

**UNITED STATES OF AMERICA  
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-0027

In the Matter of:

**SECURITY NATIONAL  
AUTOMOTIVE ACCEPTANCE  
COMPANY, LLC**

**CONSENT ORDER**

The Consumer Financial Protection Bureau (Bureau) has reviewed the debt-collection practices of Security National Automotive Acceptance Company, LLC (SNAAC or Respondent, as defined below), an auto-finance company specializing in extending credit to members of the United States military through the acquisition of retail installment sales contracts originated by motor vehicle dealers. The Bureau has found that Respondent engaged in the following law violations in its collection of consumer debt, including in the Collection Letters (defined below): Respondent threatened to contact delinquent consumers' commanding officers and did in fact contact their commanding officers, disclosing details about consumers' debts and delinquencies; Respondent made misleading statements regarding the potential impacts on consumers' military careers and tax liability if they remained delinquent; and Respondent made misleading statements regarding its intention to take legal action and its ability to obtain involuntary allotments and garnishments.

This conduct was unfair, deceptive, and abusive in violation of §§ 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536. Under §§ 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 §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

## **II**

### **Stipulation**

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated 10/20/2015 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 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 Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

## **III**

### **Definitions**

3. The following definitions apply to this Consent Order:
- a. “Affected Consumers” means the consumers to whom Respondent sent a Collection Letter and who thereafter made one or more payments to Respondent.
  - b. “Board” means Respondent’s duly elected and acting Board of Directors.
  - c. “Collection Letter” means form collection letters RECC108,

RECC114, RECC118, RECC137, and RECC138 sent by Respondent during the Relevant Period.

- d. “Command” means a commanding officer or chain of command.
- e. “Complaint” means the civil complaint in *Consumer Financial Protection Bureau v. Security National Automotive Acceptance Company, LLC*, No. 1:15-cv-401 (S.D. Ohio filed June 17, 2015), attached to this Consent Order as Exhibit A.
- f. “Effective Date” means the date on which the Consent Order is issued.
- g. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his delegee.
- h. “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 Respondent based on substantially the same facts as described in Section IV of this Consent Order.
- i. “Relevant Period” means the period from December 23, 2011 to the Effective Date.
- j. “Respondent” means Security National Automotive Acceptance Company, LLC (also referred to as SNAAC) and its successors and assigns.
- k. “Stipulated Final Judgment” means the Stipulated Final Judgment and Order filed on 10/26/2015 in *Consumer Financial Protection Bureau v. Security National Automotive Acceptance Company, LLC*, No. 1:15-cv-401 (S.D. Ohio).

## **IV**

### **Bureau Findings and Conclusions**

4. The Bureau finds the facts as alleged in the Complaint, which is incorporated herein by reference and attached as Exhibit A. Based on those facts and for the reasons stated in the Complaint, the Bureau concludes that Respondent is a “covered person” under the CFPA, 12 U.S.C. § 5481(6)(A), (15)(A)(i) & (x), and that Respondent committed unfair, deceptive, and abusive acts and practices in violation of §§ 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B), as charged in Counts I through V of the Complaint.

## **ORDER**

### **V**

#### **Order to Provide Redress**

**IT IS ORDERED** that:

5. Respondent shall provide redress, in the form of credits and refunds, to the Affected Consumers in the amount of \$2,274,855.70.

6. Within 30 days of the Effective Date, Respondent must submit to the Enforcement Director for review and non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan), including timeframes and deadlines for implementation and completion. The Enforcement Director will have the discretion to make a determination of non-objection to the Redress Plan or direct the Respondent to revise it to be consistent with this Consent Order. If the Enforcement Director directs the Respondent to revise the Redress Plan, the Respondent must make the revisions and resubmit the Redress Plan to the Enforcement Director within 15 days. After receiving notification that the Enforcement Director has made a determination of

non-objection to the Redress Plan, the Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.

7. The Redress Plan must identify the Affected Consumers and provide any necessary descriptions and formulas for determining the amounts of credits or refunds they will receive.

8. The Redress Plan must also contain the following:

- a. notices to be sent to Affected Consumers informing them of the credit or refund resulting from the Order;
- b. any steps necessary to amend or stop payment arrangements previously entered into for payments no longer necessary after the credits required by this Order;
- c. provide for the furnishing of information to all consumer reporting agencies regarding the balance adjustments resulting from the redress required by the Order; and
- d. a report to be prepared by an internal auditor or third party documenting completion of redress, including any funds that Respondent was not able to return to Affected Consumers.

