

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

2017 JUL 11 PM 4:24  
PA DEPARTMENT OF  
BANKING AND SECURITIES

---

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, COMPLIANCE OFFICE	:	
	:	
v.	:	Docket No. : 17 <u>042</u> (BNK-CAO)
	:	
FRIENDS AUTOMOTIVE, INC.	:	

---

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office ("Office"), has reviewed the business practices of Friends Automotive, Inc. ("Friends"), and its officers, employees and directors. Based on the results of its review, the Office concludes that Friends operated in violation of Chapter 62 of the Consumer Credit Code ("CCC"), 12 Pa.C.S. § 6201 *et seq.* The parties to the above-captioned matter, in lieu of litigation, hereby stipulate 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 CCC.
2. The Office is primarily responsible for administering and enforcing the CCC for the Department.
3. Friends is licensed as an Installment Seller, license no. 31448, under the CCC.
4. Friends Principal Place of Business is located at 1603 Spring Road, Carlisle, PA 17013.
5. On April 12, 2017, an examiner from the Department commenced a routine examination of Friends at its principal place of business.

Ancillary Products Disclosure

6. During the examination, the examiner found that Friends was including a warranty and/or GAP insurance as part of the contract, and not providing the separate written ancillary product disclosure to the buyer indicating the purchase of ancillary products is voluntary.

7. By not providing the above disclosure, Friends was in violation of 12 Pa.C.S. § 6221 (e).

8. Friends acknowledged the finding.

Privacy Notice Disclosure

9. During the examination, the examiner found that Friends was not providing privacy notice disclosures to consumers as required by 15 U.S.C. § 6803.

10. By not complying with 31 CFR 500, Friends is subject to enforcement action under 12 Pa.C.S. § 6218(13).

11. The Department addressed the violation on site during an examination on July 31, 2013.

12. Friends acknowledged the finding.

Authority of the Department

13. 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).

14. 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).

15. 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

### VIOLATIONS

16. Friends violated Section 6221(e) of the CCC when it included a warranty and/or GAP insurance as part of a contract, and did not contain the separate written ancillary product disclosure to the buyer indicating the purchase of ancillary products is voluntary. 12 Pa.C.S. § 6221(e).

17. Friends violated 15 U.S.C. § 6803 when it failed to provide privacy notice disclosures to consumers

### RELIEF

18. Fine. Friends agrees to pay a fine of one thousand dollars (\$1,000). The first payment of five hundred dollars (\$500) is due within thirty (30) days of the Effective Date of the Order as defined in paragraph 26 below. The remaining payment shall be due and payable in thirty (30) days. The fine payments shall be remitted by certified check or money order made payable to the "Department of Banking and Securities" and sent to the attention of: Department of Banking and Securities, Compliance Office, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101-2290

19. Corrective Action. Upon the Effective Date of the Order, Friends shall provide to buyers an oral and written ancillary product disclosure and issue a separate privacy notice disclosure to consumers

### FURTHER PROVISIONS

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

21. Consumer's Rights. This Order shall not limit or impair a consumer's rights under the CCC 12 Pa.C.S. § 6236. (69 P.S. § 635.)

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

23. 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 of the Office and Friends.

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

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

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

27. 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 Friends in the future regarding all matters not resolved by this Order.

b. Friends 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.

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

29. Counterparts This Order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "PDF"

30. 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 of Banking and Securities, Compliance Office and Friends Automotive, Inc. 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

FOR FRIENDS AUTOMOTIVE, INC.

Redacted \_\_\_\_\_

John Talalai, Administrator  
Compliance Office  
Department of Banking and Securities

Date: 7/11/17

Redacted \_\_\_\_\_

(Officer Signature)

R. FRIENDS  
(Print Officer Name)

VP  
(Title)

Date: 7/11/17

