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APP 015897 08620  
ROA 011220  
et 74335 Document 2018-445099

Docket 74335 Document 2018-15099





## Training

## Display of License, Notices, and Disclosures

## Record Retention

☐ Collection Agency Utilized by the Licensee

REPORT OF EXAMINATION





STATE OF NEVADA  
DEPARTMENT OF REVENUE  
TAXPAYER IDENTIFICATION NUMBER

APP 015898 08621  
BOA 011221



EXAMINATION COMMENTS AND CONCLUSIONS

FDCPA

FinCen Registration

Complaints Filed Since the Previous Examination

Total Sample Size

As of Exam Date August 31, 2014

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	43	6	13.95%
Delinquent Loans	24	12	50.00%
Closed Loans	10	5	50.00%
Declined Loans	1	1	100.00%
Total Loans =	78	24	30.77%

REPORT OF EXAMINATION



APP 015899 08622  
ROA 011222



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NRS 604A.450 7 L W O H O R D Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H I  
ability to repay loan. A licensee who makes title loans shall not:



NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. ~~7 L W O H O R D Q . P H D Q V D O R D Q P o r a g r e e m e n t w h i c h u n d e r t s H U~~  
original terms

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee agent, affiliate or subsidiary of the licensee.

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MASSACHUSETTS

DEPARTMENT OF REVENUE

**APP 015900 08623**

**ROA 011223**



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ROA 011224



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(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act Regulation Z.

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 APP 015902 08625  
ROA 011225



# EXAMINATION COMMENTS AND CONCLUSIONS

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## CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

### STATE

#### REPEAT VIOLATION

NRS 604A.450 Title Loans. 3. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan.

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1 R 5 H J D U G W R & X V W R P H U ¶ V \$ E L O L W \ W R						
% R U U R Z H U ¶	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

0 D Q D J H P H Q W ¶ V S H A W S P O F F Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

#### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 § 7 L W O H Q · G H I L Q H G

1. § 7 L W O H O R D Q · P H D Q V D O R D Q P D G H W R D F X V W R P H U original terms

(b) Requires the customer to secure the loan by either:

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REPORT OF EXAMINATION

APP 015903 08626  
ROA 011226



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NRS 604A.115 ± 7 L W O H W R D Y H K L F O ± 7 L W O H ± W W L R W D H Y H K L F O H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

[illegible]

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[illegible]

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.



1. Any fees for granting such a grace period; or

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 104

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AFF 015904 08627

ROA 011227



APP 015904 08627  
ROA 011227



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APP 015905 08628  
ROA 011228



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0DQDJHPHQW, W. Sarah S. Poff, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

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#NeedsImprovement

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APP 015906 08629  
ROA 011229



E - 2



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
15 BULL ST. STE. 200  
SAVANNAH, GA 31401  
WWW.TITLEMAX.COM

Examiner In Charge:	Christian Yanez	Examined as of	August 31, 2014
Examination Started:	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	2.00	Examination Number:	65329

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee; it should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or agent, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015908 08630  
ROA 011231



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# EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015909 08631  
ROA 011232



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax located at 15 Bull St. Ste. 200 Savannah GA, 31401 commenced on August 6, 2014. This business location currently holds a Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

The TitleMax website ([www.titlemax.com](http://www.titlemax.com)) is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete a loan application online. The application is reviewed by the call center and the customer is referred to the stores to complete the loan process.

The TitleMax store located at 15 Bull St. Ste. 200 Savannah GA, 31401 did not have any loans during the examination period and has not started underwriting loans.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NA 600. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans that are in the repayment plan and declined loans, surety bonding requirement, completed procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and the Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 8, 2014, which is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient and is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. TitleMax is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not within the scope of the current examination.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### Training

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### Display of License, Notices, and Disclosures

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### Record Retention

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### Collection Agency Utilized by the Licensee

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### FDCPA

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 101.11 as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

This is the initial examination for this TitleMax location. No complaints were found.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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Total Sample Size

As of Exam Date	August 31, 2014
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans			0.00%
Delinquent Loans			0.00%
Closed Loans			0.00%
Declined Loans			0.00%
Total Loans =	0	0	0.00%

This is the initial examination for this TitleMax location. This location did not have any loans during the examination period.

### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

This is the initial examination for this TitleMax location. There were no previous violations cited at this location.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. TitleMax was represented by Carrie E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

This is the initial examination for this TitleMax location. No violations of applicable Nevada Statutes and/or the Nevada Administrative Code were observed during the scope of this examination.

#### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should be considered a full compliance examination relative to Federal statutes.



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015912 08634  
ROA 011235



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### SUMMARY

Each licensee, upon completion of an examination, is rated on compliance with applicable statutes and regulations and perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is satisfactory.

A rating of satisfactory indicates that the licensee and the management of the licensee demonstrated substantial compliance with applicable laws and regulations and that any deficiencies in the report made by the examiner pursuant to state and federal laws and regulations can be no more than one minor violation or deficiency, but only if the licensee and management take immediate action towards correcting the violations or deficiencies and the action taken by the licensee prevent future violations or deficiencies.





E - 3



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
16 W. HORIZON RIDGE PKWY STE. 160  
HENDERSON, NV 89012  
WWW.TITLEMAX.COM

Examiner In Charge:	Christian Yanez	Examined as of	August 31, 2014
Examination Started:	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.00	Examination Number:	65331

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or agent, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015915 08636  
ROA 011238



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# EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015916 08637  
ROA 011239







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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

The licensee uses CashWise Financial Services Software for its loan operations. Title loan underwriting process includes:

- ☒ Loan application form
- ☒ Income and obligations
- ☒ Government issued photo identification
- ☒ Valid phone number
- ☒ Title of the vehicle
- ☒ Proof of insurance
- ☒ Current registration
- ☒ \$11LGDY\W VWDWLQJ WKH FXVWRPHU\TV DELOLW\ WR UHSD

During the previous examination the licensee was offering 30 day title loans. On January 28, 2014, licensee sent a letter to the Financial Institutions Division stating that TitleMax is going to stop offering the 30 day title loans and start offering the 210 day title loans.

During the on-site visitation of current examination it was discovered that TitleMax stopped offering 30 day loans as of January 2014. The new product, 210 day title loan is currently being offered at TitleMax locations in the State of Nevada.

The 210 day product mirrors NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

7KH OLFHQVHH DOVR LPSOHPHQWHG 3\*UDFH 3HULRG 3D\PHQ  
visitations of store locations it was observed employees are pre-printing this grace period agreement. SXWWLQJ LW LQ FXVWRPHU\TV ILOHV 7KH HPSOR\HHV DUH DO  
period agreement. The employees are provided the following statement to read to customers:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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Great! Your contract states that you have 7 payments of <Amortized Loan Payments> which are 30 days starting on < Due Date>. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of <Minimum Payment to Extend> during this time. Any principal left at the end of the term will be paid at the end of the term.

RQ D SD\PHQW SODQ IRU DQ DGGLWLRQDO VHYHQ PRQWKV

This agreement consists of separating the interest and principal from the original amortized payments and prolonging the payment of principal until the full term of the agreement has a schedule of 14 payments which for the first seven payment the customer pays only interest and for the remaining seven payments the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The 3\*UDFH 3HULRG 3D\PHQWV 'HIHUPHQW \$JUHHPHQW' RIIHU 604A.445(3).

