

LAWRENCE G. WASDEN
Attorney General

A. RENÉ MARTIN - I.S.B. #3188
Deputy Attorney General
State of Idaho
Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8092
Facsimile: (208) 332-8016
rene.martin@finance.idaho.gov

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

| | | |
|--------------------------------------|---|-----------------------|
| STATE OF IDAHO, DEPARTMENT OF |) | |
| FINANCE, CONSUMER FINANCE |) | Docket No. 2010-06-02 |
| BUREAU, |) | |
| |) | |
| Complainant, |) | CONSENT ORDER |
| |) | |
| vs. |) | |
| |) | |
| MONEY TRAIN TITLE LOANS, LLC, a Utah |) | |
| limited liability company, |) | |
| |) | |
| Respondent. |) | |
| _____ |) | |

The Director of the State of Idaho, Idaho Department of Finance (Director) has conducted a review of the Idaho title lending activities of MONEY TRAIN TITLE LOANS, LLC (the Respondent). Pursuant to such review, it appears to the Director that the Respondent has violated provisions of the Idaho Credit Code, Idaho Code § 28-41-101 *et seq.* (ICC), and Idaho's Title Loan Act, Idaho Code § 28-46-501 *et seq.*, included within the ICC (the Act). The Director and the Respondent have agreed to resolve this matter through this Consent Order rather than through a formal administrative proceeding or civil action. Therefore, the Director deems it

appropriate and in the public interest that this Consent Order be entered. The Respondent voluntarily consents to the entry of this Consent Order.

RESPONDENT

1. The Respondent is a Utah limited liability company formed on April 16, 2007, that conducts business as a title lender. The Respondent's principal office is located at 7129 S. State Street, Midvale, Utah 84047, and it conducts business in Idaho from 6927 W. Fairview Avenue, Boise, Idaho 83704. Matt Allen is the Respondent's vice president, and Burgess Cline is the Respondent's CFO. Jarrod Clarke Holdings, Inc., a Utah corporation, is the Respondent's owner.

2. The Respondent has never held an Idaho title lender license issued by the State of Idaho, Department of Finance, Consumer Finance Bureau (Department) authorizing it to engage in a title lending business in Idaho. The Respondent has recently submitted an application to the Department seeking the issuance of such license. The Department has not yet issued such license.

FINDINGS OF FACT

3. On or about July 15, 2010, a Department examiner/investigator, noticed an office in Meridian, Idaho bearing the name "Money Train." Upon returning to her office, the Department examiner/investigator located and reviewed the Internet website for "Money Train" and learned that the company engages in title lending. She then reviewed the Department's licensing records and learned that the Department had not issued a title lender license to "Money Train." "Money Train" is the same company identified as the Respondent herein.

4. On or about July 20, 2010, the Department examiner/investigator contacted the Respondent by telephone, and spoke to an individual who identified himself as Matt Allen. The

examiner/investigator informed Mr. Allen that the Respondent did not maintain a title lender license issued by the Department, and therefore was not authorized to enter into title loans in Idaho. Mr. Allen stated that the Respondent had applied for an Idaho title lender license, but the Department had not yet issued such license to the Respondent. That statement was not correct, in that the Respondent had not applied for a title lender license with the Department as of that date.

5. On July 21, 2010, the Department received a license application from the Respondent. The Department staff member who reviewed the Respondent's license application determined that the license application was not complete, and forwarded multiple deficiency notices to the Respondent, which notices set forth the additional information that was required for the Respondent's license application to be deemed complete.

6. During the time period when the Department was communicating with the Respondent regarding deficiencies in its license application, the Department received information indicating that the Respondent had already engaged in unlicensed title lending in Idaho.

7. On August 24, 2010, the Department sent a letter to the Respondent requesting a complete list of all Idaho borrowers it had extended a title loan to without maintaining the required license under the Act.

8. On August 30, 2010, an individual who identified himself as Burgess Cline, the Respondent's CFO, provided a list to the Department showing that the Respondent had entered into at least forty-three (43) title loans in Idaho during the time period between August 5, 2010 and August 26, 2010, while the Respondent failed to hold a license under the Act authorizing it to make such loans in Idaho.

9. On September 7, 2010, Mr. Cline met with the Consumer Finance Bureau Chief at the Department's offices in Boise, Idaho. During that meeting, Mr. Cline acknowledged the Respondent's error in entering into title loans in Idaho prior to the Department's issuance of a license under the Act, and expressed the intent that the Respondent become licensed and rectify the Respondent's errors prior to being issued a license.

10. The purpose of this Consent Order is to achieve the goal of the Respondent becoming properly licensed to engage in the business of title lending in Idaho under the Act, and to resolve its violations of the Act prior to becoming licensed.

CONCLUSIONS OF LAW AND VIOLATIONS

11. The allegations set forth in paragraphs 1 through 10 above are fully incorporated herein by this reference.

12. Idaho Code § 28-46-502(1) defines "title lender" as a regulated lender authorized to make title loans.

13. Idaho Code § 28-46-502(2) defines "title loan" as a loan for a consumer purpose that is secured by a nonpurchase money security interest in titled personal property and that is scheduled to be repaid in either a single installment or in multiple installments that are not fully amortized. That subsection also provides that title loans are regulated consumer loans and both title loans and title lenders are subject to all provisions of the ICC that relate to regulated consumer loans.

