

OCCC CASE NO. L20-00070

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|------------------------------|---|---------------------|
| IN THE MATTER OF: | § | BEFORE THE |
| | § | |
| MASTER FILE NO.: 1400031601 | § | OFFICE OF CONSUMER |
| MORRISON AUTO GROUP, INC. | § | |
| 932 EAST JEFFERSON BOULEVARD | § | CREDIT COMMISSIONER |
| DALLAS, TEXAS 75203 | § | |
| | § | STATE OF TEXAS |

**ORDER TO CEASE AND DESIST, TO TAKE AFFIRMATIVE ACTION,
AND TO MAKE RESTITUTION**

The Office of Consumer Credit Commissioner (“OCCC”) issues this Order to Cease and Desist, to Take Affirmative Action, and to Make Restitution, against Morrison Auto Group, Inc. (“Morrison Auto Group”), based on the violations described below.¹

Statement of Facts and Law

A motor vehicle sales finance license is required to act as a holder of a motor vehicle retail installment contract.² A holder is a person who operates as a retail seller or holds and collects on a contract in which the person agrees to accept the cash price of a motor vehicle in one or more deferred installments.³

Morrison Auto Group is a motor vehicle dealer that does not currently hold a license with the OCCC. Morrison Auto Group is located at 932 East Jefferson Boulevard, Dallas, Texas 75203.

Due to a consumer complaint, the OCCC investigated Morrison Auto Group for potential unlicensed activity. The OCCC collected payment schedules that indicated that Morrison Auto Group took payments on the cash price of vehicles. Information from the Texas Department of Motor Vehicles showed that Morrison Auto Group had placed liens on at least 300 vehicles from November 4, 2016 through May 13, 2019.

¹ Tex. Fin. Code § 14.208.

² Tex. Fin. Code § 348.501.

³ Tex. Fin. Code § 348.001(3), (7), (8).

On April 19, 2019, Morrison Auto Group submitted an application for a new motor vehicle sales finance license to the OCCC under master file number 1400031601, and application ID number 47993. As a part of the application process, Morrison Auto Group sent copies of transaction files containing retail installment contracts. In these transactions, Morrison Auto Group accepted the cash price of motor vehicles in one or more deferred installments without a motor vehicle sales finance license. While reviewing Morrison Auto Group's application, the OCCC sent requests for information required to approve the license about the unlicensed activity such as a list of contracts made, when the unlicensed activity began, or the number of contracts financed while unlicensed.⁴ Morrison Auto Group failed to respond to these requests. The OCCC then denied Morrison Auto Group's application for a motor vehicle sales finance license.

By acting as a holder in motor vehicle retail installment transactions without a motor vehicle sales finance license, Morrison Auto Group has violated Chapter 348 of the Texas Finance Code.

Authority

If the Commissioner has reasonable cause to believe that a person is violating Chapter 348 of the Texas Finance Code, the Commissioner may issue an order to cease and desist from the violation, an order to take affirmative action, or both to enforce compliance.⁵ Additionally, the Commissioner may order a person who violates Chapter 348 or a rule adopted under Chapter 348 to make restitution to an identifiable person injured by the violation.⁶

The Commissioner has reasonable cause to believe that Morrison Auto Group has violated Chapter 348 of the Texas Finance Code by acting as a holder in motor vehicle retail installment transactions without a motor vehicle sales finance license.

Order

IT IS ORDERED that:

⁴ 7 Tex. Admin. Code § 84.602(1)(F).

⁵ Tex. Fin. Code § 14.208(a).

⁶ Tex. Fin. Code § 14.251(b).

1. Morrison Auto Group must comply with, and cease and desist from violating, the motor vehicle sales finance license requirement found in Section 348.501 of the Texas Finance Code.
2. Morrison Auto Group must cease and desist from advertising or entering into new transactions in which it agrees to accept the cash price of a motor vehicle in one or more deferred installments.
3. Morrison Auto Group must cease and desist from collecting payments on existing transactions that require a motor vehicle sales finance license.
4. **No later than February 21, 2020**, Morrison Auto Group must perform a self-review and identify each motor vehicle retail installment transaction that Morrison Auto Group has entered, including each sale of a motor vehicle in which:
 - a. Morrison Auto Group entered a retail installment contract;
 - b. Morrison Auto Group accepted payments in one or more deferred installments; or
 - c. Morrison Auto Group held a lien.
5. **No later than February 21, 2020**, Morrison Auto Group must refund any finance charges that it charged or received from any retail buyers.
6. **No later than February 21, 2020**, Morrison Auto Group must release any liens that are currently filed on any motor vehicles in Morrison Auto Group's name. Morrison Auto Group may not charge a fee to any buyer for releasing these liens.
7. **No later than February 21, 2020**, Morrison Auto Group must identify each retail installment transaction that it has assigned to another creditor.
8. With respect to maintaining proof of refunds and release of liens:
 - a. Morrison Auto Group must maintain complete and accurate records of all refunds, including copies of refund checks for closed accounts and ledgers showing account credits for open accounts, until the later of the following:
 - i. the fourth anniversary of the date of the retail installment

