

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, COMPLIANCE OFFICE	:	
	:	
v.	:	
	:	
L.A. MORTGAGE ONE LLC	:	Docket No. : 23_0034_ (BNK-ORD)
	:	

NOTICE OF RIGHT TO APPEAL AND HEARING

You, L.A. Mortgage One LLC, have the right to challenge the attached Suspension Order (“Order”) by filing an Answer, in writing, with the Docket Clerk **within 30 days** of the date of this Order as required by 1 Pa. Code § 35.37. **If you do not file an Answer within 30 days, then you will waive your right to a hearing and the Banking and Securities Commission (“Commission”) may enter a final order against you.**

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon and state concisely the law you rely upon. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final Order against you, without a hearing.

The Answer and any other documents relating to this matter must be filed via first-class mail and electronic mail with the Docket Clerk:

Linnea Freeberg, Docket Clerk
Pennsylvania Department of Banking and Securities
17 N. Second St., Ste. 1300
Harrisburg, PA 17101
Email: RA-BNDOCKETCLERK@pa.gov

Further, you must serve a copy of the Answer and any other documents on the person who signed the attached Order by providing a hard and electronic copy to his or her counsel set forth below:

Veronica Hoof, Assistant Counsel
David Murren, Assistant Counsel
Pennsylvania Department of Banking and Securities
17 N. Second St., Ste. 1300
Harrisburg, PA 17101

Email: RA-BNCHIEFCOUNSEL@pa.gov

Once you file your Answer, you will be notified of pertinent information such as the name of the presiding officer designated by the Commission to hear this matter and, if a hearing is scheduled, the date, time, and location of the hearing. You have the right to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

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SUSPENSION ORDER

1. The Department of Banking and Securities (“Department”) is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act (“MLA”), 7 Pa.C.S. § 6101 *et seq.*

2. The Compliance Office is primarily responsible for administering and enforcing the MLA for the Department.

3. L.A. Mortgage One LLC (“L.A. Mortgage”), was, at all times material herein, a Michigan limited liability company with a principal place of business at 400 Hamilton Row, Suite 200, Birmingham, Michigan 48009.

4. L.A. Mortgage is currently licensed by the Department as a Mortgage Broker, license no. 98855, Nationwide Mortgage Licensing System & Registry (“NMLS”) identification no. 2284171.

BACKGROUND

SURETY BOND COVERAGE

5. Section 6131(e)(3) of the MLA, 7 Pa.C.S. § 6131(e)(3), requires mortgage brokers to obtain and maintain a surety bond from a surety company authorized to do business in the Commonwealth.

6. On July 18, 2023, the Department received a "Cancellation Notice" from Philadelphia Insurance Companies indicating that L.A. Mortgage's Sponsor of Mortgage Originator Bond, Bond Number PB11562507187 was cancelled, effective April 15, 2023.

7. On July 20, July 31, August 11, August 18, September 1, September 13, and September 19, 2023, Staff of the Compliance Office ("Staff") called the Director of Operations of L.A. Mortgage, Melody Dado ("Dado"), at (810) 300-6884 and was unable to leave voicemail messages as the mailbox was full. Staff did not receive a response to any of these calls.

8. Staff emailed L.A. Mortgage on July 18, July 24, July 27, August 4, August 8, August 14, August 22, August 28, and September 7, 2023, informing L.A. Mortgage that the Department received the bond cancellation for Bond Number PB11562507187 and directing L.A. Mortgage to provide proof of bond coverage.

9. All Staff email communications were sent to the following individual: Director of Operations Dado at melodydado@lamortgage.com and . Redacted . Staff did not receive a response to any of these emails.

10. On September 19, 2023, Staff set a system deficiency in NMLS informing L.A. Mortgage that failure to provide proof of bond coverage could result in the Department initiating an enforcement action.

11. To date, L.A. Mortgage has failed to provide proof of bond coverage.

MORTGAGE CALL REPORT

12. Pursuant to Section 6135(a)(3) of the MLA, “[a] mortgage broker, mortgage lender, mortgage servicer or a mortgage originator that is required to obtain and maintain its own bond coverage under section 6131(f)(4) (relating to application for license), shall file periodically, as determined by the department, a report with the department or the Nationwide Mortgage Licensing System and Registry, as determined by the department, setting forth such information as the department shall require concerning the first or secondary mortgage loan business conducted by the licensee.” 7 Pa.C.S. § 6135(a)(3).

13. Section 6135(a)(3) if the MLA further provides that, “[I]Licensees who fail to file the required report at the date required by the department may be subject to a penalty of \$100 for each day after the due date until the report is filed.” 7 Pa.C.S. § 6135(a)(3).

14. Licensees are required to complete a Mortgage Call Report (“MCR”) through NMLS quarterly. *See* Mortgage Call Report, Section III – MCR Submissions, <https://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/default.aspx>.

15. L.A. Mortgage’s first quarter MCR for 2023 was due by May 15, 2023.

16. L.A. Mortgage failed to file its MCR for the first quarter of 2023 by May 15, 2023.

17. Staff emailed L.A. Mortgage on May 16, May 22, May 30, June 12, June 14, July 19, July 28, August 4, August 11, and August 18, 2023, informing L.A. Mortgage that the MCR for the first quarter of 2023 was past due, and that L.A. Mortgage may be subject to penalties. All Staff email communications were sent to the following individual: Director of Operations Dado at melodydado@lamortgage.com, Redacted, and info@lamortgage.com. Staff did not receive a response to any of these emails.

