00 and Rios did pay to KNC the sum of at least
25 \$800.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

26 4. On or about August 2, 2008, KNC, acting through MELGOZA, entered into a written
27 agreement with Juan C. Gonzalez (Gonzalez) to negotiate loan modifications concerning his two

1 pieces of real property located at 12008 Cedar Bluff Avenue and 3500 Planz Road, Bakersfield
2 CA, respectively, in which KNC would negotiate a loan modifications for Gonzalez' mortgage
3 loans on the Cedar Bluff Avenue and Planz Road properties; and Gonzales agreed to pay KNC
4 the sum of \$3,422.28, to KNC as its fee for loan modification services and Gonzales did pay to
5 KNC the sum of at least \$1,000.00 to retain legal services in connection with KNC's
6 representation and Gonzalez did pay to KNC the sum of at least \$1,000.00, in violation of
7 Sections 10130, 10085.5, and 10139 of the Code.

8 5. On or about November 22, 2008, KNC, acting through ZEPEDA, entered into a written
9 agreement with Maria G. Muniz (Muniz) to negotiate loan modifications concerning her real
10 property located at 1024 North Fruit Avenue, Bakersfield CA, in which KNC would negotiate a
11 loan modification for Muniz' mortgage loan; and Muniz agreed to pay to KNC the sum of
12 \$1,500.00 to KNC as its fee for loan modification services and did pay to KNC the sum of at
13 least \$1,500.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

14 6. On or about December 8, 2008, KNC, acting through MELGOZA, entered into a written
15 agreement with Juana E. Escoto (Escoto) to negotiate loan modifications concerning her real
16 property located at 5214 Oswell Park Drive, Bakersfield CA, in which KNC would negotiate a
17 loan modification for Escoto's mortgage loan; and Escoto agreed to pay to KNC the sum of
18 \$1,500.00, to KNC as its fee for loan modification services and did pay to KNC the sum of at
19 least \$1,400.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

20 7. On or about December 16, 2008, KNC, acting through MELGOZA, entered into a written
21 agreement with Santos Escoto (Santos) to negotiate loan modifications concerning her real
22 property located at 9011 Long Island Drive, Bakersfield CA, in which KNC would negotiate a
23 loan modification for Escoto's mortgage loan; and Escoto agreed to pay to KNC the sum of
24 \$1,000.00 to KNC as its fee for loan modification services and did pay to KNC the sum of at
25 least \$750.00, in violation of Sections 10130, 10085.5, and 10139 of the Code.

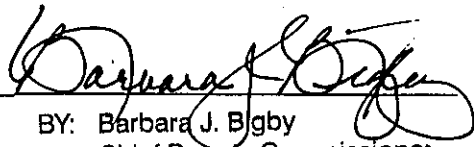
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1 Regulations) and 2972 (must provide an accounting to trust fund owner-beneficiaries) of the
2 Regulations.

3 DATED: 10/29, 2009

4 JEFF DAVI
5 Real Estate Commissioner

6 By 
7 BY: Barbara J. Bigby
8 Chief Deputy Commissioner

9 **Notice:** Business and Professions Code Section 10139 provides that "Any person acting as a
10 real estate broker or real estate salesperson without a license or who advertises using words
11 indicating that he or she is a real estate broker without being so licensed shall be guilty of a
12 public offense punishable by a fine not exceeding twenty thousand dollars (\$20,000), or by
13 imprisonment in the county jail for a term not to exceed six months, or by both fine and
14 imprisonment; or if a corporation, be punished by a fine not exceeding sixty thousand dollars
15 (\$60,000)."

16 TO: KNC Financiera, Inc.
17 Ricardo Melgoza, Agent for Service of Process
18 1701 West Wind Drive, Suite 101
19 Bakersfield, CA 93301

20 Ricardo Melgoza, an Individual
21 1701 West Wind Drive, Suite 101
22 Bakersfield, CA 93301

23 Jorge Zepeda, an Individual
24 1055 N. Van Ness Avenue, Suite K
25 Fresno, CA 93728
26
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