

IN THE PHILADELPHIA COURT OF COMMON PLEAS
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION

COMMONWEALTH OF PENNSYLVANIA,
BY ATTORNEY GENERAL JOSH SHAPIRO,

Petitioner,

v.

APPROVED FINANCIAL, INC.,

Respondent.

July Term, 2022

No. _____

ASSURANCE OF VOLUNTARY COMPLIANCE

AND NOW, comes the Commonwealth of Pennsylvania, acting by the Office of Attorney General Josh Shapiro, through the Bureau of Consumer Protection (hereinafter "Commonwealth" or "Petitioner"), which caused an investigation to be made into the business practices of Approved Financial, Inc. (hereinafter "Respondent" or "Approved"), pursuant to the provisions of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.* (hereinafter "Consumer Protection Law"), and the Loan Interest and Protection Law ("LIPL"), 41 P.S. § 101, *et seq.*, and states the following:

DEFINITIONS

WHEREAS, for purposes of this Agreement, the following definitions shall apply:

A. "Document" or "documents" shall mean all physically or electronically stored information, including writings, drawings, graphs, charts, photographs, sound recordings, images, and other data or data compilations stored in any medium from which information can be obtained, and shall include drafts, non-identical copies, and file folders and jackets in which documents are

contained. "Non-identical copies" are reproductions of original documents which have notations, markings, comments, or other material not appearing in the original.

B. "Effective Date" of this Assurance of Voluntary Compliance shall be the day it is filed with the Court of Common Pleas of Philadelphia County, Pennsylvania.

C. "Vehicle Title Loan" shall mean a loan of money to a consumer secured by a motor vehicle title registered in Pennsylvania.

PARTIES

WHEREAS, Petitioner is the Commonwealth of Pennsylvania by the Office of Attorney General, with offices located at 1600 Arch Street, 3rd Floor, Philadelphia, PA 19103.

WHEREAS, Respondent is a for-profit Wyoming corporation that maintains a principal place of business located at 175 SW 7th Street, Suite 1925, Miami, Florida 33130.

BACKGROUND

WHEREAS, Respondent has engaged in trade and commerce within Pennsylvania by offering, servicing, and providing Vehicle Title Loans to consumers while using consumers' Pennsylvania-registered vehicles as collateral, collecting on these loans, and repossessing and selling consumers' collateral vehicles.

WHEREAS, Under Section 201 of the Loan Interest and Protection Law ("LIPL"), 41 P.S. § 201, the maximum lawful rate of interest for the loan and use of money in amounts less than \$50,000.00 is six percent per year.

WHEREAS, the six-percent interest cap applies to all consumer lenders except those lenders who are licensed under the Consumer Discount Company Act ("CDCA"), 7 P.S. §§ 6201-6219, and who make loans in accordance with the limitations and requirements of that statute. See *Pa. Dept. of Banking v. NCAS of Delaware, LLC*, 948 A.2d 752 (Pa. 2008). This cap

applies to all credit-related charges, however labeled, and applies to credit lines as well as fixed-amount loans. *Id.*

WHEREAS, the Supreme Court has established that “the effect of these two statutes [CDCA and LIPL] is that if a lender is licensed by the Department [of Banking] in accord with the CDCA, it can charge between 6–24% on loans under \$25,000. If it is not licensed, it is bound by the 6% cap imposed by the LIPL.” *Cash Am. Net of Nevada, LLC v. Com., Dep’t of Banking*, 607 Pa. 432, 437–38, 8 A.3d 282, 285–86 (2010).

WHEREAS, based upon its investigation, the Commonwealth believes the Respondent has engaged in conduct which violates the Consumer Protection Law as more fully set forth below:

1. In 2017, Respondent solicited, negotiated, and executed 215 Vehicle Title Loans to Pennsylvania residents for amounts below \$25,000.00 and interest rates above 6% without maintaining proper licensure with the Pennsylvania Department of Banking as required by the CDCA.

2. Respondent enticed consumers from within the Commonwealth via online advertising to purchase Vehicle Title Loans which are not permissible in the Commonwealth without proper licensure.

3. Respondent issued Vehicle Title Loans with amounts below \$50,000.00 and interest rates above 100%, greatly exceeding the maximum limit of 6% per annum in place for loans at \$50,000.00 or lower as set forth by LIPL, 41 P.S. §§ 201-202.

4. Respondent charged interest rates equaling 250% per annum in some instances.

5. As collateral for the Vehicle Title Loans that Respondent issued to Pennsylvania consumers, Respondent filed liens with the Pennsylvania Department of Transportation on vehicles owned by Pennsylvania residents and titled in Pennsylvania.

