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

11
12 In the Matter of:) CFL FILE NO.: 60DBO-86761
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
14)
15 Complainant,)
16 v.)
17 CORNERSTONE EQUITY GROUP, INC. (a)
Nevada Corporation),)
18 Respondent.)
19)
20)
21)

22 This Consent Order is entered into by and between the Commissioner of Business Oversight
23 and Cornerstone Equity Group, Inc., a Nevada Corporation (Consent Order).

24 **RECITALS**

25 This Consent Order is made with reference to the following facts (Findings):

26 A. The Commissioner of Business Oversight has jurisdiction over the licensing and
27 regulation of persons and entities engaged in the business of lending and brokering pursuant to the
28

1 California Financing Law¹ (Fin. Code, § 22000, et seq.) (CFL).

2 B. Cornerstone Equity Group, Inc., is a Nevada corporation organized on August 3, 2018
3 with its principal place of business at 5940 South Rainbow Boulevard, Suite 3006, Las Vegas,
4 Nevada 89118 (Cornerstone Nevada).

5 C. Cornerstone Equity Group, Inc., was a California corporation organized on June 19,
6 2008 (Cornerstone California). Cornerstone California did business as a mortgage lender under a
7 license from the California Department of Real Estate, which was issued in 2008. Cornerstone
8 California was issued a CFL license by the Commissioner on August 1, 2018. Cornerstone California
9 was dissolved on August 13, 2018.

10 D. Robert Copeland (Copeland) was the owner, operator and sole officer of Cornerstone
11 California. Copeland is the owner and President of Cornerstone Nevada. Copeland is authorized to
12 enter into this Consent Order on behalf of Cornerstone Nevada.

13 E. Cornerstone California applied for a lender and broker license under the CFL by
14 submitting an application to the Commissioner, which was received by the Commissioner on May 30,
15 2018 (Application).

16 F. Copeland and Cornerstone Nevada represent to the Commissioner that, prior to
17 submitting the Application, Cornerstone California decided that it should change the state of its
18 incorporation from California to Nevada.

19 G. Copeland and Cornerstone California discussed the intent to change Cornerstone
20 California's state of incorporation with Integrity Mortgage Licensing (IMS), the licensing consultant
21 Cornerstone California hired to handle its CFL license application.

22 H. Copeland and Cornerstone Nevada represent to the Commissioner that, while
23 Cornerstone California's CFL license application was being reviewed by the Commissioner,
24 Cornerstone California was attempting to convert from a California corporation to a Nevada
25 corporation.

26 _____
27 ¹ Effective October 4, 2017, the name of the "California Finance Lenders Law" changed to the "California Financing
28 Law." (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this Consent Order, a reference to the
California Financing Law means the California Finance Lenders Law before October 4, 2017 and the California
Financing Law on and after that date. (Fin. Code, § 22000.)

1 I. Following Cornerstone California’s submission of its CFL license application to the
2 Commissioner, Copeland and Cornerstone California learned that the California Secretary of State
3 does not allow California corporations to convert to other state corporations.

4 J. Cornerstone California was issued a license under the CFL on August 1, 2018 with the
5 license number 60DBO-86761.

6 K. Neither Copeland, Cornerstone California, nor IMS ever informed the Commissioner
7 of the intent of Cornerstone California to change its state of incorporation to Nevada.

8 L. The Commissioner would not have issued Cornerstone California its CFL license on
9 August 1, 2018, had the Commissioner known that Copeland or Cornerstone California had already
10 taken steps to change the state of incorporation.

11 M. Being unable to convert the California corporation to a Nevada corporation, Copeland
12 dissolved Cornerstone California on August 13, 2018 and continued doing the existing business of
13 Cornerstone California under the Cornerstone Nevada corporation. In effect, there was no apparent
14 change in business.

15 N. Financial Code section 22151 provides that a CFL license is “not transferable or
16 assignable.”

17 O. On May 17, 2019, Cornerstone Nevada made one mortgage loan that Cornerstone
18 Nevada intended to be made under the authority of the CFL. This loan was not made under any other
19 license authority.

