

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS.

COMMISSIONER OF BANKS

CONSUMER FINANCE
COMPANY
LICENSING

Docket No.: 2024-004

_____)	
In the Matter of)	
IRONHORSE FUNDING LLC)	CONSENT ORDER
Beverly, Massachusetts)	
)	
Motor Vehicle Sales Finance)	
Company License No. MV1743763)	
)	
Retail Installment Sales Finance)	
Company License No. RI1743763)	
)	
Third Party Loan Servicer)	
Registration No. LS1743763)	
_____)	

WHEREAS, IRONHORSE FUNDING LLC, Beverly, Massachusetts (Ironhorse or the Company), a motor vehicle sales finance company under Massachusetts General Laws (M.G.L.) chapter 255B, section 2 and 209 CMR 20.00 *et seq.*, a retail installment sales finance company, and a registered third party loan servicer under M.G.L. chapter 93, section 24A, in its own capacity and as servicer for Open Road Finance Corp. (Open Road) and Two Wheeler Finance, LLC (Two Wheeler), has entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (Consent Agreement) with representatives of the Division of Banks (Division) dated November 4, 2024, whereby, solely for the purpose of settling this matter, and without admitting any allegations or implications of fact or the existence of any violation of state

or federal laws and regulations governing the conduct and operation of a motor vehicle sales finance company, retail installment sales finance company, or third party loan servicer, Ironhorse agrees to the issuance of this CONSENT ORDER (Consent Order) by the Commissioner of Banks (Commissioner);

WHEREAS, an examination of Ironhorse was conducted for the period 2020 - 2021 pursuant to General Laws chapter 255B, section 3 and General Laws chapter 93, section 24D as of February 16, 2022 to assess the Company's level of compliance with applicable Massachusetts and federal statutes, rules, and regulations governing the conduct of those engaged in the consumer finance businesses for which the Company was licensed or registered in the Commonwealth, including, but not limited to, the Company's activities as servicer on behalf of Open Road and Two Wheeler;

WHEREAS, the Report of Examination (the Report) issued pursuant to the Division's examination of Ironhorse alleged substantial non-compliance with applicable state statutes, rules, and regulations governing the conduct of those engaged in business for which the Company was licensed or registered in the Commonwealth;

WHEREAS, during the period between the examination in 2022 and the Division's issuance of the Report in 2024, Ironhorse represents that it has improved its compliance management system, refined its policies and procedures, and increased its training of employees with respect to compliance with applicable Massachusetts law;

WHEREAS, as of the date of this Consent Order, Ironhorse's motor vehicle sales finance company license MV1743763 and retail installment sales finance company license RI1743763 are

both in a terminated status due to the Company's failure to timely apply for renewal for 2024; and

WHEREAS, the parties now seek to resolve by mutual agreement the matters identified in the Report.

ORDER

NOW COME the parties in the above-captioned matter, the Division and Ironhorse, and stipulate and agree as follows:

1. Ironhorse represents that it has enhanced and will continue to maintain policies and procedures, and training modules to ensure that any consumers whose vehicles are repossessed, or who prepay their accounts, are provided a refund for any unearned portion of debt cancellation coverage (GAP) premiums. It is understood that such refunds must be calculated using the actuarial method or the method specified in the GAP insurance contract, whichever is more favorable to the consumer.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, to determine which accounts were eligible for a refund of unearned GAP premiums and which did not receive a refund or account credit, or who were refunded an insufficient amount. The Company shall adjust deficiency balances and update the credit bureaus accordingly or shall issue refund checks, as appropriate.

2. Ironhorse shall enhance, implement, and maintain policies and procedures, and provide appropriate training to employees to ensure that consumers of accounts held or serviced by Ironhorse who permanently lose the use of the vehicle through repossession, voluntary surrender, or total loss events have any unearned premiums properly calculated and credited to consumer accounts or refunded in a timely manner, as appropriate.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, including those accounts that Ironhorse serviced on behalf of Open Road or Two Wheeler, to determine which accounts were eligible for a refund of unearned ancillary product premiums and which did not receive a sufficient refund or account credit. The Company shall adjust deficiency balances and update the credit bureaus accordingly or shall issue refund checks, as appropriate.

3. Ironhorse shall establish, implement, and maintain policies and procedures to ensure that the Company does not collect or assess duplicative delinquency or collection charges for a single late installment payment on any account held or serviced by Ironhorse, in accordance with M.G.L. c. 255B, section 11.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, including those accounts that Ironhorse serviced on behalf of Open Road and Two Wheeler, to identify and reimburse affected consumers from whom duplicative delinquency or collection charges were collected for any single late payment.

