



and Consent to the Issuance of a Consent Order whereby the Corporation agreed to the issuance of a Consent Order (2013 Consent Order);

WHEREAS, an examination of Source One was conducted pursuant to General Laws chapter 255B, section 3 as of February 6, 2018 to assess the Corporation's level of compliance with applicable Massachusetts and federal statutes and regulations governing the conduct of those engaged in the business of a motor vehicle sales finance company in the Commonwealth, as well as to assess the Corporation's compliance with the 2013 Consent Order;

WHEREAS, the Division determined that the Corporation has substantially complied with the specific requirements of the 2013 Consent Order, but did not fully complete some aspects of the required corrective action;

WHEREAS, the Division issued to Source One a confidential Report of Examination (the Report) pursuant to the Division's examination of Source One as of February 6, 2018 that alleged substantial non-compliance with certain applicable state and federal statutes, rules, and regulations governing the conduct of those engaged in the business of a motor vehicle sales finance company in Massachusetts;

WHEREAS, the parties now seek to address by mutual agreement, the matters identified in the Report; and

WHEREAS, by mutual agreement of the Corporation and the Division, the 2013 Consent Order is hereby terminated and replaced by this Consent Order.

#### ORDER

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

1. Source One shall establish, implement, and maintain an effective overall compliance management system to ensure its compliance with the statutes, rules, and regulations governing the conduct of those engaged in the business of a motor vehicle sales finance company in Massachusetts, and the specific provisions of this Consent Order. It is understood that an effective compliance management system includes, but is not limited to: sufficient oversight by the directors and senior management; adequate policies and procedures; operational controls; internal monitoring; training; complaint processes; and periodic independent testing to ensure compliance.

2. Source One shall develop, implement and maintain procedures to ensure that the Corporation complies with all provisions of General Laws chapter 255B, sections 20A and 20B, and Part 6 of Article 9 of the General Laws chapter 106 (The Massachusetts Uniform Commercial Code or UCC) governing the default, repossession, and disposition of a motor vehicle.

- (a) Source One shall ensure that the proper “right to cure” notice is provided to borrowers ten days or more following a material default, prior to proceeding against the collateral, in compliance with General Laws chapter 255B, section 20A.
- (b) Source One shall not proceed against the collateral prior to the expiration of the 21 day right to cure period.
- (c) Source One shall ensure that the Corporation provides post-repossession notices that contain the disclosures required under the UCC.
- (d) Source One shall not dispose of collateral prior to the expiration of the 20 day right to redeem period.
- (e) Source One shall establish, implement, and maintain procedures to ensure that the

Corporation does not assess post-repossession date interest to any consumer.

- i.* Source One shall conduct a portfolio review of all Massachusetts repossession accounts, dating back four years from the examination date, to February 6, 2014, to determine which repossession accounts had been assessed interest and where said interest was collected after the date of repossession, if any. The Corporation shall make a credit adjustment on any accounts affected by this issue and shall refund any consumer who has paid the deficiency balance to the extent the amount paid included post repossession interest.
- (f) Source One shall conduct a review of all repossessions conducted from the date of the prior examination, February 6, 2014 and to make a good faith effort to identify any instances where the Corporation repossessed borrower vehicles without providing the proper Right to Cure notice or the full 21 day cure period required by General Laws chapter 255B, section 20A, as well as any instances where it failed to provide the repossession related notices required under the UCC or failed to wait the full 20 days required under General Laws chapter 255B, section 20B before disposing of the collateral. Source One shall reimburse all repossession fees on all such identified accounts, and shall not collect a deficiency balance on these accounts.
- (g) Source One shall submit a payment to the Division in the amount of twenty-eight thousand, two hundred dollars (\$28,200.00) in satisfaction of an administrative penalty collected in consideration of the Corporation's violations of Massachusetts General Laws chapter 255B, section 20A and 20B pertaining to repossession

practices. Payment in full of the amount indicated above, payable to the "Commonwealth of Massachusetts," shall be submitted with the executed Consent Agreement.