18. On June 7, June 15, June 16, June 20, June 30, and July 14, 2023, Staff called Dado at (810) 300-6885 and was unable to leave voicemail messages as the mailbox was full. Staff did not receive a response to any of these calls.

19. Staff emailed L.A. Mortgage on August 25, 2023, informing L.A. Mortgage that the MCR for the first quarter of 2023 was past due, and that L.A. Mortgage may be subject to penalties. On August 25, 2023, Dado emailed Staff advising the MCR had been filed. On August 25, 2023, Staff emailed Dado informing Dado the MCR for the first quarter of 2023 had not been filed.

20. On September 1, 2023, Dado emailed Staff stating L.A. Mortgage would likely surrender the Pennsylvania Mortgage Broker license, as L.A. Mortgage cannot afford the late filing penalty. On September 1, 2023, Staff emailed Dado directing L.A. Mortgage to submit a license surrender request through NMLS for the Pennsylvania Mortgage Broker license.

21. On September 8 and September 15, 2023, Staff emailed Dado to inquire whether L.A. Mortgage will be surrendering the Pennsylvania Mortgage Broker license or completing the MCR for the first quarter of 2023. Staff did not receive a response to either of these emails.

22. To date, L.A. Mortgage has not filed the first quarter MCR for 2023.

VIOLATIONS

23. By failing to provide and maintain a surety bond, L.A. Mortgage is in violation of Section 6131(e)(3) of the MLA, 7 Pa.C.S. § 6131(e)(3).

24. By failing to timely file the first quarter MCR for 2023, L.A. Mortgage violated Section 6135(a)(3) of the MLA, 7 Pa.C.S. § 6135(a)(3).

AUTHORITY

25. Section 6139(a)(2) of the MLA authorizes the Department to suspend, revoke or refuse to renew a license if a licensee has “[f]ailed to comply with or violated any provision of this chapter or any regulation or order promulgated or issued by the department under this chapter.” 7 Pa.C.S. § 6139(a)(2).

26. Pursuant to section 6138(a)(4) of the MLA, the Department has the authority to issue orders “as may be necessary for the proper conduct of the mortgage loan business by licensees, the issuance and renewal of licenses and the enforcement of this chapter.” 7 Pa. C.S. § 6138(a)(4).

27. Section 6140(b) of the MLA authorizes the Department to impose a fine of up to \$10,000 for any violation of the MLA. 7 Pa.C.S. § 6140(b).

28. Section 6135(a)(3) of the MLA authorizes the Department to impose a fine of \$100 for each day after the due date until the MCR is filed. 7 Pa.C.S. § 6135(a)(3).

AND NOW THEREFORE, since L.A. Mortgage has failed to provide a Sponsor of Mortgage Originators Bond and has failed to file the first quarter MCR of 2023, the Compliance Office, pursuant to its authority referenced above, hereby imposes the following Order:

1. Per the Department’s authority in Section 6140(b) of the MLA, 7 Pa.C.S. § 6140(b), L.A. Mortgage is hereby fined ten thousand dollars (\$10,000) for failing to provide and maintain a surety bond. The fine is due and payable within 30 days of the date of this Order through the Department’s Portal at: <https://www.portal.dobs.pa.gov>.

2. Upon execution of this Order, L.A. Mortgage’s Mortgage Broker license no. 98855, shall be **SUSPENDED**, meaning that L.A. Mortgage and its owners, officers, directors and/or employees, shall not engage in the mortgage loan business in Pennsylvania as defined in Section 6102 of the MLA, 7 Pa.C.S. § 6102, until such time as the following conditions are met:

a. L.A. Mortgage provides a Sponsor of Mortgage Originators Bond in the amount of at least \$50,000.

b. L.A. Mortgage pays the \$10,000 fine referenced above.

c. L.A. Mortgage completes the first quarter MCR of 2023 immediately and pays the “penalty of \$100 for each day after the due date until the report is filed” pursuant to § 6135(a)(3) of the MLA, as determined by the Department.

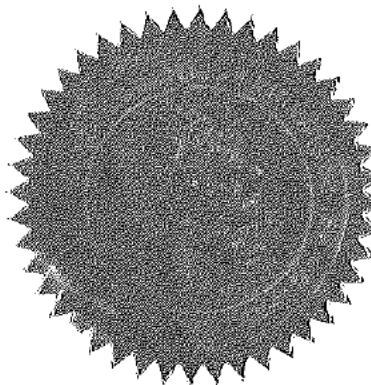
3. Nothing in this Order shall prevent the Compliance Office from taking any further administrative action as deemed necessary.

IT IS SO ORDERED.

Redacted

John Talalai, Director
Compliance Office
Pennsylvania Department of Banking and Securities

09/27/2023
(Date)



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Suspension Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code § 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL

L.A. Mortgage One LLC
400 Hamilton Row
Suite 200
Birmingham, MI 48009

Dated this 28th day of September 2023.

Redacted

Eileen Smith, Legal Assistant
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471