
*
IN THE MATTER OF: *
*
CDS DEBT RELIEF LLC *
a/k/a CDS DEBT RELIEF, LLC *
d/b/a CDS FINANCIAL *
("CDS Financial") *
*
DAVID LUGO *
*
KEVIN LUGO *
*
("collectively, "Respondents") *
*

ORDER TO CEASE AND DESIST

AND

ORDER IMPOSING CIVIL PENALTY

I. PRELIMINARY STATEMENT

WHEREAS, 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;

WHEREAS, 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 ("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");

WHEREAS, on August 18, 2026, the Commissioner issued a 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 (collectively, “Order and Notice”) against Respondents, which Order and Notice is incorporated herein by reference;

WHEREAS, on August 19, 2026, the Order and Notice was caused to be mailed by certified mail, return receipt requested, to CDS Financial (Certified Mail Nos. 7022 2410 0000 9598 3002 and 7022 2410 0000 9598 2999), David Lugo (Certified Mail Nos. 7022 2410 0000 9598 2982, 7022 2410 0000 9598 2975 and 7022 2410 0000 9598 2968) and Kevin Lugo (Certified Mail No. 7022 2410 0000 9598 2951);

WHEREAS, the Order and Notice was deemed received by Respondents on the earlier of the date of actual receipt, or seven days after mailing or sending, pursuant to Sections 36a-52(a), 36a-50(a) and 36a-50(c) of the Connecticut General Statutes;

WHEREAS, the Order and Notice provided each Respondent with the opportunity for a hearing, and stated that if a hearing was not requested by Respondents within 14 days of its receipt or if Respondents failed to appear at any such hearing, the allegations against Respondents contained in the Order and Notice would be deemed admitted, the Order to Make Restitution and Order to Provide Disgorgement shall remain in effect and become permanent, and the Commissioner would 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; 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 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 Respondents;

WHEREAS, Respondents failed to request a hearing within the prescribed time period;

WHEREAS, the Commissioner alleged in the Order and Notice, with respect to the activity described therein, that: (1) CDS Financial engaged or offered to engage in debt negotiation with at least twelve Connecticut debtors without obtaining the required license, in violation of Section 36a-671(b) of the Connecticut General Statutes in effect at such time; (2) CDS Financial charged fees in excess of amounts permitted by the Schedule of Maximum Fees, in violation of Section 36a-671b(b) of the Connecticut General Statutes in effect at such time; (3) 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, in violation of Section 36a-671b(a) of the Connecticut General Statutes in effect at such time; (4) 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, in violation of subdivision (1) of Section 36a-671f of the Connecticut General Statutes; (5) CDS Financial failed to comply with the debt negotiation provisions of Sections 36a-671 to 36a-671e, inclusive, of the Connecticut General Statutes, in violation of subdivision (4) of Section 36a-671f of the Connecticut General Statutes; (6) 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, in violation of subdivision (9) of Section 36a-671f of the Connecticut General Statutes; (7) CDS Financial engaged in the business of debt adjustment in connection with at least twelve Connecticut debtors without obtaining the required license, in violation of Section 36a-656(a) of the

Connecticut General Statutes; (8) 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, in violation of subdivision (7) of Section 36a-661 of the Connecticut General Statutes; (9) 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, in violation of subdivision (10) of Section 36a-661 of the Connecticut General Statutes; (10) 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, in violation of subdivision (15) of Section 36a-661 of the Connecticut General Statutes; (11) 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, in violation of Section 36a-597(a) of the Connecticut General Statutes; (12) 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 consumers 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, in violation of subdivisions (1), (2) and (3) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, respectively; (13) 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, in violation of subdivisions (4) and (8) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time, respectively; (14) 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, in violation of subdivision (10) of Section 36a-607(c) of the Connecticut General Statutes in effect at such time; and (15) CDS Financial failed to make its records available to the Commissioner or otherwise cooperate with the Department's Investigation, in violation of Section 36a-17(e) of the Connecticut General Statutes. Such violations form 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;

WHEREAS, also in the Order and Notice, the Commissioner ordered, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that not later than thirty (30) days from the date the Order to Make Restitution becomes permanent, Respondents shall, jointly and severally, promptly repay all amounts paid to CDS Financial, plus interest, by each Connecticut consumer who entered into an agreement for debt negotiation and related services with CDS Financial, and any fees paid by such

Connecticut consumer to CDS Financial, plus interest, since June 15, 2020, and provide to the Division evidence of such refunds;

