* *		**TEMPORARY ORDER TO CEASE AND DESIST**
IN THE MATTER OF:	*	
	*	**ORDER TO MAKE RESTITUTION**
CDS DEBT RELIEF LLC	*	
a/k/a CDS DEBT RELIEF, LLC	*	**ORDER TO PROVIDE DISGORGEMENT**
d/b/a CDS FINANCIAL	*	
("CDS Financial")	*	**NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST**
DAVID LUGO	*	
	*	**NOTICE OF INTENT TO IMPOSE CIVIL PENALTY**
KEVIN LUGO	*	
	*	
("collectively, "Respondents")	*	**AND**
	*	
* *		**NOTICE OF RIGHT TO HEARING**

I. LEGAL AUTHORITY AND JURISDICTION

1. The Banking Commissioner ("Commissioner") is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes, known as the "Money Transmission Act", as amended, and Part II of Chapter 669, Sections 36a-655 to 36a-671f, inclusive, of the Connecticut General Statutes, "Debt Adjusters and Debt Negotiation", as amended.

2. Pursuant to the authority granted by Sections 36a-17 and 36a-608(a) of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division of the Department of Banking ("Department"), has investigated the activities of Respondents to determine if they have violated, are violating or are about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner ("Investigation").

3. As a result of the Investigation, the Commissioner has reason to believe that CDS Financial has violated Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the Connecticut General Statutes in effect at

such time, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the Connecticut General Statutes in effect at such time, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes.

4. As a result of the Investigation, the Commissioner has reason to believe that David Lugo has violated subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes.

5. As a result of the Investigation, the Commissioner has reason to believe that Kevin Lugo has violated subdivision (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes.

6. As a result of the Investigation, the Commissioner finds that the public welfare requires immediate action to issue a temporary order against CDS Financial to cease and desist from violating Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the 2026 Supplement to the General Statutes, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes, against David Lugo to cease and desist from violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes, and against Kevin Lugo to cease and desist from violating subdivision (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes.

7. As a result of the Investigation, the violations alleged by the Commissioner against CDS Financial form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes.

8. As a result of the Investigation, the violations alleged by the Commissioner against David Lugo form the basis to issue an order to make restitution against David Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against David Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against David Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon David Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes.

9. As a result of the Investigation, the violations alleged by the Commissioner against Kevin Lugo form the basis to issue an order to make restitution against Kevin Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against Kevin Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against Kevin Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Kevin Lugo pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes.

II. MATTERS ASSERTED

10. CDS Financial is a limited liability company with domestic filing statuses in both Delaware (formed on June 15, 2020) and Massachusetts (formed on January 26, 2021), with addresses of 324 Datura St, Suite 140, West Palm Beach, Florida, and 999 Broadway, Suite 101, Saugus, Massachusetts. CDS Financial has never been licensed to engage in the business of debt negotiation, debt adjustment or money transmission in Connecticut or in any other state according to the Nationwide Multistate Licensing System and Registry.[1]

11. At all times relevant hereto, David Lugo and Kevin Lugo were managers and control persons of CDS Financial. David Lugo is also the President, Treasurer, Secretary and Director of 2nd Chance Solutions, Limited, a Massachusetts corporation formed on May 29, 2025, which purports to provide "debt settlement, credit repair, tax relief and medicare lead generation"; the Manager of Lifebridge Servicing, LLC, a Massachusetts limited liability company organized on July 24, 2018, which has submitted filings to the Secretary of the Commonwealth of Massachusetts describing the services provided as "debt settlement services", "marketing and financial services", and "marketing and sales agency"; and the Manager of Clarity Debt Solutions, LLC, a Massachusetts limited liability company which formed September 12, 2016, and was dissolved by the Secretary of the Commonwealth of Massachusetts on June 30, 2021, and which had submitted filings to the Secretary of the Commonwealth

