



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
ADMINISTRATIVE ACTION NO. 2025-DFI-0026

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

CAKE MORTGAGE CORP.

RESPONDENT

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AGREED ORDER

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PARTIES

1. The Kentucky Department of Financial Institutions is responsible for administering the provisions of KRS Chapter 286, Subtitle 8, of the Kentucky Financial Services Code ("the Code"), as well as any applicable rules, regulations and orders entered pursuant to the Code.
2. Cake Mortgage Corp. is a foreign corporation, conducting business originating and funding Kentucky mortgage loans using its warehouse lines of credit. The company's principal office is located at 9200 Oakdale Ave., Suite 501, Chatsworth, CA 91311. The company's registered agent is listed with the Kentucky Secretary of State as Registered Agent Solutions, Inc., located at 828 Lane Allen Rd., Ste. 219, Lexington, KY 40504.

STATEMENT OF FACTS

3. On December 18, 2024, the Department conducted a routine compliance examination of Cake Mortgage Corp. The period of conduct under examination spans from June 25, 2021, through 30, 2024. The following events occurred during that examination.
4. The Department confirmed that Cake Mortgage Corp. had employees utilizing alternate work locations when performing job duties within the mortgage lending process.

5. At the time of examination, Cake Mortgage Corp. had no account managers that maintained a current completion of annual continuing education requirements for processing mortgage loans.
6. The Department reviewed Cake Mortgage Corp.'s Employee Handbook. The Employee Handbook stated that remote workers would sign an agreement providing appropriate information for remote work and that Cake Mortgage Corp. reserved the right to periodically inspect the remote workers' respective home workspace.
7. The Department requested documented reviews from Cake Mortgage Corp., which would certify that all employees engaged in the mortgage lending process at alternate work locations had met appropriate standards and safeguards required by statute and expressed in the company's policy. The company was unable to provide responsive documents to that request.
8. Cake Mortgage Corp. responded during its exit examination that it would amend its policies and procedures to prevent future violations.

#### STATUTORY AUTHORITY

9. KRS 286.8-255(9) states,
  - (9) (a) A mortgage loan processor shall not be required to maintain a registration, but the processor's supervising mortgage loan company or mortgage loan broker shall be required to:
    1. Provide the mortgage loan processor with the continuing education required under KRS 286.8-260; and
    2. Prior to hiring an applicant as a processor, perform an employee background check in accordance with uniform standards established by the commissioner.
  - (b) A mortgage loan company or mortgage loan broker shall provide proof of compliance with this subsection to the commissioner upon demand, demonstrating that:
    1. The applicant has not been convicted of, pled guilty to, or pled nolo contendere to a felony in any domestic, foreign, or military court:
      - a. During the seven (7) year period preceding the date of the application; or

b. At any time preceding the date of application, if the felony involved an act of fraud or dishonesty, a breach of trust, or money laundering; and

2. The applicant has demonstrated financial responsibility, character, and general fitness sufficient to command the confidence of the community and to warrant a determination that the loan processor will operate honestly, fairly, lawfully, and efficiently within the purposes of this subtitle.

10. KRS 286.8-260 states, in pertinent part.

(1) (a) Any person required to be registered under this subtitle shall complete at least eight (8) hours of continuing professional education on an annual basis that is approved and designated by the commissioner.

(b) A minimum of one (1) hour of continuing professional education each year shall be instruction on the requirements of this subtitle, KRS 360.100, or a combination of both.

(2) For the purposes of subsection (1) of this section:

(a) The continuing professional education courses approved and designated by the commissioner shall:

1. Meet the minimum requirements set forth in Section 1505(b) of the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. sec. 5104(b), and amendments thereto; and

2. Unless the Nationwide Multistate Licensing System and Registry provides otherwise, be reviewed and approved by the Nationwide Multistate Licensing System and Registry; and

...  
(4) The registration of any mortgage loan originator that fails to comply with the continuing professional education requirements of this section and who has not been granted an extension of time to comply in accordance with subsection (3) of this section shall:

(a) Expire; and

(b) Promptly be deemed surrendered to the commissioner without demand.

