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9	Attorneys for Complainant	
10	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT	
11	OF THE STATE OF CALIFORNIA	
12	In the Matter of:) CFL APPLICATION No.: 60DBO-69961
13	THE COMMISSIONER OF BUSINESS) CFL APPLICATION No 00DBO-09901
14	OVERSIGHT,	STATEMENT OF ISSUES DENYING APPLICATION FOR FINANCE LENDER OR
15	Complainant,	BROKER LICENSE UNDER THE
	v.) CALIFORNIA FINANCE LENDERS LAW)
16	HOA CREDIT CORPORATION; And	(FINANCIAL CODE SECTION 22109)
17	MICHAEL TODD CHULAK,	
18	Respondents.	
19		
20)
21	Complainant, the Commissioner of Business Oversight (Commissioner) is informed and	
22	believes, and based upon such information and belief, alleges and charges Respondents as follows:	
23	I.	
24	Introduction	
25	1. HOA Credit Corporation (HOA) is, or was, a California corporation formed on	
26	August 10, 2016, with a principal place of business located at 30343 Canwood Street, Suite 204,	
27	Agoura Hills California 91301.	
28		

STATEMENT OF ISSUES

- 2. Michael T. Chulak (Chulak) is, or was, the chief executive officer; director; and agent for service of process for HOA.
- 3. The Commissioner is authorized to administer and enforce the provisions of the California Finance Lenders Law (CFL) (Financial Code § 22000, et seq.)¹ and the regulations thereunder at California Code of Regulations, title 10.
- 4. Pursuant to section 22109(a)(3), the Commissioner may deny the application for a finance lender or broker license where, among other provisions, the applicant has violated any provision of the CFL or similar regulatory scheme of the State of California.
- 5. On April 14, 2017, Chulak, on behalf of HOA, filed an application for a finance lender or broker license with the Commissioner pursuant to section 22100 et seq.
- 6. This Statement of Issues is submitted in support of the Commissioner's Notice of Intent to deny HOA's application pursuant to section 22109(a)(3) on the grounds that an officer has violated a similar regulatory scheme of the state of California.

II.

Statement of Facts

A. Chulak violated a similar regulatory scheme

- 7. On September 10, 1996, the Real Estate Commissioner for the Bureau of Real Estate, formerly The Department of Real Estate (BRE) filed an administrative action against Chulak and pertinent corporate entities owned or controlled by Chulak for allegedly: (i) acting as an unlicensed real estate broker in violation of the Real Estate Law; (ii) unlawfully comingling trust accounts with his general accounts; (iii) negligently failing to account for the expenditure of approximately \$10,761.84; (iv) dishonest dealing in failing to account for the expenditure of approximately \$10,761.84; and (v) willfully failing to provide records to BRE.
- 8. On or about June 23, 1997, Chulak and BRE executed a "Stipulation and Agreement in Settlement and Order" (1997 BRE Order) in which Chulak admitted the factual allegations in the accusation filed against him as true and correct. The 1997 BRE Order states that based on Chulak's

¹ All further references are to the Financial Code unless otherwise stated.

violations of the law, "...all licensees and license rights" of Chulak are revoked provided however that a restricted license shall be issued to Chulak if he timely applied for a restricted license. BRE's records show Chulak currently holds a restricted real estate broker license that is due to expire on February 1, 2018.

B. Chulak's efforts to obtain a CFL license from the Commissioner

9. On April 10, 2017, Chulak applied for a finance lender or broker license with the Commissioner on behalf of HOA. In his application, Chulak listed himself as the executive vice president/vice president; treasurer/chief financial officer; and director of HOA, stating that he and another individual would be in charge of the company's business and be responsible for the conduct of the lending activity. Chulak's application indicates the proposed operations would be originating secured commercial loans for a minimum amount of \$30,000.00. Chulak's application further states HOA plans to "... make commercial loans to incorporated homeowner associations generally \$30,000.00 to \$150,000.00, interest only for 5 years...."

III.

Applicable Law

- 10. Section 22109 provides, in pertinent part:
 - 22109. (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for a finance lender or broker license for any of the following reasons:
 - (3) The applicant or an officer, director, general partner, person responsible for the applicant's lending activities in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.
- 11. As evidenced by the 1997 BRE Order, Chulak unlawfully engaged in business as a real estate broker in violation of the real estate law by among other things, (i) acting as an unlicensed real estate broker; (ii) unlawfully comingling trust accounts with his general accounts; (iii) negligently failing to account for the expenditure of approximately \$10,761.84; (iv) dishonest dealing in failing to account for the expenditure of approximately \$10,761.84; and (v) willfully failing to provide records to BRE. Chulak is the executive vice president/vice president,

treasurer/chief financial officer and director of HOA who will be responsible for HOA's lending activities in this state. Therefore, HOA's officer has violated a similar regulatory scheme.

IV.

Conclusion

By reason of the foregoing, the Commissioner finds that Chulak — an officer or person responsible for the lending activities of HOA, has violated a similar regulatory scheme of the State of California.

WHEREFORE, the Commissioner prays that pursuant to section 22109(a)(3), the application for a finance lender license filed by HOA Credit Corporation on April 14, 2017, be denied.

Dated: June 8, 2017

JAN LYNN OWEN Commissioner of Business Oversight

By_____UCHE L. ENENWALI

Senior Counsel Enforcement Division