

FILED

2014 OCT -8 AM 8:59

COMMONWEALTH OF PENNSYLVANIA PA DEPARTMENT OF  
DEPARTMENT OF BANKING AND SECURITIES BANKING AND SECURITIES

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

v.

Docket No. 14 0041 (BNK-CAO)

CONDOR CAPITAL CORPORATION

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Licensing Office and Compliance Office, is on notice of the proceedings brought by the Superintendent of Financial Services of the State of New York against Condor Capital Corporation ("Condor"), and its owners and officers, before the United States District Court in the Southern District of New York. Based on the information provided in those proceedings, the Compliance Office concludes that Condor operated in violation of Pennsylvania's Motor Vehicle Sales Finance Act ("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 ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MVSFA.

2. The Compliance Office is primarily responsible for administering and enforcing the MVSFA for the Department.

3. The Licensing Office is primarily responsible for approving or denying license applications.

4. Condor is a foreign corporation with its main office located at 165 Oser Avenue, Hauppauge, New York 11788.

5. Condor Capital is wholly owned by Stephen Baron.

6. Condor operated in the Commonwealth as a sales finance company at various times since the year 2000, under license numbers 1138, 2385, 17305, and 19191.

7. Stephen Baron and his family managed Condor Capital until May 13, 2014.

8. On April 23, 2014, the Superintendent of Financial Services of the State of New York (NYDFS) filed a civil complaint against Condor and Stephen Baron in the District Court for the Southern District of New York, Docket No. 1:14-cv-02863.

9. NYDFS sought a Temporary Restraining Order ("TRO") alleging that Condor and Stephen Baron had engaged in systemic, knowing and abusive theft of funds from customers and engaged in unfair, deceptive and abusive treatment of its customers' personally identifiable information.

10. Specifically, NYDFS alleged that Condor and Stephen Baron failed to disclose positive credit balances due to customers and instead retained those balances for themselves, and engaged in deceptive practices to hide such positive balances.

11. On April 23, 2014, the United States District Court granted NYDFS the TRO against Condor, which was modified on April 25, 2014, to prohibit Condor from entering, soliciting, quoting, acquiring, or taking assignment of new loan agreements or retail installment

contracts with consumers, and prohibited Condor from purchasing, receiving by assignment or acquiring any new loans or retail installment contracts from automobile dealers. The TRO also restricted any payments to Stephen Baron.

12. On May 2, 2014, Wells Fargo, acting as agent for a consortium of Condor's secured lenders, moved by order to show cause to intervene in the NYDFS action in the United States District Court.

13. Wells Fargo advocated for a sale of Condor's loan portfolio that would pay Condor's obligations to the lenders.

14. On May 13, 2014, the United States District Court issued a preliminary injunction to continue the relief provided in the TRO and appointed a receiver to take over Condor's operations.

15. The Court specifically gave the Receiver full power and authority to effect a refinancing of Condor's lending operations, or a sale of Condor's loan portfolio.

16. On August 22, 2014, Condor filed its annual sales finance company renewal application with the Licensing Office as required by the MVSFA.

17. Question 4 of that application asks: "Have any legal proceedings involving consumer protection, usury, lending, real estate, licensing violations, breach of judiciary duty, fraud or similar issues been instituted, continued or concluded against the licensee during the past licensing year?"

18. Condor answered question number 4 "Yes - Affidavit Attached" by marking that box, but no affidavit was provided to explain the affirmative response to the question, nor were copies of documents evidencing the legal proceedings provided.

19. Accordingly, the Licensing Office deemed the application incomplete.

20. On or before September 30, 2014, Condor provided copies of the TRO issued by the United States District Court; a copy of Order of Summary Suspension filed by the Department of Banking in Connecticut; and a copy of Order to Cease and Desist, Order to Show Cause and Notice of Intent to Revoke Motor Vehicle Sales Finance Company License issued by the Commonwealth of Massachusetts, thereby completing its renewal application.

