

New York State Department
of Financial Services

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In the Matter of

HARLEQUIN CAPITAL CORP.
A006942

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 Harlequin Capital Corp. ("Harlequin" or the "Originating Entity") and the New York State Department of Financial Services (the "Department" and collectively with the Originating Entity, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations by Harlequin of Article 12-D of the New York Banking Law (the "Banking Law"), and Part 420 of the Superintendent's Regulations, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. The Originating Entity, headquartered at 800 Veterans Memorial Highway, Suite 120, Hauppauge, NY 11788 was registered by the Department on July 10, 2007 to engage in business as a mortgage broker pursuant to Article 12-D of the Banking Law.

2. Sections 44 and 598 of the Banking Law provide, in part, that 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. Section 38.8 of the General Regulations 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.

Unauthorized Domain Names

4. Pursuant to the Department's June 1, 2000 Industry Letter, the domain name of any website used by a licensee or registrant to conduct mortgage banking or brokering activity qualifies as a business address.

5. The Department determined that during a period including June 2014, the Originating Entity used the domain name and website "harlequincapitalcorp.com" to promote mortgage loans relating to properties located in this State without prior authorization from the Department. A sample of this website is annexed as Exhibit A.

6. According to the Department records, the Department did not authorize the Originating Entity to solicit regulated New York mortgage business utilizing the domain name above.

7. Accordingly, the Originating Entity violated Section 591-a(2) of the Banking Law, which requires registrants to apply for and receive permission prior to using a specific business address.

Failure to Make Adequate Determination Regarding MLO's Mortgage Loan Activities

8. Additionally, the Department has determined that during a period including August 2014, mortgage loan originator ("MLO") Joseph F. Schlagete NMLS #138261, solicited mortgage loans relating to properties in this State, utilizing the domain name and website "myrmagent.com/seniorhelpny." A sample of this website is annexed as Exhibit B.

9. During the period of time in question, the MLO was sponsored by the Originating Entity. According to the Department's records, neither the Originating Entity nor the MLO were authorized to use the domain name "myrmagent.com/seniorhelpny."

10. Accordingly, the Originating Entity violated 3 NYCRR Section 420.18(a)(3)(v), by allowing its sponsored MLO to originate loans from an unregistered location.

II

SETTLEMENT TERMS AND CONDITIONS

Harlequin 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 violations. Therefore, in consideration of the promises and covenants set forth herein:

1. Harlequin 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 requirements of Article 12-D of the Banking Law, and Part 38 of the General Regulations;
- b. ensuring that it will provide appropriate training for its employees regarding the utilization of any location to conduct regulated mortgage business, assumed name or any website, domain, or other name; and
- c. not conducting or transacting business in this state under any name, assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent.

2. Harlequin agrees to develop appropriate written advertisement policies and

procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The advertisement policies and procedures shall, at a minimum: (i) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (ii) establish a training program to ensure that Harlequin and its employees involved in loan origination understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. Within ninety (90) days from the effective date of this Agreement, Harlequin agrees to submit a draft of its advertisement policies and procedures to the Department for review.

4. Within thirty (30) days of receipt of non-objection or any comments from the Department, and after incorporation and adoption of all comments, Harlequin agrees to submit a copy of its final advertisement policies and procedures to the Department together with a letter from an authorized officer of Harlequin indicating his/her approval of such advertisement policies and procedures.

5. Harlequin agrees to pay a fine of \$7,500 payable in twelve (12) equal monthly installments as follows:

- \$625 upon execution of this Agreement, and
- \$625 each on or before the 15th day of each consecutive month for the following eleven (11) months.

6. Harlequin further agrees that such payment will be made in immediately available funds in accordance with the Department's payment instructions.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. Harlequin 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 Harlequin's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. Harlequin 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 Harlequin, 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 for Mortgage Banking.

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 Harlequin regarding this Agreement should be sent as follows.

Attention:

Danielle Lettiere
President
Harlequin Capital Corp.
800 Veterans Memorial Highway, Suite 120
Hauppauge, NY 11788

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.

Harlequin Capital Corp.

By: _____

Danielle Lettiere
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____