

1 Bureau of Real Estate
2 320 West Fourth Street, Suite 350
3 Los Angeles, California 90013-1105

FILED

JUL 16 2013

DEPARTMENT OF REAL ESTATE
BY: C.A.

8 BEFORE THE BUREAU OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * *

11 In the Matter of the Accusation of)

12 BLUESTONE MORTGAGE, INC.,)

13 LORENZO LAZARO, individually)

14 and as former designated officer)

of Bluestone Mortgage, Inc.,)

and ANA E. LAZARO,)

15 Respondents.)

BRE NO. H-38271 LA
OAH NO. 2012110909

DEFAULT ORDER

17
18 On July 8, 2013, Respondent BLUESTONE MORTGAGE, INC.,
19 withdrew its Notice of Defense and its request for a hearing in
20 this matter.

21 It is, therefore, ordered that a default be entered on
22 the record in this matter.

23 IT IS SO ORDERED

July 16, 2013

24 Real Estate Commissioner

25
26 By: Dolores Weeks
27 DOLORES WEEKS

Regional Manager

By

Bureau of Real Estate (formerly Department of Real Estate) on July 18, 2012, and August 20, 2012. On September 21, 2012, a Notice of Defense on behalf of Respondent BLUESTONE was submitted to the Bureau of Real Estate ("BRE"). On January 22, 2013, Robin Trujillo made the First Amended Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California.

2.

On July 2, 2013, the BRE received a letter from Respondent ANA E. LAZARO indicating that the Notice of Defense she previously submitted on behalf of BLUESTONE was withdrawn. Therefore, in accordance with Section 11506 of the Government Code, Respondent BLUESTONE's default was entered herein on July 16, 2013.

3.

From July 19, 2007, through July 18, 2011, Respondent BLUESTONE was licensed by the BRE as a corporate real estate broker, License ID 01817809. Respondent BLUESTONE's license expired on July 18, 2011. The BRE retains jurisdiction pursuant to Business and Professions Code ("Code") Section 10103.

4.

Respondent BLUESTONE is a California corporation. Respondents LORENZO LAZARO and ANA E. LAZARO are officers and directors of BLUESTONE.

FIRST CAUSE OF ACCUSATION
(Suspended Corporate Status)

5.

On March 1, 2011, the California Franchise Tax Board suspended the corporate powers, rights and privileges of Respondent BLUESTONE pursuant to the provisions of the California Revenue and Taxation Code. BLUESTONE's corporate status remains suspended.

SECOND CAUSE OF ACCUSATION
(Advance Fee Violations)

6.

In or around July, 2009, Respondent BLUESTONE solicited and offered loan services to Maxwell B., including services to assist him in negotiating with lenders, foreclosure forbearance, loan modification, or obtaining a short sale of his real property. Respondent BLUESTONE engaged in the business of claiming, demanding, charging receiving, collecting or contracting for the collection of advance fees, within the meaning of Code Section 10026, for activities with respect to loans which were secured by liens on real property.

7.

On October 6, 2009, Maxwell B. paid an advance fee of \$1,875 to BLUESTONE for short sale, loan modification or negotiation services. On May 7, 2010, Maxwell B. paid an additional advance fee of \$2,000 to BLUESTONE for said services. Respondent BLUESTONE failed to perform the short sale, loan modification or negotiation services that had been promised to Maxwell B. Respondent BLUESTONE failed to provide an accounting of any services done for Maxwell B. or an accounting of the advance fees collected from Maxwell B.

8.

Respondent BLUESTONE failed to comply with the requirements of advance fee agreements pursuant to Code Section 10085 and Regulation 2970 of the Regulations of the Real Estate Commissioner, Title 10, Chapter 6, California Code of Regulations ("Regulations").

9.

Respondent BLUESTONE failed to comply with the requirements for handling of advance fees in violation of Code Section 10146.

THIRD CAUSE OF ACCUSATION
(Audit)

10.

On October 25, 2012, the BRE completed an audit examination of the books and records of Respondent BLUESTONE pertaining to mortgage loan, advance fee and loan negotiation and modification service activities which require a real estate license. The audit examination covered a period of time from July 2, 2009, to July 17, 2011. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 110200 and the exhibits and work papers attached to said Audit Report.

