

FILED

NOV 14 2011

1 ELLIOTT MAC LENNAN, SBN 66674
2 Department of Real Estate
3 320 West 4th Street, Ste. 350
4 Los Angeles, California 90013-1105

5 Telephone: (213) 576-6911 (direct)
6 -or- (213) 576-6982 (office)

DEPARTMENT OF REAL ESTATE
BY: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 RJV FUNDING INC.; and)
14 REINALDO JOSE VALDES, individually)
15 and as designated officer of)
16 RJV Funding Inc.,)
17 Respondents.)

No. H-37671 LA

ACCUSATION

17 The Complainant, Maria Suarez, a Deputy Real Estate
18 Commissioner of the State of California, for cause of Accusation
19 against RJV FUNDING INC., REINALDO JOSE VALDES, individually and
20 as designated officer of RJV Funding Inc., alleges as follows:

21 1.

22 The Complainant, Maria Suarez, acting in her official
23 capacity as a Deputy Real Estate Commissioner of the State of
24 California, makes this Accusation.

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1 2.

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

5 3.

6 License Status

7 A. RJV FUNDING INC. (RFI). At all times mentioned,
8 Respondent RFI was licensed or had license rights issued by the
9 Department of Real Estate (Department) as a real estate broker.
10 On January 18, 2007, RFI was originally licensed as a restricted
11 corporate real estate broker. At all times mentioned herein,
12 Respondent RFI was authorized to act by and through Respondent
13 REINALDO JOSE VALDES as RFI's broker designated pursuant to
14 Business and Professions Code (hereinafter "Code") Sections
15 10159.2 and 10211 to be responsible for ensuring RFI's compliance
16 with the Real Estate Law. RFI's broker license expired on January
17 17, 2011.

18 B. REINALDO JOSE VALDES (VALDES). At all times
19 mentioned, VALDES was licensed or had license rights issued by
20 the Department as a restricted real estate broker. On October
21 10, 2002, VALDES was originally licensed as a real estate broker.

22 In H-32386, a Statement of Issues In the Matter of RJV
23 FUNDING INC. was filed on January 11, 2005 which resulted in
24 discipline against RJV FUNDING INC., as further set forth in
25 Paragraph 16, below.

26 In H-32385, an Accusation was filed on January 11, 2005
27 which resulted in discipline against RJV FUNDING INC., as further

1 set forth in Paragraph 17, below.

2 C. RFI and VALDES conducted activities requiring a
3 real estate license and an approved advance fee agreement from
4 the Department without possessing the latter.

5 Brokerage

6 4.

7 At all times mentioned, in the City of Orange, County
8 of Orange, RFI and VALDES acted as real estate brokers conducting
9 licensed activities within the meaning of:

10 A. Code Section 10131(d). Respondents engaged in
11 activities of a mortgage and loan broker with the public wherein
12 lenders and borrowers were solicited for loans secured directly
13 or collaterally by liens on real property, wherein such loans
14 were arranged, negotiated, processed and consummated on behalf of
15 others for compensation or in expectation of compensation and for
16 fees often collected in advance.

17 Mortgage Loan Brokerage. RFI negotiated mortgage loans
18 for borrowers and submitted loan packages to lenders for funding.
19 RFI brokered forty-one (41) loans amounting to \$16,251,202.00
20 during the audit period covered, June 1, 2007 to May 31, 2010.

21 Loan Modification and Advance Fee Brokerage. RFI also
22 handled one hundred seventeen (117) loan modifications commencing
23 in August 2008: Ninety-seven (97) loan modification transactions
24 had been completed; seventeen (17) were in-process as of May 31,
25 2010, the cut-off date of the audit herein; and three (3)
26 transactions were cancelled after receiving forbearances/offers
27 from the bank. RFI collected advance fees totaling \$64,332.00

1 which were deposited into RFI's business account

2 B. Code Sections 10131(d) and 10131.2. RFI and VALDES
3 engaged in the business of a loan modification brokerage engaged
4 in loss mitigation activities collecting advance fees requiring a
5 real estate license.

6 Respondents RFI and VALDES advertised, solicited and
7 offered to provide loan modification services to economically
8 distressed homeowners seeking adjustments to the terms and
9 conditions of their home loans including, but not limited to,
10 repayment plans, forbearance plans, partial claims, and reduction
11 in principal or interest, foreclosure prevention and short sales.

12 FIRST CAUSE OF ACCUSATION
13 (Mortgage Loan and Loan Modification Audit)

14 RJV Funding Inc.

15 LA 090147

16 5.

