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**IN THE MATTER OF:**

**THE LLOYD WARD GROUP, PC  
d/b/a LLOYD WARD GROUP II  
a/k/a THE LLOYD WARD  
GROUP PC2**

("Respondent")

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**I. LEGAL AUTHORITY AND JURISDICTION**

The Banking Commissioner ("Commissioner") is charged with the administration of Sections 36a-671 to 36a-671d, inclusive, of the Connecticut General Statutes contained in Part II of Chapter 669 of the Connecticut General Statutes, "Debt Adjusters and Debt Negotiation".

Pursuant to the authority granted by Section 36a-17(a) of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division of the Department of Banking, has investigated the activities of Respondent to determine if it has violated, is violating or is about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner.

Section 36a-17(a) of the Connecticut General Statutes provides that:

The commissioner, in the commissioner's discretion, may make such public or private investigations or examinations within or outside this state, concerning any person subject to the jurisdiction of the commissioner, as the commissioner deems necessary to carry out the duties of the commissioner.

Section 36a-52 of the Connecticut General Statutes provides, in pertinent part, that:

(a) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any provision of the general statutes within the jurisdiction of the commissioner, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt, or seven days after mailing or sending. Any such notice shall include: (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes . . . alleged to have been violated; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. . . . If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice, unless the person fails to appear at the hearing. After the hearing, the commissioner shall determine whether an order to cease and desist should be issued against the person named in the notice. . . . If the person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner shall issue an order to cease and desist against the person. No such order shall be issued except in accordance with the provisions of chapter 54.

(b) If the commissioner finds that the public welfare requires immediate action, the commissioner may incorporate a finding to that effect in the notice sent in accordance with subsection (a) of this section and issue a temporary order requiring the person to cease and desist from the activity which constitutes such alleged violation and to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of the section. Such temporary order shall become effective upon receipt of the notice, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

Section 36a-52(a) of the Connecticut General Statutes provides, in pertinent part, that:

(1) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, . . . the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending. Any such notice shall include: (A) a statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes . . . alleged to have been violated; (D) a short and plain statement of the matters asserted; (E) the maximum penalty that may be imposed for such violation; and (F) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice.

(2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such person fails to appear at the hearing. After the hearing, if the commissioner finds that the person has violated any such provision, . . . the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by law, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person. . . . If such person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner may, as the facts require, order that a civil penalty not exceeding one hundred thousand dollars per violation be imposed upon such person.

(3) Each action undertaken by the commissioner under this subsection shall be in accordance with the provisions of chapter 54.

Section 36a-671a(c) of the Connecticut General Statutes provides, in pertinent part, that:

Upon compliance, the Banking Commissioner may review any fees or charges assessed by a person offering debt negotiation services and order the reduction of such fees or charges or repayment of such amount of the fees or charges that the commissioner deems excessive, taking into consideration the fees that other persons performing similar debt negotiation services charge for such services and the benefit to the consumer of such services. . . .

**II. MATTERS ASSERTED**

1. Respondent is a Texas corporation with a place of business at 17120 N. Dallas Parkway, Suite 235, Dallas, Texas.
2. On or about May 24, 2010, a Connecticut resident, while physically present in this state, entered into a Client Services Agreement with Respondent for debt negotiation services for specified unsecured debts.
3. From May 24 through September 22, 2010, the Connecticut resident remitted payments totaling \$2,668.74 to Respondent for such debt negotiation services, in excess of amounts that debt negotiators may charge for services pursuant to the Schedule of Maximum Fees established by the Commissioner on or about October 1, 2009 ("Schedule of Maximum Fees") and prior to Respondent fully performing the debt negotiation services.
4. From at least October 1, 2009 to the present, Respondent engaged in debt negotiation services in this state on behalf of at least forty-nine (49) other Connecticut residents who negotiated or agreed to contract terms concerning their unsecured debt while in this state and remitted total payments of at least \$66,130.85 to Respondent.
5. From November 2009 through June 2010, at least forty-nine (49) Connecticut residents remitted payments to Respondent for such debt negotiation services, in excess of amounts that debt negotiators may charge for services pursuant to the Schedule of Maximum Fees.
6. On March 28, 2011, the Connecticut resident identified on Exhibit A filed a complaint against Respondent concerning the fees paid to Respondent for debt negotiation services.
7. At no time relevant hereto was Respondent licensed to engage or offer to engage in debt negotiation in this state, nor did Respondent qualify for an exemption from licensure.

