## STATE OF CALIFORNIA BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY DEPARTMENT OF BUSINESS OVERSIGHT

TO: Zak Investments, Inc.
Jaime Polanco
410 South Grand Avenue
Covina, California 91724

Pacific West Homes & Investments, Inc. 412 South Grand Avenue Covina, California 91724

Walter Steven Nevarez dba 3 Spot Marketing 869 East Cypress Covina, California 91722

## DESIST AND REFRAIN ORDER (For violations of section 25401 of the Corporations Code)

The Commissioner of Business Oversight finds that:

- 1. At all relevant times, Zak Investments, Inc. (Zak Investments) is, or was, a California corporation with its principal place of business located at 410 South Grand Avenue, Covina, California 91724.
- 2. At all relevant times, Pacific West Homes & Investments, Inc. (Pacific West) is, or was, a California corporation with its principal office located at 412 South Grand Avenue, Covina, California 91724.
- 3. At all relevant times, Jaime Polanco (Polanco) is, or was, the chief executive officer and registered agent for service of process of Zak Investments. Polanco's last known business address is 410 South Grand Avenue, Covina, California 91724.
- 4. At all relevant times, Walter Steven Nevarez (Nevarez) is, or was, an individual who also used the dba 3 Spot Marketing. Nevarez was the chief executive officer of Pacific West.

  Nevarez's last known business address is 869 East Cypress, Covina, California 91722.
- 5. Beginning in or about at least September 2016, and continuing thereafter, Zak Investments, Pacific West, Polanco, and Nevarez, offered or sold securities in the form of investment contracts, to the public, including at least two California residents, raising at least \$75,000.00.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

- 6. Polanco and Nevarez told investors that their money would be used to purchase shortsale properties in "cash-for-keys" real estate transactions, which Polanco and Nevarez stated they would later "flip for a large profit." Polanco and Nevarez told investors that they could withdraw their investment at any time and would receive their principal investment back in the form of a cashier's check. The purported purpose of the offering was to raise funds for further investment in Pacific West Home's real estate investment program. Polanco directed investors to make their checks payable to Nevarez's company, 3 Spot Marketing.
- 7. A "cash-for-key" transaction is a transaction in which a lender advances money to a borrower undergoing foreclosure, such as a tenant's security deposit or moving expenses, as an incentive to facilitate the borrower's early move out and return of the keys to the foreclosed property to the lender so as to avoid formal legal eviction proceedings.
- 8. When Polanco and Nevarez's reported to investors that their attempts to purchase distressed properties were unsuccessful, the investors requested a return of their investment. Nevarez told investors that their money had been given to the homeowners with whom they negotiated so the homeowners could vacate the homes. To date, investors have not received the "large profits" Polanco and Nevarez promised.
- 9. These securities were offered or sold in this state in issuer transactions. The Department of Business Oversight has not issued a permit or other form of qualification authorizing any person to offer or sell these securities in this state.
- 10. In connection with the offer and sale of these securities, Polanco and Nevarez made material misrepresentations of facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. These misrepresentations and omissions included, but are not limited to, the following:
- Polanco and Nevarez told investors their funds would be used to Α. purchase real estate in short-sale transactions, in which they would "flip" the homes for a profit, when investor funds were not used for that purpose.
- B. Polanco and Nevarez told investors that they would receive a "large profit" on their investments and if they wanted out of the deal at any point they would be repaid their

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Dated: October 30, 2018

principal investment in the form of a cashier's check. However, investors never received any profit or return of their principal investment when the investors asked for their money back.

Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion that the securities in the form of investment contracts were offered and sold in this state by Zak Investments, Pacific West, Polanco, and Nevarez by means of written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

Pursuant to section 25532 of the Corporate Securities Law of 1968, Zak Investments, Inc.; Jaime Polanco; Pacific West Homes & Investments, Inc.; and Walter Steven Nevarez Dba 3 Spot Marketing are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California, including but not limited to securities in the form of investment contracts by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

JAN LYNN OWEN

Los Angeles, California Commissioner of Business Oversight By MARY ANN SMITH Deputy Commissioner **Enforcement Division**