



Disclosure Questions Town Hall

July 28, 2022



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Welcome & Opening Remarks

Jim Payne



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Why are we revising the questions?

- Have not been holistically reviewed since the inception of NMLS
- When asked approximately 80% of agencies said the questions should be reviewed and updated holistically
- To clarify the questions and the definitions of terms used in the Questions to aid industry



Key Revisions

Cindy Fazio

What are the key revisions?

- Categories of questions are in the same order for the Company and Individual Questions and where appropriate, the language has been made consistent
- Added a consumer protection authority and governmental entity to the list of regulatory bodies that may take action against a company or an individual
- Added additional definitions (e.g., court, lien, material litigation) and amended some existing definitions
- Where needed, questions have been clarified
- Limited the misdemeanor inquiry to ten years
- Both the Company and Individual questions ask questions pertaining to authorization to act as a contractor, accountant or attorney. These questions have been isolated in their own section. Have also added financial services professional licenses to this inquiry
- Individual Question Flow was revised, so personal questions are followed by those that pertain to control activities



Deep Dive into Disclosure Question Changes

Janine Bjorn

Company Disclosure Questions

Company Civil Judicial Disclosure Questions

1. In the past 10 years, has any court:
 - a. found the entity or a control affiliate to have made a false statement or omission or been dishonest, unfair or unethical?
 - b. found the entity or a control affiliate was involved in a violation of any financial services statute or regulation?
 - c. found the entity or a control affiliate to have been a cause of another financial services business having its license or authorization to conduct a business activity denied, suspended, revoked or restricted?
 - d. enjoined the entity or a control affiliate in connection with any financial services activity?
 - e. dismissed, pursuant to a settlement agreement, a financial services civil action brought against the entity or control affiliate by a Federal, State, Local or foreign financial regulatory authority or any consumer protection authority?

Company Civil Judicial Disclosure Questions

2. Are there any pending financial services civil actions against the entity or a control affiliate that allege the entity or control affiliate:
 - a. made a false statement or omission?
 - b. had been dishonest, unfair or unethical?
 - c. violated a financial services statute or regulation?

3. Are there any pending financial services civil actions against the entity or a control affiliate whereby the remedy being sought is to enjoin the entity or control affiliate in connection with any financial services activity?

Company Criminal Disclosure Questions

4. Has the entity or a control affiliate ever been convicted of or pled guilty or nolo contendere ("no contest") in any court to any felony?
5. Are there any pending charges against the entity or a control affiliate for any felony?

Company Criminal Disclosure Questions

6. In the past 10 years has the entity or a control affiliate been convicted of or pled guilty or nolo contendere (“no contest”) in any court to committing or conspiring to commit a misdemeanor involving:
 - a. a financial services business
 - b. fraud
 - c. false statements or omissions
 - d. theft or wrongful taking of property
 - e. bribery
 - f. perjury
 - g. forgery
 - h. counterfeiting
 - i. extortion
7. Are there any pending charges against the entity or a control affiliate for any misdemeanor specified in question 6?

Company Financial Disclosure Questions

8. In the past 10 years has the entity or a control affiliate filed or been the subject of a bankruptcy petition, whether voluntary or involuntary?
9. Has a bonding company ever denied issuance of, paid out on, or revoked a bond for the entity?
10. Does the entity have any unsatisfied judgments against it?
11. Does the entity have any unsatisfied liens against it?
12. Has a third-party service provider notified the entity or a control affiliate of its intent to modify or cancel an arrangement with the entity or a control affiliate that would materially alter the entity's ability to conduct its business activities for the license it holds or intends to hold?
13. In the past 10 years, has the entity or a control affiliate been involved in any material litigation?

Company Regulatory Action Disclosure Part I Questions

14. In the past 10 years, has any Federal, State or Local regulatory agency, governmental entity, foreign financial regulatory authority, self-regulatory organization (SRO) or any consumer protection authority ever:
- a. found the entity or a control affiliate to have made a false statement or omission or been dishonest, unfair or unethical?
 - b. found the entity or a control affiliate to have been involved in a violation of a financial services statute or regulation?
 - c. found the entity or a control affiliate to have been a cause of another financial services business having its license or authorization to conduct a business activity denied, suspended, revoked or restricted?
 - d. enjoined the entity or a control affiliate in connection with any financial services activity?
 - e. taken a regulatory action, whether administrative or civil, including entering an order or dismissing an action pursuant to a settlement agreement, against the entity or a control affiliate in connection with a financial services activity?
 - f. denied, suspended or revoked the entity's or a control affiliate's registration or license or otherwise prevented it from associating with a financial services business or restricted its activities?

