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**IN THE MATTER OF:** \*  
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**HFS FINANCIAL LLC** \*  
**NMLS # 1680766** \*  
\*  
**(“HFS Financial”)** \*  
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**CONSENT ORDER**

**WHEREAS**, the Banking Commissioner (“Commissioner”) is charged with the administration of Part III of Chapter 668, Sections 36a-555 to 36a-573, inclusive, of the Connecticut General Statutes, “Small Loan Lending and Related Activities,” as amended, and the regulations promulgated thereunder, Sections 36a-570-1 to 36a-570-17, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”);

**WHEREAS**, HFS Financial is a Maryland limited liability company with an address of 100 Owings Ct #13, Reisterstown, Maryland;

**WHEREAS**, HFS Financial has never been licensed as a small loan company in Connecticut;

**WHEREAS**, on October 27, 2025, HFS Financial applied for a small loan company license in Connecticut through the Nationwide Multistate Licensing System and Registry (“NMLS”), which application is currently pending;

**WHEREAS**, in connection with the application, the Commissioner, through the Consumer Credit Division of the Department of Banking, conducted an investigation pursuant to Section 36a-17(a) of the Connecticut General Statutes into the activities of HFS Financial 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, the Commissioner alleges that between 2023 and 2025, HFS Financial acted as a small loan company in Connecticut without the required license in connection with at least 13 transactions, in that it offered, solicited, brokered, directly or indirectly arranged, placed or found small loans for prospective Connecticut borrowers and engaged in any other activity intended to assist prospective Connecticut borrowers in obtaining small loans, including, but not limited to, generating leads, and advertised or caused to be advertised in this state a small loan or any of the services described in subdivisions (1) to (5), inclusive, of Section 36a-556(a) of the Connecticut General Statutes in effect at such time, in violation of subdivisions (2), (3) and (6) of Section 36a-556(a) of the Connecticut General Statutes in effect at such time;

**WHEREAS**, the Commissioner believes that such allegations would support initiation of enforcement proceedings against HFS Financial, including, without limitation, proceedings to issue an order to make restitution against HFS Financial pursuant to Sections 36a-570(b) and 36a-50(c) of the Connecticut General Statutes, an order to cease and desist against HFS Financial pursuant to Sections 36a-570(b) and 36a-52(a) of the Connecticut General Statutes and to impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation upon HFS Financial pursuant to Sections 36a-570(b) and 36a-50(a) of the Connecticut General Statutes;

**WHEREAS**, initiation of such enforcement proceedings would constitute a “contested case” within the meaning of Section 4-166(4) of the Connecticut General Statutes. Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by consent order, unless precluded by law;

**WHEREAS**, the Commissioner and HFS Financial acknowledge the possible consequences of formal administrative proceedings, and HFS Financial voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying the allegations set forth herein to avoid any uncertainty and business disruption that may result from formal administrative proceedings concerning the allegations set forth herein;

**WHEREAS**, the Commissioner and HFS Financial now desire to resolve the matters set forth herein;

**WHEREAS**, HFS Financial represents that it has ceased engaging in small loan company activity in Connecticut as of November 25, 2025;

**WHEREAS**, HFS represents that its website has been updated to reflect that it does not broker, arrange or generate leads on loans of \$50,000 or less with an APR of more than 12% to Connecticut residents, and further represents that this disclosure will be timely updated to reflect any relevant future legislative amendments to Section 36a-556(a) of the 2026 Supplement to the General Statutes;

**WHEREAS**, HFS Financial specifically assures the Commissioner that the violations alleged herein shall not occur in the future;

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

**WHEREAS**, HFS Financial acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and executes this Consent Order freely;

**AND WHEREAS**, HFS Financial, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegations 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**, HFS Financial, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. HFS Financial shall cease and desist from violating Section 36a-556(a) of the 2026 Supplement to the General Statutes, including, but not limited to, brokering, directly or indirectly arranging, placing or finding a small loan for a prospective Connecticut borrower and generating leads, and advertising such services without a small loan company license in Connecticut;

2. No later than the date this Consent Order is executed by HFS Financial, it shall reimburse the Connecticut borrowers identified in Exhibit A, attached hereto, in the amounts identified, which represents amounts paid by such Connecticut borrowers as a fee for HFS Financial's services while it was not licensed as a small loan company in Connecticut. HFS Financial shall provide evidence of such reimbursements and the status of such payments (i.e. cashed or outstanding) to Swarupa Madhavan, Paralegal, Consumer Credit Division, Department of Banking, 280 Trumbull Street, 16th Floor, Hartford, Connecticut 06013, or swarupa.madhavan@ct.gov within forty-five days of remittance, and shall provide any payment information requested by the Division, including, without limitation, the date a check was issued and mailed and the status of such payment, within five business days of such request. The sum of any checks which remain uncashed after the expiration of ninety (90) days shall be reduced to an additional civil penalty and HFS Financial shall remit such additional civil penalty 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 October 1, 2026;
3. No later than the date this Consent Order is executed by HFS Financial, 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 Ten Thousand Dollars (\$10,000) as a civil penalty; and
4. No later than the date this Consent Order is executed by HFS Financial, 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 One Thousand Two Hundred Dollars (\$1,200) as back licensing fees.

### **CONSENT ORDER**

**NOW THEREFORE**, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against HFS Financial based upon the allegations set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against HFS Financial 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 HFS Financial and reflected herein is subsequently discovered to be untrue;
3. Except as specifically provided herein, HFS Financial shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, HFS Financial shall not take any position 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 provision affects HFS Financial's (i) testimonial obligations; or (ii) right to take any legal or factual position that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;

4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by HFS Financial and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of HFS Financial to apply for or obtain an initial license or renewal licenses under Part III of Chapter 668, Sections 36a-555 *et seq.*, of the Connecticut General Statutes, provided that all applicable legal requirements for any such license are satisfied and the terms of this Consent Order are being followed;
5. This Consent Order shall be binding upon HFS Financial and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut  
this 12th day of May, 2026.

/s/  
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Jorge L. Perez  
Banking Commissioner

I, Joel Charkatz, state on behalf of HFS Financial LLC 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 HFS Financial LLC; that HFS Financial LLC agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that HFS Financial LLC 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: Joel B. Charkatz  
Title: Director  
HFS Financial LLC

State of: Maryland

County of: Baltimore

On this the 5 day of May 2026, before me, Alisann Frolova, the undersigned officer, personally appeared Joel Charkatz, who acknowledged himself/herself to be the Director of HFS Financial LLC, a member managed/manager managed limited liability company, and that he/she, as such Director, 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 Director.

In witness whereof I hereunto set my hand.

/s/  
Notary Public  
Date Commission Expires: 01/12/2028