

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

2016 MAY 19 AM 9:47

PA DEPARTMENT OF  
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :  
DEPARTMENT OF BANKING AND :  
SECURITIES, COMPLIANCE OFFICE :

v. :

Docket No. 16 0026 (BNK-C&D)

GOLDEN COUSINS INC. and :  
GERMAN SHEFER, jointly and severally :

**NOTICE TO ANSWER AND PETITION FOR HEARING**

You, Golden Cousins Inc. and German Shefer, have the right to challenge the attached *Order to Cease and Desist* ("Order") by filing an answer and petition for hearing, in writing, with the Docket Clerk **within 10 days** of the date of this Order in accordance with 1 Pa. Code § 35.20 and 1 Pa. Code § 35.37. **If you do not file an Answer and Petition for Hearing within 10 days, then you will waive your right to a hearing and the Order will be deemed final.**

Your Answer and Petition for Hearing must be in writing. You must specifically admit or deny the allegations in the Order, set forth the facts you rely upon, and state concisely the law you rely upon and the relief you seek as required by 1 Pa. Code § 35.17. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing.

Your Answer and Petition for Hearing and all other documents relating to this matter must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk  
Department of Banking and Securities  
17 N. Second Street, Suite 1300  
Harrisburg, PA 17101

Further, you must serve a copy of the Answer and Petition for Hearing and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

Sharon Williams  
Assistant Counsel  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Once you file your Answer and Petition for Hearing, you will be notified of pertinent information such as the name of the presiding officer designated by the Banking and Securities Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

**The filing of an Answer does not stay provisions of the order requiring you to cease and desist from engaging in the pawnbroker business without a license.**

All procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1-35.251.

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Docket No. 16 0026 (BNK-C&D)

GOLDEN COUSINS INC. and :  
GERMAN SHEFER, jointly and severally :

CEASE AND DESIST ORDER

The Commonwealth of Pennsylvania, Department of Banking and Securities (“Department”), Compliance Office, hereby orders Golden Cousins Inc. (“Golden Cousins”) and German Shefer to immediately cease and desist from engaging in the pawnbroker business. In support of its Order, the Compliance Office states the following:

**AUTHORITY**

1. The Department is the Pennsylvania state administrative agency authorized and empowered to administer and enforce the Pawnbrokers License Act. 63 P.S. § 281-1 *et. seq.* (“PLA”).
2. The Department’s Compliance Office is charged with the responsibility of administering and enforcing the PLA and the Department of Banking and Securities Code (“Code”) for the Department.
3. Section 202.D of the Code authorizes the Department to issue orders as necessary and appropriate to administer any statute within the Department’s jurisdiction. 71 P.S. § 733-202.D.
4. A license is required in order to engage in the business of pawnbrokering in Pennsylvania. 63 P.S. § 281-3.

5. An entity not licensed under the PLA is prohibited from advertising in any manner as a pawnbroker, and from using the words “pawn” or “pawnbroker” in a heading to or otherwise in any advertisement. 10 Pa. Code § 61.5(d).

6. Anyone engaged in the business of pawnbrokering without a license shall be guilty of a misdemeanor, and upon conviction shall be sentenced to pay a fine of not less than \$500 and not more than \$5,000 and/or be imprisoned for not less than 6 months and not more than 3 years. 63 P.S. § 281-31.

7. The Loan Interest Protection Law (“LIPL”) sets the maximum lawful rate of interest for loans of \$50,000 or less at six per cent per annum without a license under the PLA, or otherwise authorized by any other provision of law. 63 P.S. § 281-12; 41 P.S. § 201(a).

#### **BACKGROUND**

8. The Compliance Office is located at 17 N. 2<sup>nd</sup> Street, Harrisburg, Pennsylvania 17101-2290.

9. Golden Cousins is doing business at 4723 Frankford Avenue, Philadelphia, Pennsylvania 19124.

10. Golden Cousins’ corporate address is 2614 Germantown Avenue, Philadelphia, Pennsylvania 19133.

11. Golden Cousins was formed in August of 2010.

12. German Shefer is the owner and president of Golden Cousins.

13. Neither Golden Cousins nor Mr. Shefer are licensed, nor have they ever been licensed as pawnbrokers under the PLA.

14. In early September 2015, the Department's Bureau of Non-Depository Examinations ("Bureau") scheduled a routine exam for Art's Money Loan, Inc. ("Art's Money Loan") with Phyllis Dansky, the president and primary contact person for Art's Money Loan.

15. Art's Money Loan's mailing address in the Nationwide Multistate Licensing System ("NMLS")<sup>1</sup> is Redacted, Boyton Beach, FL Redacted.

16. Art's Money Loan's phone number listed in NMLS is a Florida phone number, Redacted.

17. On September 15, 2015, the examiner arrived at 4723 Frankford Avenue, Philadelphia, Pennsylvania 19124 to conduct an examination of Art's Money Loan, license no. 39334.

18. When the examiner arrived, he determined that Golden Cousins Inc. ("Golden Cousins"), not Art's Money Loan, was doing business at 4723 Frankford Avenue.

19. Mr. Shefer and Golden Cousins pays Ms. Dansky \$1,500 each month for renting the property at 4723 Frankford Avenue.

20. Mr. Shefer and Golden Cousins also pays all of the utilities associated with 4723 Frankford Avenue.

21. Mr. Shefer indicated to the examiner that Golden Cousins funds all of the pawns at the 4723 Frankford Avenue location.

