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 *
IN THE MATTER OF: *
 *
HARRIS & HARRIS, LTD. *
NMLS # 959452 *
(“Harris 1”) *
 *
HARRIS & HARRIS OF *
ILLINOIS, LTD. *
NMLS # 2038270 *
(“Harris 2”) *
 *
(collectively, “Respondents”) *
 *
 * * * * *

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, Harris 1 is an Illinois corporation with a business address of 111 W. Jackson Boulevard, Suite 400, Chicago, Illinois, and Harris 2 is an Illinois corporation with a business address of 111 W. Jackson Boulevard, Suite 400, Chicago, Illinois;

WHEREAS, Harris 1 maintained a consumer collection agency license in Connecticut from November 5, 2003 until January 1, 2021. Harris 1 allowed its license to terminate on December 31, 2020, due to the company’s inability to meet the tangible net worth requirement in this state;

WHEREAS, Harris 2 maintained a consumer collection agency license in Connecticut from December 31, 2020 until January 1, 2022, when it failed to request renewal of its license on the

Nationwide Multistate Licensing System and Registry (“NMLS”) by midnight on December 31, 2021;

WHEREAS, Harris 2 submitted a new application for a consumer collection agency license on January 11, 2022, which is still pending;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking (“Division”), has investigated and examined the activities of Respondents pursuant to Section 36a-17 of the 2022 Supplement to the General Statutes, and Section 36a-801(b) of the 2022 Supplement to the General Statutes 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, pursuant to a records request by the Division in connection with the investigation and examination, Respondents provided the Division with records showing Connecticut consumer collection activity for Harris 1 from December 31, 2020 to June 13, 2022, and for Harris 2 from January 1, 2022 to June 13, 2022;

WHEREAS, as a result of such investigation and examination, the Commissioner alleges that between December 31, 2020 to June 13, 2022, Harris 1 acted as a consumer collection agency in Connecticut without a consumer collection agency license, in violation of Section 36a-801(a) of the Connecticut General Statutes in effect at such time;

WHEREAS, as a result of such investigation and examination, the Commissioner alleges that between January 1, 2021 to June 13, 2022, Harris 2, by engaging the services of Harris 1 for the purposes of collection activities when Harris 1 was unlicensed, acted in violation of Section 36a-806(b) of the Connecticut General Statutes, and, by transferring money through Harris 1’s trust account, acted in violation of Section 36a-811(b) of the Connecticut General Statutes in effect at such time;

WHEREAS, the Commissioner believes that such allegations would support the initiation of enforcement proceedings against Respondents, including, without limitation, proceedings to issue a cease and desist order against Respondents pursuant to Section 36a-804(b) of the Connecticut General Statutes and Section 36a-52(a) of the 2022 Supplement to the General Statutes, and an order imposing a civil

penalty upon Respondents of up to One Hundred Thousand Dollars (\$100,000) per violation pursuant to Section 36a-804(b) of the Connecticut General Statutes and Section 36a-50(a) of the 2022 Supplement to the 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, the Commissioner and Respondents acknowledge the possible consequences of formal administrative proceedings, and Respondents, without admitting or denying the allegations contained therein, voluntarily agree to consent to the entry of the sanctions imposed below solely for the purpose of obviating the need for formal administrative proceedings concerning the allegations set forth herein;

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

WHEREAS, Respondents specifically assure the Commissioner that the violations alleged herein shall not occur in the future;

WHEREAS, Respondents acknowledge that this Consent Order is a public record and is a reportable event for purposes of NMLS, as applicable;

AND WHEREAS, Respondents, through their respective execution of this Consent Order, voluntarily agree to waive their procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegations set forth herein, and voluntarily waive their right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Respondents, through their execution of this Consent Order, consent to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. No later than the date this Consent Order is executed by Respondents, they shall, jointly or severally, remit to the Department of Banking by electronic funds 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. Harris 1 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 2022 Supplement to the General Statutes; and
3. Harris 2 shall cease and desist from engaging services of unlicensed entities for the purposes of collection purposes, in violation of Section 36a-806(b) of the Connecticut General Statutes, and shall cease and desist from transferring funds through unlicensed entities' trust accounts, in violation of Section 36a-811(b) 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 all claims asserted or that could have been asserted by the Commissioner against Respondents in connection with the allegations set forth herein, and no further proceedings or actions will be brought by the Commissioner against Respondents in connection with the allegations set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Respondents 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 Respondents and reflected herein is subsequently discovered to be untrue;
3. Respondents shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum 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. Except as specifically provided herein, Respondents shall not take any action in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this paragraph affects Respondents' (i) testimonial obligations, or (ii) right to take legal or factual positions that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which this Commissioner is not a party;
4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by Respondents and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect Harris 2's pending application for initial licensure or any future application for a renewal license 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 followed;

5. This Consent Order shall be binding upon Respondents and their successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 2nd day of February 2023.

/s/

Jorge L. Perez
Banking Commissioner

I, Salvador Hazday, state on behalf of Harris & Harris, Ltd. 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 Harris & Harris, Ltd.; that Harris & Harris, Ltd. agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Harris & Harris, Ltd. 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: Salvador Hazday
Title: Chief Executive Officer
Harris & Harris, Ltd.

State of: Illinois

County of: Cook

On this the 1st day of February 2022, before me, Carrie A. Boger, the undersigned officer, personally appeared Salvador Hazday who acknowledged himself/herself to be the Chief Executive Officer of Harris & Harris, Ltd., a corporation, and that he/she as such Chief Executive Officer, 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 Salvador Hazday.

In witness whereof I hereunto set my hand.

/s/
Notary Public – Carrie A. Boger
Date Commission Expires: 9/13/2026

I, Salvador Hazday, state on behalf of Harris & Harris of Illinois, Ltd. 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 Harris & Harris of Illinois, Ltd.; that Harris & Harris of Illinois, Ltd. agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Harris & Harris of Illinois, Ltd. 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: Salvador Hazday
Title: Chief Executive Officer
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In witness whereof I hereunto set my hand.

/s/
Notary Public – Carrie A. Boger
Date Commission Expires: 9/13/2026