

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2017-AH-00024

ENTERED  
SEP 05 2017  
AE 9:30AM  
COMMISSIONERS OFFICE

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

**AGREED ORDER ASSESSING CIVIL PENALTIES,  
ORDERING RESTITUTION AND SURRENDER IN LIEU OF  
REVOKING THE LICENSE**

TITLE LOANS, INC.

RESPONDENT

\* \* \* \* \*

Comes now the Commonwealth of Kentucky, by and through the Commissioner of the Department of Financial Institutions (hereinafter "DFI"), and hereby enters this Agreed Order Assessing Civil Penalties, Ordering Restitution and Surrender in Lieu of Revoking the License of Title Loans, Inc., Deferred Deposit License #158-0.

**FACTS**

1. DFI is responsible for regulating and licensing deferred deposit licensees in accordance with the provisions of KRS 286.9 and the regulations promulgated pursuant thereto.
2. Respondent Title Loans, Inc. is a Kentucky corporation with a former principle business office location of 3586 Hickory Estates, Ashland KY 41102 during all times relevant to this Agreed Order. Tom Salyer was the owner of record and registered agent for Title Loans, Inc.
3. On July 15, 1998, DFI issued Title Loans, Inc. a license (#158-0) to operate a deferred deposit transaction business with an operating location of 12484 US HWY 60, Ashland, Kentucky 41102.

4. The DFI initiated an investigation on June 29, 2015, (ICIE #326932), into the unauthorized change of control of the deferred deposit license of Title Loans, Inc., (#158-0) to JMaddux, Inc., an unlicensed entity. Prior to this investigation, DFI received two change of control applications from JMaddux, Inc. and Title Loans, Inc. to transfer the deferred deposit license from Title Loans, Inc. to JMaddux, Inc. Neither application was completed after numerous requests were made by DFI to JMaddux, Inc. for supplemental documents and financial statements. As a result of the failure to provide additional documentation, the Commissioner did not approve the change of control and deemed the applications abandoned.

5. During the investigation, DFI discovered that Respondent sold a retail tobacco business operation to JMaddux, Inc. in January 2011. Contained within this business location was the deferred deposit transaction business. JMaddux, Inc. employees operated the tobacco business and engaged in offering deferred deposit transactions with customers at this location after the sale of the tobacco business was finalized without authorization from the Commissioner of DFI.

6. Upon completion of the investigation, DFI discovered that, between April 4, 2014 and April 4, 2017, Respondent allowed JMaddux, Inc. to enter into hundreds of transactions under the Title Loans, Inc. deferred deposit license number of #158-0 without an authorized change of control for the license to JMaddux, Inc. in violation of KRS 286.9-070(4)-(6). Furthermore, Respondent allowed deferred deposit customers to provide checks in support of the transaction agreements to be made payable to JMaddux, Inc. in violation of KRS 286.9-100(2). Moreover, Respondent failed to ensure that all deferred deposit transaction contracts were properly signed by customer, in violation of KRS 286.9-074(13) and maintained in the business files as required under KRS 286.9-074.

## CONCLUSIONS

7. DFI possesses a range of administrative remedies in addressing violations of the Act, including license revocation or denial, the ordering of refunds to customers, and the imposition of a civil penalty in an amount up to \$5,000 per violation. *See* KRS 286.9-110 and 286.9-991.

8. In this case, the DFI assessed a civil penalty against Respondent in the amount of Forty thousand dollars (\$40,000), of which Fourteen thousand two hundred and thirty-five dollars and (\$14,235) consists of refunds to affected customers, which the Commissioner has determined are damages incurred by the affected customers as a result of Respondent's violations of the statutes referenced herein.

9. In the interest of economically and efficiently resolving the violation(s) described herein, and with Respondent admitting the statements of fact and legal conclusions herein, Respondent agrees as follows:

- a. Respondent agrees to a civil penalty assessment in the amount of Forty Thousand dollars (\$40,000) for all violation(s) referenced herein;
- b. Respondent agrees to pay the total civil penalty assessed herein of Forty Thousand dollars (\$40,000), to DFI, which shall be due upon entry of the Agreed Order Assessing Civil Penalties, Ordering Refunds and Surrender in Lieu of Revoking the License. The payment shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Non-Depository Division - Order, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. Respondent agrees that Fourteen Thousand Two Hundred Thirty-Five dollars (\$14,235) of the total civil penalty assessed in paragraph 9(b) above shall be paid to DFI on behalf of customers to refund the service fees on the transactions that created the violations referenced herein. DFI will submit refunds to the affected customers.

