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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

**TO:** 2<sup>nd</sup> CHANCE NEGOTIATIONS, INC.  
7529 Sunset Avenue, Suite C-1  
Fair Oaks, California 95628

**DESIST AND REFRAIN ORDER**  
**(For violations of California Financial Code sections 22300, 22154, 22161, and 22170.)**

The California Corporations Commissioner (“Commissioner” or “Complainant”) finds that:

1. At all relevant times, 2nd Chance Negotiations, Inc. (“Respondent”) is and was a California corporation duly qualified to do business in California.
2. Since on or about December 15, 2008, 2nd Chance Negotiations, Inc. has been licensed by the Commissioner pursuant to the California Finance Lenders Law (“CFLL”) to engage in the business of a finance lender and broker from its main office located at 7529 Sunset Avenue, Suite C-1, Fair Oaks, California, 95628 (license number 607-3056).
3. Pursuant to information received and a regulatory examination of 2<sup>nd</sup> Chance Negotiations, Inc. conducted on or about March 24, 2009, the Commissioner discovered that since as early as December 15, 2008, Respondent had acted as an intermediary in hundreds of loan modification transactions with California borrowers.
4. California Financial Code section 22300 provides:  

No licensee shall directly or indirectly charge, contract for, or receive any interest or charge of any nature unless a loan is made.
5. The Commissioner finds that a loan modification does not involve the making of a loan, and therefore a lender may not engage in loan modification intermediary activity under the authority of the CFLL.

1 6. As a result of prohibited loan modification intermediary activity, 2<sup>nd</sup> Chance Negotiations,  
2 Inc. directly or indirectly charged, contracted for, or received millions of dollars in interest, upfront  
3 charges, or advance fees from California customers in violation of section 22300.

4 7. By engaging in business as a loan modification intermediary, the Commissioner finds that  
5 2<sup>nd</sup> Chance Negotiations, Inc. also violated California Financial Code section 22154 which prohibits  
6 a CFLL licensee from making loans within any place of business in which any other business is  
7 solicited or engaged in, or in association or conjunction therewith, except as is authorized in writing  
8 by the Commissioner.  
9

10 8. By providing customers with a written contract or “engagement agreement” for “loan  
11 modification services” that expressly cites its CFLL license number, 2<sup>nd</sup> Chance Negotiations, Inc.  
12 advertised, displayed, published and/or distributed a statement or representation referring to the  
13 supervision of the business by the state or any department or official of the state that is false,  
14 misleading, or deceptive in violation of California Financial Code section 22161.  
15

16 9. California Financial Code section 22170, subdivision (b), provides:

17 (b) It is unlawful for any person to knowingly make an untrue statement to the commissioner  
18 during the course of licensing, investigation, or examination, with the intent to impede,  
19 obstruct, or influence the administration or enforcement of any provision of this division.

20 10. The Commissioner finds that 2<sup>nd</sup> Chance Negotiations, Inc. violated Financial Code section  
21 22170(b) by knowingly making an untrue statement to the Commissioner concerning the type of  
22 business it planned to conduct when representing in its initial CFLL license application that it  
23 planned “to primarily provide mortgage brokerage services for residential consumer loans and small  
24 business real estate loans and will broker loans only to CFL lenders” by failing to disclose its loan  
25 modification activity.  
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Based upon the foregoing findings stated herein, it is hereby ORDERED that 2<sup>nd</sup> Chance Negotiations, Inc. and any and all employees and their successors or assigns shall immediately desist and refrain from the violations, as described above, as follows:

(i) Soliciting, accepting, or processing, either directly or indirectly, any loan transaction applications and/or providing loan modification services in violation of California Financial Code section 22300;

(ii) Making loans within any place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as is authorized in writing by the Commissioner in violation of California Financial Code section 22154;

(iii) Advertising, displaying, publishing and/or distributing any statement or representation referring to the supervision of the business by the state or any department or official of the state that is false, misleading, or deceptive in violation of California Financial Code section 22161;

(iv) Knowingly making an untrue statement to the Commissioner during the course of licensing, investigation, or examination in violation of California Financial Code section 22170.

California Financial Code section 22712 provides in pertinent part:

Whenever, in the opinion of the commissioner, any person is engaged in business as a broker or finance lender, as defined in this division, without a license from the commissioner . . . the commissioner may order that person . . . to desist and to refrain from engaging in the business . . . If, within 30 days after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

This Order shall become effective immediately.

Dated: March 24, 2009  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger  
Acting Deputy Commissioner