



The Official Website of the Office of Consumer Affairs & Business Regulation (OCABR)

Consumer Affairs and Business Regulation

Home Business Banking Banking Legal Resources Enforcement Actions 2013 Enforcement Actions
Source One Financial Corporation, Norwell, MA - Consent

Source One Financial Corporation, Norwell, MA - Consent Order

By the Division of Banks

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS.

COMMISSIONER OF BANKS

MOTOR VEHICLE SALES FINANCE COMPANY LICENSING Docket No. 2013-032

CONSENT ORDER

In the Matter of

**SOURCE ONE FINANCIAL CORPORATION
Norwell, Massachusetts**

Motor Vehicle Sales Finance Company License No. MV0445

WHEREAS, SOURCE ONE FINANCIAL CORPORATION, Norwell, Massachusetts (Source One or the Corporation), a licensed motor vehicle sales finance company under Massachusetts General Laws chapter 255B, section 2, and 209 CMR 20.00 *et seq.* 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 December 5, 2013, 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, Source One agrees to the issuance of this CONSENT ORDER (Order) by the Commissioner of Banks (Commissioner);

WHEREAS, an examination of Source One was conducted pursuant to General Laws chapter 255B, section 3, as of June 11, 2012, to assess the Corporation's level of compliance with applicable Massachusetts statutes and the Division's regulations governing the conduct of those engaged in the business of a motor vehicle sales finance company in the Commonwealth; and

WHEREAS, the Report of Examination (the Report) issued pursuant to the Division's examination of Source One as of June 11, 2012 alleged substantial non-compliance with certain Massachusetts statutes, rules, and regulations governing the conduct of those engaged in the business of a motor vehicle sales finance company in Massachusetts.

WHEREAS, between the date of the Examination and the date of this Order, Source One has taken certain actions to address the Division's concerns.

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 ensure that overcharges made by dealers for items identified as payable "to Public Officials" on contracts purchased by Source One are refunded to vehicle customers as required in response to the Division's prior examination as of October 5, 2009. Source One must certify that it has made a good faith effort to ensure that those customers identified in the examination as having been so overcharged have been sent refund checks, using reasonable means available to identify the current address of each such customer. Within sixty (60) days of the effective date of this Order, Source One shall submit to the Division evidence of all such refunds, including the customers' names, account numbers, the amount of reimbursements, the date each refund was mailed, the date each refund check was redeemed and any other information necessary to evidence that credits and/or refunds were sent to each customer. Through the date of required escheatment under M.G.L. c. 200A, section 5, Source One shall continue to use commercially reasonable efforts to locate such customers.
2. Source One shall continue to maintain policies and procedures to ensure that the Corporation timely remits premium amounts obtained from consumers for vendor's single-interest insurance as disclosed in the retail installment contract. Furthermore, Source One must maintain an active vendor's single-interest insurance policy so long as it assesses and

collects premium amounts from consumers as disclosed on the retail installment contract.

