
*
IN THE MATTER OF: *
*
E*TRADE FINANCIAL *
CORPORATE SERVICES, INC. *
NMLS # 1959157 *
*
(“ETCS”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes, known as the “Money Transmission Act”;

WHEREAS, ETCS is a Delaware corporation with a primary business address of 3 Edison Drive, Alpharetta, Georgia;

WHEREAS, on June 24, 2020, ETCS filed an application with the Commissioner on the Nationwide Multistate Licensing System and Registry (“NMLS”) to obtain a license to engage in the business of money transmission in Connecticut, which application was later withdrawn by ETCS on December 24, 2020;

WHEREAS, on February 2, 2021, ETCS again filed an application with the Commissioner on NMLS to obtain a license to engage in the business of money transmission in Connecticut, which application is currently pending;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking, has conducted an investigation into the activities of ETCS pursuant to Sections 36a-17, 36a-600 and 36a-608 of the Connecticut General Statutes to determine if it had violated, was violating or was

about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that ETCS engaged in the business of money transmission in this state without the required license from December 2019 to the present, in violation of Section 36a-597(a) of the Connecticut General Statutes;

WHEREAS, the Commissioner believes that such allegation would support initiation of enforcement proceedings against ETCS, including, without limitation, proceedings to issue a cease and desist order pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation pursuant to Sections 36a-608(c) 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 ETCS acknowledge the possible consequences of formal administrative proceedings, and ETCS voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying the allegation set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegation set forth herein;

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

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

WHEREAS, ETCS acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on NMLS, as applicable;

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

1. ETCS shall cease and desist from engaging in the business of money transmission in this state without a license, in violation of Section 36a-597(a) of the Connecticut General Statutes;
2. No later than the date this Consent Order is executed by ETCS, it 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; and
3. No later than the date this Consent Order is executed by ETCS, it 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 One Thousand One Hundred Twenty-Five Dollars (\$1,125) as payment for back licensing fees.

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 all claims asserted or that could have been asserted by the Commissioner against ETCS or any of its past, present, and future predecessors, successors, parents, subsidiaries, affiliates, and related entities, and each of their respective partners, employees, agents, attorneys, officers, directors, shareholders, members partners, joint venturers, representatives and assigns ("ETCS Parties") in connection with the allegation set forth herein, and no further proceedings or actions will be brought by the Commissioner against ETCS or the ETCS Parties in connection with 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 ETCS 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 ETCS and reflected herein is subsequently discovered to be untrue;
3. ETCS 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 ETCS and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of ETCS to obtain an initial license or renewal license under Part V of Chapter 668, Sections 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes,

provided that all applicable legal requirements for such licenses are satisfied and the terms of this Consent Order are followed;

5. This Consent Order does not create or give rise to any private rights or remedies against ETCS or any of the ETCS Parties, create any liability on the part of ETCS or the ETCS Parties, or limit the defenses of ETCS or the ETCS Parties for any person or entity not a party to this Consent Order. This Consent Order shall be binding upon ETCS and its successors and assigns and nothing contained herein may be taken as an admission or concession of any liability or violations of law. No part of this Consent Order constitutes or shall constitute evidence against ETCS in any action or proceeding brought by any other party of any violation of any federal or state statute or regulation or the common law; and
6. This Consent Order shall become final when issued.

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

/s/

Jorge L. Perez
Banking Commissioner

I, Michael S. Whatley, state on behalf of E*Trade Financial Corporate Services, Inc. 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 E*Trade Financial Corporate Services, Inc.; that E*Trade Financial Corporate Services, Inc. agrees freely and without threat or coercion of any kind to comply with the sanction entered and terms and conditions ordered herein; and that E*Trade Financial Corporate Services, Inc. voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Michael S. Whatley
Title: President
E*Trade Financial Corporate Services, Inc.

State of: GA

County of: Fulton

On this the 23 day of March 2021, before me, Nevil Patel, the undersigned officer, personally appeared Michael Scott Whatley, who acknowledged himself/herself to be the President of E*Trade Financial Corporate Services, Inc., a corporation, and that he/she as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President.

In witness whereof I hereunto set my hand.

/s/
Notary Public – Nevil Patel
Date Commission Expires: 07-21-24