11. KRS 286.8-010(2) states that "Alternate work location":

(a) Means a physical location, other than the principal office or a branch, at which the employees of a licensee are authorized by the licensee to remotely engage in the mortgage lending process; and

(b) May include a physical location, other than the principal office or a branch, where an employee:

1. Completes mortgage-related activities if the location is not maintained or utilized for the purpose of conducting in-person mortgage lending business; and
  2. Meets in person at the convenience of the borrower on an infrequent or as-needed basis in order to complete the mortgage lending process if the location is not the employee's home.
12. KRS 286.8-036(6) states.
  - (6) A licensee may permit employees to engage in the mortgage lending process at an alternate work location if:
    - (a) The licensee has written policies and procedures for supervision of employees working from alternate work locations;
    - (b) Access to the licensee's computer systems and customer information is in accordance with the licensee's comprehensive written information technology security plan;
    - (c) Employees are not permitted to conduct in-person customer activities at the alternate work location except as provided in KRS 286.8-010(2)(b)2.;
    - (d) The licensee ensures that no physical or electronic documents are maintained at the alternate work location; and
    - (e) No signage or advertising of the licensee or the mortgage loan originator is displayed at any alternate work location.
13. KRS 286.8-295 states.
  - (1) As used in this section, "employee" shall include a mortgage loan originator engaged as an independent contractor.
  - (2)
    - (a) Every mortgage loan company and mortgage loan broker shall exercise proper supervision and control over the operations, employees, and affairs of its company.
    - (b) A mortgage loan company or mortgage loan broker shall supervise and control all employees acting as a mortgage loan originator on behalf of the mortgage loan company or mortgage loan broker.
  - (3) A licensee that allows employees to engage in the mortgage lending process from an alternate work location shall:
    - (a) Exercise proper supervision and control over the employees:

(b) Have written policies and procedures in place that ensure a safe, secure system for the mortgage lending process;

(c) Oversee compliance, and require all employees to comply, with the policies and procedures referenced in paragraph (b) of this subsection;

(d) Employ appropriate risk-based monitoring and oversight processes;

(e) Ensure that:

1. Customer interactions and communications about consumer accounts are in compliance with federal and state information security requirements, including applicable provisions of:

a. The Gramm-Leach-Bliley Act of 1999, Pub. L. No. 106-102, as amended; and

b. The Federal Trade Commission's Safeguards Rule, set forth in 16 C.F.R. Part 314;

2. Any employee that engages in the mortgage lending process at an alternate work location accesses the company's secure systems, including a cloud-based system, directly from any out-of-office device via a virtual private network (VPN) or a comparable system that ensures secure connectivity and requires passwords or other forms of authentication to access;

3. Appropriate security updates, patches, or other alterations to the security of all devices used at an alternate work location are installed and maintained;

4. Any employee that engages in the mortgage lending process at an alternate work location agrees to comply with the licensee's processes established under paragraph (d) of this subsection; and

5. The Nationwide Multistate Licensing System and Registry record of a mortgage loan originator that works from an alternate work location designates a properly licensed location as the mortgage loan originator's official work station;

(f) Have the ability to:

1. Remotely lock or erase company-related contents of any device; or

2. Otherwise remotely limit all access to the company's secure systems; and

(g) At least annually:

1. Certify that all employees engaged in the mortgage lending process at alternate work locations meet the appropriate standards and safeguards to continue engaging in the mortgage lending process from the alternate work locations; and

2. Review each alternate work location and provide proof of the documented review to the department upon request.

14. KRS 286.8-046 states,

(1) The commissioner may levy a civil penalty against any person who violates any provision of or any administrative regulation promulgated under this subtitle or order issued by the commissioner under this subtitle. The civil penalty shall be not less than one thousand dollars (\$1,000) nor more than twenty-five thousand dollars (\$25,000) per violation, plus the state's costs and expenses for the examination, investigation, and prosecution of the matter, including reasonable attorney's fees and court costs.

(2) The commissioner may order restitution, refund, recovery of expenses, or direct such other affirmative action as the commissioner deems necessary against any person who violates any order issued by the commissioner or any provision of, or administrative regulation promulgated under, this subtitle.

