

CONSUMER PROTECTION DIVISION,
OFFICE OF THE ATTORNEY GENERAL,

Proponent,

v.

CASH-N-GO, INC.,
CASH-N-GO PAWNBROKERS LLC,
CASH-N-GO PAWNBROKERS, INC., and
BRENT M. JACKSON,

Respondents.

IN THE CONSUMER
PROTECTION DIVISION,
OFFICE OF
THE ATTORNEY GENERAL
OF MARYLAND

CPD Case No. 19-003-308458

(OAH No.: OAG-CPD-04-19-11267)

ADMINISTRATIVE HEARING PROCESS

FEB 18 2020

FILED

Office of the Attorney General
Consumer Protection Division

FINAL ORDER

1. The Consumer Protection Division of the Office of the Attorney General of Maryland (the "Agency")¹ hereby orders Cash-N-Go, Inc.; Cash-N-Go Pawnbrokers LLC; Cash-N-Go Pawnbrokers, Inc.; and Brent M. Jackson, (collectively, the "Respondents") to cease and desist from violating the Maryland Consumer Protection Act, Md. Code Ann., Com. Law §§ 13-101 to-501 ("CPA") and to take affirmative action pursuant to § 13-403(b)(1) of the CPA, as described herein.

Agency Findings

2. The Agency hereby adopts and incorporates all findings and conclusions contained in the Proposed Findings of Fact, Discussion, and Proposed Conclusions of Law of the attached Proposed Decision issued by the Office of Administrative Hearings ("OAH") on October 25, 2019 (the "Proposed Decision") as if fully set forth herein.

¹ The Consumer Protection Division acting in its capacity as a quasi-judicial agency is referred to herein as the "Agency," while the Consumer Protection Division acting as the Proponent in the instant matter is referred to as "Proponent."

Definitions

3. For purpose of this Final Order, “loan” or “consumer loan” means any loan or advance of money or credit made, provided, advertised, offered, or made available to any Maryland consumer regardless of what the loan is called or how it is characterized, and thus includes, for example, any secured consumer loan that permits a consumer to retain use and control of their vehicle or other secured personal property while repaying the loan, including, but not limited to, transactions characterized as “vehicle title loans,” “title loans,” “vehicle title pawns,” or “title pawns.” A loan that is primarily for personal, household, family, or agricultural purposes constitutes “consumer credit” within the meaning of § 13-101(d)(1) of the CPA.

4. For purpose of this Final Order, “repossess” or “repossession” means directly or indirectly taking or otherwise obtaining physical or constructive possession of a motor vehicle or other personal property securing a consumer loan following the consumer’s alleged default on repaying the loan.

5. For purpose of this Final Order, the “business of consumer lending” means directly or indirectly marketing, soliciting, offering, selling, making available, extending, providing, collecting on, and/or servicing consumer loans, or otherwise engaging in activities in any way related to or arising from such consumer loans, including but not limited to the direct or indirect repossession of motor vehicles or other personal property securing such consumer loans, as well as any subsequent sale of the repossessed motor vehicles or other personal property. The business of consumer lending encompasses offering or making available “consumer credit” and “consumer services,” as those terms are defined under § 13-101(d)(1) of the CPA. A person engaged in the business of consumer lending is a “merchant” within the meaning of § 13-101(g) of the CPA.

Application

6. The provisions of this Final Order shall apply to Respondents Cash-N-Go, Inc.; Cash-N-Go Pawnbrokers LLC; Cash-N-Go Pawnbrokers, Inc.; and to each of their owners, directors, managers, members, officers, employees, agents, affiliates, merged or acquired entities, parent or controlling entities, wholly owned subsidiaries, successors and assigns, and to all other persons or companies acting in concert or in participation with any of these Respondents.

7. The provisions of this Final Order shall also apply to Respondent Brent M. Jackson and his partners, agents, employees and assigns, and to any corporation, partnership, sole proprietorship, or other business or business entity in or for which he either currently, or in the future, has an ownership interest, has authority to control, or has the authority to establish policy.