### Training

TitleMax provides training upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of ensuring that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously in the licensee's office which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is, in compliance with NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

According to the managers questionnaire, WKH OLFHQVHHV SROODV PDI which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of the examination date, the licensee does not utilize the services of a third party collection agency. The internal collection process consists of sending letters and making phone calls to delinquent customers by the Compliance Department.

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annually basis. All collection employees required a minimum score of 80% to obtain the FDCPA certification. The store managers maintain contact with debtors to assure that policy and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 101.11 as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The Financial Institutions Division complaint database was verified and indicates that as of October 2014 there were three complaints filed against TitleMax since the previous examination. TitleMax responded to the complaints in a timely manner.

### Total Sample Size

As of Exam Date	August 31, 2014
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	317	9	2.84%
Delinquent Loans	102	4	3.92%
Closed Loans	25	6	24.00%
Declined Loans	2	1	50.00%
Total Loans =	446	20	4.48%

All of the loan samples were chosen randomly by the examiner. As of the examination date, there had:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

NRS 604A.450 7 L W O H O R D Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H I  
ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the  
W L W O H O R D Q L Q F O X G L Q J W K H F X V W R P H U ¶ V F X U U H Q W D

During the previous examination the licensee was found to be underwriting title loans in exc  
F X V W R P H U ¶ V G L V F O R V H G L Q F R P H D Q G R E O L J D W L R Q V 7 K H U H  
the loan. This will be cited as a repeat violation. Please refer to the current violation section  
details.

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:
  - (a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 ¶ 7 L W O H O R D Q · G H I L Q H G

1. ¶ 7 L W O H O R D Q · P H D Q V D O R D Q P a n a g r e e m e n t w h i c h , u n d e r t h e P H U  
original terms

(b) Requires the customer to secure the loan by either:

- (1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any  
agent, affiliate or subsidiary of the licensee.

NRS 604A.115 ¶ 7 L W O H W R D Y H K L F O ¶ 7 L W O H ¶ W L R W D H Y H K L F I O Q H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the legal  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the previous examination several of the loan files reviewed showed co-borrowers which  
listed on the title of the vehicle. This violation will be cited as a repeat violation. Please re  
current violation section for more details.

NRS 604A.410 Written loan agreement required; contents

2. The loan agreement must include, without limitation, the following information:
  - c) The date and amount of the loan, amount financed, annual percentage rate, finance charge, total  
of payments, payment schedule and a description and the amount of every fee charged, regardless  
of the name given to the fee and regardless of whether the fee is required to be included in the  
finance charge under the Truth in Lending Act and Regulation Z;

During the previous examination, the licensee did not indicate on the extension receipts the ef  
of the extension. This violation occurred on the 30 day title loans. Since the previous exami  
licensee has stopped offering the 30 day title loans. The new product offered by the  
licensee does not allow any extensions. Therefore, this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.160 Translation of documents written in language other than English.

2. A document translated pursuant to this section must be:

(a) Translated by an interpreter who is:

(1) Certified by the Court Administrator in accordance with the provisions of NRS 1.510 and regulations adopted pursuant thereto; or NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee

(2) Approved in writing by the Division.

(b) Accompanied by a certificate issued by the interpreter.

During the previous examination, the licensee did not provide a copy of the Certified Court Interpreter for the State of Nevada. During the current examination the licensee was able to provide a copy of the Certified Court Interpreter for the State of Nevada. Therefore, this violation is deemed rectified.

NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee.

During the previous examination, the licensee was unable to provide all the records requested by the examiner in charge. During the current examination the licensee was able to provide all the records requested. Therefore, this violation is deemed rectified.

NRS 604A.410 Written loan agreement required; contents.

1. Before making any loan to a customer, a licensee shall provide to the customer a written loan agreement which may be kept by the customer and which must be written in:

(a) English, if the transaction is conducted in English; or

(b) Spanish, if the transaction is conducted in Spanish

During the previous examination the licensee was found to be using loan agreements written in Spanish. During the current examination there was no evidence of such a violation. This violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a check is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan. The written notice must:

(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

During the previous examination the licensee had a repayment plan offer in English and the re issued in Spanish. During the current examination, there was no evidence that the repayment plan receipts were done in separate languages. Therefore, this violation is deemed rectified.

NRS 604A.150 Additional terms defined under federal law; calculation of amount financed, annual percentage rate and finance charge.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act and Regulation Z.

During the previous examination the licensee was found understating the APR. During the examination there was no evidence of such. Therefore, the violation is deemed rectified.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. The licensee was represented by E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.





# EXAMINATION COMMENTS AND CONCLUSIONS

## CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

### STATE

#### REPEAT VIOLATION

NRS 604A.450 Title loan Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H H U H J D ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, L Q F O X G L Q J W K H F X V W R P H U ¶ V F X U U H Q W D ( employment.

7 K H W L W O H O R D Q V L W H P L J H G E H O R Z Z H U H X Q G H U Z U L W W H Q obligations, therefore, there was no regard given to X V W R P H U ¶ V F X U U H Q W D (

1 R 5 H J D U G W R & X V W R P H U ¶ V \$ E L O L W \ W R						
% R U U R Z H U ¶	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
Wade Johnson	117690106824	30 day	\$3,200.0	\$2,500.00	\$1,778.2	\$1,078.2
Tyanna Pollard	117690071073	30 day	\$2,000.0	\$500.00	\$2,144.1	\$644.15
Paul Bagley	117690103474	30 day	\$4,166.0	\$2,500.00	\$1,778.2	\$721.75
Brandon Harmon	117690096662	30 day	\$1,600.0	\$800.00	\$1,085.5	\$112.25
Karen Law	117690067436	30 day	\$2800.0	\$1,800.00	\$1,165.3	\$165.30

0 D Q D J H P H Q W ¶ W s. S a h m S. P o r t / Director of Compliance, stated that a response will be s to the Financial Institution Division once the report of examination is received.

#### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 ¶ 7 L W O H O R D Q · G H I L Q H G

1. ¶ 7 L W O H O R D Q · P H D Q V D O R D Q P a r a g r a m e n t w h i c h , u n d e r i t s original terms

(b) Requires the customer to secure the loan by either:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any agent, affiliate or subsidiary of the licensee.

NRS 604A.115 ‡ 7 L W O H W R D Y H K L F O ‡ H · L W O H ‡ W L R W D H Y H K H F I O Q H G certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the current examination, the licensee provided a policy which states the following:

<sup>3</sup>The primary borrower must be on the title; however if there is a co-borrower (on the title or i must sign the Application and Contract.

