

*State of New York*  
*Department of Financial Services*

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In the Matter of

**WC FINANCIAL IN LIEU OF TRUE NAME  
WARSHAW CAPITAL, LLC  
A006460**

**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 WC Financial in lieu of its true corporate name Warshaw Capital, LLC ("WC Financial") and the State of New York Department of Financial Services ("Department"), collectively the ("Settling Parties"), evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations cited herein by WC Financial of New York State Banking Law Article 12-D, and Part 38 of the General Regulations of the Banking Board ("General Regulations") upon and subject to the terms and conditions hereof.

On October 3, 2011, the Department of Financial Services succeeded to the rights, powers, duties and obligations of the New York State Banking Department. The Superintendent of Financial Services ("Superintendent") similarly succeeded to the Superintendent of Banks. Also, the Banking Board's powers were assumed by the Superintendent.

## I.

### RECITALS

1. WC Financial, headquartered at 500 Summer Street, Suite 204, Stamford, CT 06901 was granted a registration by the Department of Financial Services April 11, 2006 to engage in the business of a mortgage broker pursuant to Article 12-D of the New York Banking Law (“Banking Law”).

2. Section 44 of the Banking Law provides, in part, that the New York Superintendent of Financial Services (“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 any regulation promulgated thereunder.

3. Part 38 Section 38.8 of the General Regulations, provide 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 entity is unfit to engage in the business of a mortgage broker.

4. During a review in 2009, inconsistencies were discovered between the Department’s and the NMLS’ data bases, mainly, that WC Financial was found to be using the unauthorized website [www.warshawcapital.com](http://www.warshawcapital.com). Later while processing a website authorization application submitted by WC Financial in December of 2009, it came to the Department’s attention that WC Financial also was conducting business under the name Warshaw Capital, LLC on this website. Furthermore, the Department industry letter entitled “Recording

Domain Names,” located on the website at [www.banking.state.ny.us/mb000601.htm](http://www.banking.state.ny.us/mb000601.htm) requires that all business addresses, including URL’s/domain names, used by a mortgage banker or a mortgage broker be reported to the Department. For the purposes of Article 12-D of the Banking Law, the domain name of any website used by a licensee/registrant to conduct mortgage banking or brokering activity qualifies as a business address.

5. The Department’s records reflect that WC Financial is only authorized to conduct New York regulated mortgage activities using the name WC Financial or WC Financial in lieu of Warshaw Capital, LLC and was not authorized to use the website [www.warshawcapital.com](http://www.warshawcapital.com) until December 3, 2010. On February 3, 2010, a Cease and Desist Order was sent to WC Financial.

6. Accordingly, WC Financial violated Article 12-D, Section 593-a of the Banking Law, which prohibits a mortgage broker from conducting business in a name different than that shown on their license or branch certificate. Additionally, WC Financial failed to include the legend “Registered Mortgage Broker-NYS Banking” on this website [www.warshawcapital.com](http://www.warshawcapital.com). The website also did not contain a statement that the “mortgage broker arranges mortgage loans with third party providers”.

7. Accordingly, WC Financial violated Part 38 Section 38.2(a) of the General Regulations, which provide that no mortgage broker shall advertise its business in New York in print or electronic media without including the legend “Registered Mortgage Broker-NYS Banking Department.”

8. Accordingly, WC Financial violated Part 38 Section 38.2(d) of the General Regulations, which provides that any advertisement by a mortgage broker must contain a statement to the effect that the mortgage broker arranges mortgage loans with third party providers.

## II.

### SETTLEMENT TERMS AND CONDITIONS

Without admitting or denying the Department's findings, WC Financial is willing to resolve the violations cited herein by entering into this Agreement and freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598. Therefore, the Settling Parties agree, as follows:

1. WC Financial shall not:
  - a. Conduct or transact business in this state under any assumed name or designation that has not been approved by the Superintendent;
  - b. Use a website that has not been approved by the Superintendent or transact business in this state at any location that has not been approved by the Superintendent;
2. WC Financial 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, including, but not limited to:

- a. Complying with the advertising requirements of Article 12-D and 12-E of the New York Banking Law, and Part 38 of the General Regulations;
- b. Ensuring that all advertisements and websites utilized by WC Financial comply with the advertising requirements of Part 38.2;
- c. Ensuring that it does not use or conduct business under any name or designation other than its real name or the name that is identified on its mortgage banking license; and

3. WC Financial agrees to pay a fine of \$5,000 payable in two (2) installments as follows:

- \$2,500 upon execution of this Agreement and
- \$2,500 on or before the 15<sup>th</sup> day of the immediately following month.

WC Financial further agrees that such payment will be made in immediately available funds in accordance with Department payment instructions.

4. WC Financial agrees to develop appropriate written advertisement policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements, and guidelines. The policies and procedures shall, at a minimum: (i) designate one or more individuals responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements, and guidelines; (ii) include a listing of all applicable laws, regulations, and truth in advertising guidelines; (iii) establish a mechanism for ensuring that all applicable laws, regulations, and

truth in advertising guidelines are met; (iv) establish a training program to ensure that WC Financial and its employees involved in preparing or approving advertisements understand all applicable federal and state laws, regulations, and truth in advertising guidelines.

5. Within ninety (90) days from the effective date of this Agreement, WC Financial agrees to submit a draft of its operation and compliance manual to the Department.

6. Within one hundred twenty (120) days from the effective date of this Agreement, WC Financial agrees to submit a draft of its advertisement policies and procedures to the Department together with a letter from an authorized officer of WC Financial indicating his/her approval of such policies and procedures. WC Financial further agrees to provide copies of all advertisements run for consumers in New York for the twelve month period following the effective date of this Agreement.

### **III.**

#### **MISCELLANEOUS TERMS AND CONDITIONS**

1. The Settling Parties acknowledge that WC Financial in lieu of Warshaw Capital, LLC's failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department of Financial Services taking action to revoke WC Financial in lieu of Warshaw Capital, LLC's license to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. The Settling Parties acknowledge 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 WC Financial in lieu of Warshaw Capital, LLC's, any of its current or former owners, officers, directors, employees, or insiders, or their successors or assigns with respect to the violations 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 his designee.

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

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

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

Attention:

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

7. All written communications to WC Financial in lieu of Warshaw Capital, LLC regarding this Agreement should be sent as follows.

Attention:

Michael D. Warshaw  
WC Financial  
In lieu of true name Warshaw Capital LLC  
500 Summer Street, Suite 204  
Stamford CT 06901

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

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

By: \_\_\_\_\_  
Michael D. Warshaw  
WC Financial  
In lieu of true name Warshaw Capital LLC

Dated:

By: \_\_\_\_\_  
Rhoda L. Ricketts  
Deputy Superintendent  
State of New York Department of Financial Services

Dated: