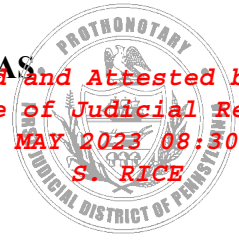


IN THE PHILADELPHIA COURT OF COMMON PLEAS  
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA  
CIVIL TRIAL DIVISION

Filed and Attested by the  
Office of Judicial Records  
17 MAY 2023 08:30 am  
S. RICE



Commonwealth of Pennsylvania,  
By Attorney General Michelle A. Henry,

Petitioner,

v.

Auto Equity Loans of DE, LLC,  
1241 Churchmans Rd, Newark, DE 19713,

Respondent.

\_\_\_\_\_ Term, 2023

No. \_\_\_\_\_

**ASSURANCE OF VOLUNTARY COMPLIANCE**

Filed on Behalf of Petitioner:

COMMONWEALTH OF  
PENNSYLVANIA, OFFICE  
OF ATTORNEY GENERAL

Counsel of Record for this Party:

Nicholas F. B. Smyth  
Assistant Director for Consumer  
Financial Protection  
Senior Deputy Attorney General  
PA ID # 307972  
1600 Arch Street, 3rd Floor  
Philadelphia, Pennsylvania 19103  
Email: nsmyth@attorneygeneral.gov  
Phone: 412-880-0475

Case ID: 230501810

**AND NOW**, comes the Commonwealth of Pennsylvania, acting by Attorney General Michelle A. Henry, (hereinafter “Commonwealth” or “Petitioner”), which caused an investigation to be made into the business practices of Auto Equity Loans of DE, LLC (hereinafter “Respondent” or “AEL”), 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. “Respondent”** shall mean Auto Equity Loans of DE, LLC and all its past and present subsidiaries, predecessors, successors, agents, owners, employees, and officers.

**D. “Vehicle Title Loan”** shall mean a loan of money to a resident of Pennsylvania that is secured by a motor vehicle title.

## **PARTIES**

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

**WHEREAS**, Auto Equity Loans of DE, LLC is a Delaware limited liability company that maintains a principal place of business located at 1241 Churchmans Rd, Newark, DE 19713.

## **BACKGROUND**

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

**WHEREAS**, based upon its investigation, the Commonwealth believes the Respondent has engaged in conduct which violates the Consumer Protection Law.

**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**, without admitting it has done so, Respondent agrees that it will not from the effective date hereof:

1. Cause 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. Cause 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. Represent 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. Engage in any fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi);

**WHEREAS**, Respondent agrees that it will not make Vehicle Title Loans to Pennsylvania residents and agrees not to violate the Consumer Protection Law or LIPL, although Respondent maintains that it has not heretofore done so;

**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;

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

**WHEREAS**, Respondent is not admitting herein that it has engaged in any of the alleged conduct mentioned herein.

#### **SETTLEMENT TERMS**

**NOW THEREFORE**, having allegedly 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 not engage, as principal, employee, agent or broker, in the business of negotiating or making Vehicle Title Loans or other 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 advances, or purchasing and taking assignment of those loans or advances, in amounts less than \$50,000 and at rates of interest that allegedly violate LIPL and/or CDCA, directly, or in association with any third party, to any Pennsylvania resident. *See* 41 P.S. §§ 201-202, 506(a).

D. Respondent shall immediately cease and desist from collecting on or accepting any payments as of the Effective Date, based on any Vehicle Title Loans made by Respondent where the borrower is a Pennsylvania resident or the collateral is a motor vehicle titled and/or registered in Pennsylvania (“Pennsylvania Vehicle Title Loans”).

E. Respondent shall cancel and charge off the remaining balance and close all Pennsylvania Vehicle Title Loans.

F. Respondent has already ceased and shall continue to desist from taking any action to repossess any collateral associated with Pennsylvania Vehicle Title Loans.

G. Respondent shall not furnish negative credit information to any consumer reporting agency for any Pennsylvania Vehicle Title Loans. Respondent shall also within thirty (30) days of the Effective Date remove all credit information, if any, 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.

H. Respondent shall not assign, sell, or transfer any Pennsylvania Vehicle Title Loans. If Respondent has already sold, transferred, assigned, or referred any consumer debt related to Pennsylvania 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 (C) below, within thirty (30) days of the Effective Date.

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. For any remaining liens associated with Pennsylvania Vehicle Title Loans, Respondent shall, within sixty (60) days of the Effective Date, provide the Commonwealth of Pennsylvania's Department Transportation with any and all documents or information necessary to have the liens relating to such loans marked satisfied and released. Respondent shall convey proper and rightful vehicle title to the impacted consumers.

## **II. Monetary Relief**

A. Respondent agrees to pay the sum of Seven Hundred Fifty Thousand Dollars (\$750,000) (hereinafter "Required Payment"), which shall be allocated as follows:

1. **Restitution** to borrowers in the amount of Seven Hundred Five Thousand Dollars \$705,000; and

2. **Costs of Investigation** in the amount of Forty-Five Thousand Dollars (\$45,000) 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 in the amounts below, on or before the dates listed on the following payment schedule:

1. On the date that AEL executes this AVC, \$500,000; and
2. Sixty days after the Effective Date, \$250,000.

C. Respondent shall submit the Required Payments by wire transfer, certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, Office of Attorney General, and forwarded to: Marie Sprameli-Hinkle, Office of Attorney General, 1600 Arch Street, 3<sup>rd</sup> Floor, Philadelphia, PA 19103.

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. Alan L. Frank, counsel for Auto Equity Loans of DE, LLC, hereby states that he is authorized to enter into and execute this AVC on behalf of Auto Equity Loans of DE, LLC.

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 involving vehicle title loans 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 knowingly 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. The parties' execution of this AVC, along with the full and complete payment outlined above, finally and fully resolves the Petitioner's investigation into Respondent's vehicle title lending practices, which was initiated pursuant to the Consumer Protection Law.

M. 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.

N. 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.

O. 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.

[Signature Page Follows]

**For the Petitioner:**  
COMMONWEALTH OF PENNSYLVANIA

Michelle A. Henry  
*Attorney General*

Date: May 9, 2023

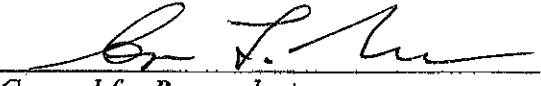
By: \_\_\_\_\_

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**For the Respondent:**  
Auto Equity Loans of DE, LLC

Date: 5/5/23

By: \_\_\_\_\_

  
*Counsel for Respondent*  
Alan L. Frank, Esquire  
Alan L. Frank Law Associates, P. C.  
135 Old York Road  
Jenkintown, PA 19046