

1 Department of Real Estate  
2 320 West 4th Street, Suite 350  
3 Los Angeles, California 90013-1105

4 Telephone: (213) 576-6982

**FILED**

SEP 11 2012

DEPARTMENT OF REAL ESTATE  
BY: CA

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7  
8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 To:	)	NO. H-38406 LA
	)	
12 MODIFY LAW GROUP INC. and	)	<u>ORDER TO DESIST</u>
13 ERIC THEODORE SMITH.	)	<u>AND REFRAIN</u>
	)	
	)	(B & P Code Section 10086)
	)	
	)	
	)	

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17 The Real Estate Commissioner of the State of California ("Commissioner") has

18 caused an investigation to be made of the activities of MODIFY LOAN GROUP INC. and

19 ERIC THEODORE SMITH. Based on that investigation, the Commissioner has determined

20 that MODIFY LOAN GROUP INC. and ERIC THEODORE SMITH have engaged in, are

21 engaging in, or are attempting to engage in, acts or practices constituting violations of the

22 California Business and Professions Code ("Code"), including engaging in the business of,

23 acting in the capacity of, advertising, or assuming to act, as real estate brokers in the State of

24 California within the meaning of Section 10131(d) (soliciting borrowers or lenders or

25 negotiating loans) and Section 10131.2 (advance fee handling) without being properly licensed.

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

4 FINDINGS OF FACT

5 1. MODIFY LAW GROUP INC. ("MODIFY LAW") is a California  
6 corporation. MODIFY LAW's corporate powers were suspended on or about April 1, 2011,  
7 and have remained suspended since then.

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9 2. At all times relevant herein, ERIC THEODORE SMITH ("SMITH") was the  
10 principal and the agent for service of process for MODIFY LAW.

11 3. At no time mentioned herein was MODIFY LAW licensed by the  
12 Department of Real Estate of the State of California ("Department") in any capacity.

13 4. At no time mentioned herein was SMITH licensed by the Department in any  
14 capacity.

15  
16 5. At some times relevant herein, SMITH was licensed by the State Bar of  
17 California as an attorney. Smith was disbarred from the practice of law in the State of  
18 California effective on or about July 23, 2010, and his license to practice law has not been  
19 reinstated. Smith was never licensed to practice law in any state other than California.

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21 6. All further references to the individuals and entities listed in Paragraphs 1  
22 through 5 above include those parties and fictitious business names, and also include the  
23 officers, directors, employees, agents and real estate licensees employed by or associated with  
24 said parties and business names, who at all times were engaged in the furtherance of the  
25 businesses or operations of said parties and business names, and who were acting within the  
26 course and scope of their authority and employment.

1           7. In late 2008, Respondent SMITH established MODIFY LAW as a company  
2 engaged in the business of providing loan modification services to homeowners nationwide.  
3 MODIFY LAW and SMITH originally did business in an office located at 25 Mauchly, Suite  
4 314, Irvine, CA 92618. In July of 2009, MODIFY LAW and SMITH moved their offices to  
5 7201 Apricot Drive, Irvine, CA 92618. On September 7, 2009, SMITH and MODIFY LAW  
6 moved to offices located at 7545 Irvine Center Drive, Irvine, CA 92618.  
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8           8. MODIFY LAW advertised on radio stations in various markets throughout  
9 the United States, sent out mass mailing in various markets throughout the United States, and  
10 advertised on the internet.

11           9. Beginning on or before December 31, 2008, and continuing through on or  
12 after September 7, 2009, MODIFY LAW and SMITH collected advance fees from consumers  
13 in exchange for promises to provide loan modification services. Many of the contracts called  
14 for MODIFY LAW and SMITH to modify consumers' loans on properties located in  
15 jurisdictions in which SMITH was not entitled to practice law.  
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17           10. By mid July 2009, SMITH was aware that he and MODIFY LAW had  
18 accepted more loan modification clients than they would competently represent. Nevertheless,  
19 SMITH and MODIFY LAW continued to accept new loan modification clients.  
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21           11. From November 19, 2009 to December 19, 2009, SMITH was suspended  
22 from the practice of law and was not eligible to practice for disciplinary reasons. At no time  
23 did SMITH inform his clients of his suspension or his ineligibility to practice law.

24           12. Numerous consumers were told by SMITH or representatives of MODIFY  
25 LAW that MODIFY LAW and SMITH would refund their advance fees if MODIFY LAW and  
26 SMITH did not obtain a loan modification for clients.  
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1 issued by the Department, and until you demonstrate and provide evidence satisfactory to the  
2 Commissioner that you are in full compliance with all of the requirements of the Code and  
3 Commissioner's Regulations relating to charging, collecting, and accounting for fees.

4 DATED: 8/31/2012

5 Real Estate Commissioner

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9 By WAYNE S. BELL  
10 Chief Counsel

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

19 cc: Eric Theodore Smith  
20 7201 Apricot Drive  
21 Irvine, CA 92618

22 Modify Law Group Inc.  
23 7201 Apricot Drive.  
24 Irvine, CA 92618

25 Modify Law Group Inc.  
26 7595 Irvine Center Drive, Suite 120  
27 Irvine, CA 92618