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PA DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND  
SECURITIES, COMPLIANCE OFFICE

v.

LEO'S AUTO SALES

Docket No.: 17 0075 (BNK-CAO)

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 Leo's Auto Sales and its officers, employees, and directors. Based on the results of its review, the Office concludes that Leo's Auto Sales operated in violation of the Consumer Credit Code ("CCC") as related to motor vehicle sales finance, 12 Pa. C.S. § 6101 *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 the CCC.
2. The CCC replaced the Motor Vehicle Sales Finance Act ("MVSFA", 69 P.S. § 601 *et seq.*) effective as of November 27, 2014.
3. Leo's Auto Sales' principal place of business is located at 2458 Baltimore Pike, Oxford, PA 19363.

Unlicensed Period

4. 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).

5. Leo's Auto Sales submitted a new installment seller license application ("Application") on or around November 21, 2017.

6. The Department has not approved Leo's Auto Sales' Application as of the date of this order.

7. During a review of the Application, the Department discovered that Leo's Auto Sales entered into installment sale contracts from October 1, 2017 to present.

8. The CCC prohibits Leo's Auto Sales 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).

9. During a review of the Application, it was noted that the installment sales contracts which Leo's Auto Sales had entered were not in compliance with the requirements of the CCC.

10. Among other exceptions in the contracts which Leo's Auto Sales entered into, the contracts call for late charges and repossession fees higher than allowed by the CCC.

Authority of the Department

11. 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).

12. 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).

13. 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**

14. Leo’s Auto Sales violated Section 6221(a) of the CCC when it engaged in the business of an installment seller while unlicensed. 12 Pa. C.S. § 6211(a)(1).

#### **RELIEF**

15. Fine. Leo’s Auto Sales agrees to pay a fine of three hundred and seventy-five dollars (\$375). Payment is due within thirty (30) days of the Effective Date of the Order as defined in paragraph 23 below. The fine payment 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.

16. Corrective Action.

a. Upon the Effective Date of the Order, Leo’s Auto Sales shall not engage in the business of an installment seller in Pennsylvania unless it is licensed.

b. When Leo’s Auto Sales is licensed, Leo’s Auto Sales will only enter into installment sale contracts where the contracts are in compliance with the CCC.

c. Regarding any contracts which Leo’s Auto Sales entered into prior to being licensed, Leo’s Auto Sales will only charge late charges and repossession fees as authorized by the CCC, even if the contract calls for higher charges.

#### **FURTHER PROVISIONS**

17. Consent. Leo’s Auto Sales 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. Leo's Auto Sales, 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.

18. 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.)

19. 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).

20. 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 Office and Leo's Auto Sales.

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

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

23. Effectiveness. Leo's Auto Sales hereby stipulates and agrees that the Order shall become effective on the date that the Office executes this Order ("Effective Date").

24. 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 Leo's Auto Sales in the future regarding all matters not resolved by this Order.

b. Leo's Auto Sales 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.

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

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

27. 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 Leo's Auto Sales 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

John Palalai, Administrator  
Compliance Office  
Department of Banking and Securities

Date: 12-15-2017

**FOR LEO'S AUTO SALES**

Redacted

(Officer Signature)

Goer Garduno-Morales  
(Print Officer Name)

Office Manager  
(Title)

Date: 12-15-17

