

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.

FILED

2016 MAY 19 AM 9:48

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, COMPLIANCE OFFICE

v.

DEAN M. LAKE, individually,
d/b/a D&M AUTO SALES

Docket No. 16 CO27 (BNK-ORD)

ORDER

The Department of Banking and Securities (“Department”), Compliance Office, orders Dean M. Lake d/b/a D&M Auto Sales (“D&M Auto”) to immediately cease and desist from engaging in the motor vehicle installment sales business. In addition, Dean M. Lake, individually, is ordered to pay a fine and to refund consumers. Dean M. Lake, individually, is prohibited from engaging in the motor vehicle installment sales business in Pennsylvania for a period of no less than five years. In support of it Order, the Compliance Office states the following:

BACKGROUND

1. The Department was the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the former Motor Vehicle Sales Finance Act, 69 P.S. § 601 *et seq* (“MVSFA”).

2. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the Consumer Credit Code (“CCC”).

3. The CCC replaced the Motor Vehicle Sales Finance Act (“MVSFA”, 69 P.S. § 601 *et seq.*) effective as of November 27, 2014.

4. The Compliance Office is primarily responsible for administering and enforcing the CCC for the Department.

5. D&M Auto's principal place of business was located at 2873 East Prospect Street, York, PA 17402.

UNLICENSED ACTIVITY

6. Anyone engaging in the business of an installment seller of motor vehicles under installment sales contracts needs a license issued by the Department. 12 Pa. C.S. § 6211(a)(1).

7. Installment sellers must submit a yearly renewal license application to the Department at least fifteen (15) days prior to October 1 of each year. 12 Pa. C.S. § 6216.

8. The Department licensed D&M Auto as an installment seller, license no. 44933 through September 30, 2014.

9. D&M Auto failed to timely submit a license renewal application for license no. 44933 by the October 1, 2014 deadline.

10. The Department discovered that D&M Auto entered into two (2) installment sale contracts between October 1, 2014 and October 21, 2014.

11. The Department's Licensing Office ("Licensing Office") approved D&M Auto's New Application and issued installment seller license no. 48441 on October 20, 2014.

12. D&M Auto was not licensed to enter into installment contracts when it entered into the two (2) installment contracts.

13. The CCC prohibited D&M Auto from engaging in the Commonwealth as an installment seller without first obtaining an installment seller license from the Department. 12 Pa. C.S. § 6211(a)(1).

DOCUMENTATION VIOLATIONS

14. On August 12, 2015, the Compliance Office received information that a law enforcement authority was investigating allegations of criminal fraud by D&M Auto after the law enforcement authority received numerous complaints.

15. As of the date of this Order, the law enforcement authority's investigation is still ongoing.

16. In response to this information, the Compliance Office initiated an investigation into D&M Auto's operations.

17. At the time of the investigation, D&M Auto was a licensed installment seller, license no. 48441.

18. The Compliance Office reviewed 196 installment loan files of Pennsylvania consumers as part of its investigation.

19. The investigation revealed numerous violations within the installment loan files including:

i. Charging of excess fees. 12 Pa. C.S. § 6233(b).

ii. Failure to accurately represent the consumers' down payments. 12 Pa. C.S. § 6222(5)(F)(ii).

iii. Alteration of signatures and amounts. 12 Pa. C.S. § 6218(a)(13).

20. In total, the Compliance Office discovered that D&M Auto charged 194 consumers excess fees totaling \$113,198.65.

21. The Licensing Office received a timely renewal application from D&M Auto for license no. 48441, however, D&M Auto withdrew that renewal application during the course of the investigation. 12 Pa. C.S. § 6211(b)(2).

AUTHORITY

22. The CCC grants the Department the authority to issue orders as may be necessary for the enforcement of the CCC. 12 Pa. C.S. § 6203(a)(5).

23. Section 6218 of the CCC states that the Department may revoke or suspend any license where the licensee violated a provision of this chapter. 12 Pa. C.S. § 6218(a)(2).

24. Section 6274 of the CCC provides that “[a] person required to be licensed under this chapter that violates this chapter, directs a violation of this chapter or engages in an activity for which a license could be suspended or revoked under section 6218 (relating to revocation or suspension of license) shall be subject to a civil penalty levied by the department of not more than \$2,000 for each offense.” 12 Pa. C.S. § 6274.

AND NOW THEREFORE, based upon the above allegations, the Compliance Office, under the authority cited above, hereby issues the following order.

a. D&M Auto will refund the 194 consumers the overcharges in the total amount of one hundred thirteen thousand one hundred ninety-eight dollars and sixty-five cents (\$113,198.65).

b. D&M Auto is ordered to pay a fine of four hundred thirty thousand dollars (\$430,000). The fine payment is due within thirty (30) days of the Effective Date of this Order, as defined in paragraph d. The fine payment shall be remitted by certified check or money order payable to the “Department of Banking and Securities” and sent to the attention of: Department of Banking and Securities, Compliance Office, 17 N. 2nd Street, Suite 1300, Harrisburg, PA 17101-2290.

c. On the Effective Date of this Order, Dean M. Lake, individually, and D&M Auto and its owners, officers, directors and/or employees, are prohibited from engaging in the business

of motor vehicle installment sales in Pennsylvania, as defined in the CCC, for a period of no less than five (5) years.

d. The Effective Date of this Order shall be the date on which the Compliance Office executes the Order.

e. Nothing in this Order shall prevent the Compliance Office from taking any further administrative action as deemed necessary.

IT IS SO ORDERED.

Redacted _____

Ryan Walsh, Director
Department of Banking and Securities,
Compliance Office



Dated: May 19, 2016

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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DEAN M. LAKE, individually,
d/b/a D&M AUTO SALES

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing 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, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL:

Dean M. Lake
d/b/a D&M Auto Sales
5 Lyle Circle
York, PA 17402

Christopher A. Ferro, Esquire
The Law Office of Christopher A. Ferro, LLC
160 E. Market St.
York, PA 17401

Dated this 19th day of May, 2016.

Redacted

Sarah E. Sedlak
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Attorney I.D. # 93810
FOR: Commonwealth of Pennsylvania
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