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**FILED**

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7

DEPARTMENT OF REAL ESTATE  
BY: *Amelia Vetrone*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \*

11	In the Matter of the Accusation of	)	No. H-37462 LA
12	EZ J FINANCING INC.; and ISIDORO P.	)	<u>A C C U S A T I O N</u>
13	JIMENEZ individually, as	)	
14	designated officer of EZ J Financing	)	
15	Inc., and doing business as EZ	)	
16	Financing,	)	
17	Respondents.	)	

18 The Complainant, Robin Trujillo, a Deputy Real Estate  
19 Commissioner of the State of California, for cause of Accusation  
20 against EZ J FINANCING INC., and ISIDORO P. JIMENEZ individually,  
21 as designated officer of EZ J Financing Inc., and doing business  
22 as EZ Financing, alleges as follows:

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1 1.

2 The Complainant, Robin Trujillo, acting in her official  
3 capacity as a Deputy Real Estate Commissioner of the State of  
4 California, makes this Accusation against EZ J FINANCING INC.  
5 ("EZJFI"), and ISIDORO P. JIMENEZ ("JIMENEZ") individually, as  
6 designated officer of EZ J Financing Inc., and doing business as  
7 EZ Financing.

8 2.

9 All references to the "Code" are to the California  
10 Business and Professions Code and all references to "Regulations"  
11 are to Title 10, Chapter 6, California Code of Regulations.

12 3.

13 A. At all times mentioned, EZJFI was licensed or had  
14 license rights issued by the Department of Real Estate  
15 (Department) as a corporate real estate broker by and through  
16 Respondent JIMENEZ. EZJFI was originally licensed as a corporate  
17 real estate broker on September 25, 2007, by and through JIMENEZ  
18 as designated officer, and who is still its designated officer to  
19 date.

20 B. At no time was Jesus Valenzuela licensed by the  
21 Department as a real estate salesperson or broker.

22 4.

23 At all times herein relevant, Respondents engaged in  
24 the business of, acted in the capacity of, advertised or assumed  
25 to act as real estate brokers in the State of California within  
26 the meaning of Code Sections 10131(d) and 10131.2. Their  
27 activities included acting for another or others in the purchase,

1 sale, or exchange of real property. Their activities also  
2 included soliciting borrowers or lenders for and/or negotiating  
3 loans, collecting payments and/or performing services for  
4 borrowers or lenders in connection with loans secured by liens on  
5 real property. Their activities also included claiming,  
6 demanding, charging, receiving, collecting or contracting for the  
7 collection of advance fees within the meaning of Code Sections  
8 10026 and 10085. Respondents advertised, solicited and offered  
9 to provide loan modification services to economically distressed  
10 homeowners seeking adjustments to the terms and conditions of  
11 their home loans including, but not limited to, repayment plans,  
12 forbearance plans, partial claims, and reduction in principal or  
13 interest, extenuations, foreclosure prevention and short sales.

14 FIRST CAUSE OF ACTION

15 (Audit of EZ J Financing Inc.)

16 5.

17 On November 16, 2009, the Department completed an audit  
18 examination of the books and records of EZJFI pertaining to the  
19 real estate sales, mortgage loan brokerage and the loan  
20 modification activities described in Paragraph 4, above, which  
21 require a real estate license. The audit examination covered a  
22 period of time beginning on July 1, 2008 to July 31, 2009. The  
23 audit examination revealed violations of the Code and the  
24 Regulations as set forth in the following paragraphs, and more  
25 fully discussed in Audit Report LA 090004 and the exhibits and  
26 work papers attached to said audit report.

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1 Bank and Trust Accounts

2 6.

