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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

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

v.

CREDIT KING AUTOS LP

DOCKET No. 14 0008 (BNK-CAO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities, ("Department"), Bureau of Examinations and Bureau of Compliance and Licensing, has conducted a review of Credit King Autos LP ("Credit King"). Based on the results of the review, the Bureau of Compliance and Licensing ("Bureau") believes that Credit King operated in violation of the Motor Vehicle Sales Finance Act ("MVSFA"), 69 P.S. § 601 *et seq.*, the Consumer Discount Company Act ("CDCA") 7 P.S. § 6201 *et seq.* and the Loan Interest Protection Law ("LIPL"), 41 P.S. § 101 *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, the CDCA and the LIPL.
2. The Bureau is primarily responsible for administering and enforcing the MVSFA, the CDCA and the LIPL for the Department.

3. Credit King is an automobile dealership located at 2585 Cape Horn Rd, Red Lion, PA 17356-9057.

4. Credit King is licensed as an installment seller, license no. 36038 under the MVSFSA.

5. Credit King has never been licensed as a Consumer Discount Company in Pennsylvania.

6. In December of 2013, the Department received a consumer complaint alleging that Credit King was engaging in short term lending, using the consumer's vehicle title as collateral and charging an amount in excess of 6% simple interest.

7. The complainant informed the Department that he answered an advertisement on Craigslist offering loans for up to \$1,000.

8. On January 6, 2014, an examiner from the Bureau of Examinations conducted an on-site review of Credit King's records.

9. The examiner notified the owner of Credit King that the Department had received notice that title loans were being advertised by Credit King on Craigslist.

10. The owner of Credit King denied the advertisement of title loans by the company and explained to the examiner that a high risk practice like title loan origination would not be beneficial to Credit King's primary business operation.

11. The examiner returned to Credit King on January 7, 2014 for a follow-up visit to discuss the specific consumer complaint.

12. The examiner spoke with the assistant manager during the follow-up visit.

13. The assistant manager also denied the origination of title loans by Credit King.

14. On February 11, 2014, after obtaining a copy of a title loan contract from the complainant, the Department sent a special investigator to conduct further review of Credit King's records.

15. The owner and assistant manager admitted to the Department's investigator that a total of seven title loans were originated through Credit King, two of which were paid in full and five of which were still pending repayment at the time of the investigation.

16. These title loans were made at an interest rate of at least 100%.

AUTHORITY OF THE DEPARTMENT

17. Section 37.1 of the MVSFA and section 506(c) of the LIPL grant the Department the authority to issue orders as may be necessary for the enforcement of its statutes. *See* 69 P.S. § 637.1, 41 P.S. § 506(c).

18. The CDCA requires that "any person who shall hold himself out as willing or able to arrange for or negotiate such loans of twenty-five thousand dollars (\$ 25,000), or less where the interest . . . in the aggregate exceeds the interest that the lender would otherwise be permitted by law to charge . . . shall be deemed to be engaged in the business contemplated by this act . . ." 7 P.S. § 6203.B.

19. The LIPL provides that the maximum lawful rate of interest for loans in an amount of \$50,000 or less is 6%. *See* 41 P.S. § 201(a).

20. Any person who violates the LIPL may be fined up to \$10,000 per offense. *See* 41 P.S. § 505(b).

21. The MVFSA provides that the Department may suspend, revoke or refuse to renew a license if the licensee engages in unfair, deceptive, fraudulent or illegal practices or conduct in connection with any business regulated by the act. *See* 69 P.S. §§ 609.A.2, 610.A.(14).

22. The MVSFA further provides that any licensee the violates or engages in any activity for which a license could be suspended or revoked pursuant to section 10 of the MVSFA may be fined up to \$2,000 per offense. *See* 69 P.S. § 637.D.

VIOLATIONS

23. Credit King violated section 201(a) of the LIPL by charging interest rates of at least 100% which is in excess of the maximum lawful rate of interest of 6%.

24. Credit King violated section 3.B of the CDCA by originating title loans of less than \$25,000 at an interest rate higher than 6% without a license.

25. Credit King violated section 10.A.(14) of the MVSFA by engaging in unlicensed activity and making false statements to a Department employee.

RELIEF

19. Fine. Within thirty (30) days of the effective date of this Order as defined in paragraph 32 below, Credit King shall pay to the Department a fine in the amount of \$2,750. Payment shall be remitted by certified check or money order to be made payable to the "Department of Banking and Securities" and shall be sent to the Department of Banking and Securities, Compliance Division, 17th North Second Street, Suite 1300, Harrisburg, PA 17101.

20. Loans. Upon the effective date of the Order, Credit King agrees to cease any and all collection efforts on any outstanding title loans it originated.

21. Refund of Excess Interest. Upon the effective date of the Order, Credit King agrees to refund consumers any excess interest for which Credit King was prohibited from collecting. Proof of refunds should be sent to Ryan Walsh, Chief of the Compliance Division, at rywalsh@pa.gov.

22. Credit King shall immediately cease and desist from engaging in the business of offering or making short term loans with interest rates in excess of 6% without being licensed as a Consumer Discount Company.

23. Credit King shall immediately return any consumer's title which was held as collateral on a loan.

FURTHER PROVISIONS

26. Consent. Credit King hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MVSFA, CDCA and LIPL and agrees that it understands all of the terms and conditions contained herein. Credit King, 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.

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

28. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. *See* 71 P.S. § 733-302.A.(5).

29. 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 Credit King.

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

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

32. Effectiveness. Credit King hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

33. 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 Credit King in the future regarding all matters not resolved by this Order.

(b) Credit King 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.

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

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

36. Titles. The titles used to identify the paragraphs of this document are for 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 of Banking and Securities and Credit King Autos LP intending to be legally bound, do hereby execute this Consent Agreement and Order.

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

FOR CREDIT KING AUTOS LP

Ryan M. Walsh, Chief
Compliance Division
Bureau of Compliance and Licensing
Department of Banking and Securities

(Officer Signature)

GRACE TROSKELIS
(Printed Officer Name)

Date: March 11, 2014

owner
(Title)

Date: 3-11-14