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

TO: Luis Gonzalez
LGM Financial Services Corporation
3200 S. Bristol Street, Suite 640
Costa Mesa, CA 92626

DESIST AND REFRAIN ORDER
(For violation of section 25110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. LGM Financial Services Corporation (“LGM”) is a corporation incorporated in California on December 1, 2005. Its principal place of business is 3200 S. Bristol Street, Suite 640, Costa Mesa, CA 92626. It also has, or at one time had, a place of business at 17 Ferrand, Newport Coast, CA 92657. At all relevant times, Luis Gonzalez (“Gonzalez”) was the president, secretary, and control person of LGM.

2. In or about April 2007, Gonzalez solicited a California resident by telephone to refinance her home through LGM. Gonzalez called the California resident approximately ten times to offer to refinance her home. At the time she received these phone calls, the California resident had no personal or business relationship with Gonzalez.

3. In approximately June 2007, the California resident met with Gonzalez in his office at 3200 S. Bristol Street, Suite 640, Costa Mesa, CA 92626. The California resident told Gonzalez she had refinanced her home through another lender. Gonzalez asked the resident how she had invested the money taken out through her refinance. The resident said she had put it in a bank account.

1 Gonzalez told her she would receive a higher rate of return if she invested the money with his
2 company, LGM. He told her in exchange for an investment of \$100,000.00, she would receive
3 monthly payments of approximately \$1,000.00 for two years. At the end of two years, she would
4 receive the return of her entire principal investment.

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6 4. In approximately July 2007, the California resident invested \$100,000.00 in LGM by
7 writing a check to Gonzalez. In return, on July 30, 2007, Gonzalez executed a promissory note in the
8 amount of \$100,000.00, with annual interest of 11.5% due and payable monthly. The promissory
9 note provided that if LGM failed to make any payment within 15 days of the due date, the entire
10 principal amount of the note would become immediately due and payable.

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12 5. These securities were offered and sold in this state in issuer transactions. The
13 Department of Corporations has not issued a permit or other form of qualification authorizing any
14 person to offer or sell these securities in this state.

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16 6. In September, October, and November 2007, the California resident received interest
17 payments in accordance with the terms of the promissory note. The resident received an interest
18 payment for December 2007 approximately 20 days late. Since 2007, she has not received any
19 monthly interest payments in accordance with the terms of the promissory note. LGM and Gonzalez
20 have not repaid the principal amount of the investment in accordance with the terms of the
21 promissory note.

22
23 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion
24 that the promissory notes that are being or have been offered or sold by Luis Gonzalez and LGM
25 Financial Services Corporation are securities subject to qualification under the California Corporate
26 Securities Law of 1968 and are being or have been offered or sold without being qualified in violation
27 of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of
28 1968, Luis Gonzalez and LGM Financial Services Corporation are hereby ordered to desist and refrain

1 from the further offer or sale in the State of California of securities, including but not limited to
2 promissory notes, unless and until qualification has been made under the law or unless exempt.

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

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7 Dated: November 20, 2008
8 Los Angeles, California

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PRESTON DuFAUCHARD
California Corporations Commissioner

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By: _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division

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