UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 76938 / January 20, 2016

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3733 / January 20, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17060

In the Matter of **Ocwen Financial Corp.** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Ocwen Financial Corp. ("Ocwen" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement ("Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter involves Ocwen's related party transactions and its valuation of certain related company liabilities from 2012 to 2014. First, Ocwen disclosed that it had policies, procedures and practices that, among other things, required that its then-Executive Chairman of the Board (the "Executive Chairman"), who also served as the Chairman of the Board of two related companies, Home Loan Servicing Solutions Ltd. ("HLSS") and Altisource Portfolio Solutions S.A. ("Altisource"), be recused from approving transactions with HLSS and Altisource. In fact, there were no written policies or procedures regarding recusal and the practice that existed was flawed, inconsistent, and ad hoc. Second, Ocwen's erroneous valuations of its financing liability on certain mortgage servicing rights sold to HLSS contributed to Ocwen materially misstating its financial results for the last three quarters in 2013 and the first quarter of 2014. These misstatements resulted from an internal accounting controls failure that caused the company to rely on a valuation methodology that did not conform to U.S. Generally Accepted Accounting Principles ("GAAP").

2. In its Form 10-K for the year 2012, Ocwen disclosed in the 1A "Risk Factors" section that it had "adopted policies, procedures and practices to avoid potential conflicts involving significant transactions with related parties such as Altisource, including [the Executive Chairman's] recusal from negotiations regarding, and credit committee and board approvals of such transactions." In the same section of its Form 10-K for the year 2013, Ocwen similarly disclosed that it had "adopted policies, procedures and practices to avoid potential conflicts with respect to [its] dealings with Altisource [and] HLSS [among other related entities], including [its] Executive Chairman recusing himself from negotiations regarding, and approvals of, transactions with these entities." The Executive Chairman's recusal was to be one of several safeguards against potential conflicts due to his multiple roles at Ocwen and its related entities.

3. Ocwen had no written related party transactions policies or procedures. And, although the Executive Chairman had a practice of recusing himself from negotiations and certain approvals of related party transactions, that practice was inconsistent and ad hoc. Ocwen therefore failed to devise and maintain its disclosed internal controls sufficient to ensure that the Executive Chairman recused himself from all approvals involving potential conflicts of interest in Ocwen's related party transactions.

4. Due to these control failures, the Executive Chairman repeatedly approved transactions between Ocwen and HLSS in both his Ocwen- and HLSS-related capacities. In addition, as to Altisource, the Executive Chairman voted, as a member of the Ocwen Board of Directors, to approve a $75 million bridge loan from Altisource to Ocwen. And, due to other internal accounting control deficiencies, Ocwen had either no documentation or insufficient documentation of approvals of five transactions between Ocwen and HLSS.

5. Separately, Ocwen materially misstated its net income for three quarters in 2013 and the first quarter of 2014 by relying on HLSS's improper valuation of rights to mortgage servicing rights ("Rights to MSRs") that were acquired from Ocwen and still accounted for by Ocwen as a financing liability. Although Ocwen reported that it accounted for the Rights to MSRs at amortized cost and that the carrying value of the Rights to MSRs "approximate[d] fair value," the valuation for the Rights to MSRs assigned by HLSS was not a fair value estimate.

Ocwen's Executive Chairman anticipated that the variance between the HLSS valuation and a fair value estimate provided by a third party would be significant; however, he did not share his views with anyone at Ocwen or with Ocwen's external auditors. In addition, Ocwen's management and its Audit Committee failed to adequately review whether HLSS's valuation methodology, which Ocwen relied upon, complied with GAAP.

Respondent

6. Ocwen is a Florida corporation that, as of October 2015, has its principal place of business in West Palm Beach, Florida. Ocwen's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and trades on the New York Stock Exchange. Between 2012 and 2014, Ocwen's Executive Chairman owned approximately 13 percent of Ocwen's common stock.