20 Based on the Findings, the Commissioner determined that Cornerstone Nevada engaged in the
21 business of a finance lender without a license in violation of Financial Code section 22100,
22 subdivision (a).

23 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
24 contained herein, the Commissioner and Cornerstone Nevada (the Parties) agree as follows:

25 **TERMS AND CONDITIONS**

26 1. **Purpose.** This Consent Order resolves the Findings in a manner that avoids the
27 expense of a hearing and other possible court proceedings, protects consumers, is in the public
28 interest, and is consistent with the purposes, policies, and provisions of the CFL.

1 2. **Desist and Refrain Order (Cornerstone Nevada)**. Pursuant to Financial Code
2 section 22712, Cornerstone Equity Group, Inc., a Nevada corporation, is hereby ordered to desist and
3 refrain from engaging in the business of a finance lender without a license in violation of Financial
4 Code section 22100.

5 3. **Desist and Refrain Order (Cornerstone California)**. Pursuant to Financial Code
6 section 22712, Cornerstone Equity Group, Inc., a California corporation, is hereby ordered to desist
7 and refrain from transferring or assigning its CFL license in violation of section 22151, subdivision
8 (b), of the Financial Code.

9 4. **Penalty**. Cornerstone Nevada shall pay a penalty of \$12,500.00 to the Commissioner
10 (Penalty). The Penalty is due by the Effective Date, as defined in Paragraph 23 below (Effective
11 Date), and should be made payable in the form of a cashier's check or Automated Clearing House
12 deposit to the "Department of Business Oversight" and transmitted to the attention of: Accounting –
13 Enforcement Division, Department of Business of Oversight, 1515 K Street, Suite 200, Sacramento,
14 California 95814. Notice of such payment shall be forwarded to Adam Wright, Senior Counsel,
15 Department of Business Oversight, Enforcement Division, 320 West 4th Street, Suite 750, Los
16 Angeles, California 90013.

17 5. **Consideration**. In consideration of Cornerstone Nevada's agreement to the issuance
18 of this Consent Order, the Commissioner hereby agrees to accept the surrender of Cornerstone
19 California's CFL license (60DBO-86761) within 5 days of the Effective Date.

20 6. **Waiver of Hearing Rights**. Cornerstone Nevada acknowledges the Commissioner
21 is ready, willing, and able to proceed with the filing of an administrative enforcement action on the
22 Findings. Cornerstone Nevada hereby waives the right to any hearings, and to any reconsideration,
23 appeal, or other right to review which may be afforded pursuant to the CFL, the California
24 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law.
25 Cornerstone Nevada further expressly waives any requirement for the filing of an Accusation or a
26 Statement of Issues pursuant to Government Code section 11415.60, subdivision (b). By waiving
27 such rights, Cornerstone Nevada effectively consents to this Consent Order becoming final.

28 7. **Full and Final Settlement**. The Parties hereby acknowledge and agree that this

1 Consent Order is intended to constitute a full, final, and complete resolution of the Findings, and that
2 no further proceedings or actions will be brought by the Commissioner in connection with the
3 Findings under the CFL or any other provision of law, excepting therefrom any proceeding to enforce
4 compliance with the terms of this Consent Order.

5 8. **Failure to Comply with Consent Order.** Cornerstone Nevada agrees that, if it fails
6 to comply with the terms of this Consent Order, the Commissioner may, in addition to all other
7 available remedies it may invoke under the CFL, summarily suspend the CFL license of Cornerstone
8 Nevada, if subsequently issued, until Cornerstone Nevada is in compliance. Cornerstone Nevada
9 waives any notice and hearing rights to contest such summary suspension which may be afforded
10 under the CFL, the California Administrative Procedure Act, the California Code of Civil Procedure,
11 or any other provision of law in connection therewith.

12 9. **Information Willfully Withheld or Misrepresented.** This consent order may be
13 revoked, and the Commissioner may pursue any and all remedies available under the law against
14 Cornerstone Nevada if the Commissioner discovers that Cornerstone Nevada knowingly or willfully
15 withheld information used for and relied upon in this Consent Order.