8. The provisions of this Final Order shall apply to Respondents' business of consumer lending.

Cease and Desist Provisions and Other Injunctive Terms

9. The Respondents shall immediately cease and desist from engaging in any unfair or deceptive trade practices in violation of the CPA.

10. Respondents shall not make any false or misleading oral or written statements or other representations of any kind that have the capacity, tendency, or effect of deceiving or misleading Maryland consumers.

11. Respondents shall not make representations that (a) a Respondent has a sponsorship, approval, status, affiliation, or connection that the Respondent does not have; or (b) a Respondent's services have a sponsorship, approval, characteristic, use, or benefit which they do not have.

12. Respondents shall not fail to state a material fact, the omission of which deceives

or tends to deceive Maryland consumers, including failing to disclose a Respondent's registration or licensing status, the interest rate charged, and other terms of a Respondent's consumer loans.

13. Respondents shall not make any oral or written statement, or any other representation, that states, implies, or otherwise has the capacity to lead Maryland consumers to believe any of the following:

a. That a Respondent's "title loan" or other loan constitutes a pawn transaction under Maryland state or local law;

b. That a Respondent's title loan or other loan is anything other than a secured loan subject to Maryland's consumer lending laws;

c. That a Respondent's title loan or other loan to a Maryland consumer is not subject to Maryland's consumer lending laws or the CPA;

d. That a Respondent is permitted to take a security interest in personal property for a loan less than the amount or value specified in Com. Law § 12-311(c)(1)(ii); or

e. That a Respondent's vehicle title loan or other loan has been sanctioned, endorsed, or ratified by any Maryland governmental agency as a pawn transaction under Maryland state or local laws.

14. The Respondents shall immediately cease and desist from violating the Maryland Consumer Loan Law, Md. Code Ann., Com. Law §§ 12-301 to-317 and Fin. Inst. §§ 11-201 to -223 ("MCLL"), including, but not limited to, immediately ceasing and desisting from:

a. Engaging in the business of consumer lending without first becoming licensed by the Maryland Commissioner of Financial Regulation as a consumer lender under the MCLL;

b. Making vehicle title loans or other loans subject to the MCLL that exceed the maximum annual effective rate of simple interest permitted under § 12-306 of the MCLL, which is currently either 33% or 24%, depending on the loan;

c. Failing to provide Maryland consumers with a written contract that complies with the disclosure requirements and other provisions of Com. Law §§ 12-308(a) and 12-106(b) at the time of, or prior to, making consumer loans;

d. Charging types of fees or fees in amounts that are not permitted under the MCLL;

e. Taking a security interest in personal property for loans less than the amount or value specified in § 12-311(c)(1)(ii) of the MCLL;

f. Repossessing secured vehicles, charging repossession and storage fees, and selling repossessed vehicles, in violation of Com. Law §§ 12-306(a)(7)(iii) and 12-115; and

g. Operating without the requisite surety bond required under the MCLL.

15. The Respondents shall immediately cease and desist from violating the Interest and Usury Law, Md. Code Ann., Com. Law §§ 12-101 to-127 ("I&U") and the Installment Loans Licensing Provisions, Md. Code Ann., Com. Law §§ 11-301 to-304 ("ILLP"), including, but not limited to, immediately ceasing and desisting from:

a. Engaging in the business of consumer lending without first becoming licensed by the Maryland Commissioner of Financial Regulation as an installment lender under ILLP;

b. Making vehicle title pawns or other loans subject to I&U that exceed the 6% maximum annual effective rate of simple interest permitted under Com. Law § 12-102 of I&U,

or the 24% maximum annual effective rate of simple interest permitted under Com. Law § 12-103(a)(3) and (c) of I&U, as applicable;

c. Failing to provide Maryland consumers with a written statement that complies with Com. Law § 12-106(b);

d. Charging types of fees or fees in amounts that are not permitted under I&U;

e. Repossessing secured vehicles or other personal property, charging repossession and storage fees, and selling repossessed vehicles, in violation of Com. Law § 12-115; and

f. Operating without the requisite surety bond required for licensed installment lenders.

