
 *
IN THE MATTER OF: *
 *
CAKE MORTGAGE CORP. *
d/b/a CAKE *
f/k/a MILLENNIAL HOME *
LENDING, INC. *
NMLS # 1734623 *
 *
 (“Cake”) *
 *

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with administration of Part I of Chapter 668, Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes, “Mortgage Lenders, Correspondent Lenders, Brokers and Loan Originators”;

WHEREAS, Cake is a California corporation with a main office at 9200 Oakdale Avenue, Suite 501, Chatsworth, California;

WHEREAS, Cake has been licensed to engage in the business of a mortgage lender in Connecticut since August 11, 2021;

WHEREAS, on October 30, 2023, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking, commenced an examination of Cake pursuant to Section 36a-17(a) of the Connecticut General Statutes to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such examination, the Commissioner alleges that between August 2021 and September 2022: (1) Cake engaged in unfair or deceptive practices by distributing non-compliant

advertisements to Connecticut consumers that created a false sense of urgency, represented false loan and cash-out options, and misrepresented direct mail solicitations as financial statements, in violation of Section 36a-498e(a)(2) of the Connecticut General Statutes in effect at such time; and (2) Cake's advertisements to Connecticut consumers included words or symbols that gave the appearance that the mails were sent by a government agency, in violation of Section 36a-497(a)(2)(D) of the Connecticut General Statutes;

WHEREAS, the Commissioner also alleges that: (1) Cake's advertisements included statements that falsely suggested that the consumers qualified for minimum cash-out or credit options, in violation of 12 CFR Section 1014.3(j) of Regulation N, Mortgage Acts and Practices-Advertising Rule; (2) Cake distributed advertisements that included the consumer's current lender on the envelope misleading the consumer to think the mail was sent by or on behalf of their lender, in violation of 12 CFR Section 1026.24(i)(4) of Regulation Z, Truth in Lending Act; and (3) Cake's advertisements failed to include the required additional disclosures when using triggering terms, in violation of 12 CFR Sections 1026.24(d)(1) and 1026.24(d)(2) of Regulation Z, Truth in Lending Act;

WHEREAS, on April 25, 2022, the Division received a complaint from a Connecticut consumer claiming that an advertisement sent by Cake appeared deceptive;

WHEREAS, Cake represents that the advertisements at issue are no longer in use and it is not currently conducting direct mail solicitations in Connecticut;

WHEREAS, the Commissioner believes that such allegations would support initiation of enforcement proceedings against Cake, including, without limitation, proceedings to issue an order to cease and desist against Cake pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation upon Cake pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, initiation of such enforcement proceedings would constitute a "contested case" within the meaning of Section 4-166(4) of the Connecticut General Statutes. Section 4-177(c) of the Connecticut

General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, the Commissioner and Cake acknowledge the possible consequences of formal administrative proceedings, and Cake voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying any allegations set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations set forth herein;

WHEREAS, the Commissioner and Cake now desire to resolve the matters set forth herein;

WHEREAS, Cake specifically assures the Commissioner that the violations alleged herein shall not occur in the future;

WHEREAS, Cake acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiations and reviewing this Consent Order and executes this Consent Order freely;

WHEREAS, Cake acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on the Nationwide Multistate Licensing System and Registry (“NMLS”), as applicable;

WHEREAS, Cake herein represents to the Commissioner that it has reviewed and updated its internal policies, procedures and controls for ensuring compliance with mortgage lender licensure requirements in Connecticut;

AND WHEREAS, Cake, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegations set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Cake, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. Cake shall cease and desist from: (a) engaging directly or indirectly in any unfair or deceptive practices by distributing non-compliant advertisements through direct mail solicitations, or any other means, in violation of Section 36a-498e(a)(2) of the 2024 Supplement to the General Statutes; (b) including words or symbols that give the appearance that mails are sent by a government agency, in violation of Section 36a-497(a)(2)(D) of the Connecticut General Statutes; (c) including statements that falsely suggest that the consumers qualified for minimum cash-out or credit options, in violation of 12 CFR Section 1014.3(j) of Section N; (d) including the consumer's current lender on the envelope, in violation of 12 CFR Sections 1026.24(i)(4); and (e) failing to include the required additional disclosures when using triggering terms, in violation of 1026.24(d)(1) and 1023.24(d)(2) of Regulation Z; and
2. Cake shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut", the sum of Fifty Thousand Dollars (\$50,000) as a civil penalty, made payable in two (2) installments as follows: Twenty-Five Thousand Dollars (\$25,000) due no later than the date this Consent Order is executed by Cake, and Twenty-Five Thousand Dollars (\$25,000) due no later than 30 days from the date this Consent Order is executed by Cake.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Cake its employees, officers, members, or directors based upon, or relating to, the allegations contained in the Order and Notice and set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Cake based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Cake and reflected herein is subsequently discovered to be untrue
3. Cake shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, in which it adopts a position that it is inconsistent with the statement that it is neither admitting nor denying any allegations referenced in this Consent Order. Except as specifically provided herein, Cake shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Cake's (i) testimonial obligations, or (ii) right to take any legal or factual position that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;

4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by Cake and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Cake to apply for or obtain a license or renewal license under Part I of Chapter 668, Sections 36a-485 et seq., of the Connecticut General Statutes, provided that all applicable legal requirements for such licenses are satisfied and the terms of this Consent Order are being followed;
5. This Consent Order shall be binding upon Cake and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 6th day of February 2025.

/s/

Jorge L. Perez
Banking Commissioner

I, David Abelyan, state on behalf of Cake Mortgage Corp. d/b/a Cake f/k/a Millennial Home Lending, Inc. that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Cake Mortgage Corp. d/b/a Cake f/k/a Millennial Home Lending, Inc.; that Cake Mortgage Corp. d/b/a Cake f/k/a Millennial Home Lending, Inc. agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Cake Mortgage Corp. d/b/a Cake f/k/a Millennial Home Lending, Inc. voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: David Abelyan
Title: CEO
Cake Mortgage Corp. d/b/a Cake
f/k/a Millennial Home Lending, Inc.

State of: California

County of: Los Angeles

On this the 28 day of January 2024, before me, Pabla Zuniga, the undersigned officer, personally appeared David Abelyan, who acknowledged himself/herself to be the CEO of Cake Mortgage Corp. d/b/a Cake f/k/a Millennial Home Lending Inc., a corporation, and that he/she as such CEO, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as CEO.

In witness whereof I hereunto set my hand.

/s/
Notary Public: Pabla Zuniga
Date Commission Expires: 4/25/2028