

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, COMPLIANCE OFFICE :

v.

: Docket No.: 18 0047 (BNK-CAO)

CARVANA, LLC

**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 Carvana, LLC ("Carvana") and its officers, employees, and directors. Based on the results of its review, the Office contends that Carvana failed to operate in compliance with 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, to avoid expensive and time-consuming litigation, hereby stipulate the following statements are true and correct in the settlement of the disputed claims in the above-captioned matter and, intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order ("CAO").

**BACKGROUND**

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the CCC.
2. Carvana's principal place of business is located at 1930 W. Rio Salado Pkwy Temple, AZ 85281.

Unlicensed Period

3. 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).

4. The Office contends that Carvana entered into installment sale contracts with Pennsylvania consumers while not licensed as an installment seller in Pennsylvania from January 2014 to present.

5. Carvana believes it was not required to be licensed pursuant to the CCC for financing vehicle sales if it did not have a dealership in Pennsylvania.

#### Authority of the Department

6. 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).

7. 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.

#### **ALLEGED VIOLATIONS**

8. The Office contends that Carvana failed to operate in compliance with Section 6211(a)(1) of the CCC when it engaged in the business of an installment seller while unlicensed 12 Pa. C.S. § 6211(a)(1).

#### **SETTLEMENT OBLIGATIONS**

9. In order to avoid expensive and time-consuming litigation, and in the settlement of disputed claims, the Department and Carvana agree to take the following actions

- a. Payment Carvana agrees to pay the Department the sum of One Hundred and Seventeen Thousand Three Hundred and Seventy-Five Dollars (\$117,375). Payment is due within thirty (30) days of the Effective Date of the CAO as defined

in paragraph 16 below. The 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.

- b. License. Upon the Department's execution of this CAO, the Department will grant to Carvana a license to operate as an Installment Seller under the CCC that will be effective on the date of issuance.

### **FURTHER PROVISIONS**

10. Consent. Carvana hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this CAO pursuant to the Department's order authority under the CCC and agrees that it understands all of the terms and conditions contained herein. Carvana, by voluntarily entering into this CAO, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this CAO.

11. No Admission of Violations or Liability. Carvana's consent to the entry of this CAO is made as part of an effort to both avoid expensive and time-consuming litigation and settle disputed claims. The entry of this CAO does not signify Carvana's agreement that it engaged in wrongful conduct.

12. Release of All Claims. This CAO resolves with prejudice any and all claims that the Department could have asserted with respect to its contention that Carvana engaged in the business of an installment seller of motor vehicles under installment sales contracts without a license from the date upon which Carvana commenced business operations until the Effective Date of the CAO as defined in paragraph 16 below.

13. Entire Agreement. This CAO contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind

whatsoever concerning the subject of this CAO. This CAO may be amended in writing by mutual agreement by the Office and Carvana.

14. Binding Nature. The Department, Carvana, and all representatives, officials, officers, owners, directors, employees, heirs, and/or assigns of the Parties intend to be and are legally bound by the terms of this CAO

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

16. Effectiveness. The parties hereby stipulate and agree that the CAO shall become effective on the date that the Office executes this CAO (“Effective Date”)

17. Other Action

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Carvana in the future regarding all matters not resolved by this CAO

b. Carvana acknowledges and agrees that this CAO is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this CAO

18. Authorization. The parties below are authorized to execute this CAO and legally bind their respective parties

19. Counterparts This CAO may be executed in separate counterparts and by facsimile or electronic mail in portable document format “PDF”.

20. 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 Carvana, LLC 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 CARVANA, LLC**

Redacted  
John Talala, Administrator

Compliance Office  
Department of Banking and Securities

Date: 6/26/2018

Redacted  
(Officer Signature)

Paul Breaux  
(Print Officer Name)

General Counsel  
(Title)

Date: 6/21/18