3 At all times mentioned, in connection with the  
4 activities described in Paragraph 4, above, EZJFI accepted or  
5 received funds including funds in trust (hereinafter "trust  
6 funds") from or on behalf of actual or prospective parties,  
7 including earnest money deposits from real property purchasers,  
8 and advance fees from economically distressed homeowner-borrowers  
9 for loan modifications handled by EZJFI. Thereafter EZJFI made  
10 deposits and or disbursements of such trust funds. From time to  
11 time herein mentioned during the audit period, said trust funds  
12 were deposited and/or maintained by EZJFI in this trust account  
13 during the audit period:

14 "EZ J Financing Inc. Trust Account"  
15 Account No. XXXXXX096  
16 Union Bank  
Los Angeles, California

17 (T/A #1 - EZJFI's trust account used for deposit of advance fees  
18 collected from homeowners for loan modifications)

19 Violations

20 7.

21 In the course of activities described in Paragraphs 4  
22 and 6, above, and during the examination period described in  
23 Paragraph 5, Respondents EZJFI and JIMENEZ, acted in violation of  
24 the Code and the Regulations in that Respondents:

25 (a) Permitted Jesus Valenzuela, an unlicensed and  
26 unbonded person, to be an authorized signatory on the trust  
27

1 account, T/A #1, in violation of Code Section 10145 and  
2 Regulation 2834.

3 (b) Failed to maintain a columnar record of the receipt  
4 and disbursement of trust funds handled through T/A #1 for each  
5 homeowner-borrower for loan modifications, and failed to record  
6 earnest money deposits received on behalf of another on a record  
7 of trust funds received and not placed into a trust account, in  
8 violation of Code Section 10145 and Regulation 2831.

9 (c) Failed to maintain a separate record for each  
10 homeowner-borrower, thereby failing to account for all advance  
11 fees collected for loan modification services and for mortgage  
12 loan brokerage, in violation of Code Section 10145 and Regulation  
13 2831.1.

14 (d) Failed to maintain a written monthly reconciliation  
15 of the balance of all separate homeowner-borrower records  
16 maintained pursuant to Regulation 2831.1 with the record of all  
17 trust funds received and disbursed by T/A #1 in the form of  
18 advance fees for loan modification services and for mortgage loan  
19 brokerage services, in violation of Code Section 10145 and  
20 Regulation 2831.2.

21 (e) Collected advance fees within the meaning of Code  
22 Section 10026 from homeowner-borrowers seeking loan modification  
23 services wherein EZJFI failed to provide homeowner-borrower Jose  
24 Arias, a pre-approved advance fee agreement from the Department,  
25 in violation of Code Section 10085 and Regulation 2970.

26 (f) With reference to the lack of an advance fee  
27 agreement, EZJFI and JIMENEZ, failed to provide a complete

1 description of services to be rendered provided to each  
2 homeowner-borrower in 10 point type font and, an allocation and  
3 disbursement of the amount collected as the advance fee for each  
4 loan modification, in violation of Code Section 10146 and  
5 Regulation 2972; and

6 (g) Failed to retain the books, accounts, and records  
7 regarding EZJFI's loan modification activities to the Real Estate  
8 Commissioner's representative, to wit: the auditor, in violation  
9 of Code Section 10148.

10 Disciplinary Statutes

11 8.

12 The conduct of Respondents EZJFI and JIMENEZ described  
13 in Paragraph 7, above, violated the Code and the Regulations as  
14 set forth below:

15 <u>PARAGRAPH</u>	16 <u>PROVISIONS VIOLATED</u>
17 7(a)	18 Code Sections 10145 and 19 Regulation 2834
20 7(b)	21 Code Sections 10145 and 22 Regulation 2831
23 7(c)	24 Code Sections 10145 and 25 Regulation 2831.1

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7(d)

Code Section 10145 and Regulation  
2831.2

7(e)

Code Section 10085 and  
Regulation 2970

7(f)

Code Section 10146 and  
Regulation 2972

7(g)

Code Section 10148

The foregoing violations constitute cause for  
discipline of the real estate license and license rights of EZJFI  
and JIMENEZ, as aforesaid, under the provisions of Code Sections  
10177(d) for violation of the Real Estate Law and/or 10177(g) for  
negligence.