During the stores visits, the examiner in charge found several files where the co-borrower was vehicle title. In some instances the co-borrower had a different address and different last name

O D Q D J H P H Q W T W S. S A H W S. P O F T, Director of Compliance, stated that a response will be s to the Financial Institution Division once the report of examination is received.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrc \$ 7 K H F X U U H Q W H [ D P L Q D W L R Q I o w K a g z e n C e n t W o o d W e s 7 L i v M O I NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amendm original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that U R X W L Q H O \ R I I H U V D Q D P H Q G P H Q W W R W K H R U L J L Q D O O R C ' H I H U P H Q W \$ J U H H P H Q W ' K H U H L Q D I W H U W K H <sup>3</sup> \$ P H Q G H G \$ J U H





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## EXAMINATION COMMENTS AND CONCLUSIONS

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Regarding the marketing of the Amended Agreement by store employees, onsite store visits store employees routinely encourage customers to enter into the Amended Agreement. The employees are trained to encourage customers to participate in the Amended Agreement as soon as the agreement is issued, and not wait until the loan is in default status. Pre-printed amended agreements are provided to customers. The following is a sample of the pre-printed amended agreement: IRXQG LQ FXVWRPHUV ILOHV GXULQJ WKH RQVLWH VWRUH YL. Moreover, management issued the below marketing statement with the instruction that employees encourage customers to enter into the Amended Agreement. The marketing statement provides:

3<RXU FRQWUDFW VWDWHV WKDW \RX KDYH SD\PHQWV R for every 30 days starting on < Due Date>. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of <Minimum Payment to Extend> during this time. Any principal left at the end of the term will be placed on a 0% payment plan for an additional 30 days. VHYHQ PRQWKV 'R \RX KDYH DQ\ TXHVWLRQV" '.

The marketing statement emphasizes lower payments. But, in fact, under the Amended Agreement, the total amount owed by the customer is more than the total amount owed under the original loan agreement as further detailed below.

The text of the Amended Agreement provides:

3% HFDXVH WKL V LV RQO\ DQ DPHQGPHQW DQG PRGLILFDW are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provisions, remain in effect. UHPDLQ LQ IXOO IRUFH DQG HIIHFW '.

This statement shows an intent to avoid compliance with NRS 604A.445(3). Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days). The first seven payments are only interest and last seven payments are principal. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and therefore delays the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:





## EXAMINATION COMMENTS AND CONCLUSIONS

LOAN NUMBER	TOTAL AMOUNT TO BE PAID UNDER ORIGINAL LOAN AGREEMENT	TOTAL AMOUNT TO BE PAID UNDER <sup>3</sup> \$0(1'(' ' /2\$1 AGREEMENT	OVERAGE
117690119863	\$3,593.43	\$4,248.25	\$654.82
117690116971	\$1,321.92	\$1,626.71	\$304.79
117690122549	\$3,465.55	\$4,238.60	\$773.05
117690118177	\$5,079.66	\$6,188.83	\$1109.17

Titlemax must comply with NRS 604A.445 (3) and NRS 604A.210. Customers who enter Amended Agreement more money compared to the original loan with its fully amortized payment. 7KXV 7LWOHPD[TV \$PHQGHG \$JUHHPHQW YLRIO.DWHV 156 \$

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination shall be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated. <sup>3</sup>8QVDWLVDLWPHQW primarily on compliance with applicable statutes and regulations and perceived capability of management to achieve and maintain such compliance. The rating of the at this examination is Needs Improvement.

A rating of Needs Improvement indicates that the licensee and the management of the licensee demonstrated less than satisfactory compliance, or instances and situations involving a lack of with applicable state and federal laws and regulations and that regulatory supervision is required. The licensee and management will be required to respond in writing to the report of examination within 30 days providing the procedures that have been initiated for the correction of the violations and noted in the report made by the examiner pursuant to state and federal laws and regulations.





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BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
900 WEST 5<sup>TH</sup> ST.  
RENO, NV 89503  
WWW.TITLEMAX.COM

Examiner In Charge	Christian Yanez	Examined as of	August 31, 2014
Examination Started	August 6 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.50	Examination Number:	66098

THIS REPORT IS STRICTLY CONFIDENTIAL

The information contained in this report is based on the books and records of the licensee as licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015929 08649  
ROA 011252



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# EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015930 08650  
ROA 011253



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax located at 900 West 5<sup>th</sup> Ste. Reno, NV 89503 commenced on August 6, 2014. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

7 K H O L F H Q 6 www.titlemax.com is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete a loan applications on-line. The application is reviewed by the call center and the customer is referred to one of the stores to complete the loan process.

The licensee currently offers the 120 day loan which allows the customer to make installment payments.

TitleMax currently has 40 locations in the state of Nevada. All the locations were visited during the process of this examination.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NAC 604A. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans, loans that are in the repayment plan and declined loans, surety bonding requirement, completion of the PDQDJHU\ V DQG VWDWXWRU\ FRPSOLDQFH TXHVWLRRQQDLUH procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 2014 which is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient. It is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. The licensee is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not part of the scope of the current examination.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures for the fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

The licensee uses CashWise Financial Services Software for its loan operations. Title loan underwriting process includes:

- x Loan application form
- x Income and obligations
- x Government issued photo identification
- x Valid phone number
- x Title of the vehicle
- x Proof of insurance
- x Current registration
- x \$IILGDYLV VWDWLQJ WKH FXVWRPHU¶V DELOLW\ WR UHSD

During the previous examination the licensee was offering 30 day title loans. On January 28, 2014 the licensee sent a letter to the Financial Institutions Division stating that TitleMax is going to stop offering the 30 day title loans and start offering the 210 day title loans.

During the on-site visitation of current examination it was discovered that TitleMax stopped offering the 30 day loans as of July 2014. The new product, 210 day title loan is currently being offered in all TitleMax locations in the State of Nevada.

The 210 day product mirrors NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
- (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

7KH OLFHQVHH DOVR LPSOHPHQWHG 3\*UDFH 3HULRG 3D\PHQ  
visitations of store locations it was observed employees are pre-printing this grace period agreement and  
SXWWLQJ LW LQ FXVWRPHU¶V ILOHV 7KH HPSOR\HHV DUH DO  
period agreement. The employees are provided the following statement to read to customers:









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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annually basis. All collection employees are required a minimum score of 80% to obtain the FDCPA certification. The store managers monitor all contact with debtors to assure that policy and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 1022.380; as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The Financial Institutions Division complaint database was verified and indicates that as of October 14, 2014 there were three complaints filed against TitleMax since the previous examination. TitleMax responded to the complaints in a timely manner.

### Total Sample Size

As of Exam Date	August 31, 2014
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	107	10	9.35%
Delinquent Loans	17	5	29.41%
Closed Loans	12	5	41.67%
Declined Loans	2	2	100.00%
Total Loans =	138	22	15.94%

All of the loan samples were chosen randomly by the examiner. As of the examination date, the licensee had:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

NRS 604A.450 7LWOH ORDQV 3URKLELWHG DFWV E\ OLFHQVHH UH.  
ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to rep  
WLWOH ORDQ LQFOXGLQJ WKH FXVWRPHU¶V FXUUHQW DQG H

During the previous examination the licensee was found to be underwriting title loans in excess of the  
FXVWRPHU¶V GLVFORVHG LQFRPH DQG REOLJDWLRQV 7KHUH  
the loan. This will be cited as a repeat violation. Please refer to the current violation section for more  
details.

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 37LWOH ORDQ' GHILQH G

1. 37LWOH ORDQ' PHDQV D ORDQ PDGH WR DFXWLRQ, Under 3XUV  
original terms

(b) Requires the customer to secure the loan by either:

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee  
agent, affiliate or subsidiary of the licensee.