9. After completing the Redress Plan, if the amount of the unclaimed or uncredited redress provided to Affected Consumers is less than \$2,274,855.70, within 30 days of the completion of the Redress Plan, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, the unclaimed or uncredited amounts that were to be refunded or credited to Affected Consumers under this Consent Order.

10. The Bureau may use these unclaimed or uncredited amounts to provide additional redress to Affected Consumers. If the Bureau determines, in

its sole discretion, that additional redress to Affected Consumers is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this paragraph.

11. Respondent may not condition the provision of any redress to any Affected Consumer under this Order on that Affected Consumer waiving any right.

## VI

### **Order to Pay Civil Money Penalties**

**IT IS FURTHER ORDERED** that:

12. Under § 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 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$1,000,000 to the Bureau.

13. Within 10 days of the Effective Date, Respondent 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.

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

15. Respondent 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, Respondent 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.

16. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent 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, Respondent 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.

## **VII**

### **Additional Monetary Provisions**

**IT IS FURTHER ORDERED** that:

17. In the event of any default on Respondent's 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.

18. Respondent 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 Respondent.

19. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used

for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

20. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent 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 Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

## **VIII**

### **Order Distribution and Acknowledgment**

**IT IS FURTHER ORDERED** that,

21. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its 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.

22. Respondent must secure a signed and dated statement 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.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

## **IX**

### **Recordkeeping**

**IT IS FURTHER ORDERED** that

23. Respondent must create, for at least 5 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; and
  - b. all documents and records pertaining to the Redress Plan, described in Section V above.
24. Respondent must retain the documents identified in this Section for at least 5 years.
25. Respondent must make the documents identified in this Section available to the Bureau upon the Bureau's request.

**X**

**Notices**

**IT IS FURTHER ORDERED** that:

26. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re Security National Automotive Acceptance Company, LLC*, File No. 2015-CFPB-0027," 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](mailto: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

## **XI**

### **Compliance Monitoring**

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

27. Within 30 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

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

29. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 U.S.C. § 5526 and 12 C.F.R. § 1080.6 or other compulsory process.

30. For the duration of the Order in whole or in part, Respondent agrees to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondent may not petition for termination of supervision under 12 C.F.R. § 1091.113.

## **XII**

### **Modifications to Non-Material Requirements**

**IT IS FURTHER ORDERED** that:

31. Respondent 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.

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

### **XIII**

#### **Administrative Provisions**

33. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 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.

34. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent 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.

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

36. 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 § 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 Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

37. This Consent Order and the accompanying Stipulation – together with the Stipulated Final Judgment – 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, the accompanying Stipulation, and the Stipulated Final Judgment. This Consent Order, the accompanying Stipulation, and the Stipulated Final Judgment supersede any prior oral or written communications, discussions, or understandings.

38. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED**, this 27th day of October, 2015.



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Richard Cordray  
Director  
Consumer Financial Protection Bureau

## **EXHIBIT A**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION**

CONSUMER FINANCIAL  
PROTECTION BUREAU,

Plaintiff

v.

SECURITY NATIONAL  
AUTOMOTIVE ACCEPTANCE  
COMPANY, LLC, an Ohio limited liability  
company,

Defendant.

Civil Action No. 1:15-cv-401

COMPLAINT

*Electronically Filed*

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER RELIEF**

The Consumer Financial Protection Bureau (the “Bureau”) brings this action against Security National Automotive Acceptance Company, LLC (“SNAAC”) and alleges as follows:

**INTRODUCTION**

1. Defendant SNAAC is an auto-finance company specializing in lending to members of the United States military. SNAAC has engaged in unlawful acts and practices in its collection of consumer debt. SNAAC has threatened to contact delinquent borrowers’ commanding officers and has in fact contacted commanding officers, disclosing details about borrowers’ debts and delinquencies; SNAAC has made misleading statements regarding the potential impacts on borrowers’ military careers and tax liability if they remained delinquent; and SNAAC has made misleading statements regarding its intention to take legal action and its ability to obtain involuntary allotments and garnishments. This conduct is unfair, deceptive,

and abusive in violation of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531, 5536.

