
IN THE MATTER OF:

WATERBURY FINANCIAL LLC
(“Waterbury Financial”)

DAVID SYLVESTER WATSON SR
NMLS # 278341
(“Watson”)

(collectively, “Respondents”)

**TEMPORARY ORDER TO
CEASE AND DESIST**

ORDER TO MAKE RESTITUTION

**NOTICE OF INTENT TO ISSUE
ORDER TO CEASE AND DESIST**

**NOTICE OF INTENT TO IMPOSE
CIVIL PENALTY**

AND

NOTICE OF RIGHT TO HEARING

I. LEGAL AUTHORITY AND JURISDICTION

1. The Banking Commissioner (“Commissioner”) is charged with the 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”.

2. Pursuant to the authority granted by Section 36a-17(a) of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division of the Department of Banking, has investigated the activities of Respondents to determine if they have violated, are violating or are about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner (“Investigation”).

3. As a result of the Investigation, the Commissioner has reason to believe that Waterbury Financial violated Section 36a-486(a) of the Connecticut General Statutes.

4. As a result of the Investigation, the Commissioner has reason to believe that Watson has violated Section 36a-486(b) of the Connecticut General Statutes.

5. As a result of the Investigation, the violations alleged by the Commissioner form the basis to issue an order to make restitution against Respondents pursuant to Sections 36a-494(b) and 36a-50(c) of the Connecticut General Statutes.

6. As a result of the Investigation, the violations alleged by the Commissioner form the basis to issue an order to cease and desist against each Respondent pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes.

7. As a result of the Investigation, the violations alleged by the Commissioner form the basis to impose a civil penalty against each Respondent pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes.

II. MATTERS ASSERTED

8. Waterbury Financial has an office at 65 Pemberton Street, Waterbury, Connecticut. Waterbury Financial has never been licensed to engage in the business of making residential loans or to act as a mortgage broker in Connecticut.

9. At all times relevant hereto, Watson has been the Senior Vice President of Waterbury Financial. Watson has never held a mortgage loan originator license in Connecticut. Watson advertises on Waterbury Financial's website at www.waterburyfinancial.com.

10. At all times relevant hereto, Waterbury Financial's website advertises conventional owner-occupied mortgage loans as one of its services in Connecticut.

11. On or about October 13, 2016, October 25, 2016 and November 9, 2016, a Connecticut borrower paid Waterbury Financial, through Watson, fees totaling \$1,268 for Waterbury Financial to make, negotiate, place or find a traditional mortgage loan for the borrower to refinance or purchase residential properties primarily for personal, family or household use in Connecticut.

12. On February 8, 2017, the Commissioner received a complaint from the Connecticut borrower concerning the fees paid to Waterbury Financial to obtain mortgage financing. No financing was ever obtained and the borrower was unable to get a refund for such fees.

III. STATUTORY BASIS FOR ORDER TO MAKE RESTITUTION, ORDER TO CEASE AND DESIST, IMPOSITION OF CIVIL PENALTY

1. Waterbury Financial's engaging in the business of making residential mortgage loans in this state without a license, as more fully described in paragraphs 8 through 12, inclusive, of the Matters Asserted, constitutes a violation of Section 36a-486(a) of the Connecticut General Statutes, in effect at such time. Such violation forms a basis to issue an order to cease and desist pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, to issue an order to make restitution pursuant to Sections 36a-494(b) and 36a-50(c) of the Connecticut General Statutes and to impose a civil penalty pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

2. Waterbury Financial's acting as a mortgage broker in this state without a license, as more fully described in paragraphs 8 through 12, inclusive, of the Matters Asserted, constitutes a violation of Section 36a-486(a) of the Connecticut General Statutes, in effect at such time. Such violation forms a basis to issue an order to cease and desist pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, to issue an order to make restitution pursuant to Sections 36a-494(b) and 36a-50(c) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

3. Watson engaged in the business of a mortgage loan originator in this state without a license, as more fully described in paragraphs 8 through 12, inclusive, of the Matters Asserted, in violation of Section 36a-486(b) of the Connecticut General Statutes, in effect at such time. Such violation forms a basis to issue an order to cease and desist pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, to issue an order to make restitution pursuant to Sections 36a-494(b) and 36a-50(c) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections

