

UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-0032

In the Matter of:

**Interstate Auto Group, Inc.,
also doing business as “CarHop,”
and
Universal Acceptance Corporation**

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the consumer-information furnishing processes and practices of Interstate Auto Group, Inc., doing business as “CarHop” (CarHop), and its financing company, Universal Acceptance Corporation (UAC) (collectively, Respondents). The Bureau has identified the following law violations:

- (1) UAC furnished to consumer reporting agencies (CRAs) consumer information that it knew or had reasonable cause to believe was inaccurate, in violation of section 623(a)(1)(A) of the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681s-2(a)(1)(A);
- (2) CarHop made deceptive representations that it would furnish positive consumer information to CRAs, in violation of sections 1031(a) and 1036(a)(1)(B) of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B); and
- (3) UAC did not establish and implement required written policies and procedures regarding the accuracy and integrity of the information relating to consumers that it furnished to CRAs, in violation of the FCRA’s

implementing regulation, Regulation V, 12 C.F.R. part 1022, and, more specifically, 12 C.F.R. § 1022.42.

Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I Jurisdiction

1. The Bureau has jurisdiction over this matter under (a) sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565; and (b) section 621 of the FCRA, 15 U.S.C. § 1681s.

II Stipulation

2. Respondents have executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated December 15, 2015 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondents have consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondents admit the facts necessary to establish the Bureau’s jurisdiction over Respondents and the subject matter of this action.

III Definitions

3. The following definitions apply to this Consent Order:
- a. “Affected Consumers” means the following: (i) the consumers with respect to whom UAC furnished to CRAs consumer information that UAC knew or had

reasonable cause to believe was inaccurate, as described further herein; and (ii) the consumers with respect to whom CarHop did not furnish to CRAs, or ensure that UAC furnished to CRAs, certain positive consumer information, as described further herein.

- b. “Boards” means Respondents’ duly elected and acting Boards of Directors.
- c. “CarHop” means Interstate Auto Group, Inc., doing business as “CarHop,” and its subsidiaries, successors, and assigns.
- d. “Effective Date” means the date on which the Consent Order is issued.
- e. “Enforcement Director” means the Assistant Director of the Bureau’s Office of Enforcement, or his/her delegate.
- f. “Inaccurate Information” means consumer information that UAC knew or had reasonable cause to believe was inaccurate and that UAC furnished to one or more CRAs.
- g. “Related Consumer Action” means a private action by, or on behalf of, one or more consumers, or an enforcement action by another governmental agency brought against CarHop and/or UAC based on substantially the same facts as described in Section IV of this Consent Order.
- h. “Respondents” means both CarHop and UAC, individually or collectively.
- i. “Service Provider” has the same meaning set forth in 12 U.S.C. § 5481(26)(A).
- j. “UAC” means Universal Acceptance Corporation and its subsidiaries, successors, and assigns.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

Jurisdiction and General

- 4. CarHop is a “buy-here, pay-here” motor vehicle dealer headquartered in Minnesota, with approximately 50 retail locations in approximately 15 states.

5. CarHop engaged, and continues to engage, in the marketing and retail sale of used cars, trucks, and vans. It sells vehicles primarily to customers with nonexistent or poor credit histories.

6. CarHop finances the vehicles that it sells through UAC, a related finance company.

7. Under sections 1002(5)(A) and (15)(A)(i) of the CFPA, 12 U.S.C. § 5481(5)(A), (15)(A)(i), as a person that extended credit for automobile purchases, CarHop engaged in offering and providing consumer financial products and services to consumers for personal, family, or household purposes. Therefore, under section 1002(6)(A) of the CFPA, 12 U.S.C. § 5481(6)(A), CarHop is a “covered person.”

8. Under section 1029(b)(2) of the CFPA, 12 U.S.C. § 5519(b)(2), the Bureau has enforcement authority over CarHop because it operates a line of business that involves the extension of retail credit directly to consumers, and the contract governing that extension of credit is not routinely assigned to an unaffiliated third party finance source.