Company Regulatory Action Disclosure Part I Questions

15. Is there a pending regulatory action, either administrative or civil, against the entity or a control affiliate that alleges or could result in a finding that the entity or control affiliate has:
- a. made a false statement or omission or been dishonest, unfair or unethical?
 - b. been involved in a violation of a financial services statute or regulation?
 - c. caused a financial services business to have its license or authorization to conduct a business activity denied, suspended, revoked or restricted?

Company Regulatory Action Disclosure Part II Questions

Questions 16 and 17 pertain to entities or control affiliates that currently hold or have ever held an authorization to act as a contractor on behalf of a federal, state or local government entity.

If the below questions are not applicable, applicant shall indicate they are not applicable.

16. Has the entity's or a control affiliate's ability to or authorization to act as a contractor on behalf of a federal, state or local government entity ever been revoked, debarred, suspended or restricted?
17. Is there a pending regulatory action, either administrative or civil, against the entity or a control affiliate whereby the remedy being sought is or could result in the revocation, debarment, suspension or restriction of an authorization to act as a contractor on behalf of a federal, state or local government entity?

Company Regulatory Action Disclosure Part II Questions

Questions 18 – 23 pertain to entities who have key individuals or control individuals who are or have ever been licensed as attorneys or accountants or who hold or have ever held a financial services professional license.

If the below questions are not applicable, applicant shall indicate they are not applicable.

18. Have any key individuals or control individuals as identified in the entity's NMLS record ever had their license to act as an attorney revoked, suspended or restricted?
19. Is there a pending regulatory action, either administrative or civil, against any key individual or control individual as identified in the entity's NMLS record whereby the remedy being sought is or could result in the revocation, suspension or restriction of such individual's license to act as an attorney?

Company Regulatory Action Disclosure Part II Questions

20. Have any key individuals or control individuals as identified in the entity's NMLS record ever had their license to act as an accountant revoked, suspended or restricted?
21. Is there a pending regulatory action, either administrative or civil, against any key individual or control individual as identified in the entity's NMLS record whereby the remedy being sought is or could result in the revocation, suspension or restriction of such individual's license to act as an accountant?
22. Have any key individuals or control individuals as identified in the entity's NMLS record ever had a financial services license or any other professional license revoked, suspended or restricted?
23. Is there a pending regulatory action, either administrative or civil, against any key individual or control individual as identified in the entity's NMLS record whereby the remedy being sought is or could result in the revocation, suspension or restriction of such individual's financial services license or any other professional license?

Individual Disclosure Questions

Individual Civil Judicial Disclosure Questions

1. Has any court ever:
 - a. found that you made a false statement or omission, or you were dishonest, unfair or unethical?
 - b. found that you were involved in a violation of any financial services statute or regulation?
 - c. enjoined you in connection with any financial services activity?
 - d. dismissed, pursuant to a settlement agreement, a financial services civil action brought against you by a Federal, State, Local or foreign financial regulatory authority or any consumer protection authority?
2. Are there any pending financial services civil actions against you that allege you:
 - a. made a false statement or omission?
 - b. were dishonest, unfair or unethical?
 - c. violated a financial services statute or regulation?
3. Are there any pending financial services civil actions against you whereby the remedy being sought is to enjoin you in connection with any financial services activity?

Individual Criminal Disclosure Questions

4. Have you ever been convicted of or pled guilty or nolo contendere ("no contest") in any court to any felony?
5. Are there any pending charges against you for any felony?
6. In the past 10 years, have you been convicted of or pled guilty or nolo contendere ("no contest") in any court to committing or conspiring to commit a misdemeanor involving:
 - a. a financial services business
 - b. fraud
 - c. false statements or omissions
 - d. theft or wrongful taking of property
 - e. bribery
 - f. perjury
 - g. forgery
 - h. counterfeiting
 - i. extortion
7. Are there any pending charges against you for any misdemeanor specified in question 6?