16. All title loans and other loans and extensions of credit previously made by any of the Respondents to Maryland consumers are void and unenforceable, and the Respondents are prohibited from receiving or retaining any principal, interest, fees, or other compensation related to these title loans, other loans, and extension of credit made to Maryland consumers.

17. All security interests, including any purported liens, taken on any motor vehicle or other personal property securing a title loan, other loan, or extension of credit previously made by a Respondent to a Maryland consumer are void and unenforceable.

18. The Respondents are prohibited from collecting any money or other valuable consideration from any Maryland consumer in any way related to or arising from any of the Respondents' title loans or other loans made to Maryland consumers.

19. The Respondents are prohibited from selling, assigning, or otherwise transferring any title loans or other loans involving Maryland consumers, as well as any associated security interest or purported liens in motor vehicles or other personal property, to any third parties.

20. The Respondents are prohibited from repossessing any motor vehicle or other personal property securing a loan previously made to any Maryland consumer.

21. No later than thirty (30) days from the date of the entry of this Final Order, the Respondents shall make the necessary filings to release all liens on any motor vehicles securing a vehicle title loan or other loan made to any Maryland consumer filed with the Maryland Motor Vehicle Administration or analogous agency in the state where the vehicle was titled (collectively, "MVA").

22. For each lien that a Respondent filed with the MVA on a motor vehicle securing a title loan or other loan made to a Maryland consumer, the Respondent shall pay the cost of having a new title issued to each consumer removing the Respondent's lien.

23. Respondents shall return to consumers all spare keys still held by any of the Respondents for any motor vehicle securing a title loan or other loan made to any Maryland consumer.

24. The Respondents shall return all vehicles previously repossessed from Maryland consumers that are still in the actual or constructive possession of a Respondent, including returning to Maryland consumers their personal property that was in the vehicle at the time of repossession.

25. Each Respondent shall notify all assignees to whom that Respondent transferred any vehicle title loan or other loan involving a Maryland consumer, or transferred the security interest in any personal property securing a loan, of the following: that the loans are void and unenforceable; that all security interests in such loans are void and unenforceable; that the assignee is prohibited from collecting, attempting to collect, receiving, or retaining any money from any Maryland consumer that is in any way related to or arising from such vehicle title loan or other

loan; that the assignee is prohibited from attempting to enforce the security interest against the consumer; that the assignee is prohibited from modifying the original loan agreement to attempt to evade these prohibitions; and that the assignee would be in violation of Maryland law if it engaged in any of this prohibited conduct.

26. No later than ninety (90) days following the entry of this Final Order, Respondents shall provide the Proponent with reasonable documentation of their compliance with paragraphs 21 through 25.

27. The Respondents are prohibited from engaging in the business of consumer lending unless they first become duly licensed by the Maryland Commissioner of Financial Regulation as a consumer lender, and have fully satisfied all other provisions of this Final Order.

28. Unless and until the Respondents become duly licensed by the Maryland Commissioner of Financial Regulation as a consumer lender, Respondents shall ensure that all of their oral and written advertisements available to or accessible by consumers in Maryland, including but not limited to any web sites, email solicitations, and radio advertisements, clearly and conspicuously state that the Respondents cannot engage in the business of consumer lending with Maryland consumers.

29. If the Respondents become duly licensed by the Maryland Commissioner of Financial Regulation as a consumer lender, for at least ten (10) years from the date the Respondents become so licensed, they shall maintain copies of all contracts, invoices, and other documents that the Respondents provide to or receive from any Maryland consumer in connection with their business of consumer lending. The Respondents shall produce the documents that they must maintain pursuant to this paragraph to the Proponent upon request.