9. UAC, headquartered in Minnesota, is the assignee of the retail installment contracts that CarHop originates for its retail sales of used cars, trucks, and vans, and it engaged, and continues to engage, in the servicing of the loans associated with those contracts.

10. UAC engaged, and continues to engage, in the furnishing of information relating to consumers to CRAs for inclusion in consumer reports. Therefore, under Regulation V, 12 C.F.R. § 1022.41(c), UAC is a “furnisher.” The furnished information includes account and other credit information about the purchasers and borrowers under the CarHop contracts and loans.

11. CarHop and UAC are subsidiaries of CH & F Holdings, LLC.

Findings and Conclusions about UAC's Inaccurate Furnishing of Information in Violation of the FCRA

UAC's consumer information furnishing practices generally

12. UAC furnished customer account information to CRAs using the Consumer Data Industry Association's Metro 2 format and reporting codes system published in the 2008 Credit Reporting Resource Guide (CRRG). The CRRG is the consumer-information reporting industry's standard electronic format for furnishing information to CRAs.

13. UAC furnished customer account information to CRAs on a monthly basis, and it provided multiple items of information as part of each customer's account trade line each month. UAC used a programmed automated process that purported to convert the information in its own database to the Metro 2 format for furnishing.

14. On numerous occasions affecting tens, hundreds, or thousands of customers (depending on the category of furnished information), UAC furnished customer information to CRAs that UAC knew or had reasonable cause to believe was inaccurate based on its customers' performance, information in the CarHop and UAC database, or other information. UAC made multiple furnishing errors for multiple customers, and for many customers, UAC repeatedly and on a monthly basis furnished the same erroneous information for the same customers. UAC inaccurately furnished a considerable amount of consumer information, including, but not necessarily limited to, 28 different categories of information, and it inaccurately furnished information for more than 84,000 customers.

15. Overall, UAC's inaccurate furnishing described herein began in or before January 2009 and continued through September 2013, with the exact starting and ending

months within that period varying depending on the particular category of furnished information.

16. At no time before October 1, 2013, did CarHop or UAC specify to their customers an address to which they could send notices that information UAC furnished to CRAs was inaccurate.

17. The information that UAC inaccurately furnished was almost entirely information that had the potential to harm these customers by, for example, lowering their credit scores, hampering their abilities to obtain credit and make purchases, and hurting job-application prospects.

18. UAC's furnishing inaccuracies were widespread and systemic.

UAC's furnishing inaccuracies associated with its 72-hour money-back guarantee and return policy

19. CarHop offered a 72-hour money-back guarantee and return policy. According to contract terms, CarHop customers had the right to voluntarily return their vehicles within 72 hours of purchase for a full refund without any penalties or additional obligations.

20. For many customers who, under the money-back guarantee and return policy, returned their vehicles within 72 hours of purchase, UAC inaccurately furnished at least six different categories of consumer information affecting at least hundreds of customers. Those categories included the following:

- (a) inaccurately furnishing information that the vehicle was repossessed and that there may be a balance due;
- (b) inaccurately furnishing a current balance other than zero;

- (c) inaccurately furnishing that the account was paid in full or settled for less than the full balance;
- (d) inaccurately furnishing an account status as a paid or closed account with a zero balance, in the months after the vehicle's return and after the initial month of furnishing that status;
- (e) inaccurately furnishing an original charge-off amount other than zero; and
- (f) inaccurately furnishing accounts as having an unpaid balance reported as a loss or charge-off.

UAC's furnishing inaccuracies associated with disputes resolved with notices of satisfaction of debt proposals

21. UAC often resolved disputes with customers by having the customer return the vehicle and by UAC issuing to the customer a Notice of Satisfaction of Debt Proposal (NSD).

22. Through an NSD, UAC documented that a customer had no further obligations under the contract and that UAC had settled the customer's account. By the terms of an NSD, UAC acknowledged having gained possession of the vehicle, proposed to release the customer from further liability, and treated the NSD as having been agreed to by the customer unless the customer objected.

