



NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
ONE STATE STREET
NEW YORK, NEW YORK 10004

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In the Matter of :
GUARANTR, INC., D/B/A THEGUARANTORS :
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CONSENT ORDER

The New York State Department of Financial Services (the “Department”) and Guaranttr, Inc., doing business as TheGuarantors (the “Company”) (collectively, the “Parties”) are willing to resolve the matters described herein without further proceedings.

WHEREAS, the Department investigated the Company’s lease rental bond program of and whether the insurance rates filed in connection with the program departed from the rates offered to consumers in violation of New York Insurance Law § 2314;

WHEREAS, the Company cooperated with the investigation, including a voluntary cessation of offering lease rental bonds that departed from the filed rates; and

NOW THEREFORE, to resolve this matter without further proceedings pursuant to the Superintendent’s authority under New York Insurance Law § 2321, the Department finds as follows:

THE DEPARTMENT'S FINDINGS

Introduction

1. Licensed as Guaranttr, Inc., and doing business as TheGuarantors, the Company is a licensed insurance producer based in New York, New York, that offers lease rental bonds underwritten by certain licensed insurance companies in New York.

2. A lease rental bond is an insurance product that assists prospective tenants in securing residential leases that they otherwise might not qualify for given a variety of factors, including lack of credit history, poor credit, citizenship or residency status, income level, employment status or history, and/or level of education.

3. Although purchased by the tenant, sometimes lease rental bonds are required by the landlord as they are designed to protect the landlord in the event a tenant fails to tender the agreed-upon rent during the tenancy. The insurance product increases the pool of viable tenants and rental units, benefiting both landlords and consumers in search of housing.

Events at Issue

4. Prior to the Department's involvement, the Company was offering nine-month lease rental bonds with respect to 12-month leases where tenants were able to provide a lump sum totaling up to three months of rent to compensate for the three-month lapse between the coverage period and the duration of the lease.

5. The premium collected for such nine month lease rental bonds was prorated to roughly 75% of the cost of a standard 12-month lease rental bond so the premium charged would be commensurate with the amount of the bond.

6. Although such lease rental bonds only provided nine months of coverage, they were filed with and approved by the Department as 12-month bonds with a rate commensurate to 12 months of coverage.

7. The Department also investigated issues related to the miscategorization of foreign nationals as “U.S. Residents” and an Advertising and Referral Agreement, with which the Company cooperated (“Additional Issues”).

Violations of Law

8. The Company violated Insurance Law § 2314.

NOW THEREFORE, to resolve this matter without further proceedings, the Department and the Company stipulate and agree to the following terms and conditions:

SETTLEMENT PROVISIONS

Monetary Penalty

9. No later than ten (10) days after the Effective Date (as defined below) of this Consent Order, the Company shall pay a total civil monetary penalty pursuant to New York Insurance Law § 2321 to the Department in the amount of \$199,000. The payment shall be in the form of a wire transfer in accordance with instructions provided by the Department.

10. The Company shall not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

11. The Company shall neither seek nor accept, directly or indirectly, reimbursement or indemnification with respect to payment of the penalty amount, including but not limited to payment made pursuant to any insurance policy.

12. In assessing a penalty for violations of New York Insurance Law § 2314, the Department has taken into account factors that include, without limitation, the extent to which the entity has cooperated with the Department in the investigation of such conduct, the gravity of the violations, and such other matters as justice and the public interest may require.

Remediation

13. The new rate filings were submitted to, and approved by the Department in 2019, thereby rectifying the violations in the lease rental bond program. The Company will continue to utilize only approved rate filings for lease rental bonds.

14. The Company agrees to fix its problematic Advertising and Referral Agreement with PC Insurance so that it complies with the Insurance Law and regulations promulgated thereunder.

Full and Complete Cooperation

15. The Company commits and agrees that it will fully cooperate with the Department regarding all terms of this Consent Order.

Further Action by the Department

16. No further action will be taken by the Department against the Company or its successors for the conduct set forth in this Consent Order. Furthermore, no further action will be taken by the Department against the Company for conduct in connection with the Department's investigation including but not limited to, the Additional Issues.

17. Notwithstanding any other provision in this Consent Order, however, the Department may undertake additional action against the Company if such action is unrelated to the Consent Order and/or Additional Issues, and/or to issues that were requested but not

disclosed in the presentations or written materials submitted to the Department by the Company in connection with this matter.

Waiver of Rights

18. The Company submits to the authority of the Superintendent to effectuate this Consent Order.

19. The Parties understand and agree that no provision of this Consent Order is subject to review in any court, tribunal, or agency outside of the Department.

Parties Bound by the Consent Order

20. This Consent Order is binding on the Parties, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or any law enforcement authority.

Breach of Consent Order

21. In the event that the Department believes the Company to be in material breach of the Consent Order, the Department will provide written notice to the Company and the Company must, within ten (10) business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

22. The Company understands and agrees that its failure to make the required showing within the designated time period shall be presumptive evidence of the Company's breach. Upon a finding that a breach of this Consent Order has occurred, the Department has all the remedies available to it under New York Insurance Law and New York Financial Services Law, and any other applicable laws, and may use any evidence available to the Department in any ensuing hearings, notices, or orders.

Notices

23. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

Matthew Quinones
Assistant Deputy Superintendent for
Consumer Protection and Financial Enforcement
One State Street
New York, New York 10004

For The Company:

Julien Bonneville
Chief Executive Officer
7 World Trade Center
New York, New York 10007

With a courtesy copy via email to julien.bonneville@theguarantors.com and a copy to:

Sari Gabay, Esq.
Gabay & Bowler
48 West 21st Street, Suite 1000
New York, New York 10010

With a courtesy copy via email to gabay@gabaybowler.com.

Miscellaneous

24. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.

25. This Consent Order may not be altered, modified, or changed unless in writing and signed by the parties hereto.

26. This Consent Order constitutes the entire agreement between the Parties and supersedes any prior communications, understanding, or agreements, whether written or oral, concerning the subject matter of this Consent Order.

27. Each provision of this Consent Order shall remain effective and enforceable against the Company, its successors, and assigns, until stayed, modified, suspended, or terminated by the Department.

28. In the event that one or more provisions contained in this Consent Order shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.

29. No promise, assurance, representation, or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of this Consent Order.

30. Nothing in this Consent Order shall be construed to prevent any consumer or any other third party from pursuing any right or remedy at law.

31. This Consent Order may be executed in one or more counterparts and shall become effective when such counterparts have been signed by each of the Parties hereto (the "Effective Date").

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IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed on the dates set forth below.

**NEW YORK STATE DEPARTMENT OF
FINANCIAL SERVICES**

GUARANTR, INC.

By: /s/ Matthew Quinones
MATTHEW QUINONES
Assistant Deputy Superintendent
Consumer Protection and Financial
Enforcement

June 27, 2022

By: /s/ Julien Bonneville
Name: Julien Bonneville
Title: CEO

June 20, 2022

By: /s/ Christopher B. Mulvihill
CHRISTOPHER B. MULVIHILL
Deputy Superintendent
Consumer Protection and Financial
Enforcement

June 27, 2022

By: /s/ Kevin R. Puvalowski
KEVIN R. PUVALOWSKI
Acting Executive Deputy Superintendent
Consumer Protection and Financial
Enforcement

June 28, 2022

THE FOREGOING IS HEREBY APPROVED. IT IS SO ORDERED.

/s/ Adrienne A. Harris
ADRIENNE A. HARRIS
Superintendent of Financial Services

June 28, 2022