NRS 604A.115 37LWOH WR D YHKLFQH 37LWOH WR D YHKLFQH RU  
certificate of title or ownership issued pursuant to the laws of this State that identifies th  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the previous examination several of the loan files reviewed showed co-borrowers which were not  
listed on the title of the vehicle. This violation will be cited as a repeat violation. Please refer to the  
current violation section for more details.

NRS 604A.410 Written loan agreement required; contents

2. The loan agreement must include, without limitation, the following information:

c) The date and amount of the loan, amount financed, annual percentage rate, finance charge, t  
of payments, payment schedule and a description and the amount of every fee charged, regardl  
of the name given to the fee and regardless of whether the fee is required to be included in the  
finance charge under the Truth in Lending Act and Regulation Z;

During the previous examination, the licensee did not indicate on the extension receipts the effective date  
of the extension. This violation occurred on the 30 day title loans. Since the previous examination the  
licensee has stopped offering the 30 day title loans. The new product 210 day loan offered by the  
licensee does not allow any extensions. Therefore, this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.160 Translation of documents written in language other than English.

2. A document translated pursuant to this section must be:

(a) Translated by an interpreter who is:

(1) Certified by the Court Administrator in accordance with the provisions of NRS 1.510 and regulations adopted pursuant thereto; or NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee

(2) Approved in writing by the Division.

(b) Accompanied by a certificate issued by the interpreter.

During the previous examination, the licensee did not provide a copy of the Certified Court Interpreter in the State of Nevada. During the current examination the licensee was able to provide a copy of the Certified Court Interpreter for the State of Nevada. Therefore, this violation is deemed rectified.

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1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee.

During the previous examination, the licensee was unable to provide all the records requested by the examiner in charge. During the current examination the licensee was able to provide all the records requested. Therefore, this violation is deemed rectified.

NRS 604A.410 Written loan agreement required; contents.

1. Before making any loan to a customer, a licensee shall provide to the customer a writer agreement which may be kept by the customer and which must be written in:

(a) English, if the transaction is conducted in English; or

(b) Spanish, if the transaction is conducted in Spanish

During the previous examination the licensee was found to be using loan agreement written in English and receipts written in Spanish. During the current examination there was no evidence of such. Therefore this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a demand for payment is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan. The written notice must:

(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

During the previous examination the licensee had a repayment plan offer in English and the receipt was issued in Spanish. During the current examination, there was no evidence that the repayment plans and the receipts were done in separate languages. Therefore, this violation is deemed rectified.

### NRS 604A.150 Additional terms defined under federal law; calculation of amount financed, annual percentage rate and finance charge.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act Regulation Z.

During the previous examination the licensee was found understating the APR. During the current examination there was no evidence of such. Therefore, the violation is deemed rectified.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. The licensee was represented by Carrie E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance and Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

NRS 604A.450 Title Loans. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan.

7KH WLWOH ORDQV LWHPLJHG EHZR ZHUH XQGHUZULWWHQ obligations, therefore, there was no regard given to the ability of the customer to repay the loan.

1R 5HJDUG WR & XVWRPHU TV \$ELOLW\ WR 5H\$						
% RUURZHU TV	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
Vincent Issenmann	144690116223	30 day	\$1,171.00	\$500.00	\$942.92	\$271.92

ODQDJHPHQWMS. Sarah C. Hoff, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

##### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 37LWOH ORDQ' GHILQHG

1. 37LWOH ORDQ' PHDQV D ORDQ PDGH WR D FXVWRPHU SXUV original terms

(b) Requires the customer to secure the loan by either:

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee agent, affiliate or subsidiary of the licensee.

NRS 604A.115 37LWOH WR D YHKLFOH 37LWOH WR D YHKLFOH RU certificate of title or ownership issued pursuant to the laws of this State that identifies the owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction





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## EXAMINATION COMMENTS AND CONCLUSIONS

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During the current examination, the licensee provided a policy which states the following:

The primary borrower must be on the title; however if there is a co-borrower (on the title or not) must sign the Application and Contract.

During the stores visits, the examiner in charge found several files where the co-borrower was not in the vehicle title. In some instances the co-borrower had a different address and different last name.

Ms. Sarah C. For, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension. Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. provisions of this chapter do not prohibit a licensee from offering a customer a grace period of repayment of a loan or an extension of a loan, except that the licensee shall not charge customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrored NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amendment to the original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax routinely encourages customers to enter into the Amended Agreement. The employees are trained to encourage customers to participate in the Amended Agreement as soon as the original agreement is issued, and not wait until the loan is in default status. Pre-printed amended agreements were provided to customers.

Regarding the marketing of the Amended Agreement by store employees, onsite store visits showed that employees routinely encourage customers to enter into the Amended Agreement. The employees are trained to encourage customers to participate in the Amended Agreement as soon as the original agreement is issued, and not wait until the loan is in default status. Pre-printed amended agreements were provided to customers.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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Moreover, management issued the below marketing statement with the instruction that employees should encourage customers to enter into the Amended Agreement. The marketing statement provides:

<sup>3</sup><RXU FRQWUDFW VWDWHV WKDW \RX KDYH SD\PHQWV R  
for every 30 days starting on < Due Date>. By making this payment on time, your loan will  
be paid in full when you make the final payment. However, for your convenience, you can  
also make a minimum payment of <Minimum Payment to Extend> during this time. Any  
principal left at the end of the term will be placed on a 0% payment plan for an additional  
seven months. Do you have any questions?

The marketing statement emphasizes lower payments. But, in fact, under the Amended Agreement, the total amount owed by the customer is more than the total amount owed under the original loan agreement, as further detailed below.

The text of the Amended Agreement provides:

<sup>3</sup>%HFDXVH WKLVLV RQO\ DQ DPHQGPHQW DQG PRGLILFDW  
are only modifying and deferring your payments under the Title Loan Agreement, you  
acknowledge and agree that all of the terms and conditions of the Title Loan Agreement,  
including the charging of simple interest and waiver of jury trial and arbitration provision  
UHPDLQ LQ IXOO IRUFH DQG HIIHFW

This statement shows an intent to avoid compliance with NRS 604A.445(3).

Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay the loan off without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days), the first seven payments are only interest and last seven payments are principal. Thus, Amended Agreement separates interest and principal from the original amortized schedule of payments, and thereby prolongs the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:

LOAN NUMBER	TOTAL AMOUNT TO BE PAID UNDER ORIGINAL LOAN AGREEMENT	TOTAL AMOUNT TO BE PAID UNDER <sup>3</sup> \$0(1'(' / 2 \$1 AGREEMENT	OVERAGE
144690119695	\$2,711.85	\$3,327.75	\$615.90
144690114845	\$1,819.80	\$2,233.10	\$413.30





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## EXAMINATION COMMENTS AND CONCLUSIONS

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Titlemax must comply with NRS 604A.445 (3) and NRS 604A.210. Customers who enter into the Amended Agreement owe more money compared to the original loan with its fully amortized payments.

7 K X V 7 L W O H P D [ 1 V \$ P H Q G H G \$ J U H H P H Q W Y L R O D W H V 1 5 6 \$

O D Q D J H P H Q W ¶ Sarah C. Boft, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination should not be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated <sup>3</sup>1 H H G V , P <sup>3</sup>8 Q V D W L V based primarily on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is Needs Improvement

A rating of <sup>3</sup>Needs Improvement indicates that the licensee and the management of the licensee have demonstrated less than satisfactory compliance, or instances and situations involving a lack of compliance with applicable state and federal laws and regulations and that regulatory supervision is required. The licensee and management will be required to respond in writing to the report of examination within 30 days providing the procedures that have been initiated for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to state and federal laws and regulations.