Individual Customer Arbitration Questions

8. Have you ever been named as a respondent or defendant in a financial services consumer-initiated arbitration or civil litigation which:
- a. is still pending?
 - b. resulted in an arbitration award or civil judgment against you, regardless of amount, or that required corrective action?
 - c. was settled for any amount?

Individual Financial Disclosure Questions

9. In the past 10 years have you filed or been the subject of a personal bankruptcy petition, whether voluntary or involuntary?
10. In the past 10 years, have you been the subject of any non-judicial or judicial efforts to foreclose on real property, either commercial or residential?
11. Has a bonding company ever denied issuance of, paid out on, or revoked a bond for you?
12. Do you have any unsatisfied judgments against you?
13. Do you have any unsatisfied liens against you?
14. Are you delinquent on any court ordered child support payments?

Individual Regulatory Action Disclosure Part I Questions

15. Has any Federal, State or Local regulatory agency, governmental entity, foreign financial regulatory authority self-regulatory organization (SRO) or any consumer protection authority ever:
- a. found you to have made a false statement or omission or been dishonest, unfair or unethical?
 - b. found you to have been involved in a violation of a financial services statute or regulation?
 - c. found you to have been a cause of a financial services business having its license or authorization to conduct a business activity denied, suspended, revoked or restricted?
 - d. entered an order against you in connection with a financial services activity?
 - e. restricted or revoked your registration or license?
 - f. denied or suspended your registration or license or application for licensure, disciplined you, prevented you from associating with a financial services business or otherwise restricted your activities?

(continued)

Individual Regulatory Action Disclosure Part I Questions

15. Has any Federal, State or Local regulatory agency, governmental entity, foreign financial regulatory authority self-regulatory organization (SRO) or any consumer protection authority ever:
- g. barred you from association with an entity regulated by such commissions, authority, agency, or officer or from engaging in a financial services business?
 - h. issued a final order against you based on violations of any law or regulation that prohibit fraudulent, manipulative, or deceptive conduct?
 - i. taken a regulatory action, whether administrative or civil, including entering an order or dismissing an action pursuant to a settlement agreement against you in connection with any license or registration?

Individual Regulatory Action Disclosure Part I Questions

16. Is there a pending regulatory action, either administrative or civil, against you that alleges or could result in a finding that you:
- a. made a false statement or omission or were dishonest, unfair or unethical?
 - b. violated a financial services statute or regulation?
 - c. were a cause of a financial services business having its authorization to do business denied, suspended, revoked or restricted?
 - d. violated a law or regulation that prohibits fraudulent, manipulative, or deceptive conduct?

Individual Regulatory Action Disclosure Part I Questions

17. Is there a pending regulatory action, either administrative or civil, against you whereby the remedy being sought is:
- a. restriction or revocation of a license or registration?
 - b. denial or suspension of a registration or license or application for licensure?
 - c. an injunction from association with a financial services business?
 - d. restriction of your ability to conduct financial services activities?
 - e. to bar you from association with an entity regulated by such commissions, authority, agency, or officer, or from engaging in a financial services business?

Individual Regulatory Action Disclosure Part II Questions

Questions for individuals that currently hold or have ever held a financial services professional license or are or have ever been authorized to act as a contractor on behalf of a federal, state or local government entity, authorized to act as an attorney or authorized to act as an accountant.

If the below questions are not applicable, applicant shall indicate they are not applicable.

18. Have you ever had an ability to or authorization to act as an attorney, accountant, or a contractor on behalf of a federal, state or local government entity restricted, revoked, debarred or suspended?
19. Are there any pending regulatory actions against you whereby the remedy being sought is or could result in the restriction, revocation, debarment or suspension of your authorization to act as an attorney, accountant or a contractor on behalf of a federal, state or local government entity?
20. Have you ever had a financial services license or any other professional license restricted, revoked, debarred or suspended?
21. Are there any pending regulatory actions against you whereby the remedy being sought is or could result in the restriction, revocation, debarment or suspension of your financial services license or any other professional license?

