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

**TO:** Raul Avila  
The Avcorp Group  
2421 West Beverly Blvd.  
Montebello, California 90640

**DESIST AND REFRAIN ORDER**

**(For violations of sections 25110 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times herein, The Avcorp Group (“Avcorp”) was located at 2421 West Beverly Blvd., Montebello, California 90640. Raul Avila (“Avila”) represented that he was the President of Avcorp.

2. At all relevant times herein, Avcorp was a DBA of AFG Funding, Inc., a licensee of the Department of Real Estate. AFG Funding, Inc. was located at 2421 West Beverly Blvd., Montebello, California 90640.

3. Beginning at least as early as July 2001, Avila and Avcorp offered and sold securities in the form of investment contracts, promissory notes and/or evidences of indebtedness to at least one California resident.

4. The purported purpose of the securities offered and sold by Avila and Avcorp was to provide funds to rehabilitate HUD properties for resale. Avila told investors that when the property was sold, they would get their investment back plus a profit.

5. In some cases, Avila issued securities in the form of promissory notes. In other cases, Avila gave investors investment contracts or evidences of indebtedness in the form of “Escrow Demands” authorizing payment of a certain sum to the investor out of a pending escrow on a particular parcel of property.

1           6.       In connection with the offer and sale of these securities, Avila made untrue  
2 statements of material fact or omitted to state material facts necessary in order to make the  
3 statements made, in the light of the circumstances under which they were made, not  
4 misleading. These misrepresentations and omissions included, but are not limited to the  
5 following:

6                   a.       Avila told investors that their investment would be secured by real  
7 property when in fact deeds of trust were not recorded securing the investments;

8                   b.       Avila told an investor that an escrow was opened for the property stated  
9 on an "Escrow Demand", when in fact, no such escrow was opened;

10                  c.       Avila failed tell an investor that although an escrow was opened and a  
11 file number was issued for the property listed on an "Escrow Demand", the escrow company  
12 received no deposit, loan documents or loan approval.

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

16           Based on the foregoing findings, the California Corporations Commissioner is of the  
17 opinion that the securities in the form of investment contracts, promissory notes and/or  
18 evidences of indebtedness issued by Raul Avila or The Avcorp Group are securities subject  
19 to qualification under the California Corporate Securities Law of 1968 and are being or have  
20 been offered or sold without being qualified, in violation of Section 25110 of the Corporate  
21 Securities Law of 1968.

22           Pursuant to Section 25532 of the Corporate Securities Law of 1968, Raul Avila and  
23 The Avcorp Group are hereby ordered to desist and refrain from the further offer or sale in  
24 the State of California of securities in the form of investment contracts, promissory notes  
25 and/or evidences of indebtedness, unless and until qualification has been made under said  
26 law or unless exempt. The sale of such securities is subject to qualification under said law  
27 and such securities are being or have been offered for sale without first being so qualified.  
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Further, the California Corporations Commissioner is of the opinion that the securities issued by Raul Avila or The Avcorp Group were offered and sold in this state by means of written or oral communications which included untrue statements of material fact or 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, in violation of section 25401 of the Corporate Securities Law of 1968.

Pursuant to Section 25532 of the Corporate Securities Law of 1968, Raul Avila and The Avcorp Group 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, investment contracts, promissory notes and/or evidences of indebtedness, 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.

Dated: December 3, 2003  
Los Angeles, California

DEMETRIOS A. BOUTRIS  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Supervising Counsel  
Enforcement and Legal Services Division