17 On November 16, 2010, the Department completed an audit
18 examination of the books and records of RFI pertaining to the
19 mortgage loan, loan modification and advance fee activities
20 described in Paragraph 4, which require a real estate license.
21 The audit examination covered a period of time beginning on June
22 1, 2007 to May 31, 2010. The audit examination revealed
23 violations of the Code and the Regulations as set forth in the
24 following paragraphs, and more fully discussed in Audit Report LA
25 090147 and the exhibits and work papers attached to said audit
26 report.

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1 (c) Failed to maintain a separate record for each
2 beneficiary or transaction, thereby failing to account for all
3 trust funds in the form of advance fees collected, deposited and
4 disbursed, in violation of Code Section 10145 and Regulation
5 2831.1.

6 (d) Failed to perform a monthly reconciliation of the
7 balance of all separate beneficiary or transaction records
8 maintained pursuant to Regulation 2831.1 with the record of all
9 trust funds received and disbursed by the escrow trust account,
10 in violation of Code Section 10145 and Regulation 2831.2.

11 (e) Collected advance fees within the meaning of Code
12 Section 10026 from homeowners seeking loan modification services
13 wherein RFI failed to provide homeowners with a pre-approved
14 advance fee agreement from the Department, in violation of Code
15 Section 10085 and Regulation 2970.

16 (f) With reference to the lack of an advance fee
17 agreement, RFI failed to provide a complete description of
18 services to be rendered provided to each homeowner in 10 point
19 type font and failed to provide an allocation and disbursement of
20 the amount collected as the advance fee, in violation of Code
21 Section 10146 and Regulation 2972.

22 (g) (1) Failed to retain a true and correct copy of a
23 Department of Real Estate approved Mortgage Loan Disclosure
24 Statement signed by the broker for borrowers Esqueda, DeMarco,
25 Post and Cambio, in violation of Code Section 10240 and
26 Regulation 2840; and
27

1 (g) (2) Failed to disclose 'PAID TO BROKERS' from
2 lenders on the approved Mortgage Loan Disclosure Statement for
3 the aforesaid borrowers in violation of Code Section 10240, 10241
4 and Regulation 2840.

5 (h) Failed to display RFI's corporation's license
6 number on the Mortgage Loan Disclosure Statements to borrowers
7 Anthony, Juarez, Lesser, Brunett and Esqueda. Nor did RFII
8 disclose the loan agent's license number for each loan broker by
9 and through RFI, in violation of Code Section 10236.4.

10 (i) Used the fictitious names of "RJV Funding Services
11 Inc.", "RJV Staffing Services", "Orange Circle Realty", "RJV
12 Funding", "RJV Financial Services", "RJV", "RJV Financial" and
13 "RJV Financial Services Inc," to conduct licensed activities
14 including a loan modification and advanced fee brokerage, without
15 first obtaining from the Department a license bearing said
16 fictitious business name, in violation of Code Section 10159.5
17 and Regulation 2731.

18 (j) Failed to timely notify the Department of the
19 change in RFI's main address from 725 W. Town and Country Road,
20 Suite 100, Orange, CA 92868 to VALDES's residence at 32396
21 Outrigger Way, Laguna Niguel, CA 92677, in violation of Code
22 Section 10162 and Regulation 2715.

23 (k) On or about September 4, 2007, RFI's corporate
24 status was suspended by the California Franchise Tax Board, yet
25 RFI continued to conduct operations to date, in violations of
26 Code Section 10177(f) and Regulation 2742(c).

27

1 (1) VALDES failed to exercise reasonable control and
2 supervision over the activity of RFI to secure full compliance
3 with the Real Estate Law, including but not limited to trust fund
4 handling, mortgage loan disclosures and loan modification
5 services. Additionally, VALDES had no system in place for
6 regularly monitoring his compliance with the Real Estate Law
7 especially in regard to establishing, systems, policies and
8 procedures to review trust fund handling especially including
9 earnest money deposits for buyers, and mortgage loan disclosures,
10 in violation of Code Sections 10159.2, 10177(h) and Regulation
11 2725.

12 Discipline Statutes

13 8.