23. For disputes resolved with NSDs, UAC inaccurately furnished at least 10 different categories of consumer information, which affected thousands of customers.

24. For thousands of customers, after one or more months of timely payments, for the month in which the customer thereafter voluntarily returned the vehicle under an NSD or UAC's agreement to issue an NSD, UAC: (a) inaccurately furnished that the vehicle was repossessed and that there may be a balance due; (b) inaccurately furnished a current balance other than zero; and (c) inaccurately furnished an amount past due other than zero.

25. For thousands of customers, in the month after a vehicle return under an NSD or UAC's agreement to issue an NSD, or at any time thereafter, UAC: (a) inaccurately furnished the account as having an unpaid balance reported as a loss or charge-off; and (b) inaccurately furnished an original charge-off amount other than zero.

26. For hundreds of customers, for the month in which the customer voluntarily returned a vehicle under an NSD or UAC's agreement to issue an NSD, without the customer being behind in payments, UAC: (a) by an incorrect use of the code field for the FCRA compliance date of first delinquency, inaccurately furnished information that the customer was delinquent in that month or an earlier month; and (b) inaccurately continued to furnish that incorrect delinquency information each month for the months or years that followed.

27. For hundreds of customers, for the months or years that followed the month in which the customer voluntarily returned a vehicle under an NSD or UAC's agreement to issue an NSD, without the customer being behind in payments, UAC: (a) inaccurately furnished on a monthly basis a current balance in the same amount other than zero; and (b) inaccurately furnished on a monthly basis the amount past due in continuously increasing amounts, or in the same final amount, each month.

28. For hundreds of customers, for the months or years that followed the vehicle return under an NSD or UAC's agreement to issue an NSD, UAC inaccurately furnished on a monthly basis the payment history profile as a charge-off.

Additional UAC furnishing inaccuracies

29. UAC inaccurately furnished at least eight additional categories of consumer information involving tens of thousands of customers, as follows:

- (a) UAC failed to distinguish between a customer's voluntary surrender of a vehicle and UAC's active repossession or purposeful recovery of a vehicle, incorrectly furnishing voluntary surrenders in a manner that reported that the vehicle was repossessed and that there may be a balance due;
- (b) UAC inaccurately furnished that there was no payment history available in the given month, when there was indeed payment history available for that month;
- (c) after having furnished information for customer accounts' first 24 months, UAC failed to update customers' payment history profiles, and, as a result, beginning in the accounts' 25th month and continuing for months and years thereafter, UAC furnished inaccurate information in several respects;
- (d) by UAC furnishing the current month's account status rather than the previous month's account status in a segment of the payment history profile, UAC failed to furnish an accurate payment history profile each month, both for that month and then monthly for the months or years thereafter;
- (e) UAC failed to accurately furnish information in the code field for FCRA compliance date of first delinquency and thereby incorrectly furnished customers as being delinquent or late on a payment when they were not;
- (f) UAC inaccurately continued to furnish on a monthly basis information relating to accounts that it had, through an online system, closed or deleted;
- (g) UAC furnished corrections through an online system without also updating and matching the corrected information in UAC's customer account database, which led UAC to furnish different and incorrect information when it did subsequent monthly furnishing; and
- (h) UAC inaccurately furnished accounts as having an unpaid balance reported as a loss or charge-off, where there was an unwinding of the original transaction and the financing of a different vehicle.

30. UAC inaccurately furnished at least four more categories of consumer information, and inaccurately furnished information for dozens of customers with whom

UAC entered into verbal settlement agreements and who later disputed UAC's related information-furnishing, as follows:

- (a) UAC inaccurately furnished these accounts as having an unpaid balance reported as a loss or charge-off;
- (b) UAC inaccurately furnished these accounts as having an original charge-off amount other than zero;
- (c) UAC inaccurately furnished for these accounts on a monthly basis a current balance in the same amount other than zero; and
- (d) UAC inaccurately furnished for these accounts on a monthly basis an amount past due in continuously increasing amounts or in the same final amount each month.