### **JURISDICTION AND VENUE**

2. This Court has subject-matter jurisdiction over this action because it presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345; 12 U.S.C. § 5565.

3. Venue is proper because Defendant is located, resides, and does business in this District. 12 U.S.C. § 5564(f).

### **PARTIES**

4. The Bureau is an independent agency of the United States charged with regulating the offering and provision of consumer-financial products and services under “Federal consumer financial laws.” 12 U.S.C. § 5491(a). The Bureau is authorized to commence civil actions by its own attorneys to address violations of Federal consumer financial laws, including the prohibition on covered persons from engaging in any unfair, deceptive, or abusive act or practice under the CFPA, 12 U.S.C. §§ 5564(a)-(b), 5531, 5536.

5. SNAAC is an Ohio limited-liability company headquartered in Mason, Ohio. SNAAC purchases and services retail-installment-sales contracts originated by motor vehicle dealers – primarily in the sale of used vehicles. It conducts business in approximately 30 states. SNAAC lends principally to current and retired members of the United States military, although it also lends to some civilians. (SNAAC’s borrowers will be referred to collectively as “servicemembers.”)

6. At all times between July 21, 2011 and the present, SNAAC has collected millions of dollars in consumer debt from thousands of servicemembers arising from retail-installment-sales contracts. Accordingly, SNAAC has offered or

provided a consumer-financial product or service and is a “covered person” under the CFPA. 12 U.S.C. § 5481(6)(A), (15)(A)(i) & (x).

### **FACTUAL BACKGROUND**

#### ***Threatened and Actual Contacts with Commanding Officers and Representations Regarding Impacts of Delinquency on Servicemembers’ Military Careers***

7. On many occasions in telephone and written collection communications with servicemembers, SNAAC collectors have said that they would contact servicemembers’ commanding officers or chains of command (collectively “command”)\* about the servicemembers’ debts and delinquencies. In numerous such communications, SNAAC collectors have said that they would inform command that the servicemembers were in violation of the Uniform Code of Military Justice (“UCMJ”), a Department of Defense instruction, standard, or regulation (collectively “DoDI”), or military regulations, and that the servicemembers consequently could be subject to proceedings or discipline under the UCMJ (collectively “UCMJ action”) for indebtedness.

8. On many occasions, SNAAC collectors have contacted servicemembers’ commands by telephone and in writing, disclosing details of the servicemembers’ debts and delinquencies and requesting assistance in bringing the accounts current. In numerous such communications, SNAAC collectors have characterized delinquencies as violations of a DoDI or military regulations and have said that the servicemembers were subject to UCMJ action.

9. In many instances, SNAAC collectors have contacted commanding officers on multiple occasions regarding a single account and have escalated contacts up the chain of command. On numerous occasions, after servicemembers had

\* “Command” as used herein will also include civilian employers of SNAAC borrowers.



requested that SNAAC cease contacts with command, SNAAC has continued such contacts.

10. In telephone and written communications, SNAAC collectors have on many occasions told servicemembers and their commands not only that servicemembers' delinquencies could result in UCMJ action, but also that those delinquencies could have a number of adverse impacts on the servicemembers' military careers, including demotion, loss of promotion, discharge, denial of re-enlistment, loss of security clearance, or re-assignment. In many instances, consequences described by SNAAC collectors were exaggerated: they were extremely unlikely to occur or could not occur as a result of servicemembers' consumer-debt delinquencies.

11. The above-described communications with servicemembers and their commands caused or were likely to cause servicemembers to suffer substantial injury.

***Contract Addendum Purporting to Authorize Contacts with Command***

12. Since at least July 21, 2011, servicemembers who obtained financing through SNAAC have been required to sign a contract addendum entitled, "Addendum to Retail Installment Contract and Security Agreement (Includes an Arbitration Clause)." Buried in the addendum is a provision purporting to give SNAAC permission to contact the borrower's "employer/commanding officer" to assist in collecting in the event of default and for other purposes.

13. Many servicemembers were unaware that among the documents they signed when purchasing their vehicle was a contract addendum containing such a provision. Even if they had read the language, servicemembers had no ability to bargain or negotiate the provision out of the contract addendum. And even if servicemembers signed the addendum knowing that it contained such a provision, they could not reasonably have anticipated the nature and frequency of the

threatened and actual contacts with command to which they would be subject upon default.