30. If the Respondents become duly licensed by the Maryland Commissioner of

Financial Regulation as a consumer lender, for at least ten (10) years from the date the Respondents become so licensed, the Respondents shall maintain copies of all records pertaining to any title loans or other loans or consumer credit that Respondents provided to Maryland consumers, records of all payments that they accepted from Maryland consumers, records of all liens filed with the MVA or other governmental agencies related to personal or real property securing the loans, and records related to all collections activities, including but not limited to any repossession or other actions to foreclose the security interest in or on the secured property as a result of alleged default by the consumer in repaying the loan. The Respondents shall produce the documents that they must maintain pursuant to this paragraph to the Proponent upon request.

31. In connection with any pawn transaction that any Respondent enters with a consumers, following any payment received from the consumer, the Respondent shall provide the consumer with a receipt stating: (a) the date of the payment; (b) the amount of the payment; (c) the balance of any principal, interest or other amounts that remain owed following application of the payment; and (d) when applicable, a statement that the pawn or loan transaction has been paid in full.

32. The Respondents shall not repossess consumers' vehicles unless they are duly licensed by the Maryland Commissioner of Financial Regulation as a consumer lender and they fully comply with Maryland law concerning the repossession of vehicles including, but not limited to:

- a. Only repossessing a vehicle if they have complied with the statutory rates of interest set forth in sections 12-103 and 12-306 of the Commercial Law Article;
- b. Providing the consumer, within five days of repossession, by certified or registered mail, a notice disclosing the right to redeem the vehicle, the amount needed to pay

off and take possession of the vehicle, and informing the consumer of the vehicle's location;

- c. Holding the repossessed property for at least fifteen days in order to permit the consumer an opportunity to repay the amount owed and redeem the vehicle;
- d. Only charging repossession and storage fees at the time of redemption if the Respondents had previously served the consumer with a "notice prior to repossession" at least ten days prior to repossession;
- e. In the event Respondent intend to sell a consumer's repossessed vehicle through a private sale or public auction, (i) serving the consumer with a notice of sale at least ten days prior to the scheduled sale or auction that informs the consumer of the time and place of the sale; and (ii) providing the consumer with any required accounting of the proceeds of the sale and returning to the consumer any sale proceeds that exceed the loan balance and fees owed by the consumer.

Monetary Relief

33. The Agency finds that: (a) consumers were harmed as a result of the Respondents' unfair and deceptive trade practices in connection with their business of consumer lending; (b) the Respondents made purported title loans or title pawns to Maryland consumers that were actually usurious consumer loans and were made while Respondents were not licensed as a consumer lender; (c) the Respondents took security interests in consumers' motor vehicles and other personal property that Respondents were not legally allowed to take; (d) the Respondents' loans are thus void and unenforceable under Maryland law; (e) all security interests in personal property taken by one or more of the Respondents pursuant to their loans to Maryland consumers are void; (f) the Respondents are not permitted to receive or retain any principal, interest, fees, or other

compensation related to these loans; (g) Maryland consumers made payments to the Respondents on these illegal loans; (h) the Respondents collected and retained money from consumers that they were not legally entitled to collect, receive, or retain; (i) the Respondents repossessed motor vehicles and other personal property purportedly securing these loans that Respondents were not legally entitled to repossess; (j) the Respondents charged and collected repossession, storage, and other fees from Maryland consumers that Respondents were not legally entitled to charge or collect; (k) the Respondents sold repossessed motor vehicles and other personal property that Respondents were not legally entitled to sell, and Respondents retained all proceeds from such sales; and (l) the Respondents committed multiple violations of the CPA, MCLL, I&U, and ILLP.

A. Restitution

34. The Agency finds that the Respondents are jointly and severally liable to provide restitution of amounts received in connection with all Maryland consumers who entered into a vehicle title loan or other loan agreement with any of the Respondents, including all moneys that Respondents received in connection with Respondents' unfair or deceptive trade practices, as well as all proceeds and other amounts that the Respondents received from the unlawful repossession and sale of all vehicles and other personal property that Respondents repossessed and sold.

