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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE, INVESTIGATION AND
LICENSING

Docket No.: 08 0323 (ENF-CO)

v.

CAR SMART INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (the "Department"), Bureau of Compliance, Investigation and Licensing (the "Bureau"), has reviewed the business practices of Car Smart Inc. ("Car Smart"), and its officers, employees and directors. Based on the results of its review, the Bureau believes that Car Smart operated in violation of the Motor Vehicle Sales Finance Act (the "MVSFA"), 69 P.S. § 601 et seq. The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (the "Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MVSFA.
2. The Bureau is primarily responsible for administering and enforcing the MVSFA for the Department.

3. On May 31, 2007, Williams Pre-Owned of Limerick, Inc. ("Williams Pre-Owned") a licensed Installment Seller, license no. 10029, entered into an asset purchase agreement to acquire Car Smart, Inc., license no. 8090, an installment seller located at 1212 Benjamin Franklin Highway West, Douglasville, PA 19518 (the "Douglasville Location").

4. Williams Pre-Owned failed to submit a new license application for Car Smart, as required, when Car Smart, Inc. was purchased by Williams Pre-Owned.

5. Section 8.B of the MVSFSA provides that "[a] license shall not be transferred or assigned." 69 P.S. § 608.B.

6. Since Williams Pre-Owned did not submit a new application when it purchased Car Smart, Inc., Car Smart was incorrectly operating as an installment seller without being properly licensed.

7. On May 16, 2008, Car Smart applied for an installment seller license to be used for the Douglasville Location.

8. Car Smart was approved as an installment seller, license no. 19649, on May 19, 2008.

9. Between May 31, 2007 and May 19, 2008, Car Smart entered into one hundred twenty-six (126) installment sale contracts (the "Contracts") with consumers at the Douglasville Location when Car Smart was not properly licensed as an installment seller.

10. Section 4.1 of the MVSFSA provides, in relevant part, that no person shall engage or continue to engage in this Commonwealth either as principal, employee, agent or broker "[i]n the business of an installment seller of motor vehicles under installment sales contracts, except as authorized in this act, under license issued by the department. . ." 69 P.S. § 604.1.

11. By entering into the Contracts, Car Smart was engaging in the business of an installment seller without being properly licensed as an installment seller.

Authority of the Department

12. Section 37.1 of the MVSFSA grants the Department the authority to issue orders as may be necessary for the enforcement of the MVSFSA. 69 P.S. § 637.1.

13. Section 37.D of the MVSFSA provides that “[a]ny person required to be licensed under this act that violates this act or directs a violation or who engages in any activity for which a license could be suspended or revoked under section 10 shall be subject to a civil penalty levied by the department of not more than two thousand dollars (\$2,000) for each offense.” 69 P.S. § 637.D.

VIOLATION

14. By engaging in the business of an installment seller when it was not properly licensed as an installment seller under the MVSFSA, Car Smart is in violation of Section 4.1 of the MVSFSA. 69 P.S. § 604.1.

RELIEF

15. Fine. Car Smart shall pay to the Department a fine in the amount of \$6,000. The fine shall be payable in two (2) installments of \$3,000. The first installment shall be due and payable within thirty (30) days of the Effective Date of this Order. The second installment shall be due and payable within sixty (60) days of the Effective Date of this Order.

FURTHER PROVISIONS

16. Consent. Car Smart hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau’s order authority under the MVSFSA and agrees that it understands all of the terms and conditions contained herein. Car Smart, by

voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

17. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733.302.A.(5).

18. Consumer's Rights. This Order shall not limit or impair a consumer's rights under Section 35 of the MVSFA. 69 P.S. § 635.

19. Entire Agreement. This Order contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau and Car Smart.

20. Binding Nature. The Department, Car Smart, and all officers, owners, directors, employees, heirs and assigns of Car Smart intend to be and are legally bound by the terms of this Order.

21. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

22. Effectiveness. Car Smart hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date").

23. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Car Smart in the future regarding all matters not resolved by this Order.

(b) Car Smart acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

24. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

25. Counterparts. This Order may be executed in separate counterparts and by facsimile.

26. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department and Car Smart intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND LICENSING**

Ryan M. Walsh, Administrator
Bureau of Compliance, Investigation
and Licensing
Department of Banking

Date: November 20, 2008

FOR CAR SMART INC.

(Officer Signature)

(Print Officer Name)

PREs
(Title)

Date: 11/20/08