***Representations Regarding Intent to File Collection Action***

14. On many occasions, SNAAC has stated to servicemembers that it intended to file collection actions when, at the time SNAAC made the statement, it had not determined whether to take such action. Under company policy, SNAAC does not file a collection action unless an account meets multiple internal criteria. Only after a SNAAC representative has researched the account and found that it meets all of the criteria and after one or more other SNAAC personnel has independently reviewed the account for compliance with the internal criteria does SNAAC make a determination regarding whether to take legal action.

15. In many instances, SNAAC has nevertheless represented to servicemembers – both directly and through communications with their commands – that it intended to file suit before completing the required internal research and review.

***Misrepresentations Regarding Other Consequences of Delinquency***

16. In numerous collection communications, SNAAC has made the following misrepresentations:

- a. SNAAC has misleadingly suggested that it could immediately commence an involuntary allotment or wage garnishment – without first obtaining a judgment;
- b. SNAAC has misleadingly suggested that failure to pay a deficiency judgment could result in the servicemember being held in contempt of court or subject to court-ordered penalties, when such consequences were extremely remote or impossible; and
- c. SNAAC has misleadingly suggested that servicemembers could be taxed on all or a portion of an unpaid balance when SNAAC had not

satisfied the Internal Revenue Service's criteria for reporting the servicemembers' debts as being discharged and thereby taxable.

### **COUNT I**

#### **(Violation of the CFPA – Unfair Acts or Practices – Threatened and Actual Contact with Command)**

17. The allegations in paragraphs 1-16 are incorporated here by reference.

18. An act or practice is unfair under the CFPA if it causes or is likely to cause substantial injury to consumers that is not reasonably avoidable and is not outweighed by countervailing benefits to consumers or to competition. 12 U.S.C. § 5531(c)(1).

19. Since July 21, 2011, in communications with consumers for the purpose of collecting debt, SNAAC has threatened to contact command regarding the debt and delinquency; has threatened to notify command that the consumer is in violation of the UCMJ, DoDI, and military regulations and is subject to potential UCMJ action; and has represented that the consumer could suffer damage to his or her military career for failing to pay the debt. In communications with command for the purpose of collecting on credit contracts, SNAAC has disclosed details of consumers' debts and delinquencies, has characterized the delinquencies as violations of the DoDI and military regulations subjecting the consumer to potential UCMJ action, and has described negative consequences to the consumers' military careers that allegedly could result from their indebtedness.

20. SNAAC's conduct caused or was likely to cause substantial injury to consumers that was not outweighed by any countervailing benefits.

21. Many consumers were unaware of the contractual language purporting to authorize SNAAC to contact their command. Even if they had been aware of the provision, they had no opportunity to bargain for its removal, and they could not reasonably have anticipated the nature and frequency of threatened and actual contacts with command to which they could be subject upon default. In numerous

instances, SNAAC continued to contact command after consumers requested a cessation of such contacts.

22. Accordingly, SNAAC committed unfair acts or practices in violation of 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

**COUNT II**  
**(Violation of the CFPA – Abusive Acts or Practices – Threatened and Actual Contact with Command)**

23. The allegations in paragraphs 1-16 are incorporated here by reference.

24. An act or practice is abusive under the CFPA if it takes unreasonable advantage of consumer's inability to protect his or her interests in selecting or using a consumer financial product or service. 12 U.S.C. § 5531(d)(2)(B).

25. Since July 21, 2011, SNAAC has taken unreasonable advantage of consumers' inability to protect their interests in connection with their selection of SNAAC to finance vehicle purchases and SNAAC's collection of debt arising from such financing.

26. At the time they selected SNAAC to finance their purchases, many consumers did not know that upon default, they would be subject to the threatened and actual contacts with command described above. Many consumers were not aware of the contractual language purporting to authorize such contacts. Even if they had been aware of the provision, they had no opportunity to bargain for its removal, and they could not have anticipated the nature and frequency of threatened and actual contacts with command to which they could be subject upon default.

27. Once consumers defaulted, they became subject to the repeated threats to contact and actual contacts with command described above. In numerous instances, SNAAC continued to contact command after consumers had requested a cessation of such contacts.

28. SNAAC took unreasonable advantage of consumers' inability to protect their interests, leveraging consumers' military status in its collection of debt.