36a-494(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

IV. FINDING AND STATUTORY BASIS FOR TEMPORARY ORDER TO CEASE AND DESIST

The Commissioner finds that the public welfare requires immediate action to issue a temporary order requiring Waterbury Financial LLC and David Sylvester Watson Sr to cease and desist from violating Sections 36a-486(a) and 36a-486(b)(1) of the Connecticut General Statutes, respectively, and to take such action as set forth herein to effectuate the purposes of Section 36a-52(b) of the Connecticut General Statutes, in that the interests of Connecticut residents are being materially prejudiced by:

(1) Waterbury Financial LLC continuing to advertise, solicit or offer residential mortgage loans in Connecticut, while not being duly licensed as a mortgage lender or mortgage broker in Connecticut and complying with the restrictions imposed on such licensees pursuant to Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes; and (2) David Sylvester Watson Sr continuing to advertise, solicit or offer residential mortgage loans in Connecticut, while not being duly licensed as a mortgage loan originator in Connecticut and complying with the restrictions imposed on such licensees pursuant to Sections 36a-485 to 36a-534b, inclusive, of the Connecticut General Statutes.

**V. TEMPORARY ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION,
NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST,
NOTICE OF INTENT TO IMPOSE CIVIL PENALTY,
AND NOTICE OF RIGHT TO HEARING**

WHEREAS, the Commissioner has reason to believe that Respondents have engaged in acts or conduct which forms a basis to issue an order to cease and desist against Respondents pursuant to Sections 36a-494(b) and 36a-52(a) of the Connecticut General Statutes, issue an order to make restitution pursuant to Sections 36a-494(b) and 36a-50(c) of the Connecticut General Statutes and to impose a civil penalty upon Respondents pursuant to Sections 36a-494(b) and 36a-50(a) of the Connecticut General Statutes;

AND WHEREAS, the Commissioner has made the finding required under Section 36a-52(b) of the Connecticut General Statutes.

THE COMMISSIONER THEREFORE ORDERS, pursuant to the authority granted in Section 36a-52(b) of the Connecticut General Statutes, that Waterbury Financial LLC immediately **CEASE AND DESIST** from violating Section 36a-486(a) of the Connecticut General Statutes, and that David Sylvester Watson Sr immediately **CEASE AND DESIST** from violating Section 36a-486(b) of the Connecticut General Statutes. This Temporary Order to Cease and Desist shall become effective upon receipt by Waterbury Financial LLC and David Sylvester Watson Sr, and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in this Temporary Order to Cease and Desist.

THE COMMISSIONER FURTHER ORDERS, pursuant to Sections 36a-17(a) and 36a-52(b) of the Connecticut General Statutes, that: Not later than fourteen (14) days from receipt of this Temporary Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing, Waterbury Financial LLC and David Sylvester Watson Sr shall provide to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 20 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov:

1. A list of all individuals who, from January 1, 2016 to the date of this Temporary Cease and Desist Order is received by Respondents, have either: (a) made an inquiry to Respondents concerning a mortgage loan in Connecticut, or (b) submitted an application to Respondents for a loan to be secured by residential property in Connecticut. The list shall include the individual's name, address, date and nature of request. Respondent shall also provide copies of all underlying inquiry and application documentation;
2. A detailed accounting of all mortgage loan transactions consummated since January 1, 2016 to the date of this Temporary Cease and Desist Order is received by Respondents in which the loan was secured by residential property in Connecticut and Respondents were the lender of record, or in whole or in part, brokered the transaction, including the borrower's name, address, date of transaction, role of Respondents, loan amount, prepaid finance charge and interest rate. Respondents shall provide copies of all corresponding executed settlement statements, notes, residential mortgages or other evidence of indebtedness, mortgage deeds, modifications, assignments and disclosures provided to mortgagors required by state and federal law; and
3. A detailed accounting of all mortgage payments received by Respondents since January 1, 2016 to the date of this Temporary Cease and Desist Order is received by Respondents in connection with a loan secured by residential property in Connecticut, including the name and address of the mortgagee and mortgagor, amounts of each payment, dates made, and corresponding loan amount, funding date and interest rate. In addition, Respondents shall provide copies of all notices and collection letters sent to mortgagors concerning such mortgage payments.