11.

Violations

In the course of activities described above and during the examination period described in Paragraph 10, Respondent BLUESTONE acted in violation of the Code and the Regulations as follows:

(A) Respondent BLUESTONE failed to establish and/or maintain a trust account at a bank or other recognized financial institution in the name of the broker for deposit of advance fees collected from borrower Maxwell B., thereby depositing trust funds in BLUESTONE's general account and thus commingling trust funds with BLUESTONE's funds, in violation of Code Sections 10145, 10176(e) and Regulation 2832.

(B) Respondent BLUESTONE collected advance fees in connection with loan modification and negotiation services without submitting an advance fee agreement for review and approval to the BRE, in violation of Code Section 10085 and Regulation 2970.

(C) Respondent BLUESTONE collected an advance fee from borrower Maxwell B. and deposited same into BLUESTONE's general bank account at Wells Fargo Bank (Account No. XXXXXX7583), thereby failing to establish and maintain a trust account at a bank or other recognized financial institution in the name of the broker for deposit of advance fees collected by Respondents, in violation of Code Section 10146.

(D) Respondent BLUESTONE collected advance fees from borrower Maxwell B. on May 7, 2010 (after passage of SB 94), in violation of Code Section 10085.6.

(E) Respondent BLUESTONE collected advance fees for services in connection with loans secured by liens on real property without maintaining an accounting content to borrowers showing, in which trust accounts the funds were deposited and details of how the funds were disbursed, including the amount allocated or disbursed for overhead costs and profit, in violation of Code Section 10146 and Regulation 2972.

(F) Respondent BLUESTONE used the unlicensed fictitious business name "Bluestone Mortgage" not BLUESTONE MORTGAGE, INC., in connection with mortgage loan activities without a license bearing such fictitious name, in violation of Code Section 10159.5 and Regulation 2731.

(G) Respondent BLUESTONE failed to retain records in connection with activities requiring a real estate license, in violation of Code Section 10148.

DETERMINATION OF ISSUES

1.

The suspension of Respondent BLUESTONE's corporate powers, rights, and privileges is in violation of Regulation 2742, subdivision (c), and constitutes grounds to suspend or revoke Respondent BLUESTONE's corporate real estate broker license pursuant to Section 10177(d) of the Business and Professions Code.

2.

The conduct, acts and/or omissions of Respondent BLUESTONE as set forth above in Findings of Fact Nos. 6 through 9, are in violation of Code Sections 10085, 10085.5, 10085.6, 10146 and Regulation Section 2970 and constitute grounds for the revocation of the license and license rights of Respondent BLUESTONE pursuant to Code Section 10177(d).

3.

The conduct of Respondent BLUESTONE described in Findings of Fact No. 11, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
11(A)	Code Sections <u>10145</u> , <u>10176(e)</u> , and Regulation <u>2832</u>
11(B)	Code Section 10085 and Regulation 2970
11(C)	Code Section 10146
11(D)	Code Section 10085.6
11(E)	Code Section 10146 and Regulation <u>2972</u>
11(F)	Code Section <u>10159.5</u> and Regulation <u>2731</u>
11(G)	Code Section <u>10148</u>

4.

The foregoing violations constitute cause for the revocation of the real estate license and license rights of Respondent BLUESTONE, under the provisions of Code Sections 10176(e) for commingling, 10177(d) for violation of the Real Estate Law, and 10177(g) for negligence.

5.

The standard of proof applied was clear and convincing proof to a reasonable certainty.

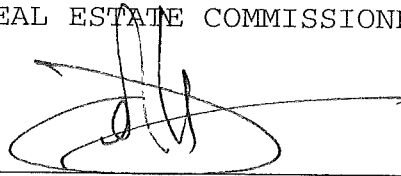
ORDER

The license and license rights of Respondent BLUESTONE MORTGAGE, INC. under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon August 27, 2013 .

DATED: July 29, 2013.

REAL ESTATE COMMISSIONER

A handwritten signature in black ink, appearing to be "J. Mason", written over a horizontal line.

By: JEFFREY MASON
Chief Deputy Commissioner