UAC's violations of the FCRA

31. Under section 623(a)(1) of the FCRA, 15 U.S.C. § 1681s-2(a)(1), unless a person clearly and conspicuously specifies to a consumer an address to which the consumer can send notice that information the person furnished to a CRA is inaccurate, a person shall not furnish any information relating to a consumer to any CRA if the person knows or has reasonable cause to believe that the information is inaccurate.

32. From January 2009 through September 2013, as described above, UAC furnished to CRAs consumer information that it knew or had reasonable cause to believe was inaccurate based on, for example, the underlying facts of consumers' performance or other conduct, or on the information in Respondents' database.

33. From January 2009 through September 2013, Respondents did not clearly and conspicuously specify to consumers an address for receipt of notices that

furnished information was inaccurate, as such notice is described in section 623(a)(1)(C) of the FCRA, 15 U.S.C. § 1681s-2(a)(1)(C).

34. Thus, UAC violated section 623(a)(1)(A) of the FCRA, 15 U.S.C. § 1681s-2(a)(1)(A).

Findings and Conclusions about CarHop's Deceptive Acts and Practices in Violation of the CFPA

35. Section 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B), prohibits deceptive acts or practices. An act or practice is deceptive if it involves a material representation, omission, or practice that is likely to mislead a consumer acting reasonably in the circumstances.

36. As part of its marketing and sales practices, CarHop represented in writing to consumers that it reports "good credit" to CRAs, and it emphasized to consumers its part in helping consumers build and maintain good credit.

37. Despite these representations, from January 2009 to the Effective Date, CarHop did not furnish, or ensure that UAC furnished, certain positive consumer information – including information that would support "good credit" – for tens of thousands of customers, as follows: (a) CarHop, through UAC, failed to furnish a variety of types of positive payment history profile information; and (b) UAC deleted previously furnished positive information, in an attempt to undo furnishing errors or for other reasons, effectively causing accurate positive information to no longer be furnished.

38. Consumers who considered purchasing a vehicle from CarHop frequently did so because they suffered from poor credit scores and other financial challenges.

39. CarHop's misrepresentations were material and likely to mislead reasonable consumers.

40. Thus, CarHop engaged in deceptive acts and practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Findings and Conclusions about UAC's Failure to Establish and Implement Reasonable and Appropriate Written Furnishing Policies and Procedures in Violation of Regulation V's Furnisher Rule

41. Regulation V, Subpart E, 12 C.F.R. § 1022.40-.43, also known as the "Furnisher Rule," applies to persons or entities that furnish consumer information to CRAs for inclusion in consumer reports. 12 C.F.R. § 1022.40-41.

42. Under 12 C.F.R. § 1022.42(a), the Furnisher Rule requires that each furnisher establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the consumer information that it furnishes to CRAs. The policies and procedures must be appropriate to the nature, size, complexity, and scope of each furnisher's activities.

43. Under 12 C.F.R. § 1022.42(b), the Furnisher Rule requires that in developing the required policies and procedures, each furnisher consider the guidelines in Appendix E of Regulation V and incorporate those guidelines that are appropriate.

44. Through August 4, 2013, UAC did not establish and implement any written policies and procedures regarding the accuracy and integrity of the consumer information it furnished to CRAs.

45. The absence of such policies and procedures through August 4, 2013 constituted a significant systemic deficiency that increased the risk of, and likely contributed to, the numerous furnishing errors, failures, and problems described above.

46. Thus, in failing to establish and implement the required policies and procedures, UAC violated Regulation V, 12 C.F.R. § 1022.42.

47. On August 5, 2013, UAC adopted the UAC Fair Credit Reporting Act Policy and Procedures (UAC Policy).

48. The UAC Policy does not constitute reasonable written policies and procedures regarding the accuracy and integrity of the consumer information that UAC furnishes to CRAs, and it is not appropriate to the nature, size, complexity, and scope of UAC's activities.