THE COMMISSIONER FURTHER ORDERS, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that Waterbury Financial LLC and David Sylvester Watson Sr **MAKE RESTITUTION** of any sums obtained as a result of Waterbury Financial LLC and David Sylvester Watson Sr violating subsections (a) and (b), respectively, of Section 36a-486(a) of the Connecticut General Statutes, plus interest at the legal rate set forth in Section 37-1 of the Connecticut General Statutes. Specifically, the Commissioner **ORDERS** that: Not later than thirty (30) days from the date this Order to Make Restitution becomes permanent, David Sylvester Watson Sr and Waterbury Financial, LLC shall, jointly and severally:

1. Repay \$1,268 to the Connecticut resident identified in Exhibit A attached hereto plus interest, and any other fees collected from residents for mortgage lending, brokering or origination services in Connecticut. Payment shall be made by cashier's check, certified check or money order; and
2. Provide to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov, evidence of such repayment.

NOW THEREFORE, notice is hereby given to Waterbury Financial that the Commissioner intends to issue an order requiring Waterbury Financial to **CEASE AND DESIST** from violating Section

36a-486(a) of the Connecticut General Statutes, and impose a **CIVIL PENALTY** upon Waterbury Financial as set forth herein, subject to its right to a hearing on the allegations set forth above.

FURTHER, notice is hereby given to Watson that the Commissioner intends to issue an order requiring Watson to **CEASE AND DESIST** from violating Section 36a-486(b) of the Connecticut General Statutes, and impose a **CIVIL PENALTY** upon Watson as set forth herein, subject to its right to a hearing on the allegations set forth above.

A hearing will be granted to each Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following each Respondent's receipt of this Temporary Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in Sections 36a-52(a) and 36a-50(a) of the Connecticut General Statutes. This Temporary Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above addresses. If any Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". Once a written request for a hearing is received, the Commissioner may issue a notification of hearing that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held remotely via videoconference using Microsoft Teams on May 27, 2021, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, Executive Order 7B, Section 1, as amended or superseded, and the Remote Hearing Guidelines available on the Department's website at <https://portal.ct.gov>, unless Respondents fail

to appear at the requested hearing. At such hearing, each Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If Waterbury Financial does not request a hearing within the time prescribed or fails to appear at any such hearing, the allegations herein will be deemed admitted. Accordingly, the Order to Make Restitution shall remain in effect and become permanent against Waterbury Financial, and the Commissioner will issue an order that Waterbury Financial cease and desist from violating Section 36a-486(a) of the Connecticut General Statutes and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation be imposed upon Waterbury Financial.

If Watson does not request a hearing within the time prescribed or fails to appear at any such hearing, the allegation herein will be deemed admitted. Accordingly, the Order to Make Restitution shall remain in effect and become permanent against Watson, and the Commissioner will issue an order that Watson cease and desist from violating Section 36a-486(b)(1) of the Connecticut General Statutes and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation be imposed upon Watson.

Issued at Hartford, Connecticut
this 24th day of March 2021.

/s/

Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 26th day of March, 2021, the foregoing Temporary Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Issue Order Imposing Civil Penalty and Notice of Right to Hearing was sent by certified mail, return receipt requested, to Waterbury Financial, LLC, 65 Pemberton Street, Waterbury, Connecticut 06706, Certified Mail No. 7019 2970 0000 7891 2909, and 786 East Main Street, Waterbury, CT 06702, Certified Mail No. 7019 2970 0000 7891 2923; and to David Sylvester Watson Sr, 65 Pemberton Street, Waterbury, Connecticut 06706, Certified Mail No. 7019 2970 0000 7891 2930.

/s/
Carmen M. Calderon
Secretary 2