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

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

7. By engaging in business as a loan modification intermediary, the Commissioner finds that 2nd Chance Negotiations, Inc. also violated California Financial Code section 22154 which prohibits a CFLL licensee from 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.

8. By providing customers with a written contract or “engagement agreement” for “loan modification services” that expressly cites its CFLL license number, 2nd Chance Negotiations, Inc. advertised, displayed, published and/or distributed a 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.

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

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

10. The Commissioner finds that 2nd Chance Negotiations, Inc. violated Financial Code section 22170(b) by knowingly making an untrue statement to the Commissioner concerning the type of business it planned to conduct when representing in its initial CFLL license application that it planned “to primarily provide mortgage brokerage services for residential consumer loans and small business real estate loans and will broker loans only to CFL lenders” by failing to disclose its loan modification activity.
Based upon the foregoing findings stated herein, it is hereby ORDERED that 2\textsuperscript{nd} 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