49. The UAC Policy does not appropriately incorporate the elements in Section III of Appendix E to Regulation V, including, but not limited to: having an appropriate system for furnishing information; maintaining records; having internal controls; conducting training; correcting records; and describing investigation methods. The UAC Policy does not address Respondents' consumer information database or UAC's use of the Metro 2 reporting system, and the UAC Policy lacks implementation specifics.

50. The UAC Policy's failures and inadequacies constitute a significant and continuing systemic deficiency that increased the risk of, and likely will contribute to, continued UAC furnishing errors and violations.

51. Thus, in failing to establish and implement the required policies and procedures even through adoption of the UAC Policy, UAC violated Regulation V, 12 C.F.R. § 1022.42.

ORDER

V

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPB, 12 U.S.C. §§ 5563, 5565, that:

52. Respondents and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate, including by taking reasonable measures to ensure that their Service Providers and other agents do not violate, the following: section 623(a)(1)(A) of the FCRA, 15 U.S.C. § 1681s-2(a)(1)(A); sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B); and Regulation V, 12 C.F.R. § 1022.42.

53. Respondents, and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any consumer financial product or service, may not misrepresent, or assist others in misrepresenting, expressly or impliedly, that they will report “good credit” to CRAs or that they will otherwise furnish positive consumer information to CRAs, including information that would support “good credit.”

54. Respondents, and their officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, must take the following affirmative actions:

- a. Within 30 days of the Effective Date, in consultation with an independent consultant with specialized experience in consumer-information furnishing, develop and implement written consumer-information furnishing policies and procedures that comply with the Furnisher Rule and that are designed to ensure accurate consumer-information furnishing;
- b. Within 45 days of the Effective Date, identify all systemic consumer-information corrections and customer-specific consumer-information corrections that Respondents made as of the Effective Date, including, without limitation, corrections relating to Inaccurate Information, and as part of that identification, include relevant data from Respondents’ database, current disputes data, other computer-based data, and affidavits from officers and employees with applicable authority and knowledge;

- c. Within 45 days of the Effective Date, identify all Inaccurate Information that has not been corrected, modified, deleted, or blocked as required by the FCRA. Within 60 days of the Effective Date, UAC must notify the CRAs of the inaccuracies, and either: (1) provide to the CRAs the correct information, or (2) delete the inaccurate information from the associated trade line if accurate information is not available. Thereafter, UAC must permanently block the refurnishing of the inaccurate information.
- d. Within 30 days of the Effective Date and until such time as Respondents resolve all causes of Inaccurate Information, cease and desist from making any representation to consumers regarding the accuracy or integrity of information UAC furnishes to CRAs;
- e. Arrange for any Affected Consumers who have already obtained their free annual credit report from the applicable CRA to obtain a free credit report from one or more of the CRAs to which UAC furnished inaccurate information about that consumer. Respondents must ensure that the option to obtain a free credit report is available to such consumers for 180 days after the consumers receive the notice specified in the next subparagraph.
- f. Within 30 days of the Effective Date, prominently post for 90 days on Respondents' websites used by consumers to access information about their accounts, and send to each Affected Consumer to all home addresses associated with each consumer's accounts (including home and personal email addresses) a notice (Notice) approved by the Enforcement Director advising of, at a minimum, the following:
 - i. Respondents have provided inaccurate information about some of their customers to CRAs;
 - ii. Respondents have failed to furnish to CRAs, or to ensure that UAC furnished to CRAs, certain positive consumer information;
 - iii. As a result of those inaccuracies and failures, Respondents are the subject of a Bureau Consent Order;
 - iv. The remedial measures that Respondents have taken and will be taking.
 - v. The inaccuracies and failures may have had an adverse effect on the Affected Consumers' credit;
 - vi. Consumers have a statutory right to receive a free credit report annually from each of the nationwide consumer reporting agencies;
 - vii. The process for obtaining a free credit report;

