

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 TO:

5 R.E. Loans, LLC
6 B-4 Partners, LLC
7 Mortgage Fund '08, LLC
8 The Mortgage Fund, LLC
9 Bar-K, Inc.
10 Walter Ng
11 Bruce Horwitz
12 Kelly Ng
13 Barney Ng
14 201 Lafayette Circle
15 Lafayette, California 94549

16 **DESIST AND REFRAIN ORDER**
17 **(For violations of section 25401 of the Corporations Code)**

18 The California Corporations Commissioner finds that:

- 19 1. At all relevant times, R.E. Loans, LLC (“R.E. Loans”) was a California limited liability
20 company doing business at 201 Lafayette Circle, Lafayette, California. B-4 Partners, LLC was the
21 managing member. Bar K, Inc. provided the loan servicing for R.E. Loans.
- 22 2. At all relevant times, B-4 Partners, LLC (“B-4 Partners”) was a California limited liability
23 company doing business at 201 Lafayette Circle, Lafayette, California, and was the manager of R.E.
24 Loans. Walter Ng, Bruce Horwitz, Kelly Ng, and Barney Ng were the managing members of B-4
25 Partners.
- 26 3. At all relevant times, Mortgage Fund '08, LLC (“Fund '08”) was a Delaware limited liability
27 company doing business at 201 Lafayette Circle, Lafayette, California. The Mortgage Fund, LLC is
28 the manager of Fund '08, and affiliated with B-4 Partners. Bar K, Inc. provided the loan servicing for
Fund '08.
- 4. The Mortgage Fund, LLC (“Mortgage Fund”) is a California limited liability company formed
for the purpose of managing Fund '08. The Mortgage Fund is owned and led by Walter Ng and
Kelly Ng as the managing directors or principals.

1 5. At all relevant times, Bar K, Inc. (“Bar K”) is a California corporation and a licensed
2 California real estate broker, acting as the loan servicer for R.E. Loans and Fund ‘08. Barney Ng,
3 Kelly Ng, and Walter Ng are the executive officers of Bar K.

4 6. At all relevant times, Walter Ng (“WN”), was a managing member of B-4 Partners and
5 Mortgage Fund, and chairman of Bar K.

6 7. At all relevant times, Bruce Horwitz (“Horwitz”), was a managing member of B-4 Partners.

7 8. At all relevant times, Kelly Ng, (“KN”) was a managing member of B-4 Partners, and
8 Mortgage Fund and officer of Bar K.

9 9. At all relevant times, Barney Ng (“BN”), was a managing member of B-4 Partners and officer
10 of Bar-K.

11 **November 2006 Offering**

12 10. Beginning in or about January 2002 through April 2007, R.E. Loans, B-4 Partners, Bar-K,
13 WN, Horwitz, KN, and BN, offered or sold securities in the State of California in the form of
14 membership interests also called “units” in R.E. Loans to California investors. These securities were
15 offered or sold in this State in issuer transactions.

16 11. The purported purpose of the offering was to raise funds so that R.E. Loans through the
17 management of B-4-Partners could make and invest in loans secured by deeds of trust secured by
18 California real estate, both commercial and residential. Bar-K was the servicer of the loans.

19 12. Beginning in or around November 2006, R.E. Loans, B-4 Partners, Bar-K, WN, Horwitz, KN,
20 and BN, sold securities by means of material omissions by selling securities to a California investor
21 without providing the current offering circular (“November 2006 offering circular”) approved by the
22 Department of Corporations.

23 13. In connection with these offers and sales, R.E. Loans, B-4 Partners, Bar-K, WN, Horwitz,
24 KN, and BN failed to disclose to investors that in 2001, Bar-K and Barney Ng settled an accusation
25 brought by the California Department of Real Estate that resulted in a six month suspension with
26 stay. The settlement resolved a disciplinary action taken against Bar-K and Barney Ng for multiple
27 violations of loan servicing agreements involving loans secured by deeds of trust in real property,
28 including but not limited to, failing to file deeds of trust in the names of lenders as beneficiaries,

1 failing to deposit trust funds into a trust account, and failing to prepare and deliver to lenders, a
2 written Lender Purchaser Disclosure Statement (“2001 Settlement”).