Other Relevant Entities

7. Altisource is a Luxembourg corporation with its principal executive offices in Luxembourg. Altisource comprises certain business divisions divested from Ocwen, and it became registered with the Commission pursuant to Section 12(b) of the Exchange Act in 2009. It trades on the NASDAQ Global Market. The Executive Chairman of Ocwen became Altisource's Chairman at the time of its formation and owned approximately 26 percent of Altisource's common stock between 2012 and 2014.

8. HLSS is a Cayman Islands corporation with its principal executive offices in the Cayman Islands. HLSS's common stock became registered with the Commission pursuant to Section 12(b) of the Exchange Act in February 2012 and, from that date until approximately April 2015, traded on the NASDAQ Global Market. HLSS was founded by Ocwen's Executive Chairman in 2010 and conducted an initial public offering in February 2012. The Executive Chairman of Ocwen also became HLSS's Chairman in 2010 and owned 100 percent of HLSS's ordinary shares of common stock prior to the initial public offering, 5 percent after the offering, and approximately 1 percent between 2013 and 2014.

Background

A. Ocwen's Related Party Transactions

Ocwen's Relationship with Altisource and HLSS

9. Ocwen is a servicer of mortgages that have been securitized and are owned by residential mortgage-backed securities trusts. As such, Ocwen collects and remits principal and interest payments received from homeowner borrowers and manages loans that are delinquent or in foreclosure or bankruptcy. In addition, as one of its obligations in managing delinquent loans, Ocwen advances funds to the trusts to cover payments missed by borrowers.

10. In 2009, Ocwen spun-off certain business lines to a newly-created entity, Altisource, and entered into long-term agreements for Altisource to provide technology products and services to Ocwen including, among other things, home valuations, property preservation and inspection services, sales of foreclosed properties, mortgage charge-off collection services,

and insurance services. Ocwen's Executive Chairman also became Chairman of Altisource, and several Ocwen managers left Ocwen to become executives and members of the board of directors at Altisource.

11. In 2010, Ocwen's Executive Chairman sought to make Ocwen "capital-light" by creating HLSS, a company that would be publicly traded and that would finance a substantial part of Ocwen's servicer advances. HLSS was to purchase Ocwen's mortgage servicing rights ("MSRs"), and thereby receive the future servicing fees owed to Ocwen in connection with those MSRs and, as a result of that purchase, would be responsible for funding servicer advances. As a part of this arrangement, HLSS would retain Ocwen as the subservicer for all mortgages underlying the MSRs purchased by HLSS. Ocwen's Executive Chairman also became HLSS's Chairman, and certain managers and members of the board of directors at Ocwen left Ocwen to become executives and board members at HLSS.

12. Due to difficulties encountered with transferring title to the MSRs to HLSS, Ocwen retained title and HLSS agreed to acquire the Rights to the MSRs through a financing. Ocwen and HLSS executed a master purchase agreement and master subservicing agreement in February 2012. On March 5, 2012, Ocwen completed an initial sale to HLSS of Rights to MSRs on mortgages with an unpaid principal balance ("UPB") of $15.2 billion. Under this arrangement, Ocwen serviced the mortgages, collected the servicing fees from borrowers and remitted the fees to HLSS. From the total servicing fees remitted, HLSS paid Ocwen a base fee for its services and a performance fee when Ocwen met certain targets for advance levels. Because of his role at HLSS, the Executive Chairman recused himself from negotiating and voting on the approval of the master agreements and initial purchase.

Ocwen's Control Breakdowns Relating to Related Party Transactions

13. Although several internal documents created by Ocwen personnel referred to a related party transactions policy, there were no written policies or procedures governing when an officer or director with a conflict of interest was required to be recused from negotiating or approving a related party transaction. While the Executive Chairman routinely recused himself from negotiations with Altisource and HLSS and recused himself from approvals of transactions in certain instances, including the master purchase and master subservicing agreements and the initial sale of Rights to MSRs to HLSS, Ocwen personnel never developed guidelines under which such recusal was appropriate. This caused a number of control deficiencies.

14. First, the responsibility for determining whether recusal was appropriate was left largely to the Executive Chairman, the person with the conflict of interest. While Ocwen's in-house counsel occasionally provided advice on whether the Executive Chairman could participate in a related party transaction, there was no meaningful oversight of the Executive Chairman's determination.

