

Suffolk, SS.

In the Matter of  
PENN CREDIT CORPORATION  
Harrisburg, Pennsylvania  
License No. DC0717

## CONSENT ORDER

WHEREAS, Penn Credit is, and at all relevant times, has been a foreign corporation conducting business in the Commonwealth of Massachusetts. The main office of Penn Credit is located at 2800 Commerce Drive, Harrisburg, Pennsylvania, 17110;

WHEREAS, Penn Credit is licensed by the Commissioner as a debt collector under M.G.L. chapter 93, section 24A. According to records maintained on file with the Division and the Nationwide Multi-State Licensing System (NMLS), the Commissioner issued debt collector license number DC0717 to Penn Credit to engage in the business of a debt collector on or about June 8, 2001;

WHEREAS, M.G.L. chapter 93, section 24(a) states, “Upon the filing of an application for a license, if the commissioner finds that the financial responsibility, character, reputation, integrity and general fitness of the applicant...are such as to warrant belief that the business will be operated honestly, fairly, soundly and efficiently in the public interest consistent with the purposes of this chapter, he shall thereupon issue the applicant a license to engage in the business of a debt collector. If the commissioner shall not so find, he shall not issue a license and shall notify the applicant of the denial...”;

WHEREAS, 209 C.M.R. 18.10(1), in pertinent part, states:

A debt collector, licensed student loan servicer or registered third party loan servicer if applicable, shall notify the Commissioner immediately, and in writing within one business day, of the occurrence of any of the following significant developments...

- (b) The filing of a criminal indictment any way related to the activities of the debt collector, licensed student loan servicer, or registered third party loan servicer, any partner, member, officer, director, or equivalent, or principal employee, including, but not limited to, the handling and/or reporting of moneys received and/or instruments sold.
- (c) Notification of the institution of license denial, cease and desist, suspension, or revocation procedures, or other formal or informal regulatory action, in any state against the debt collector, licensed student loan servicer, or registered third party loan servicer, and the reasons thereof.

- (d) Receiving notification of the initiation of any action by the Attorney General of the Commonwealth or of any other state, pursuant to M.G.L. c. 93A, or any other comparable consumer protection statute, and the reasons thereof...
- (e) Any partner, member, officer, director, or equivalent, or principal employee being convicted of a misdemeanor that is in any way related to debt collector, student loan servicing, or loan servicing activities; or of any felony whatsoever.

WHEREAS, on or about October 12, 2021, Penn Credit notified the Division through the NMLS system that, on or about October 12, 2021, Penn Credit's former principal owner and chief executive officer, Donald Donagher, Jr. pleaded guilty to the felony of corruptly giving something of value to reward a public official in the United States District Court for the Northern District of Illinois, Eastern Division, namely a payment of \$869 to a trophy company which was made for the benefit of a public official in connection with the referral of traffic debt placements to Penn Credit;

WHEREAS, on or about October 12, 2021, Penn Credit notified the Division through the NMLS system that, on or about October 12, 2021, Penn Credit entered into a deferred prosecution agreement with the United States Attorney's Office for the Northern District of Illinois whereby Penn Credit acknowledged its role in the aforementioned corruption scheme, which was at the direction of its former principal owner and chief executive officer;

WHEREAS, the aforementioned deferred prosecution agreement is for a term of two years with conditions including implementation of ethics and compliance remediation and the remittance of a penalty in the amount of two hundred and twenty-five thousand dollars (\$225,000.00) to the federal government; and

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

ORDER

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

1. The Corporation shall pay an administrative penalty to the Division in the amount of twenty-five thousand dollars (\$25,000.00). The penalty shall be due upon execution of the Consent Order and shall be payable by check to the “Commonwealth of Massachusetts,” mailed to the Division of Banks, Attn: Consumer Finance Examination Unit, 1000 Washington Street, 10th Floor, Boston, Massachusetts 02118.
2. Penn Credit shall comply with all terms and conditions imposed pursuant to the October 12, 2021 deferred prosecution agreement with the United States Attorney’s Office for the Northern District of Illinois.
3. On a quarterly basis, Penn Credit shall provide the Division with a written report detailing compliance measures implemented in accordance with its deferred prosecution agreement with the United States Attorney’s Office as well as an

affidavit certifying that it has complied with all terms and conditions of this Consent Order.

4. Penn Credit shall submit notice of any violation of said deferred prosecution agreement within one (1) business day of the violation and shall also submit documentation regarding the disposition thereof.
5. Penn Credit shall provide verified evidence of discharge from its deferred prosecution with the United States Attorney's Office for the Northern District of Illinois, which is currently scheduled to terminate on or about October 13, 2023.
6. Nothing in this Consent Order shall be construed as permitting Penn Credit to violate any law, rule, regulation, or regulatory bulletin to which the Corporation is subject.
7. Failure to comply with the terms of this Consent Order shall constitute grounds for formal regulatory action pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts including, but not limited to, revocation of any and all licenses and registrations issued by the Division or denial of any applications pending with the Division.
8. This Consent Order shall become effective immediately upon the date of its issuance.
9. The provisions of this Consent Order shall be binding upon Penn Credit and its respective subsidiaries, officers and directors, successors and assigns, and those persons in active participation with them, directly or indirectly, acting individually or through any corporate or other entity.
10. In consideration of this Consent Order, the Division agrees not to pursue any other remedial measures, sanctions or penalties relative to this matter unless the Division

is made aware of material information that is not addressed in this Consent Order, or if Penn Credit fails to comply with the terms of this Consent Order.

11. The provisions of this Consent Order shall not limit, estop, or otherwise prevent any other state agency or department from taking any other action under separate authority affecting the Corporation or any of its officers and directors, or their successors or assigns.
12. The provisions of this Consent Order shall remain effective and enforceable except to the extent that, and until such time as the Commissioner or a court of competent jurisdiction modifies, terminates, suspends, or sets aside any provision of this Consent Order.
13. In accordance with the terms of the Consent Agreement entered into by Penn Credit and the Commissioner, Penn Credit has waived all rights of appeal that it may have relative to this Consent Order or any of its provisions.
14. This Consent Order and the Consent Agreement are the complete documents representing the resolution of this matter. There are no other agreements between the Division and Penn Credit.

BY ORDER AND DIRECTION OF THE COMMISSIONER OF BANKS:

Dated at Boston, Massachusetts, this 11<sup>th</sup> day of May, 2022.

By:

/s/ Mary L. Gallagher

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Mary L. Gallagher  
Commissioner of Banks