- viii. To the extent that the Affected Consumers obtained a free credit report during the preceding 12 months, Respondents will inform such consumers of the means by which a free credit report can be obtained as long as they apply for such report within 180 days of receiving a Notice; and
- ix. The process consumers may use to dispute inaccuracies in their credit report.
- g. Within 30 days of the Effective Date, in consultation with an independent consultant with specialized experience in consumer-information furnishing, update their written policies and procedures to include a specific process for identifying Inaccurate Information (Audit Program). At a minimum, the policies and procedures for the Audit Program must require that Respondents: (1) examine a randomly selected sample of accounts for furnishing inaccuracies on a monthly basis using industry-accepted standards for selection and testing; (2) monitor and evaluate disputes it receives from the CRAs and its customers for indications of Inaccurate Information; and (3) cease furnishing information for all consumer accounts potentially affected by Inaccurate Information until such time as the Inaccurate Information is corrected, modified, deleted, or blocked as required by the FCRA;
- h. Implement the Audit Program within 60 days of the Effective Date;
- i. For Inaccurate Information that UAC has reason to believe it furnished or may have furnished to a CRA, provide, within 60 days of the Effective Date, the corrected information to the CRA, or request that the CRA delete the Inaccurate Information from the Affected Consumer's file and permanently block the refurnishing of such information; and
- j. Within 30 days of the Effective Date, create new training materials designed to ensure accurate consumer-information furnishing, and train staff to comply with the terms of those materials and of the Consent Order.

VI

Independent Consultant's Report and Compliance Plan

IT IS FURTHER ORDERED that:

55. Within 30 days of the Effective Date, Respondents must secure and retain one or more independent consultants with specialized experience in consumer-information furnishing, and who are acceptable to the Enforcement Director, to conduct an independent review of UAC's consumer-information furnishing policies, procedures, practices, and systems. The review must include specific assessments of

UAC's consumer-information furnishing policies, procedures, practices, and systems; specific recommendations for improving the quality of UAC's consumer-information furnishing policies, procedures, practices, and systems; and specific recommendations for improving the reliability and accuracy of UAC's consumer-information furnishing. The purposes of the review must include advising Respondents of the independent consultant's opinion about whether UAC has the consumer-information furnishing policies, procedures, practices, and systems necessary to ensure that UAC will furnish accurate consumer account information and that UAC will correct Inaccurate Information.

56. Within 120 days of the Effective Date, the independent consultant(s) must prepare a written report detailing the findings of the review (Independent Consultant Report), and provide the Independent Consultant Report to the Boards.

57. Within 20 days of receiving the Independent Consultant Report, the Boards must:

- a. Develop a plan (Compliance Plan) to: (i) correct any deficiencies identified; (ii) implement any recommendations or explain in writing the reasons that a particular recommendation is not being implemented; and (iii) state the specific procedures that Respondents will follow upon discovering inaccuracies in furnished consumer information; and
- b. Submit the Independent Consultant Report and the Compliance Plan to the Enforcement Director.

58. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or to direct Respondents to revise it. If the Enforcement Director directs Respondents to revise the Compliance Plan, the Boards must make the requested revisions and resubmit the Compliance Plan to the Enforcement Director within 20 days.

59. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondents must adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII

Role of the Boards

IT IS FURTHER ORDERED that:

60. The Boards must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order before submission to the Bureau.

61. Although this Consent Order requires Respondents to submit certain documents for review or non-objection by the Enforcement Director, the Boards will have the ultimate responsibility for proper and sound management of Respondents and for ensuring that Respondents comply with Federal consumer financial law and this Consent Order.

62. In each instance that this Consent Order requires the Boards to ensure adherence to, or undertake to perform, certain obligations of Respondents, the Boards must:

- a. Authorize whatever actions are necessary for Respondents to fully comply with the Consent Order;
- b. Require timely reporting by management to the Boards on the status of compliance obligations; and
- c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with the Boards' directives related to this section.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

63. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in section 1055(c)(3), 12 U.S.C. § 5565(c)(3), Respondents must pay a civil money penalty of six million four hundred sixty-five thousand dollars (\$6,465,000) to the Bureau.