**III. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY**

Section 36a-671 of the Connecticut General Statutes provides, in pertinent part, that:

(a) As used in this section and sections 36a-671a to 36a-671d, inclusive, (1) "debt negotiation" means, for or with the expectation of a fee, commission or other valuable consideration, an attempt to negotiate on behalf of a debtor the terms of a debtor's obligations with one or more mortgagees or creditors of the debtor . . . [and] (2) "debtor" means any individual who has incurred indebtedness or owes a debt for personal, family or household purposes . . .

(b) No person shall engage or offer to engage in debt negotiation in this state without a license issued under this section for each location where debt negotiation will be conducted. . . . A person is engaging in debt negotiation in this state if such person: . . . (2) has a place of business located outside of this state and the debtor is a resident of this state who negotiates or agrees to the terms of the services contract in person, by mail, by telephone or via the Internet while physically present in this state. . . .

Section 36a-671a(b) of the Connecticut General Statutes provides, in pertinent part, that:

Whenever it appears to the commissioner that any person has violated, is violating or is about to violate the provisions of sections 36a-671 to 36a-671d, inclusive, . . . the commissioner may take action against such person . . . in accordance with sections 36a-50 and 36a-52.

Section 36a-671b(b) of the Connecticut General Statutes provides that:

No person offering debt negotiation services may receive a fee, commission or other valuable consideration for the performance of any service the person offering debt negotiation services has agreed to perform for any consumer until the person offering debt negotiation services has fully performed such service. A person offering debt negotiation services may receive reasonable periodic payments as services are rendered, provided such payments are clearly stated in the contract. The commissioner may establish a schedule of maximum fees that a debt negotiator may charge for specific services.

The Schedule of Maximum Fees established by the Commissioner provides, in pertinent part, that:

**Initial Fees:**  
A debt negotiator of unsecured debt may charge the debtor a reasonable one-time initial or set-up fee in an amount not to exceed fifty dollars (\$50).

**Service Fees:**  
A debt negotiator of unsecured debt may charge a monthly service fee not to exceed eight dollars (\$8) for each creditor that is listed in the debt negotiation service contract. The total service fee charged to a debtor may not exceed forty dollars (\$40) per month.

**Aggregate Fees:**  
A debt negotiator of unsecured debt may collect total aggregate fees including the initial fee and service fees, not to exceed ten percent (10%) of the amount by which the consumer's debt is reduced as part of each settlement as agreed to in the debt negotiation service contract as each settlement is achieved. A debt negotiator may not charge more than ten percent (10%) of the amount by which the consumer's debt is reduced on the basis that the consumer has entered into a debt negotiation contract for joint obligations of a consumer and a consumer's spouse or other member of the consumer's household.

1. Respondent's engaging in debt negotiation in this state without obtaining the required license, as more fully described in paragraphs 1 through 7, inclusive of the Matters Asserted, constitutes a violation of Section 36a-671(b) of the Connecticut General Statutes. Such violation forms the basis to issue an order to cease and desist pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes and impose a civil penalty pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation. The Commissioner intends to impose a civil penalty upon Respondent not to exceed Ten Thousand Dollars (\$10,000), subject to Respondent's right to a hearing on the allegations set forth above.
2. Respondent's engaging in debt negotiation services on and after October 1, 2009, with at least fifty (50) Connecticut residents and collecting fees under terms which did not comply with Section 36a-671b(b) of the Connecticut General Statutes and the Schedule of Maximum Fees established by the Commissioner pursuant to said section, as more fully described in paragraphs 3 through 5, inclusive, of the Matters Asserted, constitutes fifty (50) violations of Section 36a-671b(b) of the Connecticut General Statutes. Such violations form the basis to issue an order to cease and desist pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes and impose a civil penalty pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation. The Commissioner intends to impose a civil penalty upon Respondent not to exceed Five Hundred Thousand Dollars (\$500,000), subject to Respondent's right to a hearing on the allegations set forth above.

**IV. FINDING AND STATUTORY BASIS FOR TEMPORARY ORDER TO CEASE AND DESIST**

The Commissioner finds that public welfare requires immediate action to issue a temporary order requiring Respondent to cease and desist from violating Sections 36a-671(b) and 36a-671b(b) of the Connecticut General Statutes and to take such other action as set forth herein to effectuate the purposes of Section 36a-52(b) of the Connecticut General Statutes, in that the interests of Connecticut residents are being materially prejudiced by Respondent's receipt of fees in excess of the Schedule of Maximum Fees. The Commissioner also finds the payment of fees in excess of the Schedule of Maximum Fees in consideration of the fact that the Schedule of Maximum Fees only permits a debt negotiator of unsecured debt to collect total aggregate fees, including the initial fee and service fees, not to exceed ten percent (10%) of the amount by which the consumer's debt is reduced as part of each achieved settlement as agreed to in the debt negotiation service contract, the debt negotiation service contract was not successfully completed and the Connecticut resident received no benefit from such contract.

