
*
IN THE MATTER OF: *
*
HOVG, LLC d/b/a BAY AREA *
CREDIT SERVICE *
NMLS # 945496 *
*
(“HOVG”) *
*

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, HOVG is a Nevada limited liability company with its main office at 4145 Shackelford Road, Suite 330B, Norcross, Georgia (“Main Office”);

WHEREAS, HOVG is currently licensed to act as a consumer collection agency in Connecticut from its Main Office location;

WHEREAS, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking (“Department”), conducted an investigation pursuant to Section 36a-17 of the Connecticut General Statutes into the activities of HOVG 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, on November 22, 2021, the Commissioner issued an Order to Make Restitution, Notice of Intent to Revoke and Refuse to Renew Consumer Collection

Agency License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing (“Order and Notice”) against HOVG, which Order and Notice is incorporated herein by reference;

WHEREAS, the Commissioner alleged in the Order and Notice that HOVG: (1) acted as a consumer collection agency from an unlicensed location in violation of Section 36a-801(a) of the Connecticut General Statutes; (2) failed to maintain the minimum tangible net worth of fifty thousand dollars (\$50,000) in violation of Section 36a-801(b) of the Connecticut General Statutes; (3) failed to account for and remit to its clients all money collected not in dispute within sixty (60) days from the last day of the month when said money was collected in violation of Section 36a-805(a)(9) of the Connecticut General Statutes; (4) failed to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable consumer collection laws and regulations in violation of Section 36a-805(a)(16) of the Connecticut General Statutes; (5) failed to avoid the commingling of funds of consumer debtors with the funds of HOVG and used said consumer debtor funds in the conduct of HOVG’s business in violation of Section 36a-811(b) of the Connecticut General Statutes; (6) failed to maintain its consumer debtor and creditor records so as to clearly identify the amounts and dates of all payments collected or received from consumer debtors and all remittances made to creditors, failed to identify all trust accounts utilized by HOVG, and failed to retain consumer debtor and creditor records for a period of not less than two years of the date of final entry thereon in violation of Section 36a-811(a) of the Connecticut General Statutes; (7) communicated with Connecticut debtors during inconvenient times before 8:00 a.m. local time at the debtor’s location without the prior consent of the debtor or the express permission of a court in violation of Section 36a-809-9(d) of the Regulations; (8) collected amounts in excess of the amount placed with HOVG not expressly authorized by the agreement creating the debt or permitted by law in violation of Section 36a-809-12(1) of the Regulations; (9) failed to account for and remit to its clients all money collected not in dispute within sixty (60) days from the last day of the month when said money was

collected, received Connecticut debtor payments at an unlicensed location, failed to maintain accounting records in accordance with generally accepted accounting principles, failed to identify amounts and dates of payments collected or received from consumer debtors and remittances made to creditors, failed to identify all trust accounts utilized by HOVG and failed to preserve all records related to its collection activities and HOVG's collection of amounts in excess of the amount placed with HOVG and not expressly authorized by the agreement creating the debt or permitted by law, some of which are in violation of the 2015 Consent Order issued under the statutes within the jurisdiction of the commissioner; and (10) that HOVG's conduct renders the Commissioner unable to determine that the financial responsibility, character, reputation, integrity and general fitness of HOVG, the control persons of HOVG, the qualified individual and any branch manager, are such as to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of Section 36a-800 to 36a-814, inclusive, and whether HOVG meets the applicable tangible net worth requirement, as required pursuant to Section 36a-801(c)(2) of the Connecticut General Statutes, as amended by Public Act 21-138, which constitutes sufficient grounds for the Commissioner to deny an application for a license;

WHEREAS, on November 22, 2021, the Order and Notice was sent to HOVG by electronic mail sent to Christina Calhoun, Licensing Manager, the designated primary contact of HOVG;

WHEREAS, on December 6, 2021, HOVG filed an appearance and requested a hearing, which hearing is currently subject to a continuance;

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 HOVG now desire to resolve the matters alleged in the Order and Notice and set forth herein;

WHEREAS, HOVG specifically assures the Commissioner that the violations contained in the Order and Notice and set forth herein shall not occur in the future;

WHEREAS, HOVG represents to the Commissioner that the tangible net worth requirement allegation has been cured and that it will continue to maintain adequate financials as required;

WHEREAS, HOVG represents refunds were paid or escheated to the state for all accounts cited in the Report of Examination as amounts that were collected in excess;

WHEREAS, HOVG produced documentary evidence to the Division, which the Division has accepted, showing that HOVG did not act as a consumer collection agency out of an unlicensed location in violation of Section 36a-801(c) of the Connecticut General Statutes and this allegation is not being pursued by the Commissioner;

WHEREAS, HOVG produced documentary evidence to the Division, which the Division has accepted, showing that no Connecticut consumers were contacted at inconvenient times in violation of Section 36a-809-9(d) of the Regulations and this allegation is not being pursued by the Commissioner;

WHEREAS, both the Commissioner and HOVG acknowledge the possible consequences of formal administrative proceedings, and HOVG voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying any allegation set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning any allegation set forth herein;

WHEREAS, HOVG agrees that the Order and Notice may be used in construing the terms of this Consent Order and agrees to the language of this Consent Order;

WHEREAS, HOVG acknowledges that this Consent Order is a public record and is a reportable event for purposes of the Nationwide Multistate Licensing System and Registry (“NMLS”), as applicable;