[1] Section 36a-671(a)(4) of the Connecticut General Statutes defines "debt negotiation" to mean, in pertinent part, "for or with the expectation of a fee, commission or other valuable consideration, assisting a debtor in negotiating or attempting to negotiate on behalf of a debtor the terms of a debtor's obligations with one or more mortgagees or creditors of the debtor.";

Section 36a-655(5) of the Connecticut General Statutes defines "debt adjustment" to mean, "for or with the expectation of a fee, commission or other valuable consideration, receiving, as agent of a debtor, money or evidences thereof for the purpose of distributing such money or evidences thereof among creditors in full or partial payment of the obligations of the debtor."; and

Section 36a-595(12) of the Connecticut General Statutes defines "money transmission" to mean, in pertinent part, "engaging in the business of . . . receiving money or monetary value for current or future transmission".

On January 6, 2016, the Department issued a memorandum, available on the Department's website, confirming that persons engaged in activities that meet the definition of both "debt adjustment" and "money transmission" are required to obtain both licenses in Connecticut unless exempt from licensure.

of Massachusetts describing the services provided as “financial services, debt management, credit services”, “debt settlement, debt negotiations, helping consumers out of debt”, and “debt settlement and any other lawful purpose for which business may be conducted in the state of Massachusetts”.

12. On August 15, 2024, the Department received a complaint from a Connecticut resident concerning debt negotiation, debt adjustment and money transmission services offered by CDS Financial (“CT Debtor 1”).

13. The complaint alleged that CT Debtor 1 was contacted by a representative of CDS Financial, who held CDS Financial out as a debt relief company and represented that it would consolidate his debt, he would pay CDS Financial directly and after three to six months CDS Financial would pay off his debt.

14. As a result of the representations made by CDS Financial, on December 15, 2023, CT Debtor 1 electronically signed a contract with CDS Financial entitled “CDS Financial Membership Application” and “Debt Management Service Agreement” (collectively, “Contract”).

15. The Contract describes the services CDS Financial would provide, in pertinent part, as follows:

> Client authorizes [CDS Financial] to update, dispute, remove or perform debt negotiation on Client’s behalf. . . .
>
> CDS Financial . . . counsels, educates and works in conjunction with clients to assist in settling, negotiating, disputing/challenging inaccurate, obsolete and unverifiable information on their credit bureau reports, . . . work with due diligence in representing client to dispute/challenge, advise, educate and to ultimately help improve overall client credit worthiness. . . .
>
> [CDS Financial] shall provide professional debt Resolution services to the best of its ability in an effort to effectuate reasonable settlement(s) on behalf of the Client. . . .
>
> . . . [CDS Financial] is not a law firm, and that NO LEGAL OR TAX ADVICE CAN OR WILL BE PROVIDED UNDER THIS AGREEMENT.

16. The Contract required CT Debtor 1 to pay to CDS Financial “a fee in the amount of 25% of the Verified Debt on each given account negotiated and settled under the Plan”, and required CT Debtor 1 to put all unsecured debt into the Plan. With respect to the cost of service, the Contract states:

> Client will pay [CDS Financial] after [CDS Financial] completes the services described below. Full payment is due upon completion of Debt Resolution services. . . . All payments are due following the completion of any successful Debt Resolution services as described in agreement. . . . Client understands that he/she will be debt free approximately in the timeframe below.

17. The fees charged in connection with the offered debt negotiation services, as more fully described in paragraph 16 above, exceed the amount that debt negotiators may charge pursuant to the Schedule of Maximum Fees established by the Commissioner on or about October 1, 2009 ("Schedule of Maximum Fees") pursuant to Section 36a-671b(b) of the Connecticut General Statutes in effect at such time. The Schedule of Maximum Fees permits a debt negotiator of unsecured debt to collect total aggregate fees, including the initial fee and service fees, not to exceed ten percent (10%) of the amount by which the consumer's debt is reduced.