64. Within 20 days of the Effective Date, Respondents must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.

65. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

66. Respondents must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondents may not:

- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including, but not limited to, payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.

67. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondents may not argue that Respondents are entitled to, nor may Respondents benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this

action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondents must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

68. In the event of any default on Respondents' obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

69. Respondents must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law, and no part of the funds may be returned to Respondents.

70. Under 31 U.S.C. § 7701, Respondents, unless they have already done so, must furnish to the Bureau their taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

71. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondents must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondents paid or are required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

X

Reporting Requirements

IT IS FURTHER ORDERED that:

72. Respondents must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including, but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondents; or a change in Respondents' name or address. Respondents must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.

73. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondents must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report) that has been approved by the Boards, which, at a minimum:

- a. Describes in detail the manner and form in which Respondents have complied with this Order; and
- b. Attaches a copy of each Order Acknowledgment obtained under Section XI, unless previously submitted to the Bureau.

74. After the one-year period, Respondents must submit to the Enforcement Director additional Compliance Reports within 14 days of receiving a written request from the Bureau.

XI

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

75. Within 30 days of the Effective Date, Respondents must deliver a copy of this Consent Order to each of their board members and executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.

76. For five years from the Effective Date, Respondents must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section X, any future board members and executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

77. Within 30 days of delivery, Respondents must secure a signed and dated statement from all persons receiving a copy of this Consent Order under this section, acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 et seq.

XII

Recordkeeping

IT IS FURTHER ORDERED that

78. Respondents must create, or if already created, must retain for at least five years from the Effective Date, the following business records:

- a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
- b. Copies of all sales scripts; training materials; advertisements; websites; and other marketing materials; and including any such materials used by a third party on behalf of Respondent.
- c. All consumer complaints related to consumer-information furnishing (whether received directly or indirectly, such as through a third party), and any responses to those complaints.

79. Respondents must retain the documents identified in Paragraph 78 for the duration of the consent order.

80. Respondents must make the documents identified in Paragraph 78 available to the Bureau upon the Bureau's request.

XIII

Notices

IT IS FURTHER ORDERED that:

81. Unless otherwise directed in writing by the Bureau, Respondents must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "In re Interstate Auto Group, Inc. (d/b/a CarHop) and Universal Acceptance Corporation [name of Respondent], File No. 2015-CFPB-0032," and send them either:

- a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1625 Eye Street, N.W.
Washington D.C. 20006; or

- b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

XIV

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

82. Within 14 days of receipt of a written request from the Bureau, Respondents must submit additional compliance reports or other requested information, which must be made or submitted under penalty of perjury; provide sworn testimony; or produce documents.

83. Respondents must permit Bureau representatives to interview any employee or other person affiliated with Respondents who has agreed to such an interview. The person interviewed may have counsel present.

84. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

85. For the duration of this Consent Order, in whole or in part, Respondents agree to be subject to the Bureau's supervisory authority under section 1024 of the CFPA, 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondents may not petition for termination of supervision under 12 C.F.R. § 1091.113.

XV

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

86. Respondents may seek a modification to non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.

87. The Enforcement Director may, in his/her discretion, modify any non-material requirements of this Consent Order (e.g., reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

ADDITIONAL PROVISIONS

XVI

Administrative Provisions

IT IS FURTHER ORDERED that:

88. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondents, except as described in Paragraph 89.

89. The Bureau releases and discharges Respondents from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondents and their affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount

of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

90. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

91. This Consent Order will terminate five years from the Effective Date or five years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondents. If such action is dismissed or the relevant adjudicative body rules that Respondents did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

92. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

93. Should Respondents seek to transfer or assign all or part of their operations that are subject to this Consent Order, Respondents must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.

94. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum

amount of civil money penalties allowed under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondents wherever Respondents may be found and Respondents may not contest that court's personal jurisdiction over Respondents.

95. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

96. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondents, the Boards, or the Respondents' officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 15th day of December, 2015.



Richard Cordray
Director

Consumer Financial Protection Bureau