AND WHEREAS, HOVG, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a hearing as it pertains to the allegations contained in the Order and Notice and 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, HOVG, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. HOVG shall immediately cease and desist from: (a) failing to maintain the minimum tangible net worth of Fifty Thousand Dollars (\$50,000), in violation of Section 36a-801(b) of the Connecticut General Statutes; (b) failing to account for and remit to its clients all money collected not in dispute within sixty (60) days from the last day of the month when said money was collected, in violation of Section 36a-805(a)(9) of the Connecticut General Statutes; (c) failing to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable consumer collection laws and regulations, in violation of Section 36a-805(a)(16) of the Connecticut General Statutes; (d) failing to avoid the commingling of funds of consumer debtors with the funds of HOVG and using said consumer debtor funds in the conduct of HOVG's business, in violation of Section 36a-811(b) of the Connecticut General Statutes; (e) failing to maintain its consumer debtor and creditor records so as to clearly identify the amounts and dates of all payments collected or received from consumer debtors and all remittances made to creditors, failing to identify all trust accounts utilized by HOVG, and failing to retain consumer debtor and creditor records for a period of not less than two years of the date of final entry thereon, in violation of Section 36a-811(a) of the Connecticut General Statutes; and (f) collecting of amounts in excess of the amount placed with HOVG and not expressly authorized by the agreement creating the debt or permitted by law, in violation of Section 36a-809-12(1) of the Regulations;
2. No later than the date of execution of this Consent order by HOVG, it shall 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 Forty-Five Thousand Dollars (\$45,000) as a civil penalty;
3. Within 120 days, HOVG shall establish and implement policies and procedures acceptable to the Division to (A) ensure that HOVG maintains the minimum tangible net worth of Fifty Thousand Dollars (\$50,000) pursuant to Section 36a-801(b) of the Connecticut General Statutes, (B) ensure that HOVG accounts for and remits to its clients all money collected not in dispute within sixty (60) days from the last day of the month when said money was collected pursuant to Section 36a-805(a)(9) of the Connecticut General Statutes, (C) ensure that funds of consumer debtors are not commingled with the funds of HOVG nor used in the conduct of HOVG's business pursuant to Section 36a-811(b) of the Connecticut General Statutes, (D) ensure that it maintains its consumer debtor and creditor records so as to clearly identify the amounts and dates of all payments collected or received from consumer debtors and all remittances made to creditors, identifies all trust accounts utilized by HOVG, and retains consumer debtor and creditor records for a period of not less than two (2) years of the date of final entry thereon pursuant to Section 36a-811(a) of the Connecticut General Statutes, and (E) ensure that it shall not collect amounts in excess of the amount placed with HOVG not expressly authorized by the agreement creating the debt or permitted by law in violation of Section 36a-809-12(1) of the Regulations. Such policies and procedures to address the aforementioned issues, as well as the policies and procedures implemented to train HOVG employees to abide by the same, shall be in writing, provide a detailed audit program to test adherence to the requirements set forth in the policies and procedures, shall be sufficient in scope and depth to address the risk present in

HOVG's collections operations and shall clearly delineate management's responsibility over each requirement;

4. Within 120 days, HOVG shall produce to the Division all written policies and procedures as approved by the Division and stated in Paragraph 3 above;
5. For a period of three (3) years, HOVG shall conduct an audit program performed by independent personnel, either internal or external auditors sufficiently experienced in the industry and acceptable to the Division, and shall test all functions of HOVG's collections operations at least semi-annually, including, but not limited to, outstanding checks, the commingling of funds, the escheatment process, accounting and collection practices and licensing compliance. Formal written reports of such independent audits shall be issued within sixty (60) days of audit completion and shall be reviewed by HOVG's executive officers and Board. Any deficiencies noted in such audit reports shall be addressed through a corrective action plan, which shall be tracked, reviewed and monitored by HOVG's executive officers and Board. Audit reports and supporting documentation shall be retained for at least three (3) years from the date of audit report issuance or resolution of related corrective action plan items, whichever is later. Further, said audit reports shall be made available to the Division upon the Division's request; and
6. The time periods in paragraphs 3 through 5, inclusive, shall commence upon the execution of this Consent Order by HOVG, but in the event that HOVG surrenders or fails to renew its consumer collection agency license in Connecticut prior to the conclusion of the time periods set forth in paragraphs 3 through 5, inclusive, HOVG shall comply with such requirements upon being issued any new consumer collection agency license in Connecticut if such license is issued within five (5) years from the date of execution of this Consent Order by HOVG.

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 HOVG based upon the allegations contained herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against HOVG 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 HOVG 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, contradicting the Consent Order. 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 HOVG and its control persons, as applicable, on NMLS, nothing in the issuance of this Consent Order shall adversely affect the ability of HOVG to apply for or obtain a license or renewal license under Part XII of Chapter 669, Sections 36a-800 *et seq.*, of the Connecticut General Statutes, provided HOVG meets the statutory requirements for such license or renewal license;
5. This Consent Order shall be binding upon HOVG and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 10th day of April 2023.

/s/

Jorge L. Perez
Banking Commissioner

I, Suresh Yannamani, state on behalf of HOVG, LLC d/b/a Bay Area Credit Service 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 HOVG, LLC d/b/a Bay Area Credit Service; that HOVG, LLC d/b/a Bay Area Credit Service agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that HOVG, LLC d/b/a Bay Area Credit Service 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: Suresh Yannamani
Title: CEO
HOVG, LLC
d/b/a Bay Area Credit Service

State of: Georgia

County of: Gwinnett

On this the 16 day of March, 2023, before me, Azure L. Mckendell, the undersigned officer, personally appeared Suresh Yannamani who acknowledged himself/herself to be the CEO of HOVG, LLC d/b/a Bay Area Credit Service, a Nevada limited liability company, and that he/she as such CEO, 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/herself as CEO.

In witness whereof I hereunto set my hand.

/s/
Notary Public Azure L. Mckendell
Date Commission Expires: June 14, 2024