15. Second, Ocwen personnel lacked a clear understanding of when recusals were required. Ocwen stated in its 2012 Form 10-K that it had "adopted policies, procedures and practices to avoid potential conflicts" present in "significant" related party transactions. However, Ocwen personnel had conflicting understandings of what types of transactions could qualify as significant, and they never attempted to reconcile these conflicting understandings.

When Ocwen removed the term “significant” from its disclosure in its 2013 Form 10-K, some Ocwen personnel continued to view the Executive Chairman’s recusal as required only in transactions determined to be significant. Yet, there was no guidance or common understanding for making such a determination. In addition, the Executive Chairman and a member of Ocwen senior management both believed that the need to approve transactions in the Virgin Islands for tax reasons may have been grounds for participating in the approval. Ocwen’s disclosures, however, do not include this exception, and this belief was not given sufficient consideration internally.

<u>Ocwen’s Executive Chairman Approved a Transaction with Altisource</u>

16. In December 2012, Ocwen entered into an agreement to borrow $75 million from Altisource as an unsecured bridge loan to serve as part of the consideration paid by Ocwen in connection with Ocwen’s acquisition of another mortgage servicer. The Executive Chairman voted to approve Ocwen’s entry into the loan agreement. In his role as Chairman of Altisource, the Executive Chairman recused himself from the decision to approve the loan. However, he reviewed and approved the Altisource board presentation before it was circulated to the Altisource Board of Directors for the vote. Ocwen disclosed the loan in a Form 8-K, dated December 28, 2012, and in its annual report for 2012 filed on Form 10-K.

<u>Ocwen’s Executive Chairman Approved Transactions with HLSS</u>

17. After Ocwen and HLSS executed the master purchase and master subservicing agreements and the initial sales of the Rights to MSRs, Ocwen made additional sales, known as “Flow Transactions,” to HLSS in 2012 and 2013. Ocwen disclosed in its Form 10-K for 2012 that “[t]he [2012] HLSS [t]ransactions have improved Ocwen’s liquidity and cash flows . . . [and] lowered Ocwen’s capital requirements since HLSS is acquiring not only the Rights to MSRs but also the servicer advances related to the Rights to MSRs and assuming responsibility for funding servicer advances in the future.” The disclosure added that Ocwen expected “the reduction in equity required to run the servicing business” resulting from its sales to HLSS would improve the return on equity of Ocwen’s servicing business over time.

18. While Ocwen and HLSS based the purchase price for the Rights to MSRs for each Flow Transaction on an appraisal by a third party valuation firm, other terms varied. For example, for each Flow Transaction, Ocwen and HLSS negotiated HLSS’s retained fees, which were the servicing fees retained by HLSS from those collected and remitted to it by Ocwen after payment of the base and performance fees owed back to Ocwen. The retained servicing fee for each Flow Transaction was based on the agreed-upon advance target for Ocwen and other assumptions that were jointly set by Ocwen and HLSS such as the prepayment rate on the underlying loan balances, financing cost and advance borrowing rate.

19. The Flow Transactions with HLSS were approved at Ocwen by different methods. The Flow Transactions in 2012 were approved by the unanimous written consent of Ocwen’s Executive Committee, which was appointed by the Board and composed of the Executive Chairman, another member of the Board of Directors, and Ocwen’s CEO. In 2013, Ocwen personnel submitted proposals for approval of these transactions to the Ocwen Credit Committee, which was responsible for the financial direction and oversight of Ocwen’s servicing

business operated by its wholly owned subsidiary in the Virgin Islands. Approval by the Credit Committee was necessary for a Flow Transaction to be consummated. In addition to his other roles, the Executive Chairman was also a member of HLSS's Credit Committee, which performed an analogous role to that of the Ocwen Credit Committee.

20. The routine process for Credit Committee review and approval of the Flow Transactions was to circulate a memorandum that presented analysis of the proposed price of the Rights to MSRs, the retained fees and the varying underlying assumptions. The memoranda circulated typically included a signature page to indicate approval by each of the committee members. The committee members either executed the signature pages or indicated their approval of the transactions by email.