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1 SECOND CAUSE OF ACCUSATION

2 (Loan Modification Activities)

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4 At all times herein relevant, and as alleged above,  
5 Respondents EZJFI and JIMENEZ engaged in the business of a loan  
6 modification and advance fee brokerage, within the definition of  
7 Code Sections 10131(d) and 10131.2.

8 10.

9 During 2008 and continuing thereafter to date, EZJFI  
10 and JIMENEZ, dba EZ Financing solicited economically distressed  
11 homeowners facing foreclosure and eviction from their homes,  
12 offered loan modification services, and charged and collected  
13 advance fees.

14 11.

15 Respondents EZJFI and JIMENEZ offered loss mitigation  
16 and loan modification services to homeowner Jose Arias seeking a  
17 downward adjustment or payment extenuations to his home mortgage  
18 for his residence located in the city of Long Beach, California.  
19 Respondent EZJFI and JIMENEZ, through the instrumentality of  
20 unlicensed loss mitigation agent Jesus Valenzuela, who solicited  
21 Jose Arias, by telephone call and by an in-person conference at  
22 Jose Arias' home, and collected advanced fees from said  
23 homeowner-borrower without possessing a pre-approved advance fee  
24 agreement from the Department.

25 12.

26 Respondents EZJFI and JIMENEZ offered loss mitigation  
27 and loan modification services to homeowner Manuel Estrada



1 seeking a downward adjustment or payment extenuations to his home  
2 mortgage for his residence located in the city of Downey,  
3 California. Respondent EZJFI and JIMENEZ, collected advanced  
4 fees from said homeowner-borrower without possessing a pre-  
5 approved advance fee agreement from the Department.

6 Disciplinary Statutes

7 13.

8 In the course of the activities described above,  
9 Respondents each acted in violation of the provisions of the Code  
10 and the regulations by virtue of the following acts and/or  
11 omissions:

12 a. Making substantial misrepresentations to  
13 homeowner-borrowers with respect to the status of their home loan  
14 mortgages, the likelihood that said mortgages would be modified,  
15 and the extent of such modifications, all in violation of Code  
16 Sections 10176(a) and 10176(i).

17 b. Making false promises of a character likely to  
18 influence, persuade or induce homeowner-borrowers to pay the  
19 advance fees in violation of Code Sections 10176(b) and 10176(i).

20 c. Exhibiting negligence in the performance of real  
21 estate activities in violation of Code Section 10177(g).

22 d. Compensating an unlicensed person, to wit: Jesus  
23 Valenzuela, for negotiating and collecting advance fees for loan  
24 modification activities from homeowner-borrowers, in violation of  
25 Code Section 10137.

26 e. Failing to maintain client funds in trust as  
27 alleged above, and breach of Respondents' fiduciary duty to the

1 homeowner-borrowers in violation of Code Section 10176(i).

2 f. As to Respondent JIMENEZ, failing to exercise  
3 reasonable supervision over the activities of the EZJFI to ensure  
4 compliance with the Real Estate Law and the Commissioner's  
5 Regulations in violation of Code section 10159.2, 10177(h),  
6 10177(g) and Regulation 2725.

7 14.

8 The conduct, acts and omissions of Respondents as set  
9 forth above, are cause for the suspension or revocation of the  
10 licenses and license rights of said Respondents pursuant to Code  
11 Sections 10176(a), 10176(b), 10176(i), 10177(d), 10177(g) and/or  
12 10177(h) (for JIMENEZ).

13 15.

14 Respondents' activities constitute a course of conduct  
15 which includes the homeowner-borrower Jose Arias, alleged above  
16 by way of example, but is by no means limited to that named  
17 consumer and his real property.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of Respondents EZ J FINANCING INC., and ISIDORO P. JIMENEZ, under the Real Estate Law (Part 1 of vision 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law including restitution of advanced fees paid for unearned loan modifications, and for costs of audit.

Dated at Los Angeles, California, July 15, 2011.

  
Robin Trujillo  
Deputy Real Estate Commissioner

cc: EZ J Financing Inc.  
Isidoro P. Jimenez  
Robin Trujillo  
Sacto  
Audits - Darryl M. Thomas