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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of:)
) CFLL FILE NO.:60DBO-69059
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,)
) STATEMENT OF ISSUES/ACCUSATION
14 Complainant,)
)
15 v.)
)
16 CASCOFI FUND I, LLC, JAMES RUDOLPH)
17 CASTELLANOS, AND WILLIAM J.)
18 “BOOTS” DEL BIAGGIO, III,)
)
19 Respondent.)

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I

23 **Introduction**

24 1. The proposed orders seek to deny the finance lender license application of
25 Respondent CascoFi Fund I, LLC (CascoFi) pursuant to Section 22109 of the California Finance
26 lender Law (CFLL)(Fin. Code § 22000 et. seq.) and to bar Respondents James Rudolph Castellanos
27 (Castellanos) and William J. “Boots” Del Biaggio III (Del Biaggio No. 1) from any position of
28 employment, management or control of any finance lender and/or broker pursuant to Financial Code

1 section 22169 in that (i) CascoFi and Castellanos have committed violations of the CFLL and made
2 a false statement of material fact in its lender license application, and (ii) Del Biaggio No. 1 is a
3 convicted felon.

4 **II**

5 **Respondents**

6 2. CascoFi is a California Limited Liability Company formed on or about February 3,
7 2017. CascoFi has applied for a finance lender license as more fully described below.

8 3. Castellanos, according to the documents submitted to the Department of Business
9 Oversight (Department) is, and was at all times relevant herein, the managing member and sole
10 owner of CascoFi.

11 4. Del Biaggio No. 1 allegedly works for Casco Financial (Casco), an affiliate of
12 CascoFi. Del Biaggio No. 1 is a convicted felon in that on or about September 9, 2009, Del Biaggio
13 pled guilty to one count of securities fraud (18 U.S.C. Section 1348) in the case *United States of*
14 *America v. William J. “Boots” Del Biaggio, III* – USDC Case number CR-08-00874-001 CRB.
15 Pursuant to that felony conviction, Del Biaggio No. 1 was sentenced to 97 months in prison and
16 ordered to make restitution in the amount of \$67,498,462.00.

17 **III**

18 **CFLL License Application**

19 5. On or about March 17, 2017, the Department received an application for a finance
20 lender license under the CFLL from CascoFi. The application identified Castellanos as the manager
21 and sole owner of CascoFi. The application provided 15700 Winchester Boulevard, Los Gatos,
22 California 95030 as the address for Cascofi and the contact email as jim@cascofi.com. The Cascofi
23 license application was signed by Castellanos under penalty of perjury.

24 6. On or about May 8, 2017, CascoFi amended its CFLL license application to indicate
25 that William James Del Biaggio (Del Biaggio No. 2) would be responsible for the activities of
26 Cascofi when Castellanos was not available. A review of the statement of identity and questionnaire
27 for Del Biaggio No. 2 indicated that he was the father of Del Biaggio No. 1.
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IV

False Statement in CFLL License Application

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3 7. In or about May 2017, the Department received information that Del Biaggio No. 1
4 may be working for CascoFi. A review of this information disclosed that Del Biaggio No. 1 was
5 working for Casco, not CascoFi. However, an investigation revealed Casco, while a separate entity
6 from CascoFi, is helmed by Castellanos and located at the same address as CascoFi. Additionally,
7 the records of the California Secretary of State (SOS) disclose that as recently as October 2016, Del
8 Baggio No. 2 was the chief financial officer of Casco. The license application for CascoFi listed
9 @cascofi.com as the CascoFi email addresses for Castellanos and Del Baggio No. 2. Other
10 information received by the Department reveals @cascofi.com as the business email address of Del
11 Biaggio No. 1 also.

12 8. SOS records disclose that Casco was formed on or about June 22, 2016 and has been
13 located at the proposed licensed location of CascoFi – 15700 Winchester Boulevard, Los Gatos,
14 California 95030 – since at least October 26, 2016.

15 9. According to the Bureau of Real Estate (BRE), Casco has been a BRE licensee since
16 December 19, 2016, and its designated officer is Thomas Elliot Meckenstock (Meckenstock), whose
17 broker license is currently restricted due to a petty theft conviction.

18 10. SOS records further disclose that Castellanos is the president of CASCOFI
19 Management Fund I, Inc., also located on the same premises as CascoFi. According to SOS records,
20 CASCOFI Management Fund I, Inc. is in the business of finance as is CascoFi and Casco.

21 11. The CFLL license application submitted by Castellanos on behalf of CascoFi
22 represented to the Department that no other business was being conducted or planned to be
23 conducted at the proposed licensed location. This was false as Casco and CASCOFI Management
24 Fund I, Inc. are both located on the proposed licensed location of CascoFi.

25 12. The representation that no other business was being conducted or planned to be
26 conducted at the proposed licensed location violated 22170, subdivision (a) which prohibits false
27 statements to the Commissioner during the course of licensure, investigation or examination.
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VI

Conclusion

16. The Commissioner finds that, by reason of the foregoing, CascoFi and Castellanos have made a false statement of material fact in an application, which constitutes grounds to deny a license application and also constitutes a violation of Financial Code section 22170, subdivision (a); and Del Biaggio No. 1 has been convicted of a crime involving dishonesty, fraud, or deceit, and based thereon, grounds exist to (i) deny the CFLL license application of CascoFi and (ii) bar Castellanos and Del Biaggio No. 1 from any position of employment, management or control of any finance lender and/or broker.

VII

Prayer

WHEREFORE, IT IS PRAYED that:

- 1. Pursuant to Financial Code section 22109, subdivisions (a)(1) and (3), the finance lender license application of CascoFi Fund I, LLC be denied;
- 2. Pursuant to Financial Code section 22169, subdivision (a)(1), James Rudolph Castellanos be barred from any position of employment, management or control of any finance lender and/or broker; and
- 3. Pursuant to Financial Code section 22169, subdivision (a)(2), William J. “Boots” Del Biaggio III be barred from any position of employment, management or control of any finance lender and/or broker.

Dated: August 9, 2017
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division