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COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING, BUREAU OF COMPLIANCE, INVESTIGATION AND LICENSING v. SCHOCH'S INCORPORATED DOCKET No. 11008 (ENF-CO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Compliance, Investigation and Licensing ("Bureau"), has reviewed the business practices of Schoch's Incorporated ("Schoch's"), and its officers, employees and directors. Based on the results of its review, the Bureau believes that Schoch's operated in violation of the Motor Vehicle Sales Finance Act ("MVSA"), 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 ("Order").

BACKGROUND

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

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

4. Schooh's was licensed as an Installment Seller, license no. 11237 (the "License") from September 15, 2005 through September 30, 2010.

5. The MVFSA requires installment sellers to submit a yearly renewal license application to the Department at least fifteen (15) days prior to October 1 of each year. 69 P.S. § 605.E.

6. Schooh's failed to timely submit a license renewal application for the License and thus, the License was cancelled on October 1, 2010. 69 P.S. § 605.E.

7. On or around October 22, 2010, Schooh's submitted a new application for an installment seller license, which was approved on November 9, 2010 and assigned a new license number of 32900.

8. As part of its application, Schooh's submitted to the Department copies of five contracts it entered into while unlicensed from October 1, 2010 to November 9, 2010.

9. By entering into the contracts from October 1, 2010 to November 22, 2010, TJ's was engaging in the business of an installment seller without being licensed as an installment seller.

Authority of the Department

10. The MVSFA grants the Department the authority to issue orders as may be necessary for the enforcement of the MVSFA. 69 P.S. § 637.1.

11. Section 637.D of the MVSA 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

12. Schoch's is in violation of Section 604.1 of the MVSA by engaging in the business of an installment seller while unlicensed. 69 P.S. § 604.1.

RELIEF

13. ~~Fine.~~ Schoch's agrees to pay a fine of \$500.00 which shall be due and payable to the Department in two installments of \$250.00 each. The first payment of \$250.00 shall be due on or before February 1, 2011, and the second payment of \$250.00 shall be due on or before March 1, 2011. The fine payment shall be remitted by certified check or money order made payable to the "Department of Banking" and sent to the attention of: Pennsylvania Department of Banking, Licensing Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

14. Corrective Measures. Upon the Effective Date of the Order, TI's shall not engage in the business of installment sales unless it is licensed to do so.

FURTHER PROVISIONS

15. Consent. Schoch's hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MVSA and agrees that it understands all of the terms and conditions contained herein. Schoch's, 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.

16. 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).

17. Consumer Rights. This Order shall not limit or impair a consumer's rights under the MVSA. 69 P.S. § 635.

18. 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 Schoch's.

19. Binding Nature. The Department, Schoch's, and all officers, owners, directors, employees, heirs and assigns of Schoch's intend to be and are legally bound by the terms of this Order.

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

21. Effectiveness. Schoch's hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date").

22. 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 Schoch's in the future regarding all matters not resolved by this Order.

b. Schoch's 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.

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

24. Counterparts. This Order may be executed in separate counterparts, by facsimile, and by PDF.

25. 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.