Individual Termination Disclosure Questions

22. Have you ever voluntarily resigned, been discharged, or permitted to resign after allegations were made that accused you of:
- a. violating a statute, regulation, rule, or industry standard of conduct?
 - b. fraud, dishonesty, theft, or the wrongful taking of property?

Individual Disclosure Questions Pertaining to Control Activities

Civil Judicial Disclosure – Control Activities

23. Based on activities that occurred while you exercised control over an organization:
- a. is there a pending financial services civil action against any organization which alleges a violation of a financial services statute or regulation?
 - b. was the organization found to have violated a financial services statute or regulation?
24. Based on activities that occurred while you exercised control over an organization:
- a. is there a pending financial services civil action in which such organization is named for which the remedy being sought is an injunction in connection with a financial services activity?
 - b. has such organization ever been enjoined in connection with a financial services activity?

Criminal Disclosure – Control Activities

25. Based on activities that occurred while you exercised control over an organization:
- a. Has any organization ever been convicted of or pled guilty or nolo contendere ("no contest") in any court to any felony?
 - b. Are there any pending charges against any organization for any felony?
 - c. Has any organization ever been convicted of or pled guilty or nolo contendere ("no contest") in any court to any misdemeanor specified in question 6 in the past 10 years?
 - d. Are there any pending charges against any organization for any misdemeanor specified in question 6?

Financial Disclosure – Control Activities

26. Based on events that occurred while you exercised control over an organization:

- a. Has any organization filed or been the subject of a bankruptcy petition, whether voluntary or involuntary, within the past 10 years?
- b. Has any bonding company ever denied issuance of, paid out on, or revoked a bond for any organization?

Regulatory Action Disclosure – Control Activities

27. Based on activities that occurred while you exercised control over an organization, has any Federal, State or Local regulatory agency or foreign financial regulatory authority, self-regulatory organization (SRO) or any consumer protection agency ever:
- a. found the organization to have made a false statement or omission or been dishonest, unfair or unethical?
 - b. found the organization to have been involved in a violation of a financial services statute or regulation?
 - c. found the organization to have been a cause of another financial services business having its license or other authorization to conduct a business activity denied, suspended, revoked or restricted?

Regulatory Action Disclosure – Control Activities

28. Based on activities that occurred while you exercised control over an organization:

- a. Has any Federal, State or Local regulatory agency, foreign financial regulatory authority self-regulatory organization (SRO) or any consumer protection agency ever taken any of the below actions against any organization:
 - i. restriction or revocation of a registration or license?
 - ii. denial or suspension of a registration or license or application for licensure?
 - iii. entered an injunction from association with a financial services business?
 - iv. restricted the organization's financial services activities?
 - v. barred the organization from association with an entity regulated by such commissions, authority, agency, or officer, or from engaging in a financial services business?
 - vi. taken a regulatory action, whether administrative or civil including entering an order or dismissing an action pursuant to a settlement agreement against the entity or a control affiliate in connection with a financial services activity?

Regulatory Action Disclosure – Control Activities

- b. Are there any pending regulatory actions against any organization that alleges or could result in a finding that the organization:
 - i. made a false statement or omission or been dishonest, unfair or unethical?
 - ii. was involved in a violation of a financial services statute or regulation?
- c. Is there a pending regulatory action against the organization that alleges or could result in a finding that the organization caused another financial services business to have its license or other authorization to conduct a business activity denied, suspended, revoked or restricted?

Regulatory Action Disclosure – Control Activities

Questions for individuals that exercised control over an organization that currently holds or has ever held a financial services professional license or is or has ever been authorized to act as a contractor on behalf of a federal, state or local government entity. If the below questions are not applicable, state so.

29. Based on activities that occurred while you exercised control over an organization, has any Federal, State or Local regulatory agency, foreign financial regulatory authority, self-regulatory organization (SRO) or any consumer protection authority ever restricted, revoked or suspended the organization's financial services professional license or the organization's ability to act as a contractor on behalf of a federal, state or local government entity?
30. Based on activities that occurred while you exercised control over an organization, are there any pending regulatory actions against any organization whereby the remedy being sought is described in question 29?



Q&A

Next Steps



**Comment proposal
went out June 22**



**Comments should be emailed
to comments@csbs.org**



Comments due August 22