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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: )  
13 THE COMMISSIONER OF BUSINESS ) CRMLA NO.: 413-1280  
14 OVERSIGHT, ) STATEMENT IN SUPPORT OF ORDER TO  
15 Complainant, ) DISCONTINUE VIOLATIONS PURSUANT  
16 v. ) TO FINANCIAL CODE SECTION 50321  
17 HARTFORD FINANCIAL SERVICES, INC., )  
18 Respondent. )  
19 )  
20 )

21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), alleges and charges  
22 as follows:

23 I.  
24 INTRODUCTION

25 1. Hartford Financial Services, Inc. is a residential mortgage lender and residential loan servicer  
26 licensed by the Commissioner (CRMLA License No. 413-1280), pursuant to the California Residential  
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1 Mortgage Lending Act (CRMLA) as set forth in Financial Code section 50000 et seq.<sup>1</sup>

2 2. Hartford Financial Services, Inc. has its principal place of business at 1750 East Golf Road,  
3 Suite 140, Schaumburg, Illinois 60173.

4 3. The Commissioner is authorized to administer and enforce the provisions of the CRMLA.

5 4. The Commissioner brings this action to order Hartford Financial Services, Inc. to discontinue  
6 violations of law pursuant to Financial Code section 50321.

7 **II.**

8 **VIOLATIONS OF CRMLA**

9 5. As of March 2, 2018, the Department detected four violations of law by Hartford Financial  
10 Services, Inc., as specified below.

11 **A. Failing to File Annual Report**

12 6. Financial Code section 50401, subdivision (a) provides that each CRMLA licensee must pay an  
13 annual assessment, and that “[i]n order for the commissioner to calculate the assessment...each  
14 licensee shall file an annual report for the calendar year just ended containing the information required  
15 by the commissioner on or before March 1 of the year in which the assessment is to be calculated.”

16 7. Financial Code section 50307, subdivision (a) further provides that “[e]ach residential  
17 mortgage lender or servicer licensee shall file a report with the commissioner annually, on or before  
18 the first day of March, giving the relevant information that the commissioner reasonably requires to  
19 make the calculation required by subdivision (a) of Section 50401.”

20 8. On or about January 11, 2018, the Commissioner posted a notice on the Department of  
21 Business Oversight’s (DBO) website instructing licensees on how to submit their 2017 CRMLA  
22 annual report.

23 9. To date, Hartford Financial Services, Inc. failed to submit its annual report. Thus, it violated  
24 section 50401.

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28 <sup>1</sup> All further section references are to the California Financial Code.

1           **B. Failing to Pay \$1,000.00 Fine**

2 10.     Financial Code section 50326 provides that a licensee “shall forfeit to the people of the state a  
3 sum of up to one hundred dollars (\$100) for every day up to the 10th day” when a licensee fails “to  
4 make any report required by law or by the commissioner within 10 days from the day designated for  
5 the making of the report.”

6 11.     Hartford Financial Services, Inc. failed to submit its annual report that was due on or before  
7 March 1, 2018.

8 12.     The Commissioner need not provide notice of the due date of the annual report required under  
9 Financial Code sections 50401, subdivision (a) and 50307, subdivision (a).

10 13.     Nonetheless, on March 10, 2018, the Commissioner informed Hartford Financial Services, Inc.  
11 through the Nationwide Mortgage Licensing System that its annual report was past due.

12 14.     To date, Hartford Financial Services, Inc. failed to pay the \$1,000.00 fine provided by law.  
13 Therefore, it violated section 50326.

14           **C. Failing to Submit Audited Financial Statements and Failing to Pay \$1,000.00 Fine**

15 15.     Financial Code section 50200, subdivision (a), states in relevant part, that at the end of the  
16 licensee’s fiscal year “... each licensed residential mortgage lender or servicer shall cause its books  
17 and accounts to be audited by an independent certified public accountant...” Section 50200,  
18 subdivision (d), further states, “the audit report shall be filed with the commissioner within 105 days  
19 of the end of the licensee’s fiscal year.”

20 16.     The fiscal year of Hartford Financial Services, Inc. ended on December 31, 2017. Yet, if failed  
21 to file the audit report in violation of section 50200.

22 17.     In addition, Hartford Financial Services, Inc. failed to pay the \$1,000.00 fine thereby violating  
23 section 50326, since no audit report has been filed.

24           **D. Failing to Maintain Surety Bond**

25 18.     Financial Code section 50205 requires a residential mortgage lender or servicer to maintain a  
26 surety bond in the amount of \$50,000.00. On May 24, 2018, the surety bond of Hartford Financial  
27 Services, Inc. had been cancelled by its insurance carrier, Aegis Security Insurance Co.

28 19.     Because Hartford Financial Services, Inc. failed to maintain a surety bond, it violated Financial

1 Code section 50205.

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**III.**

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**ORDER TO DISCONTINUE VIOLATIONS**

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Financial Code section 50321 provides that if, after investigation, the Commissioner has reasonable grounds to believe that any licensee has violated any law binding upon it, the Commissioner shall, by written order addressed to the licensee, direct the discontinuance of the violation.

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WHEREFORE, good cause showing, and pursuant to section 50321, the Commissioner prays for an order directing Hartford Financial Services, Inc. to discontinue violating Financial Code sections 50401, 50326, 50205, and 50200.

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Dated: June 22, 2018  
Sacramento, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

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By \_\_\_\_\_  
TIMOTHY L. Le BAS  
Senior Counsel  
Enforcement Division

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