WHEREAS, also in the Order and Notice, the Commissioner ordered, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that not later than thirty (30) days from the date the Order to Provide Disgorgement becomes permanent, Respondents shall provide disgorgement of any fees collected or revenue received in connection with CDS Financial engaging in debt negotiation, debt adjustment or money transmission with Connecticut consumers or misappropriating consumer funds, since June 15, 2020, unless the fee or revenue has been paid as restitution to Connecticut consumers;

WHEREAS, Section 36a-52(a) of the Connecticut General Statutes provides, in pertinent part, that “[i]f the person does not request a hearing within the time specified in the notice . . . , the commissioner shall issue an order to cease and desist against the person. No such order shall be issued except in accordance with the provisions of chapter 54”;

WHEREAS, Section 36a-50(a)(2) of the Connecticut General Statutes provides, in pertinent part, that “[i]f such person does not request a hearing within the time specified in the notice . . . , the commissioner may, as the facts require, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person”;

WHEREAS, Section 36a-50(a)(3) of the Connecticut General Statutes provides that “[e]ach action undertaken by the commissioner under this subsection shall be in accordance with the provisions of chapter 54”;

AND WHEREAS, Section 36a-1-31(a) of the Regulations of Connecticut State Agencies (“Regulations”) provides, in pertinent part, that “[w]hen a party fails to request a hearing within the time specified in the notice, the allegations against the party may be deemed admitted. Without further proceedings or notice to the party, the commissioner shall issue a final decision in accordance with Section 4-180 of the Connecticut General Statutes and Section 36a-1-52 of the Regulations of Connecticut State Agencies”.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Commissioner finds that the matters asserted, as set forth in paragraphs 10 through 30, inclusive, of Section II of the Order and Notice, shall constitute findings of fact within the meaning of Section 4-180(c) of the Connecticut General Statutes, and that the conclusions, as set forth in paragraphs 31 through 45, inclusive, of Section III of the Order and Notice, shall constitute conclusions of law within the meaning of Section 4-180(c) of the Connecticut General Statutes and Section 36a-1-52 of the Regulations.

2. The Commissioner finds that Respondents have engaged in acts or conduct which forms the basis to issue an order to cease and desist against each Respondent 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 each Respondent pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes.

3. The Commissioner finds that the Order and Notice was given in compliance with Sections 36a-52(a), 36a-50(a) and 4-177 of the Connecticut General Statutes.

III. ORDER

Having read the record, **I HEREBY ORDER**, pursuant to Sections 36a-608(c), 36a-657(b), 36a-671a(b), 36a-50(a) and 36a-52(a) of the Connecticut General Statutes, that:

1. CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a 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;
2. 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;
3. 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;

4. A **CIVIL PENALTY** of One Million Two Hundred Thousand Dollars (\$1,200,000) be imposed upon CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, to be remitted to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", no later than forty-five (45) days from the date this Order is mailed;
5. A **CIVIL PENALTY** of Six Hundred Thousand Dollars (\$600,000) be imposed upon David Lugo, to be remitted to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", no later than forty-five (45) days from the date this Order is mailed;
6. A **CIVIL PENALTY** of Three Hundred Thousand Dollars (\$300,000) be imposed upon Kevin Lugo, to be remitted to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", no later than forty-five (45) days from the date this Order is mailed;
7. The **ORDER TO MAKE RESTITUTION** issued August 18, 2026, remains in effect and became permanent against CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo on September 9, 2026;
8. The **ORDER TO PROVIDE DISGORGEMENT** issued August 18, 2026, remains in effect and became permanent against CDS Debt Relief LLC a/k/a CDS Debt Relief, LLC d/b/a CDS Financial, David Lugo and Kevin Lugo on September 9, 2026; and
9. This Order shall become effective when mailed.

Dated at Hartford, Connecticut,
this 6th day of October 2026.

/s/
Jorge L. Perez
Banking Commissioner

This Order was sent by certified mail,
return receipt requested, to Respondents
on October 6, 2026.

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. 9589 0710 5270 9847 06

CDS Debt Relief LLC a/k/a/ CDS Debt Relief, LLC d/b/a CDS Financial
999 Broadway, Suite 101
Saugus, Massachusetts 01906
Certified Mail No. 9589 0710 5270 9847 13

David Lugo

[REDACTED]

[REDACTED]

Certified Mail No. 9589 0710 5270 9847 20

David Lugo

[REDACTED]

[REDACTED]

Certified Mail No. 9589 0710 5270 9847 37

David Lugo

[REDACTED]

[REDACTED]

Certified Mail No. 9589 0710 5270 9847 44

Kevin Lugo

[REDACTED]

[REDACTED]

Certified Mail No. 9589 0710 5270 9847 51