- transaction, or
- ii. the second anniversary of the date on which the final entry is made in the buyer's record.⁷
- b. Morrison Auto Group must maintain documentation of the release of any liens until the later of the following:
 - i. the fourth anniversary of the date of the retail installment transaction, or
 - ii. the second anniversary of the date on which the final entry is made in the buyer's record.
- c. **No later than February 21, 2020**, Morrison Auto Group must create a spreadsheet labeled "L20-00070MorrisonAuto GroupRestitution." The spreadsheet must clearly list the total amount of refunds provided to buyers. In addition, the spreadsheet must list each retail installment transaction for which Morrison Auto Group provided restitution or released a lien as described above, and each retail installment transaction that Morrison Auto Group assigned to another creditor. The spreadsheet must include a row for each buyer and the following columns:
 - i. account number;
 - ii. name of the retail buyer;
 - iii. date of retail installment contract;
 - iv. amount of finance charge;
 - v. amount of finance charge refunded to the buyer;
 - vi. date of the refund;
 - vii. form of the refund (i.e. check for closed account, and credit on open account);
 - viii. date on which Morrison Auto Group released the lien, if applicable; and
 - ix. name of any creditor that Morrison Auto Group assigned the transaction to, if applicable.
- d. **No later than February 21, 2020**, Morrison Auto Group must provide the OCCC with a copy of the spreadsheet. The spreadsheet must be sent by e-mail to Audrey Spalding at audrey.spalding@occc.texas.gov.

⁷ See 7 Tex. Admin. Code § 84.704(b), (g).

Administrative Penalty

You may be assessed an administrative penalty of up to \$1,000 for each day of violation of this Order.⁸

Right to Request Hearing

You have the right to request a hearing regarding this Order.⁹ Your request must be made in writing and sent to the OCCC not later than 30 days after you receive this Order. You must send your request to:

Audrey Spalding
Assistant General Counsel
Office of Consumer Credit Commissioner
2601 N. Lamar Blvd.
Austin, Texas 78705

If you request a hearing, a hearing on this matter will be set and conducted in accordance with Chapter 2001 of the Texas Government Code.¹⁰ If you fail to request a hearing by this deadline, this Order is considered final and enforceable.¹¹

All communications with the OCCC concerning this matter must be through Audrey Spalding, Assistant General Counsel. You may contact her by mail at 2601 N. Lamar Blvd., Austin, Texas 78705, by telephone at (512) 936-7659, or by email to audrey.spalding@occc.texas.gov.

Signed this 7 day of January, 2020.

/s/Leslie Pettijohn

Leslie L. Pettijohn
Consumer Credit Commissioner
State of Texas

⁸ Tex. Fin. Code § 14.208(c).

⁹ Tex. Fin. Code § 14.208(b).

¹⁰ Tex. Fin. Code § 14.208(b).

¹¹ Tex. Fin. Code § 14.208(c).

CERTIFICATE OF SERVICE

I certify that on January 7, 2020, a true and correct copy of this Order to Cease and Desist, to Take Affirmative Action, and to Make Restitution has been sent to Morrison Auto Group Inc. by the following:

Morrison Auto Group, Inc.
Attn: Sydell N. Toney, Compliance
Officer
932 East Jefferson Boulevard
Dallas, TX 75203
sydelletony@yahoo.com

- hand-delivery
- facsimile
- electronic mail
- regular mail
- certified mail, return receipt
requested# 91 7199 9991 7037 4753 2826

Morrison Auto Group, Inc.
Attn: Sydelle N. Toney,
Registered Agent
1714 Chadwick Court,
Cedar Hill, Texas 75104

- hand-delivery
- facsimile
- electronic mail
- regular mail
- certified mail, return receipt
requested # 91 7199 9991 7037 4753 2833

/s/Audrey Spalding
Audrey Spalding
Assistant General Counsel
Office of Consumer Credit Commissioner
State Bar No. 24111055
2601 North Lamar Blvd.
Austin, Texas 78705
(512) 936-7659
(512) 936-7610 (fax)
audrey.spalding@occc.texas.gov