18. Section 36a-671b(a) of the Connecticut General Statutes in effect at such time required that each contract provided by a debt negotiator allow the consumer to cancel or rescind such contract within three business days after the date on which the consumer signed the contract and contain a clear and conspicuous caption that shall read, "Debtor's three-day right to cancel", along with the following statement: "If you wish to cancel this contract, you may cancel by mailing a written notice by certified or registered mail to the address specified below. The notice shall state that you do not wish to be bound by this contract and must be delivered or mailed before midnight of the third business day after you sign this contract." Although the Contract provided a three-day right to cancel, it did not include the specific cancellation disclosure required by Section 36a-671b(a) of the Connecticut General Statutes in effect at such time.

19. The total unsecured debt CT Debtor 1 enrolled in the plan under the Contract was $46,934, and the plan required CT Debtor 1 to make 36 monthly payments of $1,000 to CDS Financial beginning January 12, 2024, describing the payments as "credit repair fees" or "membership fees". The Contract stated that the funds "are transferred into a bank holding account on client's behalf. In the event of

termination/cancellation, all payments made into plan will be reimbursed in full directly back to client if debt resolution services are not completely rendered at the time on remaining accounts."

20. CT Debtor 1 made at least seven payments of $1,000 to CDS Financial in 2024, totaling $7,000, pursuant to the Contract. However, after seven months of regular payments, CDS Financial had failed to provide any of the debt relief services promised and CT Debtor 1 began receiving collection calls and messages from creditors whose related debts were enrolled in the plan.

21. CT Debtor 1 then attempted to contact CDS Financial to understand the status of the debt negotiation services. CDS Financial repeatedly disconnected his calls and has failed to respond to any e-mail correspondence or otherwise apprise CT Debtor 1 of the status of the debt negotiation services.

22. To date, CDS Financial has failed to negotiate any of CT Debtor 1's debts and has failed to otherwise return the $7,000 CT Debtor 1 paid to CDS Financial for the purpose of paying off such debts.

23. Each of CT Debtor 1's payments were withdrawn from CT Debtor 1's bank account and deposited into an operating account with Salem Five Bank under the name of CDS Financial ("Account").

24. Pursuant to Section 36a-659 of the Connecticut General Statutes, debt adjuster licensees are required to "maintain a separate bank account for the benefit of debtors in which all payments received from debtors who are residents of Connecticut for the benefit of creditors shall be deposited".

25. Bank statements for the Account between February 2024 and July 2024 reflect that numerous recurrent deposits were made into the Account appearing to be withdrawn from individual consumer bank accounts in connection with CDS Financial's debt negotiation and related services, including deposits withdrawn from 10 additional Connecticut consumers' bank accounts as follows[2]:

<u>CT Debtor 2</u> of Enfield, CT – 2 payments totaling $750
<u>CT Debtor 3</u> of Niantic, CT – 5 payments totaling $750
<u>CT Debtor 4</u> of Meriden, CT – 3 payments totaling $2,469
<u>CT Debtor 5</u> of Easton, CT – 2 payments totaling $758
<u>CT Debtor 6</u> of Wilton, CT – 5 payments totaling $1,570
<u>CT Debtor 7</u> of Wallingford, CT – 3 payments totaling $471

[2] These payment totals solely reflect payments withdrawn from Connecticut consumer bank accounts and deposited into the Account between February 2024 and July 2024, and do not reflect payments deposited outside of this time frame.

CT Debtor 8 of Bridgeport, CT – 3 payments totaling $1,800
CT Debtor 9 of Litchfield, CT – 6 payments totaling $2,400
CT Debtor 10 of Naugatuck, CT – 2 payments totaling $290
CT Debtor 11 of Southington, CT – 2 payments totaling $600

26. Also during this six-month time frame: numerous transfers were made from the Account to David Lugo's personal checking and savings accounts, totaling $62,700; monthly payments were made to Toyota Financial Services related to a personal vehicle, totaling $8,143; cash withdrawals were made from the Account totaling $95,008; credit card payments were made to American Express totaling $113,100, to Discover totaling $32,216 and to Capital One totaling $3,311; a point of sale purchase in the amount of $1,191 was made at Acapulcos, a restaurant in Beverly, Massachusetts; multiple deposits were reversed from the Account citing "unauthorized draft"; and 378 service charges totaling $3,780 were assessed against the Account for returned deposited items with descriptions such as "refer to maker returning", "account closed", "account not on file", "stop payment returning", "unauthorized signature returning", "account frozen returning" and "altered/fictitious check".