21. In 2012, Ocwen entered into five Flow Transactions with HLSS totaling approximately $67.5 billion in UPB. The Executive Chairman approved two of these transactions as a member of the Executive Committee in separate written consents. Contemporaneously, the Executive Chairman approved all of these transactions in his capacity as a member of the HLSS Credit Committee.

22. In 2013, Ocwen entered into four Flow Transactions with HLSS totaling approximately $120 billion UPB. The Executive Chairman recused himself from the first transaction but then approved the second one for both Ocwen and HLSS. Even when the Executive Chairman recused himself from the Credit Committee decision, he still received the Credit Committee memorandum because, according to him, "I'm interested in valuation [and] I still thought I had the right to say, 'No, this isn't going to happen.'"

23. In 2014, the Executive Chairman approved another type of transaction between Ocwen and HLSS concerning early buy-out loans, which are delinquent loans eligible for purchase by the mortgage servicer. In this transaction, Ocwen sold HLSS early buy-out loans worth approximately $672 million that Ocwen recently had purchased. In a February 2014 email addressed to members of both Ocwen and HLSS senior management, the Executive Chairman approved this purchase on the condition that it did not trigger losses.

Ocwen's Failure to Document Approvals

24. As to the latter three of the five Flow Transactions between Ocwen and HLSS in 2012 and two of the four Flow Transactions in 2013, Ocwen was unable to locate final executed Executive Committee resolutions, Credit Committee memoranda or approving emails. Contemporaneous emails for the last of these transactions in October 2013, however, show a request to schedule a phone call for both Credit Committees to discuss the analysis contained in the memorandum and a subsequent modification of the retained servicing fee based on a change to an underlying assumption.

25. Documentation of Ocwen's Credit Committee approval process again broke down in February 2014 in connection with the early buy-out loan sale agreement between Ocwen and HLSS. Ocwen was unable to locate all Credit Committee approvals for this transaction.

B. Improper Valuation of Rights to MSRs

26. For each transfer of Rights to MSRs from Ocwen to HLSS, HLSS recorded a Note Receivable – Rights to MSRs, and Ocwen recorded a corresponding note payable on its books, entitled Financing Liability – MSRs Pledged. HLSS purported to carry the asset at fair value. Ocwen's filings stated that it recorded the liability at amortized cost and amortized the liability over the estimated life of the underlying MSRs using the interest method. For purposes of applying the interest method, Ocwen disclosed to investors that the balance of the liability was reduced each quarter based on the change in the present fair value of the estimated future cash flows. Because the calculation of amortization of the financing liability had a fair value component to it, Ocwen's 2013 Form 10-K Note 5 provided that "[t]he carrying value of the Financing Liability – MSRs Pledged approximates fair value" and that "[t]he net present value of these future cash flows represents the fair value of the Financing Liability – MSRs Pledged." Ocwen's quarterly and annual filings with the Commission also stated that its financial statements were prepared in accordance with GAAP.

27. Ocwen did not independently value the Rights to MSRs that it accounted for as a financing liability. Rather, in consultation with its external auditors, Ocwen relied on HLSS to value the Rights to MSRs and assigned them the value that was derived from HLSS's valuation methodology, which was later proven to be flawed.

28. FASB Financial Accounting Standards Codification Topic 820 ("ASC 820") – Fair Value Measurements and Disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Because Rights to MSRs are not frequently bought or sold, there rarely are observable market prices for them. Rights to MSRs are therefore considered to be a Level 3 asset in the fair value hierarchy, which are assets that do not have observable inputs for a fair value measurement. While Level 3 assets are more difficult to value, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset.

29. As stated in a previous settled order concerning HLSS, *see* In re HLSS, Admin. Proc. File No. 3-16882 (October 5, 2015), HLSS retained a third party with expertise in valuing MSRs to calculate the fair value of its Rights to MSRs. Each quarter, the third-party valuation firm performed an analysis of the Rights to MSRs and provided HLSS with a valuation report. The valuation reports included an estimate of the fair-value based on inputs that affected the fair value of the MSRs, such as then-current prepayment rates, pre-tax discount rates, and costs to service. This estimate was represented as a specific price that was reflected in basis points.[2] Multiplying this specific price, which was the third-party valuation firm's best-point estimate, by the UPB for HLSS's Rights to MSRs would provide a fair-value measurement for those Rights to MSRs. In a prefatory note, the valuation reports stated that a sale of the Rights to MSRs in an orderly market should not differ by more than 7.5, or in some instances 10, basis points from the best-point estimate provided.