16 10. **Future Actions by Commissioner.** If Cornerstone Nevada fails to comply with any
17 terms of the Consent Order, the Commissioner may institute proceedings for any and all violations
18 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any
19 future actions against Cornerstone Nevada, or any of its partners, owners, officers, shareholders,
20 directors, employees or successors for any and all unknown violations of the CFL.

21 11. **Assisting Other Agencies.** Nothing in this Consent Order limits the Commissioner's
22 ability to assist any other government agency (city, county, state, or federal) with any administrative,
23 civil or criminal prosecutions brought by that agency against Cornerstone Nevada or any other person
24 based upon any of the activities alleged in this matter or otherwise.

25 12. **Headings.** The headings to the paragraphs of this Consent Order are for convenience
26 only and will not be deemed a part hereof or affect the construction or interpretation of the provisions
27 hereof.

28 13. **Binding.** This Consent Order is binding on all heirs, assigns, and/or successors in

1 interest.

2 14. **Reliance**. Each of the Parties represents, warrants, and agrees that in executing this
3 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel.
4 Each of the parties further represents, warrants, and agrees that in executing this Consent Order it has
5 placed no reliance on any statement, representation, or promise of any other party, or any other
6 person or entity not expressly set forth herein, or upon the failure of any party or any other person or
7 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
8 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
9 execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,
10 supplement, or contradict the terms of this Consent Order.

11 15. **Waiver, Amendments, and Modifications**. No waiver, amendment, or modification
12 of this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
13 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
14 provision. No waiver by either party of any breach of, or of compliance with, any condition or
15 provision of this Consent Order by the other party will be considered a waiver of any other condition
16 or provision or of the same condition or provision at another time.

17 16. **Full Integration**. This Consent Order is the final written expression and the complete
18 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
19 between the parties with respect to the subject matter hereof, and supersedes all prior or
20 contemporaneous agreements, negotiations, representations, understandings, and discussions between
21 and among the parties, their respective representatives, and any other person or entity, with respect to
22 the subject matter covered hereby.

23 17. **Governing Law**. This Consent Order will be governed by and construed in
24 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court,
25 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
26 forum to the maintenance of such action or proceeding in such court.

27 18. **Counterparts**. This Consent Order may be executed in one or more separate
28 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall

1 together constitute a single document.

2 19. **Effect Upon Future Proceedings.** If Cornerstone Nevada applies for any license,
3 permit or qualification under the Commissioner’s current or future jurisdiction, or is the subject of
4 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof
5 shall be admitted for the purpose of such application or proceeding.

6 20. **Voluntary Agreement.** Cornerstone Nevada enters into this Consent Order
7 voluntarily and without coercion and acknowledges that no promises, threats or assurances have been
8 made by the Commissioner or any officer, or agent thereof, about this Consent Order. The Parties
9 each represent and acknowledge that he, she or it is executing this Consent Order completely
10 voluntarily and without any duress or undue influence of any kind from any source.

11 21. **Signatures.** A fax or electronic mail signature shall be deemed the same as an
12 original signature.

13 22. **Public Record.** Cornerstone Nevada hereby acknowledges that this Consent Order is
14 and will be a matter of public record.

15 23. **Effective Date.** This Consent Order shall become final and effective when signed by
16 all parties and delivered by the Commissioner’s counsel via e-mail to Copeland at
17 rcopeland@cornerstone.us.com.

18 24. **Authority to Sign.** Each signatory hereto covenants that he or she possesses all
19 necessary capacity and authority to sign and enter into this Consent Order and undertake the
20 obligations set forth herein.

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Dated: 6/25/19

MANUEL ALVAREZ
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner

Dated: 6/24/19

CORNERSTONE EQUITY GROUP, INC. (a Nevada Corporation)

By _____
Robert Copeland
President

Dated: 6/24/19

ROBERT COPELAND (in his personal capacity)

By _____
Robert Copeland