27. During this six-month time frame, CDS Financial and David Lugo deposited or attempted to deposit into the Account approximately 1,569 payments from consumer debtors nationwide totaling $488,751; nevertheless, the Account's bank statements do not evidence a single payoff of a consumer debtor account related to debt negotiation on behalf of a consumer debtor.

28. On August 15, 2024, the Department sent an e-mail to CDS Financial at support@cdsdebtrelief.com providing notice of CT Debtor 1's complaint and requiring CDS Financial's response by August 30, 2024. The Department sent additional communications to the same e-mail address on September 10, 2024, and September 26, 2024, which required CDS Financial's response. On December 16, 2025, the Department sent a letter to CDS Financial through certified mail, return receipt requested, providing notice of CDS Financial's unlicensed debt negotiation activity and requiring CDS Financial's response by December 30, 2025.

29. To date, CDS Financial has failed to respond to any of the communications from the Department or otherwise make its records available to the Commissioner.

30. The Department is aware of at least one complaint made to the Better Business Bureau from a resident from Waterbury, Connecticut, concerning her experience with CDS Financial in connection with its offered debt negotiation, debt adjustment and money transmission services ("CT Debtor 12"). In the complaint filed on January 9, 2025, CT Debtor 12 wrote that she consolidated her debts with CDS Financial in December 2023 thinking that it was a legitimate business, that she lost communication with CDS Financial in July, and that she is "out $8,000".

III. STATUTORY BASIS FOR ORDER TO MAKE RESTITUTION, ORDER TO PROVIDE DISGORGEMENT, NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE CIVIL PENALTY

Debt Negotiation Violations

31. CDS Financial engaged or offered to engage in debt negotiation with at least twelve Connecticut debtors without obtaining the required license, as more fully described in paragraphs 10, 12 through 23, inclusive, 25, 27 and 30, in violation of Section 36a-671(b) of the Connecticut General Statutes in effect at such time. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

32. CDS Financial charged fees in excess of amounts permitted by the Schedule of Maximum Fees, as more fully described in paragraphs 10, 12 through 23, inclusive, 25, 27 and 30, in violation of Section 36a-671b(b) of the Connecticut General Statutes in effect at such time. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial

pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and impose a civil penalty upon CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

33. CDS Financial entered into a contract with at least one Connecticut debtor which did not include the "Debtor's three-day right to cancel" disclosure required in Connecticut, as more fully described in paragraphs 12 through 23, inclusive, in violation of Section 36a-671b(a) of the Connecticut General Statutes in effect at such time. Such violation forms the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

34. CDS Financial and David Lugo employed a scheme, device or artifice to defraud or mislead Connecticut debtors in connection with debt negotiation, in that they enrolled Connecticut consumer debtors in a program under which CDS Financial promised to provide debt negotiation and related services, withdrew payments from the debtors' bank accounts intended to be used to settle or pay off debts, deposited such funds into an account of CDS Financial, and then misappropriated such funds by spending the funds on operating expenses, direct payments to David Lugo and other personal expenses, as more fully described in paragraphs 11 through 27, inclusive, and 30, in violation of subdivision (1) of Section 36a-671f of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial and David Lugo pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial and David Lugo pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue

an order to cease and desist against CDS Financial and David Lugo pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial and David Lugo pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

35. CDS Financial failed to comply with the debt negotiation provisions of Sections 36a-671 to 36a-671e, inclusive, of the Connecticut General Statutes, as more fully described in paragraphs 10, 12 through 23, inclusive, 25, 27 and 30, in violation of subdivision (4) of Section 36a-671f of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