6. Respondent knew or should have known of the interest rate limits of the LIPL and sought to avoid application of Pennsylvania law to the Vehicle Title Loans they originated by purportedly requiring Pennsylvania consumers to execute loan documents while physically present in the state of Delaware. Respondent included a provision in its loan agreements whereby Pennsylvania consumers declared under penalty of perjury that they signed the documents in Delaware.

7. Despite Respondent's attempts to circumvent Pennsylvania law, Respondent knew or should have known that Pennsylvania consumers electronically signed the documents for Respondent's Vehicle Title Loans while physically present in Pennsylvania.

8. Respondent caused a likelihood of confusion or misunderstanding by misrepresenting, explicitly or implicitly, that it was legal for Respondent to offer and provide Vehicle Title Loans to residents of Pennsylvania. In fact, these loans were void *ab initio*.

9. Respondent collected monies from Pennsylvanians who sent, directed, and/or authorized payments from Pennsylvania to the Respondent by check, money order, or credit card.

10. Respondent has repossessed vehicles in Pennsylvania when payments on the usurious Vehicle Title Loans had defaulted.

11. Respondent contracted with third-party repossession companies based in Pennsylvania, which then stored repossessed vehicles at their Pennsylvania locations and then sold directly or auctioned at Pennsylvania auctions repossessed vehicles to Pennsylvania residents or vehicle dealers.

WHEREAS, the Commonwealth, through the Office of Attorney General, has the "standing to bring a civil action for injunctive relief and such other relief as may be appropriate to secure compliance" with LIPL. 41 P.S. § 506(a).

WHEREAS, Respondent violated the LIPL by charging, collecting or contracting for interest and fees in excess of 6% per annum without a license under the CDCA, or otherwise authorized by any other provision of law. 41 P.S. §§ 201-202.

WHEREAS, the aforesaid acts and practices constitute “unfair methods of competition” and/or “unfair or deceptive acts or practices,” as prohibited by Section 201-3 of the Consumer Protection Law, as defined by Section 201-2(4)(ii), (iii), (v), and (xxi) as follows:

1. Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services, 73 P.S. § 201-2(4)(ii);
2. Causing likelihood of confusion or of misunderstanding as to affiliation, connection or association with, or certification by, another, 73 P.S. § 201-2(4)(iii);
3. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has sponsorship, approval, status, affiliation or connection that he does not have, 73 P.S. § 201-2(4)(v); and
4. Engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi);

WHEREAS, Respondent Approved Financial, Inc. was sold to new ownership in a stock sale transaction on or about December 16, 2021;

WHEREAS, the Commonwealth alleges that Respondent engaged in conduct that violated the Consumer Protection Law and the LIPL prior to December 16, 2021. The Commonwealth does not allege that any wrongful conduct occurred after December 16, 2021;

WHEREAS, Respondent agrees to cease and desist from engaging in the acts and practices alleged above and shall not violate the Consumer Protection Law or LIPL.

WHEREAS, this Assurance of Voluntary Compliance (“AVC”) is accepted by the Commonwealth pursuant to Section 201-5 of the Consumer Protection Law, in lieu of commencing statutory proceedings provided under Sections 201-4 of the Consumer Protection Law and shall not be considered an admission of a violation, 73 P.S. §§ 201-4 and 201-5; and

WHEREAS, under Section 201-5 of the *Consumer Protection Law*, this Assurance of Voluntary Compliance shall not be considered an admission of a violation for any purpose. 73 P.S. § 201-5.

SETTLEMENT TERMS

NOW THEREFORE, having conducted trade and commerce within the Commonwealth, Respondent agrees for itself, its successors, assigns, agents, employees and all other persons acting on its behalf, directly or through any corporate or other business device to the following:

I. Injunctive and Affirmative Relief

A. Respondent shall comply with any and all provisions of the Consumer Protection Law and any amendments thereto; and, is permanently enjoined from any violation thereof.

B. Respondent is enjoined and prohibited from violating the LIPL.

C. Respondent shall immediately cease and desist from engaging, as principal, employee, agent or broker, in the business of negotiating or making loans or advances of money on credit, or soliciting, advertising, over radio, television, print, through the internet and or mails, or by any other means whatsoever, or arranging for such loans, or purchasing and taking assignment of those loans, in amounts less than \$50,000.00, directly, or in association with any third party, to any Pennsylvania resident. This shall include any and all involvement in the making of any and all loans or advances of money on credit, including, but not limited to, Vehicle Title Loans. *See* 41 P.S. §§ 201-202, 506(a).

D. Respondent shall immediately cease and desist from collecting on any consumer balances due as of the Effective Date, including any further payments of principal or interest, based on any Vehicle Title Loans sold by Respondent where the borrower is a Pennsylvania resident or the collateral is a motor vehicle titled and registered in Pennsylvania. Respondent agrees that those balances were void *ab initio*. See *id*.