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BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
1225 E. CHARLESTON BLVD.  
LAS VEGAS, NV 89104  
WWW.TITLEMAX.COM

Examiner In Charge:	Christian Yanez	Examined as of	August 31, 2014
Examination Started:	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.00	Examination Number:	65320

**THIS REPORT IS STRICTLY CONFIDENTIAL**

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee; it should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or employee, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015943 08662  
ROA 011266



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# EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015944 08663  
ROA 011267



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax located at 1225 E. Charleston Las Vegas, NV 89104 commenced on August 6, 2014. This business location currently holds a Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

The website [www.titlemax.com](http://www.titlemax.com) is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete a loan application online. The application is reviewed by the call center and the customer is referred to the stores to complete the loan process.

The licensee currently offers the 120 day loan which allows the customer to make installment payments.

TitleMax currently has 40 locations in the state of Nevada. All the locations were visited during the process of this examination.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NAC 604. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans that are in the repayment plan and declined loans, surety bonding requirement, completed applications, procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and the Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 8, 2014, which is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient and is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. The bond is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not within the scope of the current examination.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures for the fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

The licensee uses CashWise Financial Services Software for its loan operations. Title loan underwriting process includes:

- x Loan application form
- x Income and obligations
- x Government issued photo identification
- x Valid phone number
- x Title of the vehicle
- x Proof of insurance
- x Current registration
- x \$ I I L G D Y L W V W D W L Q J W K H F X V W R P H U I V D E L O L W \ W R

During the previous examination the licensee was offering 30 day title loans. On January 28, 2014, the licensee sent a letter to the Financial Institutions Division stating that TitleMax is going to stop offering the 30 day title loans and start offering the 210 day title loans.

During the on-site visitation of current examination it was discovered that TitleMax stopped offering 30 day loans as of January 2014. The new product, 210 day title loan is currently being offered at TitleMax locations in the State of Nevada.

The 210 day product mirrors NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

7 K H O L F H Q V H H D O V R L P S O H P H Q W H G † \* U D F H 3 H U L R G 3  
visitations of store locations it was observed employees are pre-printing this grace period agreement. S X W W L Q J L W L Q F X V W R P H U I V I L O H V 7 K H H P S O R \ H H V D  
period agreement. The employees are provided the following statement to read to customers:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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‡ 7 0 ; ( P S O R \ H H

Great! Your contract states that you have 7 payments of <Amortized Loan Payments> which are 30 days starting on < Due Date>. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of <Minimum Payment to Extend> during this time. Any principal left at the end of the term will be paid in 12 months. R Q D S D \ P H Q W S O D Q I R U D Q D G G L W L R Q D O V H Y H Q P R Q

This agreement consists of separating the interest and principal from the original amortized payments and prolonging the payment of principal until the full term. This agreement has a schedule of 14 payments which for the first seven payment the customer pays only interest and for the remaining seven payments the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

The ‡ \* U D F H 3 H U L R G 3 D \ P H Q W V ' H I H U P H Q W \$ J U H H P H Q W . 604A.445(3).

### Training

TitleMax provides training upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of ensuring that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously in the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is, in compliance with NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

According to the managers questionnaires, all records are maintained for five years which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of the examination date, the licensee does not utilize the services of a third party collection agency. The internal collection process consists of sending letters and making phone calls to delinquent customers. E \ 7 L W Collection Department.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annually basis. All collection employees required a minimum score of 80% to obtain the FDCPA certification. The store managers maintain contact with debtors to assure that policy and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 101.11 as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The Financial Institutions Division complaint database was verified and indicates that as of October 2014 there were three complaints filed against TitleMax since the previous examination. TitleMax responded to the complaints in a timely manner.

### Total Sample Size

As of Exam Date	August 31, 2014
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	503	10	1.99%
Delinquent Loans	136	5	3.68%
Closed Loans	21	5	23.81%
Declined Loans	3	3	100.00%
Total Loans =	663	23	3.47%

All of the loan samples were chosen randomly by the examiner. As of the examination date, there were no complaints filed against TitleMax.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

NRS 604A.450 7 L W O H O R D Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H I  
ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the  
W L W O H O R D Q L Q F O X G L Q J W K H F X V W R P H U ¶ V F X U U H Q W D

During the previous examination the licensee was found to be underwriting title loans in exc  
F X V W R P H U ¶ V G L V F O R V H G L Q F R P H D Q G R E O L J D W L R Q V 7 K I  
the loan. This will be cited as a repeat violation. Please refer to the current violation section  
details.

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:
  - (a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 ¶ 7 L W O H O R D Q · G H I L Q H G  
1. ¶ 7 L W O H O R D Q · P H D Q V D O R D Q P a n a g r e e m e n t w h i c h, u n d e r t h e P H U  
original terms

- (b) Requires the customer to secure the loan by either:
  - (1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any agent, affiliate or subsidiary of the licensee.

NRS 604A.115 ¶ 7 L W O H W R D Y H K L F O ¶ 7 L W O H ¶ W L R W D H Y H K H F I O Q H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the legal  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the previous examination several of the loan files reviewed showed co-borrowers which  
listed on the title of the vehicle. This violation will be cited as a repeat violation. Please re  
current violation section for more details.

NRS 604A.410 Written loan agreement required; contents

2. The loan agreement must include, without limitation, the following information:
  - c) The date and amount of the loan, amount financed, annual percentage rate, finance charge, total of payments, payment schedule and a description and the amount of every fee charged, regardless of the name given to the fee and regardless of whether the fee is required to be included in the finance charge under the Truth in Lending Act and Regulation Z;

During the previous examination, the licensee did not indicate on the extension receipts the ef  
of the extension. This violation occurred on the 30 day title loans. Since the previous exami  
licensee has stopped offering the 30 day title loans. The new product offered by the  
licensee does not allow any extensions. Therefore, this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.160 Translation of documents written in language other than English.

2. A document translated pursuant to this section must be:

(a) Translated by an interpreter who is:

(1) Certified by the Court Administrator in accordance with the provisions of NRS 1.510 and regulations adopted pursuant thereto; or NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee

(2) Approved in writing by the Division.

(b) Accompanied by a certificate issued by the interpreter.

During the previous examination, the licensee did not provide a copy of the Certified Court Interpreter for the State of Nevada. During the current examination the licensee was able to provide a copy of the Certified Court Interpreter for the State of Nevada. Therefore, this violation is deemed rectified.

NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 years the original or a copy of each account, book, paper, written or electronic record or other document that concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a place of business in this State designated by the licensee.

During the previous examination, the licensee was unable to provide all the records requested by the examiner in charge. During the current examination the licensee was able to provide all the records requested. Therefore, this violation is deemed rectified.

NRS 604A.410 Written loan agreement required; contents.