22. At the time of the examination, Golden Cousins was servicing 137 active pawns.

23. Mr. Shefer is listed as manager and assistant manager under Art's Money Loan's license.

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<sup>1</sup> Formerly known as the Nationwide Mortgage Licensing System.

24. Mr. Shefer verbally informed the examiner that he was not a W-2 employee of Art's Money Loan.

25. The examiner and the Compliance Office both requested a management agreement or proof that Mr. Shefer was an employee of Art's Money Loan.

26. As of the date of this Order, no documentation was provided to the Compliance Office proving that there is a management contract between Art's Money Loan and Mr. Shefer or that Mr. Shefer is an employee of Art's Money Loan.

27. Golden Cousins filed a U.S. Income Tax Return for an S Corporation under its own name in 2014 and listed 4723 Frankford Avenue as its address.

28. On the tax return obtained by the examiner, Golden Cousin listed its business activity as pawn shop.

29. The pawn tickets issued for items pawned at 4723 Frankford Avenue do not list the name of the creditor who made the pawn loan; the tickets only list the address as 4723 Frankford Avenue and the phone number (215) 535-4723.

30. Duplicate copies of pawn tickets were not retained by Golden Cousins and Mr. Shefer.

31. Golden Cousins is charging an interest rate of approximately 9% on its pawns.

#### **VIOLATIONS**

32. By engaging in the business as a pawnbroker without being licensed under the PLA, Golden Cousins and Mr. Shefer are in violation of Section 3 of the PLA. 63 P.S. § 281-3.

33. By allowing pawn tickets to be distributed without the name of the company, Golden Cousins and Mr. Shefer violated the PLA. 63 P.S. § 281-14; *see also* 10 Pa. Code § 65.1.

34. By failing to retain a copy of the pawn ticket, Golden Cousins and Mr. Shefer violated the PLA. 63 P.S. § 281-14; *see also* 10 Pa. Code § 65.3(c).

35. By charging an interest rate of 9% on all pawn loans without a license, Mr. Shefer and Golden Cousins is in violation of the LIPL. 41 P.S. § 201(a).

36. This Order shall not preclude the Department from commencing additional enforcement action against Golden Cousins or Mr. Shefer or any other persons associated with Golden Cousins or Mr. Shefer as it deems necessary based on information unknown as of the date of this Order.

#### **RELIEF**

**WHEREFORE**, because Golden Cousins and Mr. Shefer engaged in the pawnbroker business when it was not licensed to do so, the Compliance Office, under the authority cited above, hereby imposes the following cease and desist order.

1. Immediately upon the effective date of this Order, Golden Cousins and Mr. Shefer, jointly and severally, shall cease and desist from making pawn loans.

a. Golden Cousins and Mr. Shefer, jointly and severally, will be prohibited from applying for a pawnbroker license in Pennsylvania for at least 5 years. 63 P.S. § 281-5.1(b).

2. Immediately upon the effective date of this Order, Golden Cousins and Mr. Shefer, jointly and severally, shall cease and desist from advertising, soliciting, and arranging pawn loans including through building or store signage.

3. Within 30 days of the effective date of this Order, Golden Cousins and Mr. Shefer, jointly and severally, shall provide to the Compliance Office a list of loans and cash advances made since August 1, 2010. The listing shall include:

- a. The name, address and phone number of each consumer;
- b. The date of the loan;
- c. The terms of the loan including the amount financed, any and all charges, interest, fees or other considerations including, but not limited to interest charges, finance charges, renewal fees, and the total amount of payments to be paid by the resident;
- d. The status of the loans including total amounts still owed to Golden Cousins, or if the loans have been transferred to a third party such as another lender or collection agency, the date such transfer occurred and the contact information for the third party; and
- e. Any other additional information that the Compliance Office shall request relating to these loans as the Compliance Office deems necessary.

4. Within 30 days of the effective date of this Order, Golden Cousins and Mr. Shefer, jointly and severally, shall refund all interest and fees charged on pawn loans which were entered into since August 1, 2010.

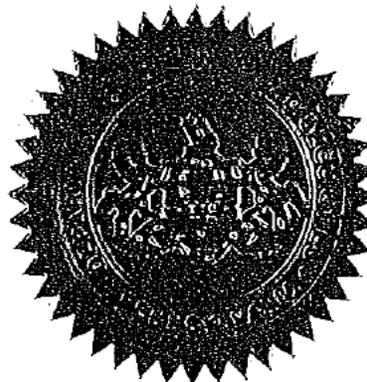
5. Within 30 days of the effective date of this Order, Golden Cousins and Mr. Shefer, jointly and severally, shall notify consumers with outstanding pawn loans that they may retrieve their items or convert their loan into a sale of the item pawned.

**IT IS SO ORDERED.**

Redacted \_\_\_\_\_

Ryan Walsh, Director  
Department of Banking and Securities  
Compliance Office

May 19, 2016  
(Date)



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **Cease and Desist Order** upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35 and 33.36:

BY CERTIFIED AND FIRST CLASS MAIL

Golden Cousins Inc.  
4723 Frankford Ave.  
Philadelphia, PA 19124

Golden Cousins Inc.  
2614 Germantown Ave.  
Philadelphia, PA 19133

German Shefer  
4723 Frankford Ave.  
Philadelphia, PA 19124

German Shefer  
2614 Germantown Ave.  
Philadelphia, PA 19133

Dated this 19<sup>th</sup> day of May, 2016

Redacted  
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Sharon Williams  
Assistant Counsel  
Attorney I.D. #: 207545  
FOR: Commonwealth of Pennsylvania  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101  
(717) 787-1471