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8
9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CFL LICENSE NO.: 60DBO-87635
12 THE COMMISSIONER OF FINANCIAL) NMLS ID: 1727092
13 PROTECTION AND INNOVATION,) ACCUSATION
14 Complainant,)
15 v.)
16 THOMAS COSTABILE; and)
17 TLA BANCORP, INC.,)
18 Respondents.)
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26 The Complainant Commissioner of Financial Protection and Innovation (Commissioner) is
27 informed and believes and based upon such information and belief, alleges and charges Thomas
28 Costabile (Costabile) and TLA Bancorp, Inc. (TLA Bancorp) (collectively, Respondents) as follows:

I.

Introduction

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3 1. The Commissioner has jurisdiction over the licensing and regulation of persons and
4 entities engaged in the business of finance lending and/or brokering under the California Financing
5 Law (CFL) (Fin. Code, § 22000 et seq.).

6 2. The Commissioner also has jurisdiction over the licensing and regulation of persons
7 and entities engaged in the business of lending and/or servicing residential mortgage loans, including
8 mortgage loan originators pursuant to the California Residential Mortgage Lending Act (CRMLA)
9 (Fin. Code, § 50000 et seq.).

10 3. At all relevant times, The Lending Answer is an entity of unknown form with a last
11 known business address at 28030 Dorothy Drive, Suite 304, Agoura Hills, California 91301.

12 4. At all relevant times, TLA Bancorp is a California corporation and licensed finance
13 lender and broker (CFL license number 60DBO-87635) with principal place of business at 29209
14 Canwood Street, Suite 210, Agoura Hills, California 91301. TLA Bancorp employs at least one
15 mortgage loan originator.

16 5. At all relevant times, Costabile is an individual residing in Newbury Park, California,
17 and a mortgage loan originator (NMLS ID 1727092) licensed by the Commissioner on or around
18 June 7, 2018. Costabile is the president of The Lending Answer and the 100% owner, president, and
19 chief executive officer of TLA Bancorp.

20 6. On or around July 9, 2018, in connection with TLA Bancorp’s pending application
21 for a CFL license, Costabile stated, “In RE: The Lending Answer, if we’re approved with TLA
22 Bancorp, Inc. by the DBO, this company will be dissolved or placed as a DBA to TLA Bancorp, Inc.
23 Essentially, if TLA Bancorp, Inc. is approved, this will be Thomas Costabile’s sole responsibility of
24 operation”

25 7. On or around September 5, 2018, in connection with TLA Bancorp’s pending
26 application for a CFL license, Costabile further stated, “The Lending Answer markets to Licensed
27 Professionals only. The Lending Answer has never originated a loan since its inception *nor does it*
28 *market to consumers . . . it never works* or has worked with consumers” (Emphasis applied.)

1 8. On or around September 21, 2018, TLA Bancorp obtained its finance lender and
2 broker license.

3 9. From in or around February 2020, Costabile was the Secretary of D & G Escrow
4 Corporation, a licensed escrow company (Escrow License No. 963-0081).

5 10. The Lending Answer has never obtained any license under the CFL or CRMLA.

6 11. Neither Costabile nor TLA Bancorp has ever obtained authorization to use the name,
7 The Lending Answer, or the address 28030 Dorothy Drive, Suite 304, Agoura Hills, California
8 91301, to engage in the business of finance lending or brokering under the CFL or to engage in the
9 business of a residential mortgage lender, servicer, or mortgage loan originator under the CRMLA.