[2] A basis point is one hundredth of one percent.

30. In addition to the fair value measurement provided in the valuation report, HLSS independently determined the carrying value of its Rights to MSRs. As part of this determination, HLSS calculated an "Inception BPS," also reflected in basis points, by dividing the UPB of the mortgages underlying the MSRs as of the date of their acquisition by HLSS's purchase price of the Rights to MSRs. Over time, the UPB of the mortgages generally decreased as borrowers paid down their mortgages. At the end of each quarter, HLSS calculated the carrying value for the Rights to MSRs by multiplying the Inception BPS by the amount of the UPB as of the end of the quarter. This amortization was driven entirely by the decline in size of the mortgages' UPB and was not affected by any of the factors that would affect a fair value measurement.

31. Because the value of the MSRs for which HLSS had obtained the rights historically had been fairly stable, HLSS developed a valuation methodology that used the carrying value of the Rights to MSRs as the presumptive fair value measurement. This methodology was reviewed by HLSS's and Ocwen's external auditors. For each reporting date, HLSS compared the carrying value of its Rights to MSRs (as calculated above) to the third-party valuation report's best-point estimate and would record an adjustment to the value of the Rights to MSRs, which HLSS disclosed reflected fair value, only if there was a variation in price of at least 5 percent.

32. To illustrate, the third-party valuation firm provided a report with a valuation date of November 29, 2013 estimating the price of HLSS's Rights to MSRs, which had underlying mortgages with an UPB of approximately $159.56 billion, at 37.08 basis points. Multiplying the UPB by the estimated price, the third party valued the Rights to these MSRs at approximately $592 million. Under HLSS's valuation methodology, HLSS would apply 5 percent bands around the third-party valuation firm's best-point estimate of 37.08 basis points, which would create a range from 35.23 basis points (5 percent below) to 38.93 basis points (5 percent above), and would report the carrying value of its Rights to MSRs as their fair value so long as the carrying value was within the range of values created by the 5 percent bands. In other words, so long as HLSS's carrying value was within approximately $562 million (35.23 basis points multiplied by the UPB) and approximately $621 million (38.93 basis points multiplied by the UPB), it would report the carrying value as fair value. Based on Ocwen's financial results for the fourth quarter of 2013, this approximately $56 million range was equivalent to 10 percent of its total revenues and 41 percent of its net income.

<u>Ocwen Used HLSS's Valuations</u>

33. Ocwen amortized the Financing Liability using HLSS's calculation. Under ASC 820, Ocwen was required to update its expectations of cash flows at each reporting period to determine the current net present value of the cash flows. Ocwen did not independently determine the current net present value of the cash flows. Rather, it automatically used for each quarter the resulting estimates produced by HLSS's improper valuation methodology. As a result, Ocwen would adjust the net present value amounts only if the difference of carrying amount was larger than 5 percent of the third-party valuation firm's best-point estimate.

34. Ocwen's quarterly and annual filings listed "Fair Value Measurements" as a "Critical Accounting Policy." The Fair Value Measurements section referenced the amortization of MSRs and the accounting and valuation for the Financing Liability – MSRs Pledged.

Ocwen's Internal Accounting Controls Deficiencies Relating to Valuation

35. While Ocwen relied upon HLSS's valuation methodology and used HLSS's calculation to account for its financing liability associated with the Rights to MSRs, neither Ocwen's management nor its Audit Committee independently reviewed HLSS's valuation methodology for the Rights to MSRs.

36. Before HLSS implemented the valuation methodology, Ocwen's Executive Chairman (who also served as HLSS's Chairman) perceived a problem with it. Because the 5 percent bands created a very large range in terms of dollars, the Executive Chairman anticipated that there would be significant differences between the third party best-point estimate and HLSS's carrying value that were still within the 5 percent bands.

