

1 Department of Real Estate
2 320 West Fourth Street, Ste. 350
3 Los Angeles, California 90013

FILED

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4 Telephone: (213) 576-6982

DEPARTMENT OF REAL ESTATE

BY: 

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8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

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11 To:) No.H-37693 LA
12)
13 FRANK H. WHITEHEAD III,) ORDER TO DESIST
14 doing business as Blue Light) AND REFRAIN
15 Investments; EVELYN) (B&P Code Section 10086)
16 VELASQUEZ; and GUSTAVO RUIZ)
17)
18 _____)

19 The Commissioner ("Commissioner") of the California
20 Department of Real Estate ("Department") caused an investigation
21 to be made of the activities of FRANK H. WHITEHEAD III
22 ("WHITEHEAD"), doing business as Blue Light Investments ("BLUE
23 LIGHT"); EVELYN VELASQUEZ ("VELASQUEZ"); and GUSTAVO RUIZ
24 ("RUIZ"), and has determined that each of them engaged in or is
25 engaging in acts or practices constituting violations of the
26 California Business and Professions Code ("Code") and/or Title
27 10, California Code of Regulations ("Regulations"). Said parties
are engaging in the business of, acting in the capacity of,
advertising, or assuming to act, as a real estate broker in the

1 State of California within the meaning of Code Section 10131(d)
2 (soliciting borrowers or lenders or negotiating loans) and Code
3 Section 10131.2 (advance fee handling). Based on the findings of
4 that investigation, as set forth below, the Commissioner hereby
5 issues the following Findings of Fact and Desist and Refrain
6 Order pursuant to Section 10086 of the Code.

7 FINDINGS OF FACT

8 1. WHITEHEAD is presently licensed and/or has
9 license rights under the Real Estate Law (Part 1 of Division 4
10 of the Code) as a real estate broker.

11 2. At all times relevant herein WHITEHEAD was
12 authorized to utilize the fictitious business name BLUE LIGHT
13 for activities requiring the issuance of a real estate license.

14 3. Since on or about November 17, 2009, VELASQUEZ has
15 been licensed and/or has license rights under the Real Estate
16 Law as a real estate salesperson. Prior to November 17, 2009,
17 VELASQUEZ was not licensed by the Department in any capacity. At
18 no time mentioned herein has VELASQUEZ been employed by a
19 licensed broker, including WHITEHEAD.

20 4. At no time herein mentioned has RUIZ been licensed
21 by the Department in any capacity.

22 5. Whenever acts referred to below are attributed to
23 BLUE LIGHT, those acts are alleged to have been done by
24 WHITEHEAD, acting by himself, or by and/or through one or more
25 agents, associates, affiliates, and/or co-conspirators, including
26 but not limited to each of those named herein, and using the name
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1 BLUE LIGHT or "C & L Financial", or any fictitious name unknown
2 at this time.

3 6. WHITEHEAD employed and/or compensated individuals,
4 including those named herein, who were neither licensed as real
5 estate brokers nor licensed as real estate salespersons
6 authorized to work under his broker license, to perform some or
7 all of the services alleged in Paragraph 9, below.

8 7. WHITEHEAD, BLUE LIGHT, VELASQUEZ and RUIZ engaged
9 in the business of claiming, demanding, charging, receiving,
10 collecting or contracting for the collection of an advance fee,
11 as defined by Code Section 10026, including but not limited to
12 the activities described in Paragraph 9, below.

13 8. WHITEHEAD failed to submit the advance fee
14 agreements referred to in Paragraph 9, below, to the
15 Commissioner ten days before using them.

16 9. At the times set forth below WHITEHEAD, BLUE LIGHT,
17 VELASQUEZ and RUIZ engaged in the business of, acted in the
18 capacity of, or advertised a real estate loan service and advance
19 fee brokerage offering to perform and performing solicitation,
20 negotiation and modification of loans secured by liens on real
21 property for compensation or in expectation of compensation and
22 for fees collected in advance including, but not limited to, the
23 following:
24

25 a. On or about November 22, 2008, Paul A. paid an
26 advance fee of \$1,000 to BLUE LIGHT. The advance fee was
27 collected pursuant to the provisions of an agreement pertaining

1 to loan solicitation, negotiation, and modification services to
2 be provided by BLUE LIGHT with respect to a loan secured by the
3 real property at 805 Kerr Avenue, Modesto, California.

4 b. On or about April 17, 2009, as a result of being
5 solicited by RUIZ, Raul Lopez S. ("Raul") paid a series of
6 advance fees to RUIZ and VELASQUEZ on behalf of BLUE LIGHT. At
7 the direction of RUIZ on or about April 17, 2009, Raul gave RUIZ
8 an advance fee in the amount of \$1,995 by a check made payable
9 to "C & L Financial." RUIZ represented to Raul that the
10 foregoing check was being collected on behalf of BLUE LIGHT.
11 Additionally, Raul gave VELASQUEZ and RUIZ personal money orders
12 in the amounts of \$1,000 and \$800 which were made payable to
13 BLUE LIGHT. The foregoing advance fees were collected pursuant
14 to the provisions of an agreement pertaining to loan
15 solicitation, negotiation, and modification services to be
16 provided by BLUE LIGHT, RUIZ and VELASQUEZ with respect to a
17 loan secured by real property.