35. Within thirty (30) days of the date of this Final Order, the Respondents shall pay restitution to the Agency (the "Restitution Amount") equal to the sum of all moneys Respondents collected or received from Maryland consumers, including but not limited to: (a) all loan origination and processing fees, all "pawn fees," and all payments that Maryland consumers made on their loans, including all payments made toward principal, interest, late fees, NSF fees, any other fees or charges arising from or relating to these loans; and (2) the amounts that the Respondents' received in connection with the repossession of consumers' vehicles and personal

property contained therein, including the proceeds from any sale or auction and all repossession fees, storage fees, and other fees or charges arising from or relating to such repossessions. The Restitution Amount that Respondents shall pay shall be at least Two Million, Two Hundred Thousand Dollars (\$2,200,000).

36. The Proponent shall deposit the Restitution Amount into a bank account (the "Restitution Account") to be used by the Agency to make restitution payments to consumers.

37. Consumers are entitled to receive restitution under this Final Order if they:

a. Obtained a title loan or other loan from any Respondent at any time on or before the date of this Final Order;

b. Were a resident of Maryland or were located in Maryland at the time they applied for the title loan or other loan; and

c. Either of the following applies: (1) the consumer paid the Respondent(s) any amount of money with regard to the title loan or other loan, including paying any origination or processing fees, "pawn fee," principal, interest, or other fees or charges arising from or relating to these loans; or (2) the consumer had their motor vehicle or other secured personal property repossessed as a result of allegedly being in default on repaying their loan to Respondent(s), after which the Respondent(s) sold the vehicle or other personal property, or the consumer paid any repossession, storage, or other fees or charges in order to regain possession of the vehicle or other personal property.

38. The Restitution Account shall be maintained by the Agency. The Agency shall make disbursements from the Restitution Account to pay restitution to eligible consumers and to pay the costs of a claims process.

39. Within thirty (30) days after the date of this Final Order, the Respondents shall

provide the Proponent with a list of all Maryland consumers who obtained a title loan or other loan from one or more of the Respondents on or before the date of this Final Order (the "Consumer List"), providing the following information in a sortable, Excel spreadsheet, with each item in a separate field:

- a. The consumer's first name;
- b. The consumer's last name;
- c. The consumer's street address;
- d. The consumer's city, state, and postal code;
- e. The consumer's telephone number;
- f. The consumer's e-mail address (if available);
- g. The consumer's social security number (if available);
- h. The date of birth of the consumer;
- i. The date of the loan;
- j. The location where the loan was made;
- k. The principal amount of the loan;
- l. The amount of money actually disbursed to, or received by, the consumer for the loan;
- m. The identity of any personal property securing the loan, including but not limited to the year, make, model, and vehicle identification number of any secured motor vehicle;
- n. The total amount of all payments made by the consumer in any way related to or arising from the loan, including but not limited to any principal, interest, fees, and other charges;
- o. If the motor vehicle or other personal property securing the loan was repossessed:
 - i. the date of repossession,
 - ii. any amount the consumer paid to any of the Respondents to redeem their vehicle or other personal property, including all repossession and storage fees, and

- iii. if the vehicle or other personal property was not redeemed by the consumer, the amount of any proceeds from the sale or auction of the vehicle or any personal property contained therein that was received by the Respondents;
- p. The date of the consumer's last payment to any of the Respondents;
- q. If the lien was released, the date of the release; and
- r. If the account or associated security interest was assigned, sold, or otherwise transferred to any person or entity, provide the name of the person to whom or the entity to which the account or security interest was transferred, the person or entity's address, phone number, and email address, as well as the date of the assignment.

The Respondents shall provide the Consumer List required under this paragraph in both electronic and paper formats.

40. The Proponent shall perform a claims process that will be conducted by a person or persons appointed by the Agency (hereinafter the "Claims Administrator"). The Claims Administrator may be an employee of the Agency or an independent claims processor.