E. If Respondent intends to do business in the Commonwealth of Pennsylvania in the future, then Respondent shall provide notice, including a description of the nature of the business to be conducted, to the Commonwealth of Pennsylvania at the following address at least thirty (30) days prior to doing business:

Debra Djupman Warring
Deputy Attorney General
Office of Attorney General
1600 Arch Street, 3rd Floor
Philadelphia, PA 19103
Telephone: (215) 560-2930
Email: dwarring@attorneygeneral.gov

F. Respondent shall immediately cease and desist from taking any action to repossess any collateral for Vehicle Title Loans sold by Respondent where at the time of loan origination, the borrower was a Pennsylvania resident or the collateral was a motor vehicle titled and registered in Pennsylvania.

G. Respondent shall immediately cease and desist from assigning, selling, transferring, purchasing, or taking assignment of any Vehicle Title Loan sold by Respondent where, at the time of loan origination, the borrower was a Pennsylvania resident or the collateral was a motor vehicle titled and register in Pennsylvania.

H. Respondent shall immediately cease and desist from furnishing negative credit information to any consumer reporting agency. Respondent shall also within thirty (30) days of

the Effective Date remove all credit information previously furnished to a consumer reporting agency, whether positive or negative, in regard to any loan where, at the time of loan origination, the borrower was a Pennsylvania resident or the collateral was a motor vehicle titled and registered in Pennsylvania.

I. Respondent shall preserve, for a period of at least two years following the Effective Date of this AVC, all Vehicle Title Loan records and documents, repossession/sale records and documents, payment records and documents, and collections records and documents, with respect to Vehicle Title Loans Respondent made, issued, or extended to Pennsylvania consumers under accounts established between January 1, 2017 and the Effective Date of this AVC.

J. Respondent shall not sell or refer any consumer debt to any debt collector or other third party related to Vehicle Title Loans. If Respondent has already sold or referred any consumer debt related to Vehicle Title Loans to any debt collector or other third party, Respondent shall call back or buy back such debt, and provide written proof that they have done so to the Commonwealth, at the address specified in paragraph (F) above, within thirty (30) days of the Effective Date.

K. Respondent shall within thirty (30) days of the Effective Date, provide the Commonwealth of Pennsylvania's Department Transportation with any and all documents or information necessary to have all liens against all Pennsylvania residents and/or vehicles registered in the Commonwealth marked satisfied and released. Respondent shall convey proper and rightful vehicle title to any and all Pennsylvania consumers who used Respondent's services.

II. Monetary Relief

A. Respondent agrees to pay the sum of One Hundred Twenty-Six Thousand One-Hundred Ninety-Seven Dollars and 76/100 (\$126,197.76), and such other sum of Restitution to be determined (hereinafter "Required Payment"), which shall be allocated as follows:

1. **Restitution** to borrowers in the amount of all interest charges paid to Respondent for Vehicle Title Loans that were originated at an interest rate in excess of 6% (total sum of \$35,738.63), plus all costs paid by consumers for repossessions or reinstatements on Vehicle Title Loans that were originated at an interest rate in excess of 6% (total sum of \$63,802.62);
 2. **Civil Penalties** in the amount of Twenty-One Thousand Five-Hundred Dollars (\$21,500.00) shall be distributed to the Commonwealth of Pennsylvania, Department of Treasury; and
 3. **Costs of Investigation** in the amount of Five Thousand One Hundred Fifty-Six and 51/100 Dollars (\$5,156.51) shall be distributed to the Commonwealth of Pennsylvania, Office of Attorney General, to reimburse the costs incurred in pursuing this enforcement action, and shall be deposited in an interest-bearing account from which both principal and interest shall be expended for future public protection and education purposes.
- B. Respondent shall pay this monetary relief on the Effective Date.
- C. Respondent shall submit the Required Payments by certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, Office of Attorney General, and forwarded to the address specified in paragraph I(E) above.
- D. The Commonwealth shall use the funds paid by Respondent as restitution: (1) to distribute funds to borrowers as the Commonwealth directs, and (2) to pay for costs and expenses of any Settlement Administrator. After the Commonwealth or its Settlement Administrator has completed the distribution of restitution funds to borrowers, including making reasonable attempts to contact payees of uncashed checks and waiting a reasonable period of time not less than ninety

(90) calendar days, all uncashed checks may be voided. Once such uncashed checks have been voided, any remaining funds in the restitution account (including any accrued interest) will be distributed to the Commonwealth to be deposited in an interest-bearing account from which both principal and interest shall be expended for public protection and education purposes.

E. The Commonwealth shall have sole discretion concerning the distribution of restitution funds which may include determining the borrowers to whom the Respondent made loans, collected payments, or repossessed vehicles, the nature and amount of such payment, and directing a Settlement Administrator to make payments to these borrowers.