36. David Lugo and Kevin Lugo, as control persons of CDS Financial, 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 debt negotiation laws and regulations, as more fully described in paragraphs 10 through 23, inclusive, 25, 27 and 30, in violation of subdivision (9) of Section 36a-671f of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against David Lugo and Kevin Lugo pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against David Lugo and Kevin Lugo pursuant to Sections 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against David Lugo and Kevin Lugo pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon David Lugo and Kevin

Lugo pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

Debt Adjustment Violations

37. CDS Financial engaged in the business of debt adjustment in connection with at least twelve Connecticut debtors without obtaining the required license, as more fully described in paragraphs 12 through 27, inclusive, and 30, in violation of Section 36a-656(a) of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-657(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-657(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

38. CDS Financial and David Lugo employed a scheme, device or artifice to defraud or mislead Connecticut consumers in connection with debt adjustment, in that they enrolled Connecticut debtors in a program under which CDS Financial promised to provide debt adjustment and related services, withdrew payments from the debtors' bank accounts intended to be used to settle or pay off debts, deposited such funds into an account of CDS Financial and then misappropriated such consumer funds by spending the funds on operating expenses, direct payments to David Lugo and other personal expenses, as more fully described in paragraphs 11 through 27, inclusive, and 30, in violation of subdivision (7) of Section 36a-661 of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial and David Lugo pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial and David

Lugo pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial and David Lugo pursuant to Sections 36a-657(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial and David Lugo pursuant to Sections 36a-657(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

39. CDS Financial failed to comply with the debt adjustment provisions of Sections 36a-655 to 36a-665, inclusive, of the Connecticut General Statutes, including, but not limited to, that CDS Financial failed to comply with Section 36a-659 of the Connecticut General Statutes by depositing payments received from debtors who are residents of Connecticut for the benefit of creditors into CDS Financial's general operating account instead of a separate bank account for the benefit of debtors, as more fully described in paragraphs 12 through 27, inclusive, and 30, in violation of subdivision (10) of Section 36a-661 of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-657(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-657(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

40. David Lugo and Kevin Lugo, as control persons of CDS Financial, 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 debt adjustment laws and regulations, as more fully described in paragraphs 11 through 27, inclusive, and 30, in violation of subdivision (15) of Section 36a-661 of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against David Lugo and Kevin Lugo pursuant to Sections 36a-657(b) and 36a-50(c) of the

Connecticut General Statutes, to issue an order to provide disgorgement against David Lugo and Kevin Lugo pursuant to Sections 36a-657(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against David Lugo and Kevin Lugo pursuant to Sections 36a-657(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon David Lugo and Kevin Lugo pursuant to Sections 36a-657(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

<u>Money Transmission Violations</u>

41. CDS Financial engaged in the business of money transmission without a license by receiving monies from consumers to be held and then transmitted to creditors on behalf of the consumers in the future, as more fully described in paragraphs 12 to 27, inclusive, and 30, in violation of Section 36a-597(a) of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon CDS Financial in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

42. CDS Financial and David Lugo employed a scheme, device or artifice to defraud or mislead Connecticut consumers, engaged in unfair or deceptive practices towards Connecticut consumers in connection with money transmissions and obtained property by fraud or misrepresentation, in that CDS Financial received money or monetary value from Connecticut consumer intended for future transmission to the consumers’ creditors pursuant to a contract between CDS Financial and the consumers, and then

failed to transmit or otherwise hold the consumer's money or monetary value, instead misappropriating the consumer funds by placing such funds in CDS Financial's operating account and converting such funds for its own use in operating expenses, cash withdrawals, direct payments to David Lugo and other personal expenses, as more fully described in 12 to 27, inclusive, and 30, in violation of subdivisions (1), (2) and (3) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, respectively. Such violations form the basis to issue an order to make restitution against CDS Financial and David Lugo pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against CDS Financial and David Lugo pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial and David Lugo pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial and David Lugo pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon CDS Financial and David Lugo in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