10 **II.**

11 **Violations of the CFL and CRMLA**

12 12. From at least 2018 through April 2021, notwithstanding the lack of a license or
13 authorization to be used as a fictitious business name by a licensed finance lender or broker, The
14 Lending Answer operated a website, mypowerlender.com, which advertised, among other things:

15 The Lending Answer . . . Apply Now . . . We specialize in all facets of
16 Alt-Doc Lending, in multiple States, with the promise of offering the
17 lowest interest rates in the Nation compared to any competing lender with
18 similar guidelines . . . Our programs are ideal for *Self-Employed*
19 *borrowers* who have too many write-offs on their tax returns . . . *wealthy*
20 *individuals* who do not wish to share their private information to obtain a
21 mortgage; *Borrower's (sic) with poor credit history* who've been declined
22 by other Lenders; Farming clients looking to buy large parcels of land to
23 grow crops in the State of California; *Senior Citizen Borrower's (sic)*
24 looking to be placed into a Reverse Mortgage . . . CA IL MA MD NV NY
25 NJ TX WA . . . Unlimited Loan Amounts are taken on a case-by-case
26 basis and decision will be based on compensating factors of Borrower's
27 strengths such as High Reserves, Excellent Credit, etc. . . .

24 13. The Lending Answer solicited, among other things, the following information from a
25 prospective borrower on mypowerlender.com, "How is Your Credit? . . . Requested Loan Amount . .
26 . © 2010-2020 The Lending Answer."

27 14. On or around July 1, 2019, The Lending Answer issued a "conditional letter of
28 approval" for a purported loan (Approval Notice) on behalf of California resident (Borrower) in

1 connection with a real estate transaction between the Borrower and another California resident
2 (Seller) to buy residential property located in Newbury Park, California, stating in relevant part:

3 Approval Notice . . . Program: 30 Year Fixed; Approved Amount:
4 \$1,610,750 . . . Interest Rate: 5.125% . . . Application ID:
5 CA0850215510626-19 . . . **The Lending Answer** issues this conditional
6 letter of approval for the Purchase of the Residential property listed above.
7 The following due diligence has been completed:

- 8 • A full application has been taken with the above referenced
- 9 borrower.
- 10 • A credit report has been received, reviewed and approved.
- 11 • Asset documentation has been received, reviewed and approved.
- 12 • Income documentation has been received, reviewed and approved.

13 The Borrower’s loan . . . will be subject to the following items of
14 information: Final Underwriting Approval. Borrower’s acceptance of
15 terms.

16 ***Please note TLA is a full service direct lender. This approval is based on
17 our own funds (Emphasis applied.)***

18 15. Pursuant to Financial Code section 22159 all CFL licensees must file an annual report
19 with the Commissioner by March 15 of each year (Annual Report) regarding all business conducted
20 under the license either in or outside the State of California. On or around April 23, 2020, Costabile,
21 as the chief executive officer of TLA Bancorp, submitted the 2019 Annual Report on behalf of TLA
22 Bancorp stating, “Not open for business yet,” and “No business was conducted under the license for
23 calendar year 2019.”

24 16. From at least June 2020 through July 2020 The Lending Answer solicited at least one
25 California resident (Client) for a consumer loan via email, listing in the signature line, The Lending
26 Answer, 28030 Dorothy Drive, Suite 304, Agoura Hills, California 91301, and
27 www.mypowerlender.com.

28 17. In or around June 2020 The Lending Answer offered via email solicitation an
“Exclusive Real Estate Marketing Agreement” (Agreement) to the Client stating, among other
things:

The undersigned Client . . . hereby employs **The Lending Answer, Inc.** its
assigns, affiliates, and any successors (“**TLA**”) and grants to TLA for a
period of time (the “Term”) commencing on June 17, 2020 and ending
June 17, 2021, the right and authority to obtain a Debt Financing

1 Commitment (“Commitment”) on substantially the following terms . . .

2 Loan Amount: 70% of the sales price or appraised value up to a loan
3 amount of \$2,500,000 . . . Income and DTI: Income is stated on the
4 application and calculated at a 40% debt to income ratio”

5 18. The Agreement provided that the Client would pay to The Lending Answer a
6 “Marketing Fee” equal to 1.28% of the final loan amount plus \$995.00 administrative fee plus an
7 \$1,495 underwriting fee, in addition to any fees the lender may charge upon the occurrence of
8 certain specified events, including but not limited to “A Commitment being issued on substantially
9 the terms and conditions set forth in this Agreement, and Client becoming contractually obligated to
10 the Lender to close the resulting Loan”

11 19. The Agreement further provided:
12 Escrow Agreement (Escrow Deposit Not Required for CA CASHOUT
13 Transactions) . . . Client will deposit the agreed upon marketing fee of
14 \$18,990.00 into the mutually agreed upon *3rd party escrow* hold account
15 listed below. Funds are to be deposited via wire or bank check prior to
16 submission by *TLA* to introduced sources . . . Bank of Santa Clarita – For
17 the Credit of *D & G Escrow Corporation*” (Emphasis applied.)