41. The claims process shall consist of identifying and locating each consumer who is eligible to receive restitution pursuant to this Final Order, gathering all information necessary to determine the amounts of restitution due to each consumer who is eligible to receive restitution, and the mailing by the Claims Administrator of restitution payments to all such consumers and any other mailings that assist the claims process.

42. If it is possible to determine a consumer's entitlement to relief from sources other than the consumer, that relief shall be provided to the consumer without the necessity of the consumer submitting information in the claims process.

43. The Claims Administrator shall perform the tasks necessary to ensure a thorough and efficient determination of consumers' claims pursuant to the terms of this Final Order.

44. The Claims Administrator shall perform the above duties under the supervision and control of the Proponent.

45. The Respondents shall give the Claims Administrator complete access to all records, data, and personnel necessary for the Claims Administrator to complete his or her duties.

46. The Respondents shall be liable for the costs of conducting the claims process, including the payment provided for under paragraph 59 of this Final Order. The Claims Administrator shall notify the parties of all costs incurred in connection with the claims process.

47. If, at any stage of the claims process, it is determined that the Restitution Account will require additional payments to satisfy all consumer restitution due under this Final Order, or to pay the costs of the claims process, the Respondents shall deposit additional money in the amount specified by the Proponent within thirty (30) days of being notified by the Proponent of the additional amount.

48. At the conclusion of any claims process conducted by the Proponent, any part of the Restitution Amount that has not been distributed to consumers may, at the discretion of the Attorney General, be (a) held in trust for consumers by the State or (b) used in accordance with State law, for consumer education or other purposes permitted by State law.

49. If there are insufficient funds collected to provide full restitution to each victim, benefits shall be distributed to consumers on a *pro rata* basis.

Civil Penalties

50. The Administrative Law Judge (“ALJ”) found that Respondents made at least 1,601 title loans to Maryland consumers from 2007 through 2016, inclusive. (Prop. Dec. at 11, ¶¶ 34-35; Prop. Dec. at 13, ¶ 44.) Each of these title loans constitutes a consumer loan that violated multiple provisions of Maryland’s lending laws, including provisions of I&U, ILLP, and/or the MCLL. (Prop. Dec. at 49; Prop. Dec. at 58-62, ¶¶ 1-12.) The ALJ also found that Respondents committed multiple violations of the CPA as to each title loan that they made to Maryland consumers,

including but not limited to violations of Md. Code Ann., Com. Law §§ 13-301(1), 13-301(2)(i), 13-301(2)(ii), and 13-301(3). (Prop. Dec. at 59-61, ¶¶ 5-7.) These finding are incorporated into this Final Order.

51. For each of the Respondents' title loans (or "loans") to Maryland consumers, including the 1,601 loans referenced above, the Respondents committed the following violations of the CPA:

a. The Respondents engaged in unlicensed lending activities, which are material facts that Respondents failed to disclosed to consumers, although their advertisements and communications with consumers implicitly represented that they had all licenses necessary to make the title loans they offered and sold to Maryland consumers;

b. The Respondents charged usurious rates of interest and other prohibited fees, took prohibited security interests in personal property for loans less than \$700 in value, and illegally repossessed 147 motor vehicles, following which Respondents illegally charged repossession and storage fees in order for the consumer to redeem the vehicle, or illegally sold or otherwise disposed of the repossessed vehicle and its contents, all of which are material facts that Respondents failed to disclose to consumers, although their advertisements and communications with consumers implicitly represented that their interest rates and fees, as well as their security interests in personal property, and their ability to repossess and then charge fees or sell repossessed motor vehicles, were permitted under Maryland law; and

c. The Respondents failed to provide all material terms and make all required disclosures to consumers, thereby preventing each consumer from making a fully informed decision about whether to enter into an agreement with Respondents.

