

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, COMPLIANCE OFFICE

v.

VROOM, INC.

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: Docket No.: 190007 (BNK-CAO)

PA DEPARTMENT OF
BANKING AND SECURITIES

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 Vroom, Inc. (“Vroom”) and its officers, employees, and directors. Based on the results of its review, the Office contends that Vroom failed to operate in compliance with the Consumer Credit Code (“CCC”) as related to motor vehicle sales finance, 12 Pa. C.S. § 6201 *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 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. Vroom’s principal place of business is located at 12053 Southwest Freeway, Stafford, TX 77477.

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 Vroom entered into motor vehicle installment sale contracts with Pennsylvania consumers while not licensed as an installment seller from January 2014 to present.

5. Vroom believed it was not required to be licensed pursuant to the CCC for financing vehicles sales if it did not have a dealership in Pennsylvania.

Authority of the Department

6. The CCC grants the Department the authority to issue CAOs 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 Vroom 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).

9. The Office contends that Vroom failed to operate in compliance with the CCC when collecting fees not authorized under Section 6233 of the CCC. 12 Pa. C.S. § 6233.

SETTLEMENT OBLIGATIONS

10. In Order to avoid expensive and time-consuming litigation, and in the settlement of disputed claims, the Department and Vroom agree to take the following actions.

- a. Payment. Vroom agrees to pay the Department the sum of thirty-three thousand dollars (\$33,000). Payment is due within thirty (30) days of the Effective Date of the CAO. The

payment shall be made by ACH or wire transfer, or if ACH or wire transfer is unavailable by certified check, cashier's check, teller's check or money order made payable to the "Department of Banking and Securities" and shall be mailed, or delivered in person to the attention of: Department of Banking and Securities, Compliance Office, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101-2290.

- b. Licensure. Vroom will not enter into motor vehicle installment sale contracts with Pennsylvania consumers until Vroom is licensed as an Installment Seller under the CCC.
- c. Applying for License. In the event Vroom should apply for a license, it will submit its business plan, policies, and procedures in advance to the Office for approval.
- d. Refunds. Vroom has completed all refunds to Pennsylvania consumers.

FURTHER PROVISIONS

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

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

13. 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 Vroom engaged in the business of an installment seller of motor vehicles under installment sales contracts without a license or collected unauthorized fees from January 2014 until the Effective Date of the CAO as defined below.

14. 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 this CAO. This CAO may be amended in writing by mutual agreement by the Office and Vroom.

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

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

17. Effectiveness. Vroom hereby stipulates and agrees that the CAO shall become effective on the date that the Office executes this CAO ("Effective Date")

18. 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 Vroom in the future regarding all matters not resolved by this CAO.

b. Vroom 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.

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

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

21. 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 Vroom, Inc. intending to be legally bound do hereby execute this Consent Agreement and CAO.

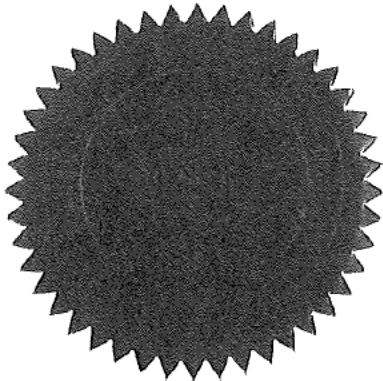
FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
BANKING AND SECURITIES,
COMPLIANCE OFFICE //

Redacted

John Talalai, Administrator

Compliance Office
Department of Banking and Securities

Date: 1-17-2019



FOR VROOM, INC.

Redacted

(Officer Signature)

Sarah Feingold

(Print Officer Name)

General Counsel/Secretary

(Title)

Date: 1-17-2019