43. CDS Financial failed to comply with the money transmission provisions of Sections 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes and failed to perform written agreements with parties to a money transmission transaction, as more fully described in paragraphs 12 to 27, inclusive, and 30, in violation of subdivisions (4) and (8) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, respectively. Such violations form the basis to issue an order to make restitution against CDS Financial pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against CDS Financial pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon CDS Financial in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

44. David Lugo and Kevin Lugo, as control persons of CDS Financial, 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 money transmission laws and regulations, as more fully described in paragraphs 12 to 27, inclusive, and 30, in violation of subdivision (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time. Such violations form the basis to issue an order to make restitution against David Lugo and Kevin Lugo pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against David Lugo and Kevin Lugo pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against David Lugo and Kevin Lugo pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon David Lugo and Kevin Lugo pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon David Lugo and Kevin Lugo in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

*　　*　　*

45. CDS Financial failed to make its records available to the Commissioner or otherwise cooperate with the Department's Investigation, as more fully described in paragraphs 10 through 30, inclusive, in violation of Section 36a-17(e) of the Connecticut General Statutes. Such violation forms the basis to issue an order to cease and desist against CDS Financial pursuant to Section 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon CDS Financial pursuant to Section 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon CDS Financial in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation.

IV. FINDING AND STATUTORY BASIS FOR TEMPORARY ORDER TO CEASE AND DESIST

The Commissioner finds that the public welfare requires immediate action to issue a temporary order requiring CDS Financial to cease and desist from violating Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the 2026 Supplement to the General Statutes, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes; David Lugo to cease and desist from violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes; and Kevin Lugo to cease and desist from violating subdivision (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes, and requiring Respondents to take such action as set forth herein to effectuate the purposes of Section 36a-52(b) of the Connecticut General Statutes, in that the interests of Connecticut residents are being materially prejudiced by CDS Financial, under the control of David Lugo and Kevin Lugo, continuing to engage or offer to engage in debt negotiation, debt adjustment and money transmission in Connecticut without obtaining the required licenses, charging exorbitant fees from financially distressed consumers and comingling accounts holding consumer funds or otherwise not complying with the restrictions imposed on such services pursuant to Section 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes, Sections 36a-655 to 36a-665, inclusive, of the Connecticut General Statutes and Sections 36a-671 to 36a-671f, inclusive, of the Connecticut General Statutes, by CDS Financial and David Lugo using consumer payments intended to be held for payment to creditors to pay operating expenses, including draws to pay Respondents' credit cards and direct payments to David Lugo, and by

CDS Financial ultimately failing to perform promised debt negotiation, debt adjustment and money transmission services or otherwise return consumer funds.

V. TEMPORARY ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, ORDER TO PROVIDE DISGORGEMENT, NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING

WHEREAS, the Commissioner has reason to believe that Respondents have engaged in acts or conduct which forms the basis to issue an order to make restitution against Respondents pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to provide disgorgement against Respondents pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(c) of the Connecticut General Statutes, to issue an order to cease and desist against Respondents pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty upon Respondents pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes;

AND WHEREAS, the Commissioner has made the finding required under Section 36a-52(b) of the Connecticut General Statutes;

THE COMMISSIONER THEREFORE ORDERS, pursuant to the authority granted by Section 36a-52(b) of the Connecticut General Statutes, that CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial immediately **CEASE AND DESIST** from violating Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the 2026 Supplement to the General Statutes, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes, that David Lugo immediately **CEASE AND DESIST** from violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section

36a-671f of the Connecticut General Statutes, and that Kevin Lugo immediately **CEASE AND DESIST** from violating subdivision (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes. This Temporary Order to Cease and Desist shall become effective upon receipt by CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in this Temporary Order to Cease and Desist.