Through exaggerated claims regarding the potential impacts of a delinquency on consumers' military careers, threats to inform command about delinquencies and notify command of alleged military violations, as well as actual contacts with command in which SNAAC asserted that consumers had committed such violations and were therefore subject to discipline, SNAAC brought enormous pressures to bear on servicemember borrowers that would not be available in the collection of debt from civilian borrowers. Consumers who became delinquent on vehicle loans found themselves subject to coercive debt-collection tactics against which they could not have protected themselves, either at the time of contracting or after becoming delinquent.

29. Accordingly, SNAAC committed abusive acts or practices in violation of sections 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

### **COUNT III**

#### **(Violation of the CFPA – Deceptive Acts or Practices – Intent to Sue)**

30. The allegations in paragraphs 1-16 are incorporated here by reference.

31. An act or practice is deceptive under the CFPA if there is a misrepresentation or omission of information that is likely to mislead consumers acting reasonably under the circumstances and that information is material to consumers.

32. Since July 21, 2011, in numerous instances in connection with the collection or attempt to collect debt from consumers, SNAAC has represented, directly or indirectly, expressly or by implication, that it intended to take legal action against the consumers.

33. In truth and in fact, in numerous instances, SNAAC did not intend to take such action against consumers at the time SNAAC made the statement.

34. Such representations were material and likely to mislead consumers acting reasonably under the circumstances.

35. Accordingly, SNAAC committed deceptive acts or practices in violation of 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

**COUNT IV  
(Violation of the CFPA – Deceptive Acts or Practices – Impacts on Military Careers)**

36. The allegations in paragraphs 1-16 are incorporated here by reference.

37. Since July 21, 2011, in numerous instances in connection with the collection or attempt to collect debt from consumers, SNAAC has represented, directly or indirectly, expressly or by implication, that a consumer's failure to pay a debt could result in UCMJ action and have a number of adverse career consequences.

38. In truth and in fact, in numerous instances, it was extremely unlikely that the described consequences would occur.

39. Such representations were material and likely to mislead consumers acting reasonably under the circumstances.

40. Accordingly, SNAAC committed deceptive acts or practices in violation of 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

**COUNT V  
(Violation of the CFPA – Deceptive Acts or Practices – Other Consequences of Delinquency)**

41. The allegations in paragraphs 1-16 are incorporated here by reference.

42. Since July 21, 2011, in numerous instances in connection with the collection or attempt to collect debt from consumers, SNAAC has represented, directly or indirectly, expressly or by implication, that:

- a. SNAAC could immediately commence an involuntary allotment or wage garnishment – without first obtaining a judgment;
- b. a consumer's failure to pay a deficiency judgment could result in the consumer's being held in contempt of court or subject to court-ordered penalties; and

c. a consumer's failure to pay a delinquent debt could result in all or a portion of the unpaid balance to be taxed.

43. In in truth and in fact, in numerous instances, such consequences would not or could not occur.

44. Such representations were material and likely to mislead consumers acting reasonably under the circumstances.

45. Accordingly, SNAAC committed deceptive acts or practices in violation of 1031 and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531, 5536(a)(1)(B).

### **DEMAND FOR RELIEF**

The Bureau requests that the Court:

- a. permanently enjoin Defendant from committing future violations of the CFPA;
- b. award damages or other monetary relief against Defendant;
- c. order Defendant to pay redress to consumers harmed by its unlawful conduct;
- d. order disgorgement of ill-gotten revenue against Defendant;
- e. impose civil money penalties against Defendant;
- f. order Defendant to pay the Bureau's costs incurred in connection with prosecuting this action; and
- g. award additional relief as the Court may determine to be just and proper.

Dated: June 17, 2015

Respectfully submitted,

Anthony Alexis  
*Enforcement Director*  
Jeffrey Paul Ehrlich  
*Deputy Enforcement Director*  
John C. Wells  
*Assistant Litigation Deputy*  
/s/ Maxwell S. Peltz  
Maxwell S. Peltz, Trial Attorney  
*Senior Litigation Counsel*  
1700 G Street NW  
Washington, DC 20552  
Phone: (415) 633-1328  
Fax: (415) 677-9954  
Email: maxwell.peltz@cfpb.gov

Attorneys for Plaintiff  
Consumer Financial Protection Bureau