1. Before making any loan to a customer, a licensee shall provide to the customer a written loan agreement which may be kept by the customer and which must be written in:

(a) English, if the transaction is conducted in English; or

(b) Spanish, if the transaction is conducted in Spanish

During the previous examination the licensee was found to be using loan agreements written in Spanish. During the current examination there was no evidence of such a violation. This violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a check is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan. The written notice must:

(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

During the previous examination the licensee had a repayment plan offer in English and the re issued in Spanish. During the current examination, there was no evidence that the repayment plan receipts were done in separate languages. Therefore, this violation is deemed rectified.

NRS 604A.150 Additional terms defined under federal law; calculation of amount financed, annual percentage rate and finance charge.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act and Regulation Z.

During the previous examination the licensee was found understating the APR. During the examination there was no evidence of such. Therefore, the violation is deemed rectified.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. The licensee was represented by E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.





## EXAMINATION COMMENTS AND CONCLUSIONS

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

NRS 604A.450 Title loan Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H H U H J D ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, L Q F O X G L Q J W K H F X V W R P H U ¶ V F X U U H Q W D ( employment.

7 K H W L W O H O R D Q V L W H P L J H G E H O R Z Z H U H X Q G H U Z U L W obligations, therefore, there was no regard given to F X V W R P H U ¶ V F X U U H Q W D ( employment.

1 R 5 H J D U G W R & X V W R P H U ¶ V \$ E L O L W \ W R						
% R U U R Z H U ¶	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
Teresa Berlin	12260103891	30 day	\$1,760.00	\$1,000.00	\$2,259.80	\$1,499.80
Richard Jacobson	12260102151	30 day	\$1,000.00	\$150.00	\$2,551.70	\$1,701.70
Leticia Martinez	12260074820	30 day	\$1,600.00	\$1,000.00	\$1,188.60	\$588.60
Claudia Moore	12260104646	30 day	\$1,400.00	\$1,000.00	\$471.96	\$71.96
Darian Randle	12260105109	30 day	\$2,000.00	\$500.00	\$2,679.20	\$1,179.20
David Samuel	12260083061	30 day	\$1,034.00	\$802.00	\$605.96	\$373.96
Michael Harris	12260092218	30 day	\$2,500.00	\$2,000.00	\$908.52	\$408.52
Teresa McCuller	12260108066	30 day	\$500.00	\$300.00	\$943.92	\$743.92
Miriam Hickerson	12260097915	30 day	\$5,696.00	\$3,500.00	\$2,806.90	\$610.96

0 D Q D J H P H Q W ¶ V S A H M S R P H U ¶ V Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

##### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NRS 604A.105 § 7 L W O H O R D Q · G H I L Q H G

1. § 7 L W O H O R D Q · P H D Q V D O R D Q ~~As a condition of the loan agreement, which, and with~~ original terms

(b) Requires the customer to secure the loan by either:

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee or any agent, affiliate or subsidiary of the licensee.

NRS 604A.115 § 7 L W O H W R D Y H K L F O § 7 L W O H § W I R W D H Y H K L F I O Q H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the legal owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the current examination, the licensee provided a policy which states the following:

The primary borrower must be on the title; however if there is a co-borrower (on the title or not), he must sign the Application and Contract.

During the stores visits, the examiner in charge found several files where the co-borrower was vehicle title. In some instances the co-borrower had a different address and different last name

O D Q D J H P H Q W T V S A H S P O F F D i r e c t o r of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:

- (a) The loan provides for payments in installments;
- (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
- (c) The loan is not subject to any extension; and
- (d) The loan does not require a balloon payment of any kind.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period on the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

- 1. Any fees for granting such a grace period; or
- 2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors § 7 K H F X U U H Q W H [ D P L Q I D I A L A g r e e m e n t C o n t r o l s W i t h NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amended original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.









## EXAMINATION COMMENTS AND CONCLUSIONS

LOAN NUMBER	TOTAL AMOUNT TO BE PAID UNDER ORIGINAL LOAN AGREEMENT	TOTAL AMOUNT TO BE PAID UNDER † \$ 0 ( 1 ' ( ' . / AGREEMENT	OVERAGE
12260118786	\$1,732.79	\$2,119.30	\$386.51
12260119384	\$841.04	\$1,024.65	\$183.61
12260114660	\$535.25	\$656.79	\$121.54
12260114421	\$866.39	\$1,059.65	\$193.26
12260115815	\$1,819.8	\$2,233.10	\$413.30
12260116411	\$225.27	\$275.53	\$50.26

Titlemax must comply with NRS 604A.445 (3) and NRS 604A.210. Customers who enter Amended Agreement more money compared to the original loan with its fully amortized payment. Thus, 7 L W O H P D [ 1 V \$ P H Q G H G \$ J U H H P H Q W Y L R O D W H V 1 5 6

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination shall be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated as follows: **Needs Improvement**. Based on compliance with applicable statutes and regulations and perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is **Needs Improvement**.

A rating of **Needs Improvement** indicates that the licensee and the management of the licensee demonstrated less than satisfactory compliance, or instances and situations involving a lack of compliance with applicable state and federal laws and regulations and that regulatory supervision is required. The licensee and management will be required to respond in writing to the report of examination within 30 days providing the procedures that have been initiated for the correction of the violations and noted in the report made by the examiner pursuant to state and federal laws and regulations.





E - 6



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
1600 N. NELLIS BLVD, SUITE 102  
LAS VEGAS, NV 89115  
WWW.TITLEMAX.COM

Examiner In Charge	Christian Yanez	Examined as of	August 31, 2014
Examination Started	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.00	Examination Number:	6539

THIS REPORT IS STRICTLY CONFIDENTIAL

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or agent, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015957 08675  
ROA 011280



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## EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

**APP 015958** 08676  
ROA 011281



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax located at 1600 N. Nellis Blvd 102., Las Vegas, NV 89115 commenced on August 6, 2014. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

The website [www.titlemax.com](http://www.titlemax.com) is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete loan applications online. The application is reviewed by the call center and the customer is referred to the stores to complete the loan process.

The licensee currently offers the 120 day loan which allows the customer to make installment payments.

TitleMax currently has 40 locations in the state of Nevada. All the locations were visited during the process of this examination.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NAC 604. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans that are in the repayment plan and declined loans, surety bonding requirement, completed applications, procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and the Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 8th, 2014, which is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient and is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. The bond is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not within the scope of the current examination.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

The licensee uses CashWise Financial Services Software for its loan operations. Title loan underwriting process includes:

- x Loan application form
- x Income and obligations
- x Government issued photo identification
- x Valid phone number
- x Title of the vehicle
- x Proof of insurance
- x Current registration
- x \$ I I L G D Y L W V W D W L Q J W K H F X V W R P H U I V D E L O L W \ W R

During the previous examination the licensee was offering 30 day title loans. On January 28, 2014, licensee sent a letter to the Financial Institutions Division stating that TitleMax is going to stop offering the 30 day title loans and start offering the 210 day title loans.

During the on-site visitation of current examination it was discovered that TitleMax stopped offering 30 day loans as of January 2014. The new product, 210 day title loan is currently being offered at TitleMax locations in the State of Nevada.