F. After Respondent has made the Required Payments, Respondent shall no longer have any property right, title, interest, or other legal claim in any funds held in escrow.

III. Miscellaneous Terms

A. The Philadelphia Court of Common Pleas shall maintain jurisdiction over the subject matter of this AVC and over the Respondent for purpose of enforcement of the terms of this AVC.

B. Time shall be of the essence with regards to Respondent's obligations hereunder.

C. Any failure of the Commonwealth to exercise any of its rights under this AVC shall not constitute a waiver of its rights hereunder.

D. Jonathan Jarvis, as President of Approved Financial, Inc., hereby states that he is authorized to enter into and execute this AVC on behalf of Approved Financial, Inc..

E. Respondent is and has been represented by legal counsel and has been advised by their legal counsel of the meaning and effect of this AVC.

F. Respondent shall not, directly or indirectly, form a separate entity or corporation for the purpose of engaging in acts prohibited by this AVC or for the purpose of circumventing this AVC.

G. Respondent further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this AVC, whether required prior to, contemporaneous with or subsequent to the Effective Date, as defined herein.

H. Nothing contained in this AVC shall be construed to waive or limit any individual right of action by any consumer, person or entity, or by any local, state, federal or other governmental entity.

I. Respondent agrees by the signing of this AVC that Respondent shall abide by each of the aforementioned provisions and that the breach of any one of these terms shall be sufficient warrant for the Commonwealth of Pennsylvania to seek penalties provided for under Section 201-8(a) of the Consumer Protection Law, 73 P.S. § 201-8(a), and to seek any other equitable relief which the Court deems necessary or proper, up to and including forfeiture of the right to engage in trade or commerce within the Commonwealth of Pennsylvania.

J. This AVC may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this AVC may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

K. Respondent understands and agrees that if it has made any false statement in or related to this AVC, that such statement is made pursuant to and under penalty of 18 Pa.C.S. § 4904 relating to unsworn falsifications to authorities.

L. This AVC sets forth all of the promises, covenants, agreements, conditions and understandings between the parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto. Each party specifically warrants that this AVC is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

M. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not be contained herein.

N. Neither Petitioner nor Respondent shall be considered the drafter of this AVC or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this AVC.

WHEREFORE, intending to be legally bound, the parties have hereto set their hands and seals.

SIGNATURES ON SEPARATE PAGES

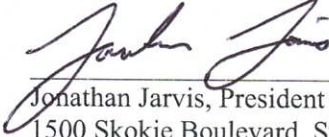
For the Petitioner:
COMMONWEALTH OF PENNSYLVANIA

Josh Shapiro
Attorney General

Date: July 20, 2027

By: Debra Djupman Warring
Debra Djupman Warring
Deputy Attorney General
PA Attorney I.D. 206437
1600 Arch Street, 3rd Floor
Philadelphia, PA 19103
Telephone: (215) 560-2930
Fax: (215) 560-2494
Email: dwarring@attorneygeneral.gov

For the Respondent Corp.:
APPROVED FINANCIAL, INC.

Date: 07-07-2022 By: 
Jonathan Jarvis, President
1500 Skokie Boulevard, Suite 540
Northbrook, IL 60062

RESOLUTION

RESOLUTION OF THE BOARD OF DIRECTORS
OF APPROVED FINANCIAL, INC.

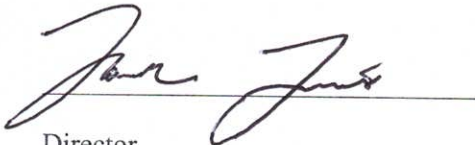
The Board of Directors of Approved Financial, Inc. met on the 7th day of July, 2022, and approved the following resolution.

RESOLVED, that Jonathan Jarvis is hereby authorized and empowered on behalf of Approved Financial, Inc. to enter into an Assurance of Voluntary Compliance with the Commonwealth of Pennsylvania, Office of Attorney General, upon the terms and conditions contained in the proposed Assurance of Voluntary Compliance attached hereto and made a part hereof.

Filed with and attested to by the Directors of the Corporation, this 7th day of July, 2021.



Director



Director

[SEAL]

CERTIFICATE OF SERVICE

I, Debra Djupman Warring, Deputy Attorney General, do hereby certify that a true and correct copy of the foregoing Assurance of Voluntary Compliance was served upon the following via first class mail, postage prepaid, and via e-mail on the date noted below:

Tobias P. Moon
Chapman and Cutler LLP
1717 Rhode Island Avenue NW
Washington, DC 20036
Counsel for Respondent

Date: July 20, 2022

By: /s/ Debra Djupman Warring
Debra Djupman Warring
Deputy Attorney General