

1 Department of Real Estate
2 P. O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0789

FILED
JAN 17 2013

DEPARTMENT OF REAL ESTATE
By *R. Mat*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

12 To:)
13 LEVERAGE CAPITAL, INC.) NO. H-4448 SD
14 and DAVID SCHATZLEIN.) ORDER TO DESIST AND REFRAIN
15) (B&P Code Section 10086)

16 The Real Estate Commissioner ("the Commissioner") of the California
17 Department of Real Estate ("the Department") caused an investigation to be made of the
18 activities of LEVERAGE CAPITAL, INC. ("LCI") and DAVID SCHATZLEIN
19 ("SCHATZLEIN"), (collectively, "Respondents"). Based on that investigation, the
20 Commissioner has determined that Respondents have engaged in, are engaging in, or are
21 attempting to engage in, acts or practices constituting violations of the California Business and
22 Professions Code ("Code") and/or Title 10, Chapter 6, California Code of Regulations
23 ("Regulations"), including acting in the capacity of, advertising or assuming to act as a real
24 estate broker in the State of California within the meaning of Section 10131(d) (performing
25 services for borrowers and/or lenders in connection with loans secured by real property),
26 10131.2 (collection of advance fees), 10085 (advance fee agreements and materials) and
27 10085.5 (collecting unauthorized advance fees) of the Code, and Section 2944.7 (prohibition of

1 advance fees) of the Civil Code. Furthermore, based on the investigation, the Commissioner
2 hereby issues the following Findings of Fact, Conclusions of Law, and Desist and Refrain Order
3 under the authority of Section 10086 of the Code.

4 FINDINGS OF FACT

5 1. At no time has LCI been licensed by the Department in any capacity.
6 2. At no time has SCHATZLEIN been licensed by the Department in any capacity.
7 3. During the period of time set out below, Respondents performed services for one
8 or more borrowers and negotiated to do one or more of the following acts for another or others,
9 for or in expectation of compensation: negotiate one or more loans for, or perform services for,
10 borrowers and/or lenders with respect to the collection of advance fees and loan modification,
11 loan refinance, principal reduction, foreclosure abatement or short sale services and/or those
12 borrowers' lenders in connection with loans secured directly or collaterally by one or more liens
13 on real property; and charged, demanded or collected an advance fee for any of the services
14 offered.

15 4. In furtherance of their plan and scheme to solicit advance fees and provide loan
16 modification services, on or about May 27, 2010, Respondents entered into an agreement to
17 provide loan modification services to Elida M. and Ramon L. for their real property located at
18 6309 East Mano, Fresno, California, in exchange for \$3,500. On or about June 8, 2010, Elida
19 M. and Ramon L. paid Respondents \$1,750 in advance fees, with additional payments of \$850
20 on or about August 30, 2010, and \$900 between June 8, 2010, and August 30, 2010.
21 Respondents failed to obtain a loan modification for Elida M. and Ramon L., and have not
22 returned the \$3,500 advance fees paid by Elida M. and Ramon L.

23 CONCLUSIONS OF LAW

24 Based on the Findings of Fact contained in Paragraphs 1 through 4, above,
25 LEVERAGE CAPITAL, INC. and DAVID SCHATZLEIN solicited borrowers and/or
26 performed services for those borrowers with respect to the collection of advance fees and loan
27 modification, loan refinance, principal reduction, foreclosure abatement or short sale services

1 and/or those borrowers' lenders in connection with loans secured directly or collaterally by one
2 or more liens on real property; and charged, demanded or collected advance fees for the services
3 to be provided, which acts require a real estate broker license under Sections 10130 (real estate
4 license requirement), 10131(d) and 10131.2 of the Code.

5 Respondents used a form of advance fee agreement which had not been provided
6 to the Department for its prior review and consideration, in violation of Sections 10085 and
7 10085.5 of the Code and Section 2944.7 of the Civil Code, and Section 2970 (submission of
8 advance fee materials) of the Regulations.

9 DESIST AND REFRAIN ORDER

10 Based on the Findings of Fact and Conclusions of Law stated herein,
11 LEVERAGE CAPITAL, INC. and DAVID SCHATZLEIN, whether doing business under your
12 own name, or any other name or fictitious name, IS HEREBY ORDERED to immediately
13 desist and refrain from:

- 14 1. Performing any acts within the State of California that require a real estate
15 license unless and until you are properly licensed by the Department.
- 16 2. Charging, demanding, claiming, collecting and/or receiving advance fees, as that
17 term is defined in Section 10026 of the Code, for any of the services you offer to
18 others, unless and until you demonstrate and provide evidence satisfactory to the
19 Commissioner that you are properly licensed by the Department and that
20 LEVERAGE CAPITAL, INC. and DAVID SCHATZLEIN:
 - 21 (a) Have an advance fee agreement which has been submitted to the Department
22 and which is in compliance with Sections 2970 and 2972 of the Regulations;
 - 23 (b) Have placed all previously collected advance fees into a trust account for that
24 purpose and are in compliance with Section 10146 (deposit of advance fees
25 into trust account) of the Code; and
 - 26 (c) Have provided an accounting to trust fund owner-beneficiaries pursuant to
27 Section 2972 of the Regulations.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

(d) Are in compliance with California law, as amended effective as of October 11, 2009, with respect to loan modification and/or forbearance services.

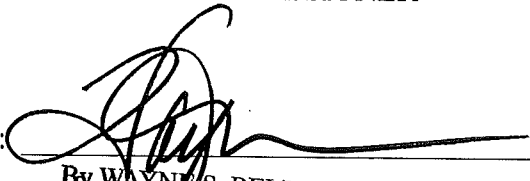
Under the amended law, you can only collect advance fees for loan modification or other mortgage loan forbearance services related to commercial loans and loans for residential properties containing five or more dwelling units.

(e) Have refunded to Elida M. and Ramon L. the advance fees paid to you by them in this matter.

3. Demanding, claiming, collecting and/or receiving advance fees, as that term is defined in Section 10026 of the Code, in any form, and under any conditions, with respect to the performance of loan modification or any other form of mortgage loan forbearance services in connection with loans on residential property containing four or fewer dwelling units.

DATED: 12/14/2012

REAL ESTATE COMMISSIONER

By: 
By WAYNE S. BELL
Chief Counsel

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)...."

///

1 cc: DAVID SCHATZLEIN
2 As Agent for Service of Process
3 LEVERAGE CAPITAL, INC.
4 5720 Oberlin Drive, Suite #102
5 San Diego, CA 92121

6 DAVID SCHATZLEIN
7 2001 South Coast Highway, Apt. 75
8 Oceanside, CA 92054

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

ATTY JWB/km