4. Ironhorse shall establish, implement, and maintain policies and procedures to ensure that only reasonable repossession fees are assessed as part of the deficiency balance that the Company is entitled to recover on any account held or serviced by Ironhorse under M.G.L. c. 255B, section 20B.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, including those accounts that Ironhorse serviced on behalf of Two Wheeler, to identify consumers who were assessed repossession costs that were clearly in excess of the repossession costs incurred by the Company and reimburse the consumers accordingly.

5. Ironhorse shall establish, implement, and maintain policies and procedures to ensure that the Company does not assess or collect finance charges and/or late fees after the date of repossession on Massachusetts accounts held or serviced by Ironhorse on which a repossession of the collateral has been executed, unless the vehicle has been subsequently redeemed by the

borrower, pursuant to M.G.L. c. 255B, section 20B.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, including those accounts that Ironhorse serviced on behalf of Open Road, to identify repossession accounts that were assessed finance charges or late fees after the date of repossession and credit the accounts or refund, as appropriate, each consumer that had finance charges or late fees collected after repossession and who did not subsequently redeem the vehicle.

6. Ironhorse shall establish, implement, and maintain procedures and update to ensure that finance charges are calculated accurately for all accounts held or serviced by Ironhorse, and consumers are not charged finance charges beyond the number of days in a given payment period.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts serviced by Ironhorse on behalf of affiliates dating back to July 23, 2019, including those accounts that Ironhorse serviced on behalf of Two Wheeler, to identify accounts where excess finance charges were assessed without a corresponding correction to the accounts and reimburse each consumer for the excess finance charges collected.

7. Ironhorse represents that it has stopped charging late fees to Massachusetts residents on accounts it holds or services, and will not charge such fees until it has revised its retail installment contract language to define default as the failure to make any payment when due, and shall develop, implement, and maintain policies and procedures to ensure that the Company does not collect or assess late charges prior to the end of the 15th day following default (as that term is defined in the retail installment sales agreement), in accordance with M.G.L. c. 255B, section 11.

- a) Ironhorse shall conduct a portfolio review of all Massachusetts accounts dating back to December 11, 2018, including those accounts that Ironhorse serviced on behalf of Open Road or Two Wheeler, to identify and reimburse affected consumers for late fees that were assessed, but the payment was received before the end of the 15th day following default (as that term is defined in the retail installment sales agreement).

8. Ironhorse shall establish, implement, and maintain policies and procedures to ensure

that starter interrupt technology is not used to disable vehicles on any accounts it services prior to issuance of the notice of the right to cure and the expiration of the borrower's right to cure period set forth in M.G.L. c. 255B, section 20A.

9. Ironhorse shall establish, implement, and maintain policies and procedures to ensure that the notice of the right to cure is provided to consumers on accounts Ironhorse holds or services ten days or more after a default (as that term is defined in the retail installment sales agreement), in compliance with M.G.L. c. 255B, section 20A. Ironhorse shall further ensure that for all accounts it holds or services, another notice of right to cure is provided to a consumer who has cured the default and subsequently defaults again, unless the consumer has cured a default after notice three or more times.

10. Ironhorse has agreed that for all accounts it holds or services, it shall not re-present a preauthorized electronic fund transfer more than two times after that same transaction (payment) has been rejected by the borrower's financial institution, unless the consumer has specifically requested otherwise and authorized in writing that the Company make more frequent re-presentments. The Division acknowledges that this change to Ironhorse's policies and procedures does not result in an unreasonable number of presentment attempts.

- a) For the purpose of ensuring compliance with this section of the Consent Order, Ironhorse has further agreed to ensure that the "Credit Debt Card or ACH Funds Transfer Authorization Form" provided to borrowers at closing, for all accounts it holds or services, does not specifically authorize Ironhorse to re-present a preauthorized electronic fund transfer more than two times after that same transaction (payment) has been rejected by the borrower's financial institution. It is understood that a consumer may subsequently authorize more frequent re-presentments for any transaction, provided that Ironhorse maintains a record of such request and provides written confirmation to the consumer after receiving the request.

11. Ironhorse shall develop, implement, and maintain policies and procedures to ensure its collection practices, including the frequency and nature of contacts with debtors and third parties, adhere to applicable statutes and regulations.