3. Source One shall develop, implement and maintain policies and procedures and provide training for appropriate employees to ensure the timely cancellation of unexpired ancillary products following repossession or total loss event of the vehicle, and to ensure that any rebates that Source One is legally required to issue to Massachusetts consumers for unearned premium portions are credited to Massachusetts consumer accounts or refunded, as appropriate.

(a) Source One shall establish, implement, and maintain policies and procedures to ensure that all deficiency notices include the appropriate disclosures of eligible rebates or surplus.

(b) Source One shall conduct a portfolio review of all Massachusetts repossession accounts, dating back four years from the examination date, to February 6, 2014, to determine which repossession accounts were eligible for a rebate of an unearned ancillary product premium and did not receive a sufficient refund. The Corporation shall make a credit adjustment on affected accounts and issue refund checks to impacted borrowers as appropriate.

4. Source One shall complete all portfolio reviews and consumer reimbursements described in paragraphs 2 and 3 of this Consent Order no later than December 31, 2020, and shall provide the Division with evidence of such reimbursements no later than January 31, 2021.

5. Source One shall establish, implement, and maintain procedures to ensure that the Corporation complies with the Massachusetts Attorney General's creditor debt collection

regulation 940 CMR 7.04(1)(f) regarding excessive contacts to consumers.

6. Source One shall develop, implement and maintain controls to prevent the funding of direct lender contracts meeting the small loan criteria to eliminate the risk of potentially engaging in unlicensed small loan activity, as such activity is defined in General Laws chapter 140, sections 96 through 114A.

7. Source One shall continue its engagement of an independent compliance consultant (Compliance Consultant) to augment the Corporation's compliance management system. The scope of the Compliance Consultant's engagement shall include the review and verification of all corrective action required in response to the deficiencies identified in the Report and required by this Consent Order. The scope of the Compliance Consultant's engagement shall also include a review of the Corporation's existing compliance management system, including policies and procedures, internal monitoring, training, and Board and management oversight of the compliance program. The scope of the Compliance Consultant's engagement shall also include periodic independent testing of transactions to verify the effectiveness of the Corporation's internal controls.

8. Source One shall promptly address all matters requiring attention set forth in the Report. The Corporation shall also adopt and implement any corrective actions discussed in the Report not specifically addressed herein by the provisions of this Consent Order.

9. Source One shall submit to the Division documentation of the portfolio reviews and consumer reimbursements issued pursuant to this Consent Order in accordance with instructions set forth in the Report. Source One shall maintain sufficient information evidencing the review and refunds in its books and records until the Division conducts its next examination.

10. Source One shall submit a payment to the Division in the amount of six thousand dollars (\$6,000.00) in satisfaction of an administrative penalty collected in connection to its failure to fully complete all corrective action required under the 2013 Consent Order. Payment in full of the amount indicated above, payable to the "Commonwealth of Massachusetts" shall be submitted with the executed Consent Agreement.

11. Source One shall furnish written progress reports to the Division by the thirtieth (30th) day after the end of each calendar quarter following the effective date of this Consent Order via secure email to [dobprogressreport@mass.gov](mailto:dobprogressreport@mass.gov). The progress reports shall detail the form, content and manner of any actions taken to address each section of this Consent Order, and will describe, in detail, any other consumer compliance initiatives instituted during the calendar quarter to improve the compliance position of the Corporation, and the results thereof. Each progress report submitted to the Division pursuant to this section of the Consent Order will be reviewed and signed by a duly authorized senior officer of Source One.

12. Nothing in this Consent Order shall be construed as permitting Source One to violate any law, rule, regulation, or regulatory bulletin to which the Corporation is subject.

13. Failure to comply with the terms of this Consent Order may constitute grounds for license suspension and/or revocation, or other formal regulatory action pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts.

14. This Consent Order shall become effective immediately upon the date of its issuance.

15. The provisions of this Consent Order are binding upon Source One, its owner, officer and directors, and their successors and assigns.

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

17. 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 Source One.

BY ORDER AND DIRECTION OF THE COMMISSIONER OF BANKS:

Dated at Boston, Massachusetts, this 26th day of August, 2020.

By:

Mary L. Gallagher  
Commissioner of Banks  
Commonwealth of Massachusetts