52. Pursuant to Md. Code Ann., Com. Law § 13-410, the factors to be considered by

the Agency in setting the amount of a civil penalty are:

- a. The severity of the violation for which the penalty is assessed;
- b. The good faith of the violator;
- c. Any history of prior violations;
- d. Whether the amount of the penalty will achieve the desired deterrent purpose; and
- e. Whether the issuance of a cease and desist order, including restitution, is insufficient for the protection of consumers.

Each of these factors is considered below.

53. The Respondents' violations were severe. Although Respondents have never been licensed to make consumer loans in Maryland, for multiple years, Respondents offered and provided title loans or other loans to Maryland consumers containing highly usurious terms, all of which had annual interest rates of 360%. (Prop. Dec. at 11, ¶ 36; Prop. Dec. at 13, ¶ 44.) Further, Respondents targeted their title loans to consumers in economic distress, and then took a security interest in the consumers' motor vehicles, even though Respondents were prohibited from taking a security interest in any personal property for the majority of their loans (1,155 loans) because they were than \$700 in value. (See Prop. Dec. at 54-55.) Respondents also failed to disclose the true interest rates of their loans and the other loan terms, mischaracterized their loans as "title pawns" subject to Maryland's pawnbroking laws, and repossessed motor vehicles from numerous consumers who were unable to make the usurious payments required on their loans. (See, e.g., Prop. Dec. at 52-54, 56-58.) This caused distress and hardship for consumers, all of whom relied on their motor vehicles for essential aspects of life – traveling to and from work, to essential medical appointments, to shop for food and other necessities, and to visit friends and relatives. (See Prop. Dec. at 36.)

54. The ALJ made several findings that strongly suggest that the Respondents acted in

bad faith, and have a history of engaging in prohibited lending activities. Respondent Jackson engaged in the exact same type of title lending activities in West Virginia in the 1990s, offering title loans under the fiction of being “pawn transactions.” (*See, generally*, Prop. Dec. at 26-28, ¶¶ 100-108.) These activities were the subject of an enforcement action by the West Virginia Attorney General’s Office, as well as a reported decision by the West Virginia Supreme Court of Appeals, which held that Jackson’s “title pawns” were not true pawn transactions but were instead simply consumer loans subject to the West Virginia Consumer Credit and Protection Act. (*Id.* at 27, ¶¶ 101-105.) Jackson entered into a consent order in 1998, under which a West Virginia circuit court permanently banned him from offering or making title loans or title pawns to consumers in West Virginia. (*Id.* at 28, ¶¶ 106-107.) Jackson’s response was to immediately turn around and form another pawnbroking and check cashing business, Cash-N-Go, Inc., in Maryland. (*Id.* at 4, ¶ 1.) By 2007, Jackson was offering and providing title loans to Maryland consumers, again under the false premise that his “title pawns” were pawn transactions and not subject to state consumer protection or lending laws. There is no evidence that the Respondents ever checked with the Commissioner of Financial Regulation, the Secondhand Precious Metals and Pawnbrokers Unit, or any other division or unit within the Maryland Department of Labor, Licensing and Regulation to determine whether he could offer or provide title loans under his pawnbroker license, despite the ban from doing the same thing in West Virginia. (*Id.* at 13, ¶ 47.) When questioned by a check cashing examiner from the Office of the Commissioner several years later about a neon sign advertising “title loans” at several of his locations, Jackson falsely represented that what Cash-N-Go offered was actually a different product – “title pawns” rather than “title loans” – and that such title pawns were closely regulated by DLLR’s pawnbroker regulator. (*Id.* at 25, ¶¶ 87-89.) This, despite the fact that West Virginia had affirmatively told Jackson years before that such products

were not true pawn transactions, but were instead consumer loans subject to state consumer lending laws. Further, in November 2014, Cash-N-Go's Hagerstown location was visited by investigators from the Office of the Commissioner during an investigation of a separate business enterprise, and Cash-N-Go was affirmatively warned that its title pawns were likely loans subject to Maryland's consumer lending laws, requiring the Respondents to be licensed by the Commissioner. (*Id.* at 25, ¶ 92.) The Respondents completely ignored this warning, continued to offer and make title loans to consumers in Maryland through 2016, and only stopped once the Proponent began investigating Respondents' business activities in earnest. All of this leads to the clear conclusion that the Respondents were acting in bad faith.