THE COMMISSIONER FURTHER ORDERS, pursuant to Sections 36a-17(a) and 36a-52(b) of the Connecticut General Statutes, that: Not later than fourteen (14) days from receipt of this Temporary Order to Cease and Desist, Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing, CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and/or Kevin Lugo shall provide to Emily Bochman, Staff Attorney, Consumer Credit Division, Department of Banking, 280 Trumbull Street, 16th Floor, Hartford, Connecticut 06103, or Emily.Bochman@ct.gov,

1. A list of all Connecticut consumers with whom CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial has entered into agreements for debt negotiation and related services on and after June 15, 2020. Such submission shall include: (a) a copy of each agreement, and (b) a list of each consumer's name and address and full itemization of each consumer's payments made pursuant to the agreement, specifying the dates, amounts and to whom such payments were made, amount of debt enrolled and the status of services; and

2. Copies of all contracts between CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial and any person that provides any services in connection with the debt negotiation, debt adjustment and/or money transmission services offered by CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial in Connecticut, including, but not limited to, lead generation, telemarketing, money transmission and call center support services.

THE COMMISSIONER FURTHER ORDERS, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo **MAKE RESTITUTION** of any sums obtained as a result of CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial violating Sections 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the Connecticut General Statutes in effect at such time, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes, David Lugo violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes, or Kevin Lugo violating subdivision (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes, plus interest at the legal rate set forth in Section 37-1 of the Connecticut General Statutes. Specifically, the Commissioner **ORDERS** that: Not later than thirty (30) days from the date this Order to Make Restitution becomes permanent, CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo shall make restitution as follows:

1. CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo, jointly and severally, shall repay all amounts paid to CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, plus interest, by each Connecticut consumer identified in Exhibit A attached hereto and repay any amounts received from any other Connecticut consumer who entered into an agreement for debt negotiation and related services with CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, and any fees paid by such Connecticut consumer to CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, plus interest, since June 15, 2020. Payments shall be made by cashier's check, certified check or money order; and

2. Provide evidence of such repayments to Emily Bochman, Staff Attorney, Consumer Credit Division, Department of Banking, 280 Trumbull Street, 16th Floor, Hartford, Connecticut 06103, or Emily.Bochman@ct.gov.

THE COMMISSIONER FURTHER ORDERS, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo **PROVIDE DISGORGEMENT** of any fees collected or revenue made as a result of CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial violating Sections 36a-597(a), 36a-656(a), 36a-661(7), 36a-671f(1) of the Connecticut General Statutes, Sections 36a-671(b) of the Connecticut General Statutes in effect at such time and subdivisions (1), (2) and (3) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, or otherwise misappropriating consumer funds; David Lugo, as control person of CDS Financial, violating subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, or otherwise misappropriating consumer funds; and Kevin Lugo, as control person of CDS Financial, violating Sections 36a-671f(9) and 36a-661(15) of the Connecticut General Statutes, and Section 36a-607(c)(10) of the Connecticut General Statutes in effect at such time, or otherwise misappropriating consumer funds. Specifically, the Commissioner **ORDERS** that: Not later than thirty (30) days from the date this Order to Provide Disgorgement becomes permanent, CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo shall, jointly and severally:

> Disgorge to the Department all fees or revenue received in connection with CDS Debt Relief LLC a/k/a CDS Debt Relief. LLC d/b/a CDS Financial's engaging in debt negotiation, debt adjustment or money transmission with Connecticut consumers or misappropriating of consumer funds, as stated above, since June 15, 2020, unless the fee or revenue has been paid as restitution to Connecticut consumers.

NOW THEREFORE, notice is hereby given to Respondents that the Commissioner intends to issue an order requiring CDS Financial to **CEASE AND DESIST** from violating Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the 2026 Supplement to the General Statutes, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes; David Lugo to **CEASE AND DESIST** from violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section

36a-671f of the Connecticut General Statutes, and Kevin Lugo to **CEASE AND DESIST** from violating subdivision (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes, and imposing a **CIVIL PENALTY** upon each Respondent as set forth herein, subject to each Respondent's right to a hearing on the allegations set forth above.