3. Source One shall continue to maintain policies and procedures to ensure that the Corporation properly calculates and issues refunds for loans paid in full prior to maturity. The refunds shall be computed using a method which is at least as favorable to the buyer as the actuarial method, so-called, and if the prepayment is made other than on an installment due date, it shall be deemed to have been made on the next preceding or next succeeding installment due date, whichever is nearer to the date of prepayment, in accordance with M.G.L. c. 255B, section 16.
 - a. Source One must certify that it has conducted a review of all accounts paid off early since October 5, 2009 through the date of this Order, and that it has sent refunds to all customers who initially were paid less than the amount determined in compliance with the statute, as well as those customers who did not receive a refund when one was required by the statute.
 - b. Within sixty (60) days of the effective date of this Order, Source One shall submit to the Division evidence of all such refunds, including the names, account numbers, the amount of reimbursements and the manner in which the reimbursements were calculated, and sufficient evidence to illustrate the credits and/or refunds to each consumer.
4. Source One shall continue to maintain an effective compliance management system including but not limited to adequate oversight of the Corporation's compliance program by the Board of Directors (Board) and senior management with sufficient resources dedicated to the administration of the compliance program. The compliance program must include adequate policies and procedures, effective internal monitoring on an ongoing basis, sufficient training to ensure management and employees are familiar with statutory and regulatory requirements. An effective compliance management system must also include periodic independent testing of Source One's programs and operations with sufficient scope and depth to determine whether the Corporation is operating in compliance with applicable consumer protection requirements.
5. 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 must include the review and verification of all corrective action required in response to the deficiencies identified in the Report and as described in or required by this Order. The scope of the Compliance Consultant's engagement must 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 must include periodic independent testing of transactions to verify the effectiveness of the Corporation's internal controls. A copy of the engagement letter for the Compliance Consultant must be submitted with the response to this Order. The Compliance Consultant must submit a copy of any reports issued to Source One in connection with this engagement directly to the Commissioner. Any such reports shall be confidential and not subject to disclosure, in accordance with Section 9 of this Order.
6. Source One must address all alleged violations and areas of concern as specified in the Report, as follows:
 - a. Within sixty (60) days of the effective date of this Consent Order Source One must submit to the Commissioner a written response that addresses each of the violations specified in the Report. The written response must describe the revised policies and procedures adopted by Source One to implement all corrective actions set forth in: (i) the "Examiner's Comments and Conclusions" section of the Report and (ii) the provisions of this Order.

Such response shall be confidential and not subject to disclosure, in accordance with Section 9 of this Order.

7. Source One must comply with all laws and regulations applicable to its conducting the business of a motor vehicle sales finance company in Massachusetts, including, but not limited to, Massachusetts General Laws chapter 255B, Massachusetts General Laws chapter 140D, and the Division's regulation 209 CMR 20.00 et seq.
8. On the thirtieth (30) day after the end of each calendar quarter following the date of this Order, Source One shall furnish written progress reports to the Division, which will address and include the following:
 - a. A description of the form, content, and manner of any actions taken to address each Section of this Order and the results thereof; and
 - b. Written findings prepared by Source One detailing a review of management's and staff persons' adherence to the policies, programs, and procedures adopted pursuant to this 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 Source One's compliance condition in Massachusetts, and the results thereof.

Any such progress reports shall be confidential and not subject to disclosure, in accordance with Section 9 of this Order.

9. All reports of Source One and its consultants and attorneys to the Division pursuant to Sections 5, 6 or 8 of this Order shall be deemed confidential.
10. Source One agrees to submit a payment to the Division with the executed copy of the Consent Agreement, in the amount of \$32,860.00 as an administrative penalty collected in connection with Sections 1, 2 and 3 of this Order. Payment in full of the amount indicated above, payable to the "Commonwealth of Massachusetts," must be submitted to the Division of Banks, Attn: Consumer Finance Examination Unit, 1000 Washington Street, 10th Floor, Boston, Massachusetts 02118.
11. The reporting requirement to the Division referenced in Section 8 of this 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 Order from the Commissioner.

12. Nothing in this Order will be construed as permitting Source One to violate any law, rule, regulation, or regulatory bulletin to which Source One is subject.
13. In consideration of the foregoing Order, the Division agrees not to pursue formal measures, relative to this matter, to suspend or revoke Source One's motor vehicle sales finance company or retail installment sales and service company license under General Laws chapter 255B, section 8 while this Order is in effect.
14. Failure to comply with the terms of this Order will constitute grounds for license suspension and/or revocation pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts, subject to and in accordance with G.L. c. 255B sections 7 and 8.
15. This Order will become effective immediately upon the date of its issuance.
16. The provisions of this Order will become binding upon Source One and its officers and/or directors, and their successors or assigns.
17. The provisions of this Order will remain effective and enforceable except to the extent that, and until such time as, any provisions of this Order will have been modified, terminated, suspended, or set aside by the Commissioner or upon an order of a court of competent jurisdiction.
18. This 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 Source One. 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 5th day of December, 2013

David J. Cotney
Commissioner of Banks
Commonwealth of Massachusetts