12. Ironhorse asserts that it has (i) enhanced its document management systems and procedures; (ii) engaged a third-party document vendor and tests its output for accuracy; and (iii) provided additional staff training to ensure that the Company keeps its books and records in a manner sufficient to evidence compliance with applicable statutes and regulations, in accordance with the record keeping requirements specified by the Division's regulations 209 CMR 20.05 and 209 CMR 48.03. Without limiting the foregoing, it is understood that Ironhorse shall maintain records relating to repossession, including but not limited to, records relating to the disposition of the collateral following repossession and all documents related to a consumer's default.

13. By December 31, 2024, Ironhorse shall submit to the Division documentation of the portfolio reviews and consumer reimbursements issued on accounts it holds or services on behalf of Open Road or Two Wheeler pursuant to this Consent Order in accordance with instructions set forth in the Report. Ironhorse shall maintain sufficient information evidencing the review and refunds in its books and records until the Division conducts its next examination.

14. Ironhorse shall pay an administrative penalty to the Division in the amount of fifty thousand dollars (\$50,000.00). The payment shall be submitted with the executed copy of the Consent Agreement and shall be payable by check to the "Commonwealth of Massachusetts" and mailed to the Division of Banks, Attn: Consumer Finance Examination Unit, 1000 Washington Street, 10th Floor, Boston, Massachusetts 02118.

15. Ironhorse asserts that it has enhanced its compliance management system, which now

includes oversight of the Company's compliance program by its board and senior management, and is implemented by employees, including a Director of Compliance, dedicated to the administration of the compliance program. Ironhorse represents that its compliance program now includes adequate policies and procedures, sufficient resources, effective internal monitoring on an ongoing basis, and sufficient training to ensure management and employees are familiar with statutory and regulatory requirements. Additionally, Ironhorse represents that its program now also includes periodic independent testing of Ironhorse's programs and operations with sufficient scope and depth to determine whether the Company is operating in compliance with applicable consumer protection requirements, including compliance with Massachusetts specific consumer protection requirements. It is understood that Ironhorse must enhance and maintain its compliance program on an ongoing basis and will continue to develop policies and procedures designed to ensure compliance with applicable laws.

16. Ironhorse shall address all matters requiring attention set forth in the Report within the time frames contained therein. Ironhorse shall also adopt and implement any corrective actions discussed in the Report that are not specifically addressed by the provisions of this Consent Order.

17. By the thirtieth (30th) day after the end of each calendar quarter following the effective date of this Consent Order, Ironhorse shall furnish written progress reports to the Division, which address and include the following:

- a) A description of the form, content, and manner of any actions taken to address each Section of this Consent Order and the results thereof; and
- b) Written findings prepared by Ironhorse detailing a review of management's and staff persons' adherence to the policies, programs, and procedures adopted pursuant to this Consent Order and to applicable statutes, regulations, and rules, as well as a description of any operational changes implemented during such quarter which are intended to improve Ironhorse's compliance condition in

Massachusetts, and the results thereof.

18. The reporting requirement to the Division referenced in Section 17 of this Consent Order will remain in effect and must not be amended or rescinded without the prior written modification, termination, or suspension of the applicable provision of this Consent Order from the Commissioner.

19. The provisions of this Consent Order shall not limit, estop, or otherwise prevent the Division, or any other state agency or department, from taking any other action affecting Ironhorse, its successors or assigns, if Ironhorse fails to fully and promptly comply with the above provisions.

20. Nothing in this Consent Order will be construed as permitting Ironhorse to violate any law, rule, regulation, or regulatory bulletin to which the Company is subject.

21. In consideration of the foregoing Consent Order, the Division agrees not to pursue formal measures, relative to this matter, to suspend or revoke Ironhorse's licenses or registrations that have been issued by the Division to the Company relative to the consumer finance businesses conducted in Massachusetts; while this Consent Order is in effect.

22. Failure to comply with the terms of this Consent Order will constitute grounds for license suspension and/or revocation pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts.

23. This Consent Order will become effective immediately upon the date of its issuance.

24. The provisions of this Consent Order are binding upon Ironhorse, its owner, officers and directors, and their successors and assigns.

25. The provisions of this Consent Order will remain effective and enforceable except to the extent that, and until such time as, any provisions of this Consent Order will have been modified, terminated, suspended, or set aside by the Commissioner or upon an order of a court of

competent jurisdiction.

26. This Consent Order and the Consent Agreement are the complete documents representing the resolution of this matter and shall supersede and replace all previous agreements between the Division and Ironhorse. There are no other agreements between the Division and Ironhorse.

BY ORDER AND DIRECTION OF THE COMMISSIONER OF BANKS:

Dated at Boston, Massachusetts, this 4th day of November, 2024.

By: _____
Mary L. Gallagher
Commissioner of Banks
Commonwealth of Massachusetts