A hearing will be granted to each Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 280 Trumbull Street, 16th Floor, Hartford, Connecticut 06103 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following each Respondent's receipt of this Temporary Order to Cease and Desist, Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in Sections 36a-50(c), 36a-52(a) and 36a-50(a) of the Connecticut General Statutes. This Temporary Order to Cease and Desist, Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above addresses. If any Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se".

If a hearing is requested, it will be held in person at the Department's offices. Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. At the discretion of the Hearing Officer, for good cause shown, the Hearing Officer may approve requests for remote participation in the hearing by a Respondent, witness, or attorney. If such requests are approved by the Hearing Officer, such remote participation will be conducted via videoconference. If a hearing is requested, the hearing will be held on October 14, 2026, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless any Respondent fails to appear at the requested hearing. At such hearing, each Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner. Remote participation in a hearing will be held in accordance with Section 1-225a of the Connecticut General Statutes, and the Remote Hearing Guidelines available on the Department's website at https://portal.ct.gov/dob.

If CDS Financial does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against CDS Financial will be deemed admitted. Accordingly, the Order to Make Restitution and Order to Provide Disgorgement shall remain in effect and become permanent against CDS Financial, and the Commissioner will issue an order that CDS Financial cease and desist from violating Sections 36a-17(e), 36a-597(a) and 36a-656(a) of the Connecticut General Statutes, subdivisions (1), (2), (3), (4) and (8) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (10) of Section 36a-661 of the Connecticut General Statutes, Sections 36a-671(b), 36a-671b(a) and 36a-671b(b) of the 2026 Supplement to the General Statutes, and subdivisions (1) and (4) of Section 36a-671f of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation be imposed upon CDS Financial.

If David Lugo does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against David Lugo will be deemed admitted. Accordingly, the Order to Make Restitution and Order to Provide Disgorgement shall remain in effect and become permanent against David Lugo, and the Commissioner will issue an order that David Lugo cease and desist from violating subdivisions (1), (2), (3) and (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivisions (7) and (15) of Section 36a-661 of the Connecticut General Statutes, and subdivisions (1) and (9) of Section 36a-671f of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation be imposed upon David Lugo.

If Kevin Lugo does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against Kevin Lugo will be deemed admitted. Accordingly, the Order to Make Restitution and Order to Provide Disgorgement shall remain in effect and become permanent against Kevin Lugo, and the Commissioner will issue an order that Kevin Lugo cease and desist from violating subdivision (10) of Section 36a-607(c) of the 2026 Supplement to the General Statutes, subdivision (15) of Section 36a-661 of the Connecticut General Statutes, and subdivision (9) of Section 36a-671f of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars ($100,000) per violation be imposed upon Kevin Lugo.

So ordered at Hartford, Connecticut,
this 18th day of August 2026.

_/s/____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 19 day of August 2026, the foregoing Temporary Order to Cease and Desist, Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was sent by certified mail, return receipt requested, to CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, 324 Datura St, Suite 140, West Palm Beach, Florida 33401, Certified Mail No. 7022 2410 0000 9598 3002; and 999 Broadway, Suite 101, Saugus, Massachusetts 01906, Certified Mail No. 7022 2410 0000 9598 2999; David Lugo, 863 Broadway, Apt 418, Saugus, Massachusetts 01906, Certified Mail No. 7022 2410 0000 9598 2982; David Lugo, 301 Edgewater Place Suite 100, Wakefield, Massachusetts 01880, Certified Mail No. 7022 2410 0000 9598 2975; David Lugo, 26 New Park Street, Lynn, Massachusetts 01905, Certified Mail No. 7022 2410 0000 9598 2968; and Kevin Lugo, 324 Datura St., Suite 306, West Palm Beach, Florida 33401, Certified Mail No. 7022 2410 0000 9598 2951.

/s/
Swarupa Madhavan
Paralegal