55. Despite entering into a Consent Order with West Virginia that required Jackson to pay fines and restitution and to comply with cease and desist provisions and other injunctive terms, and despite being found liable by West Virginia's highest court for engaging in illegal lending activities, the Respondents still made the decision to engage in predatory title lending to Maryland consumers from 2007 through 2016. As such, there is nothing to suggest that yet another cease and desist order, including an order pay restitution, would deter Respondents from deciding to engage in the same illegal conduct that harms consumers. Likewise, a small or moderate penalty is also unlikely to achieve the desired deterrent purpose. Instead, a significant penalty is necessary to deter Respondents and those similarly situated from engaging in this or a similar type of illegal and harmful conduct in the future.

56. Section 13-410(a) of the CPA allows for a penalty of up to \$10,000 for each violation.

57. Following consideration of the number of violations committed by the Respondents in each of their transactions with consumers, as well as the factors set forth in Md. Code Ann.,

Com. Law § 13-410(d), including Respondents' history of prior violations of the same type in a different state, as well as the severe harm to consumers caused by Respondents' predatory loans and the loss by numerous consumers of their only means of transportation following Respondents' illegal repossession of their motor vehicles, the Agency has determined that the Respondents shall pay a civil penalty totaling One Million, Two Hundred Thousand and Seven Hundred and Fifty Dollars (\$1,200,750.00).

58. The Respondents shall pay the penalty amount required under the prior paragraph within thirty (30) days of the date of this Final Order.

Costs

59. Within thirty (30) days of the date of this Final Order, and pursuant to Md. Code Ann., Com. Law § 13-409, the Respondents shall pay the Agency Fifty Thousand Dollars (\$50,000.00), which shall be used by the Agency to pay for the claims procedure provided under this Final Order and Seventy-Three Thousand Dollars and Thirty-Eight Cents (\$73,000.38) for the costs incurred by the Proponent in investigating and prosecuting this enforcement action.

Priority of Payment

60. If there are insufficient funds received by the Agency to cover all amounts that are due and owed by Respondents under this Final Order, the funds received shall be credited first toward restitution, then costs, and shall only be credited toward the civil penalty after all restitution claims are fully satisfied and the Agency has been reimbursed its costs for investigating and prosecuting this action and for conducting a claims procedure.

Resolution of Disputes

61. The Chief of the Agency or his designee shall resolve any disputes regarding this Final Order and enter any supplemental orders needed to effectuate its purpose.

Notice to Respondent

62. Pursuant to Md. Code Ann., Com. Law § 13-403(b)(1)(iii), the Respondents are hereby notified that if the Agency determines that the Respondents have failed to comply with this Final Order within thirty (30) days following service of this Final Order, the Consumer Protection Division may proceed with enforcement of the Final Order pursuant to Subtitle 4 of Title 13 of the Commercial Law Article.

Right to Judicial Review

63. A party aggrieved by the Findings of Fact and Conclusions of Law or any provision of this Final Order is entitled to judicial review of the decision as provided by § 10-222 of the State Government Article of the Annotated Code of Maryland. Generally, a petition for judicial review must be filed within thirty (30) days after the date of the order from which relief is sought. The time for filing a petition is regulated by Rule 7-203 of the Maryland Rules and the rules regulating judicial review of administrative agency decisions as set forth in Rules 7-201 to 7-210 of the Maryland Rules.

CONSUMER PROTECTION DIVISION
OFFICE OF THE ATTORNEY GENERAL

Date: February 18, 2020

By: 

Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation,
Legislation and Policy, and Chief's Designee

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