d. Respondent agrees to surrender the deferred deposit license in lieu of revocation and remit the license to DFI upon entry of the Agreed Order.

e. Respondent agrees that DFI will be the custodian of all customer records upon entry of this order.

f. Respondent admits to the following violations;

1. KRS 286.9-070(4)-(6) by failing to timely notify DFI of the change of control, complete the change of control application and obtain approval for the change of control of the deferred deposit license #158-0,

2. KRS 286.9-100(2) by allowing deferred deposit customers to provide checks in support of the transaction agreements to be made payable to JMaddux, Inc., an unlicensed entity,

3. KRS 286.9-074(13) when Respondent failed to ensure that all deferred deposit transaction contracts were properly signed by the customer,

4. KRS 286.9-074 when Respondent failed to maintain all records and business files as required.

10. Respondent waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Order.

11. Respondent consents to and acknowledges the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

12. In consideration of execution of this Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondent ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

13. This Agreed Order shall constitute the Final Order in this matter and shall constitute a final settlement of the facts, finding and allegations contained herein. Upon entry of this Agreed Order, DFI hereby fully releases, remises and discharges Title Loans and Tom Salyer from any and all claims, charges, demands, actions, suits, debts, agreements, costs, damages and obligations which it now has and are known, or could have been known, against them. Furthermore, DFI agrees not to seek further reimbursement, refunds, penalties, fines, costs or fees regarding the facts, allegations, or findings of violations contained herein; provided that DFI may take enforcement action against Respondent if any representation made by Respondent and reflected herein is subsequently discovered to be untrue.

14. By signing below, the Respondent acknowledges it has read the foregoing Agreed Order, knows and fully understands its contents, and that the person signing this Order is authorized to enter into and execute this Agreed Order and legally bind Respondent.

**AGREED ORDER**

**THEREFORE**, based upon the foregoing Facts and Conclusions of Law, the Commissioner **HEREBY ORDERS**:

1. That the deferred deposit license of Title Loans, Inc., is surrendered in lieu of revocation; and
2. That Respondent shall pay a civil penalty in the amount of Forty Thousand dollars (\$40,000), to DFI, of which Fourteen Thousand Two Hundred Thirty-Five dollars (\$14,235) constitutes refunds to be made to the affected customers herein referenced; and
3. That Respondent shall acknowledge DFI as the custodian of all remaining business and customer records and immediately submit such records to the DFI.
4. That Respondent, and all agents and employees of Respondent, will cooperate with any ongoing administrative action brought forth against JMaddux, Inc. as an unlicensed entity.
5. That Respondent admits to the violations of KRS Chapter 286.9 contained herein.

This **AGREED ORDER** is a **FINAL ORDER**. The **EFFECTIVE DATE** of this order shall be the date reflected on the certificate of service attached to this order.

**IT IS SO ORDERED** on this the 5<sup>th</sup> day of September, 2017.

  
\_\_\_\_\_  
CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This ~~16<sup>th</sup>~~ <sup>28<sup>th</sup> TRS</sup> day of August, 2017.

This 16<sup>th</sup> day of August, 2017.

Tammy R. Scruggs  
Tammy Scruggs, Director  
Division of Non-Depository Institutions  
Department of Financial Institutions

X Tom Salyer  
Tom Salyer  
c/o Title Loans, Inc.  
Deferred Deposit License # 158-0

**ACKNOWLEDGEMENT**

STATE OF Ky )

COUNTY OF Boyd )

On this the 16<sup>th</sup> day of August, 2017, before me Tom Salyer, the undersigned, Tom Salyer, did personally appear and acknowledge himself/herself to be the authorized representative of Title Loans, Inc., License # 158-0, and that he, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

My Commission Expires: 7/28/2020  
Kimberlee Plute  
Notary Public

**KIMBERLEE DIANN SMITH**  
Notary Public - State at Large  
Kentucky - Notary ID # 551049  
My Commission Expires 7/28/2020

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 5<sup>th</sup> day of September, 2017, by certified mail, return receipt requested, to:

Title Loans, Inc.  
c/o Tom Salyer  
Registered Agent for Title Loans, Inc.  
12484 US HWY 60  
Ashland, KY 41102

Nicole Evers  
c/o Dressman Benzinger Lavelle PSC  
2100 Waterfront Plaza  
321 West Main Street  
Louisville, KY 40202

And by Hand-Delivery to:

Catherine Falconer  
1025 Capital Center Drive, Suite 200  
Frankfort, KY 40601  
Counsel for Department of Financial Institutions



Department of Financial Institutions

Name: Allison Evans

Title: Executive Staff Advisor