18 c. On or about December 21, 2009, Evaristo F. paid
19 an advance fee of \$3,000 to VELASQUEZ on behalf of BLUE LIGHT.
20 The advance fee was collected pursuant to the provisions of an
21 agreement pertaining to loan solicitation, negotiation, and
22 modification services to be provided by VELASQUEZ and BLUE LIGHT
23 with respect to a loan secured by real property located at 702
24 E. 84th Place, Los Angeles, California.

25
26 CONCLUSIONS OF LAW

27 10. The activities described in Paragraph 9, above,

1 require a real estate license under Section 10131(d) and Section
2 10131.2 of the Code.

3 11. Based on the information contained in Paragraphs
4 3, 4 and 9, above, RUIZ and VELASQUEZ performed and/or
5 participated in loan solicitation, negotiation and modification
6 activities which require a real estate broker license under the
7 provisions of Code Sections 10131(d) and 10131.2 during a period
8 of time when neither of them was licensed by the Department as a
9 real estate broker nor employed as a real estate salesperson by
10 the broker on whose behalf the activities were performed in
11 violation of Section 10130 of the Code.

12 12. Based on the information contained in Paragraphs
13 3, 4 and 9, above, WHITEHEAD violated Section 10137 of the Code
14 by employing and/or compensating individuals who were not
15 licensed as a real estate salesperson employed under his broker
16 license or as a broker to perform activities requiring a real
17 estate license.

18 13. Based on the information contained in Paragraphs
19 7, 8 and 9, above, WHITEHEAD and BLUE LIGHT collected fees
20 pursuant to an agreement which constitutes an advance fee
21 agreement within the meaning of Code Section 10085 and Section
22 2970 of the Regulations.

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DESIST AND REFRAIN ORDER

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2 Based on the Findings of Fact and Conclusions of Law
3 stated herein:

4 1. IT IS HEREBY ORDERED that FRANK H. WHITEHEAD III,
5 whether doing business under the name BLUE LIGHT, or any other
6 names, or any fictitious name:

7 A. Immediately desist and refrain from charging,
8 demanding, claiming, collecting and/or receiving advance fees, as
9 that term is defined in Section 10026 of the Code, in any form,
10 and under any conditions, with respect to the performance of loan
11 modification or any other form of mortgage loan forbearance
12 services in connection with loans on residential property
13 containing four or fewer dwelling units (Code Section 10085.6).

14 B. Immediately desist and refrain from charging,
15 demanding, claiming, collecting and/or receiving advance fees, as
16 that term is defined in Section 10026 of the Code, for any of the
17 other real estate related services offered to others, unless and
18 until FRANK H. SHOEMAKER III demonstrates and provides evidence
19 satisfactory to the Commissioner that he:
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21 (i) has an advance fee agreement which has been
22 submitted to the Department and which is in compliance with
23 Section 10085 of the Code and Section 2970 of the Regulations;

24 (ii) has placed all previously collected advance fees
25 into a trust account for that purpose and is in compliance with
26 Section 10146 of the Code; and
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1 (iii) has provided an accounting to trust fund owner-
2 beneficiaries from whom advance fees have previously been
3 collected in compliance with Code Section 10146 and Section 2972
4 of the Regulations.

5 C. From employing or compensating any person for
6 performing any act for which a real estate license is required
7 unless that person is licensed as a real estate broker or as a
8 real estate salesperson licensed under the broker employing or
9 compensating him. In particular, FRANK H. WHITEHEAD III is
10 ordered to desist and refrain from:

11 (i) employing or compensating any person who does not
12 hold a real estate license from soliciting borrowers and/or
13 performing services for borrowers or lenders in connection with
14 loans secured directly or collaterally by one or more liens on
15 real property.

16 2. IT IS HEREBY ORDERED that EVELYN VELASQUEZ and
17 GUSTAVO RUIZ, whether doing business under their own names, or
18 any other names, or any fictitious name, ARE HEREBY ORDERED to
19 immediately DESIST AND REFRAIN from performing any acts within
20 the State of California for which a real estate broker license
21 is required. In particular each of them is ORDERED TO DESIST
22 AND REFRAIN from:

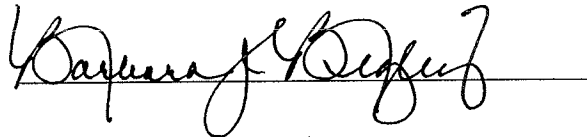
23 A. charging, demanding, claiming, collecting and/or
24 receiving advance fees, as that term is defined in Section 10026
25 of the Code, in any form, and under any conditions, with respect
26 to the performance of loan modifications or any other form of
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1 mortgage loan forbearance service in connection with loans on
2 residential property containing four or fewer dwelling units
3 (Code Section 10085.6); and

4 B. charging, demanding, claiming, collecting and/or
5 receiving advance fees, as that term is defined in Section 10026
6 of the Code, for any other real estate related services offered
7 by them to others.

8 DATED: 11/16, 2011.

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10 BARBARA J. BIGBY
11 Acting Real Estate Commissioner

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

24 cc: Frank H. Whitehead III
25 4685 Tumbleweed Drive
26 Brighton, Colorado 80601-4648

27 Frank H. Whitehead III
1200 South Pacific Coast Highway, Suite C
Redondo Beach, California 90277

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Blue Light Investments
4685 Tumbleweed Drive
Brighton, Colorado 80601-4648

Evelyn Velasquez
4223 Bogart Street
Baldwin Park, California 91706

Gustavo Ruiz
7485 Rock Creek Court
Corona, California 92880