#### VIOLATIONS

15. In contravention of KRS 286.8-260, Cake Mortgage Corp.'s processors did not meet continuing education requirements sufficient to maintain registration.

16. In contravention of KRS 286.8-295(2) and (3)(a), Cake Mortgage Corp. did not apply its written policies and procedures for supervision of employees working at alternative work locations, which is defined in KRS 286.8-010(2).

17. In contravention of KRS 286.8-036(6), because it did not supervise employees at alternate work locations to ensure compliance with the statute, Cake Mortgage Corp. did not meet statutory requirements to permit employees to engage in the mortgage lending process at an alternate work location.

18. In contravention of KRS 286.8-295(3)(g)(1), Cake Mortgage Corp. did not annually certify that all employees engaged in the mortgage lending process at alternative work locations met the appropriate standards and safeguards to continue engagement in that process from those locations.

19. In contravention of KRS 286.8-295(g)(2), Cake Mortgage Corp. did not provide the Department proof responsive to the Department's request that a documented review had occurred regarding alternate work location compliance.

#### **AGREEMENT AND ORDER**

20. To resolve this matter without litigation or other adversarial proceedings, the Department and Cake Mortgage Corp. agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

21. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

i. Cake Mortgage Corp. agrees to pay a civil fine in the amount of one thousand dollars (\$1,000.00) for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;

ii. All payments under this Order shall be made through the NMLS system through invoice created by the Department;

iii. Cake Mortgage Corp. waives the right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its behalf, or to otherwise appeal or set aside this Agreed Order;

iv. Cake Mortgage Corp. consents to and acknowledges the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such;

v. In consideration of execution of this Agreed Order, Cake Mortgage Corp. for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Cake Mortgage Corp. ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration;

vi. By signing below, the parties acknowledge they have read the foregoing Agreed Order, fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties; and

vii. This Agreed Order shall constitute the Final Order in this matter.

SO ORDERED on this the 9<sup>th</sup> day of July, 2025.

  
MARNI ROCK GIBSON  
COMMISSIONER



Consented to:

*On behalf of the Department of Financial Institutions.*

This 9 day of July, 2025.



Director, Division of Non-Depository Institutions  
Department of Financial Institutions

and

*On behalf of Cake Mortgage Corp..*

This 8th day of July, 2025.



David Abelyan, President  
Cake Mortgage Corp.

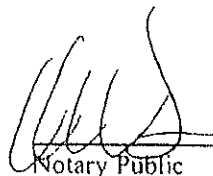
#### ACKNOWLEDGEMENT

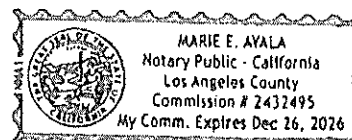
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
On this the 8th day of July, 2025, **David Abelyan**, in my presence, acknowledged **himself** to be the authorized representative of **Cake Mortgage Corp.**, and, being authorized to do so, did enter into and execute the foregoing instrument, on behalf of **Cake Mortgage Corp.**, for the purposes therein contained, acknowledging the same.

My Commission Expires: 12/26/2026

  
Notary Public



### CERTIFICATE OF SERVICE

 I certify that a true and correct copy of the foregoing Agreed Order was sent on this the  
day of July, 2025, by the method indicated below to the following:

*Via certified mail, return receipt requested:*

Registered Agent Solutions, Inc.  
CAKE MORTGAGE CORP.  
828 Lane Allen Rd., Suite 219  
Lexington, KY 40504  
*Registered Agent on behalf of Respondent*

David Abelyan, President  
CAKE MORTGAGE CORP.  
9200 Oakdale Avenue, Suite 501  
Chatsworth, CA 91311  
*Respondent*

*Via electronic delivery:*

Brandon Adcock, Staff Attorney III  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
500 Mero Street  
Frankfort, KY 40601  
[brandon.adcock@ky.gov](mailto:brandon.adcock@ky.gov)  
*Counsel for Department of Financial Institutions*

Kentucky Department of Financial Institutions

Name: 

Title: *Executive Staff Advisor*