

New York State
Department of Financial Services

-----X
In the Matter of

PFS, INC.
A003778

SETTLEMENT AGREEMENT

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

This Settlement Agreement ("Agreement") is made and entered into by and between PFS Inc. ("PFS", "Registrant") and the New York State Department of Financial Services (the "Department") (collectively, the "Settling Parties"), evidencing an agreement between the Settling 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. PFS, incorporated under the laws of Connecticut and headquartered at 177 North Street, Easton, CT 06612, was granted a registration by the Department on April 26, 1994 to engage in the business of a mortgage broker pursuant to Article XII-D of the New York Banking Law ("Banking Law").
2. PFS received authority to engage in business under the laws of the State of New York as a foreign corporation on September 22, 1993.
3. Section 44 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 any regulation promulgated thereunder.

4. Section 38.8 of the General Regulations of the Banking Board 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 entity is unfit to engage in the business of a mortgage broker.

5. During a review of PFS’ corporate status, the Department noted that the New York Department of State (“Department of State”) records indicated that the entity’s authority to do business in New York was terminated by proclamation on September 24, 1997.

6. On June 6, 2012, the Department notified the Registrant that as a result of the termination, it no longer had authority to do business in this State, and, therefore the Department no longer considers it a registered mortgage broker.

7. According to PFS’ Volume of Operations Report it indicates that PFS conducted mortgage activities in connection with properties located in New York for years 2000, 2001, 2003, 2005 and 2007 to 2010. PFS’ application log also shows that PFS conducted mortgage activities in connection with properties located in New York in 2012, the period during when its authority to conduct business in New York was terminated.

8. Accordingly, PFS violated Section 1301(a) of the Business Corporation Law, which states that a foreign corporation shall not do business in this state unless it is authorized to do so.

9. Furthermore, the Registrant failed to notify the Department of its termination of corporate authority in New York in violation of Section 102.1(c) (1) of Supervisory Procedure MB 102, which requires that the Registrant promptly advise the Superintendent of any

changes which occur in the information furnished in the application subsequent to the date upon which the information was furnished.

10. PFS was reinstated with the Department of State, effective November 16, 2012.

II.

SETTLEMENT TERMS AND CONDITIONS

The Registrant 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 on such violations. Therefore, in consideration of the promises and covenants set forth herein, the Settling Parties agree, as follows:

1. The Registrant 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. The Registrant agrees to pay a fine of \$5,000 in ten monthly installments, with the first installment of \$500 due upon execution of this Agreement. The remaining nine payments of \$500 are due by the 15th of each successive month until the fine is fully paid.
3. The Registrant further agrees that such payment will be made in immediately available funds in accordance with Department payment instructions. Failure to make timely payments on any of the installments shall result in immediate revocation of PFS' registration.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. The Settling Parties acknowledge that the Registrant's failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke PFS' registration to engage in the business of a mortgage broker.
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 PFS, 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 and 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 or her designee.

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

Attention:

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

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

Attention:

Kathleen D. O'Brien
PFS, Inc.
Vice President
177 North Street
Easton, CT 06612

8. This Agreement is not confidential; the Settling Parties understand that it may be made available to the public.

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

PFS, Inc.

By: _____

Francis E. O'Brien
President

Dated: _____

By: _____

Kathleen D. O'Brien
Vice President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____