The 210 day product mirrors NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

7 K H O L F H Q V H H D O V R L P S O H P H Q W H G † \* U D F H 3 H U L R G 3  
visitations of store locations it was observed employees are pre-printing this grace period agreement. S X W W L Q J L W L Q F X V W R P H U I V I L O H V 7 K H H P S O R \ H H V D  
period agreement. The employees are provided the following statement to read to customers:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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‡ 7 0 ; ( P S O R \ H H

Great! Your contract states that you have 7 payments of <Amortized Loan Payments> which are 30 days starting on < Due Date>. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of <Minimum Payment to Extend> during this time. Any principal left at the end of the term will be paid in 12 months. R Q D S D \ P H Q W S O D Q I R U D Q D G G L W L R Q D O V H Y H Q P R Q

This agreement consists of separating the interest and principal from the original amortized payments and prolonging the payment of principal until the full term. This agreement has a schedule of 14 payments which for the first seven payment the customer pays only interest and for the remaining seven payments the customer pays the principal. The total amount paid under this agreement is higher from the original amortized payments scheduled under the original loan agreement.

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### Training

TitleMax provides training upon hire and annually thereafter. All employees are required to complete refresher courses on-line and as needed. The Compliance Department has the responsibility of ensuring that all training materials are up to date with any industry changes and demands.

### Display of License, Notices, and Disclosures

The State of Nevada, Financial Institutions Division NRS 604A license is displayed conspicuously in the office of the licensee which is in compliance with NRS 604A.635 and NAC 604A.060.

The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is, in compliance with NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

### Record Retention

According to the managers questionnaires, all records are maintained for five years which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of the examination date, the licensee does not utilize the services of a third party collection agency. The internal collection process consists of sending letters and making phone calls to delinquent customers. E \ 7 L W Collection Department.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annually basis. All collection employees required a minimum score of 80% to obtain the FDCPA certification. The store managers maintain contact with debtors to assure that policy and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 101.11 as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The Financial Institutions Division complaint database was verified and indicates that as of October 2014 there were three complaints filed against TitleMax since the previous examination. TitleMax responded to the complaints in a timely manner.

### Total Sample Size

As of Exam Date	August 16, 2013
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	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	643	10	1.56%
Delinquent Loans	171	5	2.92%
Closed Loans	20	5	25.00%
Declined Loans	2	2	100.00%
Total Loans =	813	22	2.71%

All of the loan samples were chosen randomly by the examiner. As of the examination date, the samples had:

- x 813 loans totaling \$984,282.15 with an average loan size of \$1,210.68
- x The delinquency ratio was 20.93% as of the examination date.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

NRS 604A.450 Title loans: Prohibited acts by licensee regarding amount of loan and customer's ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the loan.

During the previous examination the licensee was found to be underwriting title loans in excess of the amount of the loan. This will be cited as a repeat violation. Please refer to the current violation section details.

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 § 7 L W O H O R D Q · G H I L Q H G

1. § 7 L W O H O R D Q · P H D Q V D O R D Q Do not agree to which, under the original terms

(b) Requires the customer to secure the loan by either:

- (1) Giving possession of the title to a vehicle legally owned by the customer to the licensee agent, affiliate or subsidiary of the licensee.

NRS 604A.115 § 7 L W O H W R D Y H K L F O H · L W O H § W I R W D H Y H K L F I O Q H G certificate of title or ownership issued pursuant to the laws of this State that identifies the owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the previous examination several of the loan files reviewed showed co-borrowers which listed on the title of the vehicle. This violation will be cited as a repeat violation. Please refer to current violation section for more details.

NRS 604A.410 Written loan agreement required; contents

2. The loan agreement must include, without limitation, the following information:

c) The date and amount of the loan, amount financed, annual percentage rate, finance charge, terms of payments, payment schedule and a description and the amount of every fee charged, regardless of the name given to the fee and regardless of whether the fee is required to be included in the finance charge under the Truth in Lending Act and Regulation Z;

During the previous examination, the licensee did not indicate on the extension receipts the effect of the extension. This violation occurred on the 30 day title loans. Since the previous examination the licensee has stopped offering the 30 day title loans. The new product offered by the licensee does not allow any extensions. Therefore, this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.160 Translation of documents written in language other than English.

2. A document translated pursuant to this section must be:

(a) Translated by an interpreter who is:

(1) Certified by the Court Administrator in accordance with the provisions of NRS 1.510 and regulations adopted pursuant thereto; or NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee

(2) Approved in writing by the Division.

(b) Accompanied by a certificate issued by the interpreter.

During the previous examination, the licensee did not provide a copy of the Certified Court Inte the State of Nevada. During the current examination the licensee was able to provide a cc Certified Court Interpreter for the State of Nevada. Therefore, this violation is deemed rectified.

NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee.

During the previous examination, the licensee was unable to provide all the records request examiner in charge. During the current examination the licensee was able to provide all th requested. Therefore, this violation is deemed rectified.

NRS 604A.410 Written loan agreement required; contents.

1. Before making any loan to a customer, a licensee shall provide to the customer a writer agreement which may be kept by the customer and which must be written in:

(a) English, if the transaction is conducted in English; or

(b) Spanish, if the transaction is conducted in Spanish

During the previous examination the licensee was found to be using loan agreement written and receipts written in Spanish. During the current examination there was no evidence of such this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a demand for payment is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan. The written notice must:

(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

During the previous examination the licensee had a repayment plan offer in English and the receipt was issued in Spanish. During the current examination, there was no evidence that the repayment plan receipts were done in separate languages. Therefore, this violation is deemed rectified.

### NRS 604A.150 Additional terms defined under federal law; calculation of amount financed, annual percentage rate and finance charge.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act Regulation Z.

During the previous examination the licensee was found understating the APR. During the current examination there was no evidence of such. Therefore, the violation is deemed rectified.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. The licensee was represented by E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance and Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.





## EXAMINATION COMMENTS AND CONCLUSIONS

### CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

#### STATE

##### REPEAT VIOLATION

NRS 604A.450 Title Loans. 3 URKLELWHG DFWV E\ OLFHQVHH UHJD ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title to repay the title loan, QFOXGLQJ WKH FXVWRPHU¶V FXUUHQW DC employment.

7KH WLWOH ORDQV LWHPLJHG EHORZ ZHUH XQGHUZULW obligations, therefore, there was no regard given to FXVWRPHU¶V DC obligations.

1R 5HJDUG WR & XVWRPHU¶V \$ELOLW\ WR						
%RUURZHU	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
Patsi Faria	11960065154	30 day	\$1,372.00	\$300.00	\$2,315.70	\$1,243.70
Eduardo Coria	11960111137	30 day	\$1,300.00	\$600.00	\$1,172.90	\$472.90
Irene Ruiz	11960053385	30 day	\$1,800.00	\$800.00	\$1,172.90	\$172.90
Cassandra Jackson	11960094837	30 day	\$1,500.00	\$700.00	\$1,778.25	\$978.25

ODQDJHPHQWMSarah V. Borrovec Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

##### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

- (a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 § 7LWOH ORDQ GHILQH

1. § 7LWOH ORDQ PHDQV D ORDQ Polagreement which, under original terms

(b) Requires the customer to secure the loan by either:

- (1) Giving possession of the title to a vehicle legally owned by the customer to the licensee agent, affiliate or subsidiary of the licensee.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NRS 604A.115 § 7 L W O H W R D Y H K L F O H L W O H § W I R W D H Y H C H F I O Q H H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the current examination, the licensee provided a policy which states the following:

The primary borrower must be on the title; however if there is a co-borrower (on the title or not) must sign the Application and Contract.