14 The conduct of Respondents RFI and VALDES described in
15 Paragraph 7, above, violated the Code and the Regulations as set
16 forth below:

17 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
18 7(a)	Code Sections 10145, 10176(e) and 19 10177(g) and Regulation 2832(a)
20	
21 7(b)	Code Section 10145 and Regulation 2831
22	
23 7(c)	Code Section 10145 and Regulation 2831.1
24	
25 7(d)	Code Section 10145 and Regulation 2831.2
26	
27 7(e)	Code Section 10085 and Regulation 2970

- 1 7(f) Code Section 10146 and Regulation 2972
2
3 7(g) Code Sections 10240 and 10241 and
4 Regulation 2840
5
6 7(h) Code Section 10236.4
7
8 7(i) Code Section 10159.5 and
9 Regulation 2731
10
11 7(j) Code Section 10162 and Regulation 2715
12
13 7(k) Code Section 10177(f) and Regulation 2742(c)
14
15 7(l) Code Sections 10159.2 and 10177(h) and
16 Regulation 2725
17

18 The foregoing violation, above, constitute cause for discipline
19 of the real estate license and license rights of RFI and VALDES,
20 as aforesaid, under the provisions of Code Sections 10176(e) for
21 commingling, 10177(d) for violation of the Real Estate Law and/or
22 10177(g) for negligence.

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1 (b) Failed to timely notify the Department of the
2 change in RFI's main address from 725 W. Town and Country Road,
3 Suite 100, Orange, CA 92868 to VALDES's residence at 32396
4 Outrigger Way, Laguna Niguel, CA 92677, in violation of Code
5 Section 10162 and Regulation 2715, as aforementioned in Paragraph
6 7(j), above.

7 (c) Failed to retain the salesperson license
8 certificate for Maribel Amaya, Graciela Barrios, Julio Delgado
9 and Justin Massey, in violation of Code Section 10160 and
10 Regulation 2753.

11 (d) Failed to maintain a signed broker salesperson
12 agreement with salespersons Maribel Amaya, Graciela Barrios,
13 Julio Delgado and Justin Massey, in violation of Regulation 2726.

14 Discipline Statutes

15 12.

16 The conduct of Respondent VALDES described in Paragraph
17 7, above, violated the Code and the Regulations as set forth
18 below:

19 PARAGRAPH

PROVISIONS VIOLATED

20
21 11(a)

Code Sections 10176(a) and 10177(g)

22
23 11(b)

Code Section 10162 and Regulation 2715

24
25 11(c)

Code Section 10160 and Regulation 2753

26
27 11(d)

Regulation 2726

1 The foregoing violation, above, constitute cause for discipline
2 of the real estate license and license rights of VALDES, as
3 aforesaid, under the provisions of Code Sections for violation of
4 the Real Estate Law and/or 10177(g) for negligence.

5 THIRD CAUSE OF ACCUSATION
6 (Advance Fee Brokerage and Loan Modification Audit)
7 RJV Funding Inc.

8 Audit LA 090147

9 13.

10 At all times mentioned herein including audit report LA
11 090147 and a departmental investigation, Respondents RFI and
12 VALDES engaged in the business of a loan modification and advance
13 fee brokerage, within the definition of Code Sections 10131(d)
14 and 10131.2, as aforesaid in Paragraph 4, above.

15 General Allegations

16 14.

17 During 2007 and continuing thereafter to date,
18 Respondent RFI and VALDES, under the name of "RJV Financial
19 Services", an unlicensed fictitious business of VALDES and not
20 RFI, performed loan modification services, soliciting,
21 negotiating and processing for economically distressed homeowners
22 facing foreclosure and eviction from their homes, seeking
23 favorable adjustments, payment extenuations, forbearances, and
24 offered said borrowers loan modification services, charging them
25 and collecting from them fees paid in advance.

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Specific Allegations

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Respondents RFI and VALDES performed loan modification services both before and after February 13, 2009, the authorization via a "No Objection Letter" issued by the Department as approval of "RJV Financial Services" loan modification service agreement with loan modification applications. unlicensed fictitious business ANGLIN, operating via unlicensed loss mitigation agents and loan modification agents offered loss mitigation and loan modification services to homeowner-borrowers seeking downward adjustments or payment extenuations to their home mortgages. Respondent failed to obtain the loan modification or to provide the services contracted for and paid for in advance, or to refund the advance fees paid by the borrowers tabled below:

Table: Loan Modification Services before February 13, 2009

Homeowner	Date	Advance Fee
Carrie Creel	December 21, 2008	\$3,500
Tracy Roberts	October 21, 2008	\$3,000
Total		\$6,500

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against the license and license rights of Respondents RFI
5 FUNDING INC., and REINALDO JOSE VALDES, under the Real Estate Law
6 (Part 1 of Division 4 of the Business and Professions Code) and
7 for such other and further relief as may be proper under other
8 applicable provisions of law including but not limited to
9 restitution and costs of audits.
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11 Dated at Los Angeles, California

12
13 this

10 November 2011.


14 Deputy Real Estate Commissioner
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24 cc: RJV Funding Inc.
25 c/o Reinaldo Jose Valdes D.O.
26 Maria Suarez
27 Sacto
Audits - Chona Picayo