**V. TEMPORARY ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING**

**WHEREAS**, the Commissioner has reason to believe that Respondent has engaged in acts or conduct which forms the basis to issue an order to cease and desist pursuant to Sections 36a-671a(b) and 36a-52(a) of the Connecticut General Statutes and impose a civil penalty pursuant to Sections 36a-671a(b) and 36a-50(a) of the Connecticut General Statutes;

**AND WHEREAS**, the Commissioner has made the finding required under Section 36a-52(b) of the Connecticut General Statutes.

**THE COMMISSIONER THEREFORE ORDERS**, pursuant to Section 36a-52(b) of the Connecticut General Statutes, that The Lloyd Ward Group, PC d/b/a Lloyd Ward Group II a/k/a The Lloyd Ward Group PC2, immediately **CEASE AND DESIST** from violating Sections 36a-671(b) and 36a-671b(b) of the Connecticut General Statutes. This Temporary Order shall become effective upon receipt by The Lloyd Ward Group, PC d/b/a Lloyd Ward Group II a/k/a The Lloyd Ward Group PC2, and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in this Temporary Order.

**THE COMMISSIONER FURTHER ORDERS**, pursuant to Sections 36a-52(b) and 36a-671a(c) of the Connecticut General Statutes, that: Not later than 10 days from receipt of this Order, The Lloyd Ward Group, PC d/b/a Lloyd Ward Group II a/k/a The Lloyd Ward Group PC2 shall:

1. Provide repayment of \$2,668.74 to the Connecticut resident identified in Exhibit A by cashier's check, certified check or money order; and
2. Provide to Marlene M. Mannix, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or to her designee, evidence of such repayment and a list of all Connecticut residents with whom it has entered into agreements for debt negotiation services to date where such agreements were entered into on or after October 1, 2009. Such submission shall include: (a) a copy of each agreement, and (b) a list of each debtor's name and address and full itemization of each debtor's payments made pursuant to the agreement, specifying the dates, amounts and recipients of such payments.

**NOW THEREFORE**, notice is hereby given to Respondent that the Commissioner intends to issue an order requiring Respondent to **CEASE AND DESIST** from violating Sections 36a-671(b) and 36a-671b(b) of the Connecticut General Statutes, and impose a **CIVIL PENALTY** upon Respondent as set forth herein, subject to Respondent's right to a hearing on the allegations set forth above.

A hearing will be granted to Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 within fourteen (14) days following its receipt of this Temporary Order to Cease and Desist, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing. The hearing officer shall receive evidence of such repayment and a list of all Connecticut residents with whom it has entered into agreements for debt negotiation services to date where such agreements were entered into on or after October 1, 2009. The enclosed Appearance and Request for Hearing Form must be completed and mailed to the above address. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of the hearing officer that acknowledges receipt of a request for a hearing, designates the hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held on June 28, 2011, at 1 p.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut.

The hearing will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless Respondent fails to appear at the requested hearing. At such hearing, Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If Respondent does not request a hearing within the time prescribed, the Commissioner will issue an order that Respondent cease and desist from violating Sections 36a-671(b) and 36a-671b(b) of the Connecticut General Statutes, issue an order for repayment of fees or charges to the Connecticut resident identified in Exhibit A, and may order a civil penalty in an amount not to exceed Five Hundred Thousand Dollars (\$500,000) be imposed upon Respondent.

So ordered at Hartford, Connecticut  
this 21st of May 2011.

\_\_\_\_\_/s/\_\_\_\_\_  
Howard F. Pitkin  
Banking Commissioner

**CERTIFICATION**

I hereby certify that on this 21st day of May 2011, the foregoing Temporary Order to Cease and Desist, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was sent by registered mail, return receipt requested to The Lloyd Ward Group, PC d/b/a Lloyd Ward Group II a/k/a The Lloyd Ward Group PC2, 17120 N. Dallas Parkway, Suite 235, Dallas, Texas 75248, registered mail no R0228022075U; and to the Commissioner's registered agents, Lloyd Ward PC Agent, 12615 N. Central Expressway, Suite 1000, Dallas, Texas 75243, registered mail no R0228022084U; and Lloyd Ward, Agent, 6040 Preston Creek, Dallas, Texas 75242, registered mail no R0228022169U.

\_\_\_\_\_/s/\_\_\_\_\_  
Daniel Kitt  
Prosecuting Attorney

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