18 20. Neither Costabile nor The Lending Answer disclosed that since at least February
19 2020 Costabile was the Secretary of D & G Escrow Corporation, thereby making a materially false
20 or misleading statement to the Client in or around June 2020, i.e. that D & G Escrow Corporation
21 was a “3rd party escrow” agent.

22 21. On or around June 17, 2020 Costabile signed the Agreement on behalf of The
23 Lending Answer as its President.

24 22. On or around July 20, 2020 Costabile emailed the Client stating, “We receive dozens
25 of applications everyday and about a third of those are turn downs and those files are kept safely for
26 5 years per Law . . . We are a Lender hence we do need to retain ALL DOCUMENTS FOR 5
27 YEARS”

28 23. In fact, The Lending Answer has no CFL broker or lender license. Costabile, a
mortgage loan originator, failed to disclose his NMLS ID in the Agreement. Neither Costabile nor
The Lending Answer even mentioned TLA Bancorp to the Client or disclosed that neither TLA

1 Bancorp nor Costabile was ever authorized to do business under the name, The Lending Answer, at
2 28030 Dorothy Drive, Suite 304, Agoura Hills, California 91301.

3 24. Moreover, on or around March 15, 2021, Costabile, as the chief executive officer of
4 TLA Bancorp, submitted the 2020 Annual Report on behalf of TLA Bancorp stating, once again,
5 “Not open for business yet,” and “No business was conducted under the license for calendar year
6 2020.”

7 25. In or around April 2021 TLA Bancorp advertised on its website, tlabancorp.com, that
8 “TLA Bancorp is a fully-licensed, locally owned and operated loan company doing business online
9 and from our Agoura Hills location in California since 2006. We are licensed and regulated under
10 the California Consumer Installment Loan Act. With over 15 years in the business, we have
11 thousands of loyal customers who have trusted us to help them with their finances in times of need . .
12 . .”

13 26. In fact, TLA Bancorp obtained a finance lender and broker license on or around
14 September 21, 2018 under the CFL and the “California Consumer Installment Loan Act” does not
15 exist.

16 **III.**

17 **Applicable Laws**

18 27. Financial Code section 22004 provides, “‘Broker’ includes any person who is
19 engaged in the business of negotiating or performing any act as broker in connection with loans
20 made by a finance lender.”

21 28. Financial Code section 22009 provides,

22 “Finance lender” includes any person who is engaged in the business of
23 making consumer loans or making commercial loans. The business of
24 making consumer loans or commercial loans may include lending money
25 and taking, in the name of the lender, or in any other name, in whole or in
26 part, as security for a loan, any contract or obligation involving the
27 forfeiture of rights in or to personal property, the use and possession of
28 which property is retained by other than the mortgagee or lender, or any
lien on, assignment of, or power of attorney relative to wages, salary,
earnings, income, or commission.

1 29. Financial Code section 22100, subdivision (a) provides, “No person shall engage in
2 the business of a finance lender or broker without obtaining a license from the commissioner.”

3 30. Financial Code section 22155 provides, in relevant part:

4 No *finance lender, broker, or mortgage loan originator licensee* shall
5 transact the business licensed or make any loan provided for by this
6 division *under any other name or at any other place of business than*
7 *that named in the license* except pursuant to a currently effective written
8 order of the commissioner authorizing the other name or other place of
9 business. The commissioner’s order, while effective, shall be deemed to
10 amend the original license issued pursuant to Section 22105 or 22109.1 . .
11 . . (Emphasis applied.)

