

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 AFSANEH EGHBALDARI (State Bar No. 250107)
4 Counsel
Department of Business Oversight
5 1350 Front Street, Room 2034
San Diego, California 92101
6 Telephone: (619) 645-3166
7 Facsimile: (619) 525-4045

8 Attorneys for the Complainant

9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

CFL Application No.: 60DBO-55972

13 THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

STATEMENT OF ISSUES IN SUPPORT OF
DENIAL OF CALIFORNIA FINANCE
LENDERS LICENSE APPLICATION

15 Complainant,

16 v.

17 TRUE BLUE FUNDING, INC.,

18 Respondent.
19

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

22 **I**

23 **Introduction**

24 The Commissioner of Business Oversight (“Commissioner”) seeks to deny the issuance of a
25 finance lender license to True Blue Funding, Inc. (“True Blue”) pursuant to section 22109 of the
26 California Finance Lenders Law (“CFL”) (California Financial Code § 22000 et seq.) on the grounds
27 that: (1) false statements of material facts have been made in True Blue’s application; (2) an officer
28 has violated a provision of the CFL, California Financial Code section 22170(b), by filing a false

1 application; and (3) the indirect owner of True Blue has violated a similar regulatory scheme of the
2 State of California.

3 II

4 The Application

5 On or about April 29, 2016, True Blue submitted an application for a finance lender license
6 with the Commissioner (Company ID. 1268496; hereinafter “application”) through the Nationwide
7 Mortgage Licensing System (“NMLS”). True Blue completed and submitted a Form MU1 through the
8 NMLS as part of the application process. Glenn Wilbor (“Wilbor”), the Chief Executive Officer of
9 True Blue, verified the application of True Blue under penalty of perjury. The application identified
10 Todd Mikles (“Mikles”) as the indirect owner of True Blue. First Southern Corporation, Inc. is the
11 95% shareholder of True Blue, and Mikles is the 100% shareholder, officer and director of First
12 Southern Corporation, Inc.

13 In response to Items C and E of the Disclosure Questions on True Blue’s MU1 (filed through
14 NMLS), Wilbor stated that there was no pending regulatory action proceeding against a control
15 affiliate for any alleged violation of a financial services-related regulation or statute; no regulatory
16 agency found a control affiliate to have been involved in a violation of a financial services-related
17 regulation or statute; no regulatory agency found a control affiliate to have been a cause of a financial
18 services-related business having its authorization to do business restricted; no regulatory agency
19 entered an order against a control affiliate in connection with a financial services-related activity; and
20 no regulatory agency restricted a control affiliate's license.

21 Public records available from the California Bureau of Real Estate (“BRE”) show that, on
22 June 8, 2015, the BRE filed its accusation to impose a disciplinary action against Mikles and one of
23 his companies for mishandling of trust funds, and for failing to properly supervise and have control
24 over the activities of the company. On March 25, 2016, Mikles, as the designated officer of the
25 company, and the company stipulated to an order revoking their real estate licenses, and agreed to the
26 issuance of restricted real estate licenses. The stipulation and agreement became effective on April 25,
27 2016.

28 ///

1 Although the BRE had initiated disciplinary proceedings against Mikles for mishandling of
2 trust funds and for failing to properly supervise and have control over the activities of the company,
3 in response to the Disclosure Questions, Wilbor stated that there was no pending regulatory action
4 against the control affiliate.

5 In addition, although the BRE had issued an order restricting the real estate licenses of Mikles
6 and his company, as set forth above, Wilbor stated that no regulatory agency found that the control
7 affiliate violated a financial services-related regulation or statute, caused a financial services-related
8 business to have its authorization to do business restricted, entered an order against the control
9 affiliate in connection with a financial services-related activity, and restricted his business activities.

10 True Blue’s responses to Items C and E directly contradict the public records from the BRE.

11 California Financial Code section 22170, subdivision (b), provides:

12 It is unlawful for any person to knowingly make an untrue statement to
13 the commissioner or the Nationwide Mortgage Licensing System and
14 Registry during the course of licensing, investigation, or examination,
15 with the intent to impede, obstruct, or influence the administration or
16 enforcement of any provision of this division.

17 California Financial Code section 22109, subdivision (a), provides, in pertinent part:

- 18 (a) Upon reasonable notice and opportunity to be heard, the
19 commissioner may deny the application for a finance lender or broker
20 license for any of the following reasons:
21 (1) A false statement of a material fact has been made in the
22 application.
23 . . .
24 (3) The applicant or an officer, director, general partner, person
25 responsible for the applicant’s lending activities in this state, or person
26 owning or controlling, directly or indirectly, 10 percent or more of the
27 outstanding interests or equity securities of the applicant has violated
28 any provision of this division or the rules thereunder or any similar
 regulatory scheme of the State of California or a foreign jurisdiction.

 True Blue’s application for a CFL license contained false statements of material facts. In
addition, the indirect owner of True Blue violated a similar regulatory scheme of the State of
California.

///
///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

III

Conclusion

The Commissioner finds, by reason of the foregoing, that: (1) false statements of material facts have been made in True Blue’s application; (2) an officer has violated a provision of the CFL, California Financial Code section 22170(b), by filing a false application; and (3) the indirect owner of True Blue has violated a similar regulatory scheme of the State of California.

The findings set forth above constitute grounds under California Financial Code section 22109, subdivision (a), to deny the issuance of a finance lender license to True Blue Funding, Inc.

THEREFORE, the Commissioner asserts that she is justified under California Financial Code section 22109 in denying the issuance of a finance lender license to True Blue Funding, Inc.

WHEREFORE, the Commissioner prays that the application for a finance lender license filed by True Blue Funding, Inc. on April 29, 2016, be denied.

Dated: September 2, 2016
San Diego, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
AFSANEH EGHBALDARI
Counsel