
*
IN THE MATTER OF: *
*
MORTGAGE DEFAULT SERVICES, LLC *
*
(“MDS”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part XII of Chapter 669, Sections 36a-800 to 36a-814, inclusive, of the Connecticut General Statutes, “Consumer Collection Agencies”, and the regulations promulgated thereunder, Sections 36a-809-6 to 36a-809-17, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”);

WHEREAS, MDS is a Washington limited liability company with an office located at 2608 W Howesdale Court, Spokane, Washington, and a mailing address of P.O. Box 18265, Spokane, Washington;

WHEREAS, MDS has never been licensed to act as a consumer collection agency in Connecticut;

WHEREAS, the Commissioner has received at least one consumer complaint regarding MDS conducting consumer collection activity without a license in this state;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking has conducted an investigation pursuant to Section 36a-17 of the Connecticut General Statutes into the activities of MDS to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes and Regulations within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that MDS acted as a consumer collection agency in Connecticut between February 2017 and February 2019 without a consumer collection agency license, in violation of Section 36a-801(a) of the Connecticut General Statutes in effect at such time;

WHEREAS, the Commissioner believes that such allegation would support the initiation of enforcement proceedings against MDS, including, without limitation, proceedings to issue a cease and desist order pursuant to Sections 36a-804(b) and 36a-52(a) of the Connecticut General Statutes, and an order imposing a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation pursuant to Sections 36a-804(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;

WHEREAS, 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, both the Commissioner and MDS acknowledge the possible consequences of formal administrative proceedings, and MDS voluntarily agrees to consent to the entry of the sanctions imposed below solely for the purpose of obviating the need for formal administrative proceedings concerning the allegation set forth herein;

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

WHEREAS, MDS represents to that it is no longer acting as a consumer collection agency in this state without a license;

WHEREAS, MDS specifically assures the Commissioner that the violation alleged herein shall not occur in the future;

WHEREAS, MDS 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;

AND WHEREAS, MDS, 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 allegation 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, MDS, through its execution of this Consent Order, consents to the Commissioner’s entry of a Consent Order imposing the following sanctions:

1. No later than August 17, 2020, MDS shall remit to the Department of Banking by wire transfer, cashier’s check, certified check or money order made payable to “Treasurer, State of Connecticut”, the sum of Ten Thousand Dollars (\$10,000) as a civil penalty;
2. No later August 17, 2020, MDS shall remit to the Department of Banking by wire transfer, cashier’s check, certified check or money order made payable to “Treasurer, State of Connecticut”, the sum of Eight Hundred Dollars (\$800) for back licensing fees; and
3. MDS shall cease and desist from acting as a consumer collection agency in this state without a license, in violation of Section 36a-801(a) of the Connecticut General Statutes.

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 MDS based upon the allegation set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against MDS 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 MDS and reflected herein is subsequently discovered to be untrue;
3. MDS shall not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis;

4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by MDS and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of MDS to apply for or obtain licenses or renewal licenses under Part XII of Chapter 669, Sections 36a-800 to 36a-814, inclusive, of the Connecticut General Statutes, provided that all applicable legal requirements for any such license are satisfied and the terms of this Consent Order are being followed;
5. This Consent Order shall be binding upon MDS and its successor and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 29th day of July 2020.

_____/s/
Jorge L. Perez
Banking Commissioner

I, Jeffrey Havens, state on behalf of Mortgage Default Services, LLC, 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 Mortgage Default Services, LLC; that Mortgage Default Services, LLC, agrees freely and without threat or coercion of any kind to comply with the sanctions entered herein; and that Mortgage Default Services, LLC voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: _____
Name: Jeffrey Havens
Title: Vice President
Mortgage Default Services, LLC

State of: Washington

County of: Spokane

On this the 24 day of July 2020, before me, Marjean Hargens, the undersigned officer, personally appeared Jeffrey Havens, who acknowledged himself to be the Vice President of Mortgage Default Services, LLC, a limited liability company, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Vice President.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: July 25, 2022