21. Upon review of those orders, and upon review of the docket before the United States District Court in the Southern District of New York, the Compliance Office and Licensing Office conclude that Stephen Baron and Condor have defrauded retail buyers and engaged in unfair, deceptive, fraudulent and illegal practices in connection with the sales finance business such that the Department may revoke Condor's license. See, 69 P.S. §§ 610.A.10 and 14.

Authority of the Department

22. The Department may reject any application for renewal of a license because of any of the following:

\*\*\*\*\*

- (2) For any of the grounds stated in subsection A of section 10
- (3) If the department is not satisfied that the financial responsibility, character reputation, integrity and the general fitness of the applicant and of the owners, partners, or members thereof, ...and of the officers and directors, if the applicant be a corporation, are such as to command the confidence of the public and to warrant the belief that the business for which application for license is filed will be operated lawfully, honestly, fairly and within the legislative intent of the act and in accordance with the general laws of this Commonwealth....

69 P.S. §§ 609.A.(2),(3).

23. 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.

24. Section 604 of the MVSFSA provides: "On and after the effective date of this act no person shall engage or continue to engage in this Commonwealth either as principal, employee,

agent or broker; (1) in 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. . .”

25. Section 637(D) of the MVSFA 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).

#### RELIEF

26. Solely in recognition of the authority of the Receiver and the orders of the United States District Courts issued to date, the Licensing Office agrees to grant Condor a conditional renewal of its license.

27. The renewal is conditioned upon Condor complying with all the prohibitions set forth in the orders of the United States District Court issued to date and in the future.

28. The renewal is conditioned upon Stephen Baron continuing to be barred from managing Condor in any manner and on any level. Should Stephen Baron, his relations or his family members gain or regain control over Condor, in whole or in part, this agreement is null and void and the Department may suspend or revoke Condor's sales finance license.

29. Individuals related to Stephen Baron, through affinity or consanguinity, may be employed at Condor, at the will of the Receiver or any new third party owner or management team, provided that such relations or family members do not have authority to hire or fire other employees, disburse company funds or make executive decisions regarding Condor.

30. The renewal is conditioned upon the Receiver remaining in place to manage the operations of Condor or the sale, supervised by the Receiver, of the company or its assets to a third party.

31. This renewal is being granted solely to afford the Receiver, and the lenders represented by Wells Fargo, time to secure refinancing or a sale of the Condor loan portfolio, and to find a new banking institution for the company given that Citibank has put the company on notice that it will terminate its agreements with Condor on or about November 3, 2014.

32. Nothing in this agreement allows Condor to engage in new sales finance transactions in violation of the orders of the United States District Court.

33. Condor agrees to accept the conditions placed on renewal of its license as set forth herein.

34. If at any point the conditions of this renewal cannot be met, the Licensing Office may suspend or revoke the license as if it had never been granted.

#### FURTHER PROVISIONS

35. Consent. Condor hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Department's order authority under the MVSEFA and agrees that it understands all of the terms and conditions contained herein. Condor, 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.

36. Publication and Release. Condor consents to the publication and release of this Order.

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

38. 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 Condor.

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

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

41. Effectiveness. Condor hereby stipulates and agrees that the Order shall become effective on the date that the Office executes the Order (the "Effective Date").

42. 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 Condor in the future regarding all matters not resolved by this Order.

b. Condor 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.

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

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

45. 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 Condor Capital Corp. intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING AND SECURITIES, COMPLIANCE OFFICE**

Redacted

James Keiser, Administrator  
Compliance Office  
Department of Banking and Securities

Date: October 7, 2014

Redacted

Robert Knaub, Director  
Licensing Office  
Department of Banking and Securities

Date: October 7, 2014

**FOR CONDOR CAPITAL CORP.**

Redacted

RECEIVER

Denis O'Connor  
(Print Name)

Receiver  
(Title)

Date: 10/6/14