



STATE OF CONNECTICUT
DEPARTMENT OF BANKING

260 CONSTITUTION PLAZA – HARTFORD, CT 06103-1800



Jorge L. Perez
Commissioner

MEMORANDUM

TO: All Connecticut Commercial Financing Brokers and Providers

FROM: Jorge L. Perez, Banking Commissioner *JLP*

RE: No Action Position on Registration of Employees of Connecticut Commercial Financing Broker and Provider Registrants and Excluded Persons

DATE: October 17, 2024

As of October 1, 2024, commercial financing brokers and providers are required to register with the Department of Banking (“Department”) pursuant to Section 36a-870 of the 2024 Supplement to the General Statutes. In connection with such registration requirements, commercial financing brokers and providers have inquired of the Department whether individuals employed by registered commercial financing brokers or providers must also obtain a separate commercial financing broker or provider registration, as applicable. As further discussed below, the Department considers registration of individual employees unnecessary and hereby issues a “no-action” position concerning the need for registration of individual employees acting as a commercial financing broker or provider on behalf of a Connecticut registered commercial financing broker, Connecticut registered provider or excluded person.

Reviewing the statutory scheme, both the definitions of “commercial financing broker” and “provider” pursuant to Section 36a-861 of the 2024 Supplement to the General Statutes refer to a “person” engaged in specific activities. Subdivisions (2) and (6) of Section 36a-861 state, in pertinent part,

“Commercial financing broker” means a person, other than a financier, who, for compensation or the expectation of compensation, offers, or offers to obtain, commercial financing for a recipient from a provider that is not exempt, [and]

“Provider” means a person who extends a specific offer of commercial financing to a recipient and includes, unless otherwise exempt under this section, a commercial financing broker . . .

Furthermore, the definition of “person” includes individuals. Section 36a-861(5) states

“Person” means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust or

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unincorporated organization, including, but not limited to, a sole proprietorship[;].

While there are exclusions from the definition of “provider” for certain persons, neither the “commercial financing broker” nor “provider” definition expressly exclude individual employees. Moreover, registered commercial financing brokers and providers are required to disclose certain information concerning individuals who control the operations of the commercial financing broker or provider. Pursuant to Section 36a-870(b) of the 2024 Supplement to the General Statutes, each provider or commercial financing broker registrant shall disclose any judgment, memorandum of understanding, cease and desist order or conviction that involves a crime or an act of fraud, breach of trust or money laundering with respect to any officer, director, manager, operator or individual who otherwise controls the operations of such provider or broker.

The statutory scheme also places additional requirements on commercial financing broker and provider registrants. Pursuant to Section 36a-870(a) of the 2024 Supplement to the General Statutes, persons seeking registration are required to obtain authority to transact business in this state, as applicable and pursuant to Section 36a-870(c) of the 2024 Supplement to the General Statutes each provider and commercial financing broker shall pay an initial registration fee of one thousand dollars and an annual registration fee of five hundred dollars.

Although individuals employed by a registered commercial financing broker or provider are not expressly excluded from registration requirements by the statutory scheme, requiring such individuals to be separately registered appears to be redundant and unduly burdensome.

Accordingly, pursuant to the authority set forth in Section 36a-1-8 of the Regulations of Connecticut State Agencies, the Commissioner hereby issues a “no-action” position concerning enforcement of the commercial financing broker and provider registration requirement upon an individual employed by a Connecticut registered commercial financing broker, Connecticut registered provider, or person excluded from the definition of provider, when such individual is engaged in activities on behalf of such registered commercial financing broker or provider or excluded person, as applicable.

If you have any questions, please contact Anne Cappelli at anne.cappelli@ct.gov.