

New York State Department
of Financial Services

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In the Matter of

HYPOTEC INC.
A007461

SETTLEMENT AGREEMENT

A Registered Mortgage Broker Pursuant To
Article XII-D of the New York Banking Law

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This Settlement Agreement ("Agreement") is made and entered into by and between Hypotec Inc. ("Hypotec" or "Registrant") and the New York State Department of Financial Services (the "Department" and collectively with Hypotec, the "Settling Parties") and evidences the agreement between the Parties to resolve, without a hearing, the violations of Section 102.1 (c) (1) of Supervisory Procedure MB 102 and Section 1301 (a) of the New York Business Corporation Law ("Business Corporation Law"), cited herein by the Department, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Hypotec, headquartered at 11900 Biscayne Boulevard, Suite 106, Miami, Florida 33181, was granted a registration by the Department on January 14, 2014 to engage in business as a mortgage broker pursuant to Article 12-D of the New York Banking Law ("Banking Law").

2. Sections 44 and 598 of the Banking Law provides, in part, that the Superintendent of Financial Services (the "Superintendent") may, in a proceeding after notice and a hearing, require a registered mortgage broker to pay to the people of this State a penalty for a violation of the Banking Law and/or any regulation promulgated thereunder.

3. 3 NYCRR Section 38.8 provides that a mortgage broker may be subject to disciplinary action by the Department for, among other things, violations of Article 12-D of the Banking Law, the regulations promulgated thereunder, or violations of state or federal law indicating that the registrant is unfit to engage in the business of a mortgage broker.

4. Hypotec received authorization from the Secretary of State of New York on January 23, 2013 as a foreign corporation authorized to conduct business in New York.

5. During a review of Hypotec's corporate records, the Department noted that the New York Department of State ("Department of State") records indicated that the Registrant's authority to conduct business in New York as a foreign entity was annulled on October 26, 2016.

6. For the period that Hypotec's authority was annulled, Hypotec maintained an active registration with the Department, and conducted mortgage brokerage activities in connection with properties located in New York.

7. As a result, Hypotec violated Section 1301(a) of the Business Corporation Law, which prohibits a foreign corporation from doing business in this state unless it is authorized to do so.

8. Furthermore, the Registrant failed to notify the Department of its corporate dissolution in violation of Section 102.1 (c) (1) of Supervisory Procedure MB 102, pursuant to which the Registrant certified that the Superintendent will be promptly advised of any changes that may occur in the information furnished in the application subsequent to the date when the information was furnished.

9. Hypotec's authority as a foreign corporation authorized to conduct business in this state was reinstated by the Department of State, effective June 16, 2017.

II

SETTLEMENT TERMS AND CONDITIONS

Hypotec is willing to resolve the violations by entering into this Agreement and freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598 on such violation. Therefore, in consideration of the promises and covenants set forth herein:

1. Hypotec agrees to take all necessary steps to ensure its compliance with all applicable federal and state laws, regulations, and supervisory requirements relating to its mortgage business.

2. Hypotec agrees to pay a fine of \$2,500 payable in ten (10) equal monthly installments as follows:

- \$250 upon execution of this Agreement, and
- \$250 each on or before the 15th day of each consecutive month for the following two (2) months.

3. Hypotec further agrees that such installment shall be made in immediately available funds in accordance with the Department's payment instructions. Failure to make timely payment on any of the installments shall result in immediate revocation of Hypotec' registration.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. Hypotec acknowledges that its failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke Hypotec's registration to engage in business as a mortgage broker in this state.

2. Hypotec acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local agency or department or any prosecutorial authority from taking any other action affecting Hypotec, any of its current or former owners, officers, directors, employees, or insiders, or their successors or assigns with respect to the violation cited herein, or any other matter whether related or not to such violations.

3. This Agreement may not be altered, modified or changed unless in writing signed by the Superintendent or her designee.

4. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or her designee.

5. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent's designee.

6. All written communications to the Department regarding this Agreement should be sent as follows.

Attention:

Rholda L. Ricketts
Deputy Superintendent
New York State Department of Financial Services
One State Street,
New York, New York 10004

7. All written communications to Hypotec regarding this Agreement should be sent as follows.

Attention:

Fredric Abitbol
President
Hypotec Inc.
11900 Biscayne Boulevard, Suite 106
Miami, Florida 33181

8. This Agreement is not confidential; therefore it is available to the public.

WHEREFORE, the Parties hereto have caused this Agreement to be executed.

Hypotec Inc.

By: _____ / S / _____

Fredric Abitbol
President

Dated: _____

New York State Department of Financial Services

By: _____ / S / _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____