37. The Executive Chairman did not share these concerns with Ocwen's Audit Committee, his fellow Ocwen Directors, Ocwen management, or Ocwen's external auditors.

38. The Audit Committee of Ocwen's Board of Directors also failed to give sufficient independent consideration to the automatic use of estimates derived from HLSS's valuation methodology. The Audit Committee's charter, which was reviewed by the Board of Directors and the Audit Committee in March 2012, provided that the Audit Committee shall:

> (j) Review with management, the Company's independent auditors and the director of the Company's internal auditing department, the following:
>
> (i) critical accounting policies and such other accounting policies of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body, including any financial reporting issues which could have a material impact on the Company's financial statements . . . .

39. While Ocwen's Audit Committee routinely reviewed the financial information that resulted from HLSS's valuation methodology, it did not review the valuation methodology itself with Ocwen's external auditors and did not review with Ocwen management whether it was appropriate to use the estimates derived from HLSS's valuation methodology to value Ocwen's financing liability of the Rights to MSRs. As a result, the Audit Committee did not consider whether HLSS's valuation methodology was an appropriate fair value measurement under GAAP, nor did it consider whether the valuation methodology could result in a variance between the third party valuation firm's best-point estimate and the carrying value that was material to Ocwen's reported results.

Ocwen Restated Its Financials

40. The best-point estimate in the valuation reports fluctuated from quarter to quarter; however, under its valuation methodology, HLSS did not make any adjustment to the fair value of its Rights to MSRs because the Inception BPS used to calculate carrying value did not differ by 5 percent or more from the best-point estimate. Consequently, Ocwen did not make any adjustments to the net present value of the liability.

41. HLSS revisited the use of its valuation methodology in 2014 and determined that the carrying value of the Rights to MSRs was not a fair value measurement under GAAP. HLSS, therefore, determined that it was required to restate the value of its Rights to MSRs to the best-point estimate of fair value provided in the valuation reports.

42. HLSS management then relayed this information to Ocwen's management. Ocwen's management, after discussions with its external auditors, determined that it should also use the third-party's best-point estimate, which would have resulted in a material variance for three quarters in 2013 and the first quarter 2014.

43. In August 2014, Ocwen restated its 2013 Form 10-K and its Form 10-Q for the quarter ended March 31, 2014 as a result of this required adjustment and an unrelated data input error.[3] As per the chart below, Ocwen's use of HLSS's improper valuation resulted in a material error to Ocwen's reported results in quarterly and annual filings and in earnings releases filed on Form 8-K.

Dollars in thousands

	Net Income As Restated ($)	**Adjustment Relating to Accounting Error ($)**	**Adjustment as a % of Restated Net Income**
1Q 14	60,486	(8,000)	-13%
FY 2013	310,418	11,356	4%
4Q 13	135,275	27,582	20%
3Q 13	60,572	(6,831)	-11%
2Q 13	65,662	(13,352)	-20%
1Q 13	48,909	3,957	8%

C. Violations

44. As a result of the conduct described above, Ocwen violated Section 13(a) of the Exchange Act, Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder, which require issuers to file true, accurate, and complete annual, quarterly and current reports with the Commission.

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[3] This data input error related to a subset of the Rights to MSRs as of the fourth quarter of 2013 and the first quarter of 2014. The impact of the data error was $5.9 million and $9.3 million as of December 31, 2013 and March 31, 2014, respectively.

45. As a result of the conduct described above, Ocwen violated Section 13(b)(2)(A) of the Exchange Act, which requires public companies to "make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer."

46. As a result of the conduct described above, Ocwen violated Section 13(b)(2)(B) of the Exchange Act, which requires public companies to "devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that . . . (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets."

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 21C of the Exchange Act of 1934, it is hereby ORDERED that:

A. Respondent Ocwen cease and desist from committing or causing any violations and any future violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

B. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $2,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C § 3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Ocwen as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Michael J. Osnato, Chief, Complex Financial Instruments Unit, Division of Enforcement, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY, 10281.

By the Commission.

Brent J. Fields
Secretary