12 31. Financial Code section 22161 states, in relevant part:

13 No person subject to this division shall do any of the following:

14 (a) *Make a materially false or misleading statement* or representation *to*
15 *a borrower* about the terms or conditions of that borrower’s loan, when
16 making or brokering the loan.

17 (b) *Advertise, print, display, publish, distribute, or broadcast*, or cause or
18 permit to be advertised, printed, displayed, published, distributed, or
19 broadcast in any manner, any statement or representation with regard to
20 the *business subject to the provisions of this division*, including the rates,
21 terms, or conditions for making or negotiating loans, that is false,
22 misleading, or deceptive, or that omits material information that is
23 necessary to make the statements not false, misleading, or deceptive, or in
24 the case of a licensee, that refers to the supervision of the business by the
25 state or any department or official of the state. (Emphasis applied.)

26 32. Financial Code section 22714, subdivision (a), provides, in relevant part:

27 (a) The commissioner shall suspend or *revoke* any license, upon notice
28 and reasonable opportunity to be heard, if the commissioner finds any of
the following: . . .

(2) The licensee has violated any provision of this division or any rule or
regulation made by the commissioner under and within the authority of
this division.

(3) A fact or condition exists that, if it had existed at the time of the
original application for the license, reasonably would have warranted the
commissioner in refusing to issue the license originally (Emphasis
applied.)

 33. Financial Code section 50700 provides in relevant part:

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(a) A residential mortgage lender, or a person or employee acting under the authority of a residential mortgage lender's license, including a ***mortgage loan originator, shall not provide brokerage services to a borrower, except as provided in subdivision (c).***

(b) "Brokerage services" means either of the following:
(1) Obtaining or attempting to obtain, on behalf of a borrower, a residential mortgage loan, as defined in subdivision (p) of Section 50003, secured by residential real estate, as defined in subdivision (v) of Section 50003, made with the funds of another institutional lender, as defined in paragraphs (1), (2), and (4) of subdivision (k) of Section 50003, and closed in the name of that lender, for a fee paid by the borrower or the institutional lender.
(2) Obtaining or attempting to obtain, on behalf of a borrower, a residential mortgage loan, as defined in subdivision (p) of Section 50003, secured by residential real estate, as defined in subdivision (v) of Section 50003, made with the funds of another institutional lender, as defined in paragraphs (1), (2), and (4) of subdivision (k) of Section 50003, but closed in the name of the licensee, for a fee paid by the borrower or the institutional lender.

(c) A residential mortgage lender or a mortgage loan originator employed by a residential mortgage lender may provide brokerage services ***under the authority of the lender's license***, if the lender first enters into a written brokerage agreement with the borrower that satisfies the requirements of Section 50701 . . .

(e) ***A mortgage loan originator may only provide brokerage services as an employee of a licensed residential mortgage lender.*** (Emphasis applied.)

34. Financial Code section 50701, subdivision (c) provides that "[t]he loan brokerage agreement shall include the mortgage loan originator's unique identifier."

35. California Code of Regulations, title 10, section 1950.122.5, subdivision (h) provides: "A mortgage loan originator may not engage in business under any name other than a name approved by the Commissioner for use by the sponsor of the mortgage loan originator."

36. Financial Code section 50503, subdivision (a) provides in relevant part:

(a) It is a violation for ***any person subject to this law*** or any director, partner, shareholder controlling an ownership interest of 10 percent or more, trustee, officer, agent, or employee of any such person to do any of the following: . . .

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(2) Knowingly or recklessly make or cause to be made any misstatement or ***omission of a material fact, pertaining to a loan*** or loan servicing. (Emphasis applied.)

37. Financial Code section 50327 provides:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, deny, decline to renew, suspend, or revoke any license if the commissioner finds that:

(1) The licensee has violated any provision of this division or any rule or order of the commissioner thereunder.