3 **2007 Exchange Offering**

4 14. Beginning in October 2007, R.E. Loans, B-4 Partners, Bar-K, WN, Horwitz, KN, and BN,
5 created a new offering in which they offered or sold securities in the State of California in the form of
6 promissory notes issued by R.E. Loans. These securities were offered or sold in this State in issuer
7 transactions.

8 15. The offering was directed to current investors in R.E. Loans who held membership interests.
9 The offering was set forth in the “Exchange Agreement” and “Reorganization Plan and Note
10 Program/Confidential Memorandum.” The purpose of the offering was to convert investors’ R.E.
11 Loans membership interests into promissory notes secured by the assets of R.E. Loans. The effect of
12 the new security offering was to convert investors’ equity interest to debt interest to facilitate R.E.
13 Loans in making and investing in loans to the public secured by deeds of trust in real property in the
14 United States. Bar-K was the servicer of the loans.

15 16. In connection with these offers and sales, R.E. Loans, B-4 Partners, Bar-K, WN, Horwitz,
16 KN, and BN failed to provide investors with the November 2006 offering circular, referred to in the
17 Reorganization Plan and Note Program/Confidential Memorandum, which contained material
18 disclosures related to the investment.

19 **Mortgage Fund ‘08 Offering**

20 17. Beginning in or about November 2007, Fund ‘08, Mortgage Fund, Bar-K, WN, Horwitz, KN,
21 and BN offered and sold securities in the form of promissory notes issued by Fund ‘08 to California
22 investors. These securities were offered or sold in this State in issuer transactions.

23 18. The purpose of Fund ‘08 was to lend capital, raised by the sale of notes to borrowers, to
24 finance the ownership, entitlement, development or rehabilitation of commercial real estate or other
25 real estate related purposes throughout the United States. The loans will be secured by liens against
26 real property and associated personal property.

27 19. In connection with these offers and sales, Fund ‘08, Mortgage Fund, Bar-K, WN, Horwitz,
28 KN, and BN failed to disclose to investors the 2001 Settlement.

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Based upon the foregoing, the California Corporations Commissioner is of the opinion that the securities representing membership interests in R.E. Loans, LLC, and the promissory notes issued by R.E. Loans, LLC, B-4 Partners, LLC, Bar K, Walter Ng, Bruce Horwitz, Kelly Ng, and Barney Ng and the promissory notes issued by Mortgage Fund '08, LLC, The Mortgage Fund, LLC, Bar K, LLC, Walter Ng, Bruce Horwitz, Kelly Ng, and Barney Ng were offered or sold in this State 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 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, R.E. Loans, LLC, B-4 Partners, LLC, Mortgage Fund '08, LLC, The Mortgage Fund, LLC, Bar K, LLC, Walter Ng, Bruce Horwitz, Kelly Ng, and Barney Ng 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, membership interests in limited liability companies, and promissory notes 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 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: August 11, 2011
Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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

ERRATUM

RE: Desist and Refrain Order Issued to:

R.E. Loans, LLC
B-4 Partners, LLC
Mortgage Fund '08, LLC
The Mortgage Fund, LLC
Bar-K, Inc.
Walter Ng
Bruce Horwitz
Kelly Ng
Barney Ng
201 Lafayette Circle
Lafayette, California 94549

CORRECTION:

- 1) Page 1, line 20 the word “managing” is deleted, so that the sentence reads: “Walter Ng, Bruce Horwitz, Kelly Ng, and Barney Ng were the members of B-4 Partners.”
- 2) Page 2 line 9 the word “managing” is deleted, so that the sentence reads: “At all relevant times, Barney Ng (“BN”), was a member of B-4 Partners and officer of Bar-K.”

Dated: October 26, 2011
Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division