14. Idaho Code § 28-46-503(1) provides that no person shall engage in the business of making title loans in Idaho without first having obtained a license from the Department authorizing the person to do so.

15. The Respondent's acts of extending at least forty-three (43) title loans in Idaho while not licensed under the Act, constitute violations of Idaho Code § 28-46-503(1). Each loan constitutes a separate violation.

REMEDIES

16. The Respondent admits that it violated Idaho Code § 28-46-503(1) by engaging in the business of making title loans in Idaho without first having obtained a license from the Department under the Act.

17. The Respondent understands and acknowledges that Idaho Code § 28-46-503(2) provides as follows, in pertinent part:

28-46-503. License required. – ...

...
(2) Any title loan made without first having obtained a license is void, in which case the person making the loan forfeits the right to collect any moneys, including principal, interest, and any other fee paid by the debtor in connection with the title loan agreement. The person making the title loan shall release its security interest in the titled personal property used as security for the title loan and shall return to the debtor:

- (a) The certificate of title for such titled personal property;
- (b) Such titled personal property if the person making the loan took possession of such property;
- (c) The fair market value of such titled personal property if the person making the loan took possession of such property and is not able to return such property; and
- (d) All principal, interest, and any other fees paid by the debtor.

18. In view of the requirements of Idaho Code § 28-46-503(2) as set forth in paragraph 17 above, the Respondent agrees to forfeit the loan amounts it extended to Idaho residents in connection with all title loans it extended in Idaho while not licensed under the Act, as referenced in paragraph 8 above, to deem such loan agreements void, and not to take any action to collect on such loans, either directly or indirectly. The Respondent agrees that it will not attempt to renew any of the loans it extended in Idaho while not licensed under the Act.

Further, the Respondent agrees to immediately refund any fees, charges, or other moneys it may have already collected in connection with such loans, and to return to the borrowers any certificate of title it may hold, with the Respondent's lien released, and to otherwise comply fully with the requirements of Idaho Code § 28-46-503(2).

19. As to the title loans made by the Respondent in Idaho prior to licensure, each of which the Respondent acknowledges is void, the Respondent agrees that it will not report, or cause to be reported, to any credit bureau or credit reporting agency any negative report relating to any borrower associated with any such void loan.

20. The Respondent agrees to immediately cease and desist from engaging in any and all title lending activity in Idaho, to include offering to enter into or entering into title loans; advertising its availability to make title loans; making telephone calls related to offering title loans, including automated calls; and mailing, faxing, e-mailing, or otherwise delivering communications to Idaho residents in connection with title lending activities until such time as it obtains a license from the Department authorizing it to do so.

21. By no later than September 17, 2010, the Respondent agrees to pay to the Department the sum of ten thousand dollars (\$10,000) as an administrative penalty in settlement of the violations contained herein, and an additional amount of one thousand dollars (\$1,000) constituting investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment of eleven thousand dollars (\$11,000).

22. When the Respondent has executed this Consent Order and paid to the Department eleven thousand dollars (\$11,000) due by no later than September 17, 2010, as referenced in paragraph 21 above, the Department agrees to accept and consider the licensing

application submitted by the Respondent, and that it will not use this Consent Order as the basis for denial of the Respondent's license application.

23. The Respondent agrees to comply with all provisions of the Idaho Credit Code and Idaho's Title Loan Act, and any federal law and regulation relevant to its title lending business in Idaho at all times in the future.

24. The Department agrees not to seek further penalties or fees from the Respondent for the violations addressed in this Consent Order, other than as set forth in paragraph 21 above.

25. The Respondent acknowledges and understands that this Consent Order is an administrative action that must be disclosed to the Department on future licensing and renewal forms. The disclosure requirements of other states may also require disclosure of the same.

26. The Respondent acknowledges and understands that should the Department learn of additional violations by the Respondent of the ICC, the Act, rules promulgated under the Act, or applicable federal laws and regulations relating to the Respondent's title lending activities in Idaho, the Department may pursue further legal action and seek additional remedies.

DATED this 8 day of September, 2010.

MONEY TRAIN TITLE LOANS, LLC

By: B/C Burgess Cline

Title: CFO

DATED this 9th day of September, 2010.

STATE OF IDAHO
DEPARTMENT OF FINANCE

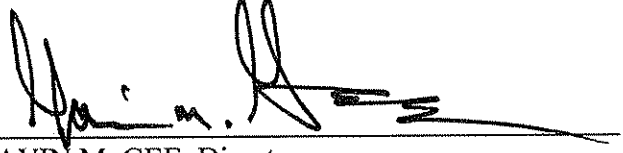
Michael Larsen
MICHAEL LARSEN
Consumer Finance Bureau Chief

IT IS SO ORDERED.

DATED this 9th day of SEPTEMBER, 2010.



STATE OF IDAHO
DEPARTMENT OF FINANCE


GAVIN M. GEE, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10 day of September, 2010, I served a true and correct copy of the foregoing CONSENT ORDER upon the following by the designated means:

Money Train Title Loans, LLC
Attn: Burgess Cline
7129 S. State Street
Midvale, UT 84047

- U.S. mail, postage prepaid
- Certified mail
- Facsimile:
- Email: burgess@moneytrain.com