(2) Any fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

(b) The power of investigation and examination by the commissioner is not terminated by the denial, nonrenewal, surrender, suspension, or revocation of any license issued by him or her.

38. Financial Code section 50513 provides, in relevant part:

(a) The commissioner may do one or more of the following:

(1) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license for a violation of this division, or any rules or regulations adopted thereunder.

(2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 50141 or 50144, or withholds information or makes a material misstatement in an application for a license or license renewal . . .

(4) Impose fines on a mortgage loan originator or any residential mortgage lender or servicer licensee employing a mortgage loan originator pursuant to subdivisions (b), (c), and (d) . . .

(b) The commissioner may impose a ***civil penalty on a mortgage loan originator*** or any residential mortgage lender or servicer licensee employing a mortgage loan originator, if the commissioner finds, on the record after notice and opportunity for hearing, that the mortgage loan originator or any residential mortgage lender or servicer licensee employing a mortgage loan originator has violated or failed to comply with any requirement of this division or any regulation prescribed by the

1 commissioner under this division or order issued under authority of this
2 division.

3 (c) The maximum amount of penalty for each act or omission described in
4 subdivision (b) shall be twenty-five thousand dollars (\$25,000).

5 (d) Each violation or failure to comply with any directive or order of the
6 commissioner is a separate and distinct violation or failure. (Emphasis
7 applied.)

8 **IV.**

9 **Conclusion**

10 39. By reason of the foregoing, the Commissioner finds that Costabile and TLA Bancorp
11 each violated Financial Code sections 22161 and 22155 of the CFL.

12 40. Also by reason of the foregoing, the Commissioner finds that Costabile violated
13 Financial Code sections 50700, 50701, subdivision (c), and 50503, subdivision (a)(2), and
14 California Code of Regulations, title 10, section 1950.122.5, subdivision (h) of the CRMLA.

15 41. Furthermore, based upon Costabile's and TLA Bancorp's violations of Sections
16 22161 and 22155 of the CFL, a fact or condition now exists, that if it had existed at the time of
17 original licensure under the CFL, reasonably would have warranted the Commissioner in refusing
18 to issue a CFL license to TLA Bancorp, under Financial Code section 22714.

19 42. Moreover, based upon Costabile's violations of Sections 22161 and 22155 of the
20 CFL and violations of Sections 50700, 50701, subdivision (c), and 50503, subdivision (a)(2), and
21 California Code of Regulations, title 10, section 1950.122.5, subdivision (h) of the CRMLA, a fact
22 or condition now exists, that if it had existed at the time of original licensure under the CRMLA,
23 reasonably would have warranted the Commissioner in refusing to issue a mortgage loan originator
24 license to Costabile under Financial Code section 50327.

25 43. For all the foregoing reasons, grounds exist to:

- 26 a. Revoke TLA Bancorp's finance lender and broker license under the CFL;
- 27 b. Revoke Costabile's mortgage loan originator license under the CRMLA; and
- 28 c. Levy penalties against Costabile pursuant to Financial Code section 50513,
subdivision (b).

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WHEREFORE, IT IS PRAYED that:

The finance lender and broker license of TLA Bancorp, Inc. and the mortgage loan originator license of Thomas Costabile be revoked; and

1. Pursuant to Financial Code section 50513, subdivision (b), a penalty be levied against Costabile for violating Financial Code sections 22161 and 50513, in the amount of at least \$25,000.00;

2. Pursuant to Financial Code section 50513, subdivision (b), a penalty be levied against Costabile for violating Financial Code sections 50700 and 50701, subdivision (c), in the amount of at least \$25,000.00;

3. Pursuant to Financial Code section 50513, subdivision (b), a penalty be levied against Costabile for violating Financial Code sections 22155 and California Code of Regulations, title 10, section 1950.122.5, subdivision (h), in the amount of at least \$25,000.00;

For a total amount of penalties of at least \$75,000.00 or according to proof.

Dated: April 28, 2021
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

By _____
SOPHIA C. KIM
Senior Counsel
Enforcement Division