During the store visits, the examiner in charge found several files where the co-borrower was on the vehicle title. In some instances the co-borrower had a different address and different last name.

Ms. Sarah H. Borf, Director of Compliance, stated that a response will be sent to the Financial Institutions Division once the report of examination is received.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.  
Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period.  
provisions of this chapter do not prohibit a licensee from offering a customer a grace period of  
repayment of a loan or an extension of a loan, except that the licensee shall not charge  
customer:

1. Any fees for granting such a grace period; or
2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors  
§ 7 K H F X U U H Q W H [ D P L Q D I W H U A g r e e m e n t t h a t v i o l a t e s W i t h N  
NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amended  
original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that  
U R X W L Q H O \ R I I H U V D Q D P H Q G P H Q W W R W K H R U L J L Q D O  
' H I H U P H Q W \$ J U H H P H Q W . K H U H L Q D I W H U W K H § \$ P H Q G H G

Regarding the marketing of the Amended Agreement by store employees, onsite store visits showed  
employees routinely encourage customers to enter into the Amended Agreement. The employees





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## EXAMINATION COMMENTS AND CONCLUSIONS

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trained to encourage customers to participate in the Amended Agreement as soon as the agreement is issued, and not wait until the loan is in default status. Pre-printed amended agreement I R X Q G L Q F X V W R P H U V ¶ I L O H V G X U L Q J W K H R Q V L W H V W R L. Moreover, management issued the below marketing statement with the instruction that employees encourage customers to enter into the Amended Agreement. The marketing statement provides:

‡ < R X U F R Q W U D F W V W D W H V W K D W \ R X K D Y H S D \ P H ( for every 30 days starting on < Due Date >. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of < Minimum Payment to Extend > during this time. Any principal left at the end of the term will be placed on a 0% payment plan for an additional V H Y H Q P R Q W K V ' R \ R X K D Y H D Q \ T X H V W L R Q V " .

The marketing statement emphasizes lower payments. But, in fact, under the Amended Agreement, the total amount owed by the customer is more than the total amount owed under the original loan agreement as further detailed below.

The text of the Amended Agreement provides:

‡ % H F D X V H W K L V L V R Q O \ D Q D P H Q G P H Q W D Q G P R G L I are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provisions, remain in effect. U H P D L Q L Q I X O O I R U F H D Q G H I I H F W .

This statement shows an intent to avoid compliance with NRS 604A.445(3).

Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay off the loan without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days). The first seven payments are only interest and last seven payments are principal. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and therefore delays the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:





## EXAMINATION COMMENTS AND CONCLUSIONS

LOAN NUMBER	TOTAL AMOUNT TO BE PAID UNDER ORIGINAL LOAN AGREEMENT	TOTAL AMOUNT TO BE PAID UNDER † \$ 0 ( 1 ' ( ' . / AGREEMENT	OVERAGE
119690120863	\$1,321.92	\$1,626.71	\$304.79
119690117530	\$1,819.80	\$2,233.10	\$413.30
119690119283	\$1,819.80	\$2,233.10	\$413.30
119690116208	\$1,689.14	\$2,078.57	\$389.43
119690116948	\$3,500.21	\$4,281.00	\$780.79

Titlemax must comply with NRS 604A.445 (3) and NRS 604A.210. Customers who enter Amended Agreement owe more money compared to the original loan with its fully amortized payments. 7 K X V 7 L W O H P D (new violates NRS 604A.445(3) and NRS 604A.210.

O D Q D J H P H Q W ¶ Sarah H. B. Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination shall be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated by the Division, based on compliance with applicable statutes and regulations and perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is Needs Improvement.

A rating of Needs Improvement indicates that the licensee and the management of the licensee demonstrated less than satisfactory compliance, or instances and situations involving a lack of compliance with applicable state and federal laws and regulations and that regulatory supervision is required. The licensee and management will be required to respond in writing to the report of examination within 30 days providing the procedures that have been initiated for the correction of the violations and noted in the report made by the examiner pursuant to state and federal laws and regulations.





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BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
1995 W. WILLIAMS AVE.  
FALLON, NV 89406  
WWW.TITLEMAX.COM

Examiner In Charge	Christian Yanez	Examined as of	August 31, 2014
Examination Started	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.50	Examination Number:	65196

THIS REPORT IS STRICTLY CONFIDENTIAL

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or agent, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015971 08688  
ROA 011294



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## EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

APP 015972 08689  
ROA 011295



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

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## EXAMINATION COMMENTS AND CONCLUSIONS

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The contact number of the office of the Commissioner, notice of fees charged and business hours are posted conspicuously in the location where the licensee conducts business, which is, in compliance with NRS 604A.405, NAC 604A.130, NAC 604A.140, and NAC 604A.150.

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According to the managers questionnaires, all records are maintained for five years which is in compliance with NRS 604A.700 and NAC 604A.200.

### Collection Agency Utilized by the Licensee

As of the examination date, the licensee does not utilize the services of a third party collection agency. The internal collection process consists of sending letters and making phone calls to delinquent customers by the licensee's collection department.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### FDCPA

TitleMax employees are required to be certified on an annually basis. All collection employees required a minimum score of 80% to obtain the FDCPA certification. The store managers maintain contact with debtors to assure that policy and procedures are followed by all employees.

### FinCen Registration

TitleMax is not considered a Money Services Business in accordance with 31 CFR Chapter X § 101.11 as such, the licensee is not registered with FinCEN as a Money Service Business.

### Complaints Filed Since the Previous Examination

The Financial Institutions Division complaint database was verified and indicates that as of October 2014 there were three complaints filed against TitleMax since the previous examination. TitleMax responded to the complaints in a timely manner.

### Total Sample Size

As of Exam Date	August 31, 2014
-----------------	-----------------

	Population	Sample Size	Penetration
LOAN TYPES:			
Active Loans	86	10	5.00%
Delinquent Loans	23	5	21.74%
Closed Loans	10	5	50.00%
Declined Loans	1	1	100.00%
Total Loans =	120	21	17.50%

All of the loan samples were chosen randomly by the examiner. As of the examination date, there had:





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### PREVIOUS VIOLATIONS OF STATUTES AND REGULATIONS

NRS 604A.450 7 L W O H O R D Q V 3 U R K L E L W H G D F W V E \ O L F H Q V H I  
ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to rep  
W L W O H O R D Q L Q F O X G L Q J W K H F X V W R P H U ¶ V F X U U H Q W D

During the previous examination the licensee was found to be underwriting title loans in exc  
F X V W R P H U ¶ V G L V F O R V H G L Q F R P H D Q G R E O L J D W L R Q V 7 K I  
the loan. This will be cited as a repeat violation. Please refer to the current violation sectio  
details.

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 ‡ 7 L W O H O R D Q · G H I L Q H G

1. ‡ 7 L W O H O R D Q · P H D Q V D O R D Q P o l i c y a g r e e m e n t w h i c h u n d e r l i e s t h e  
original terms

(b) Requires the customer to secure the loan by either:

(1) Giving possession of the title to a vehicle legally owned by the customer to the licensee  
agent, affiliate or subsidiary of the licensee.

NRS 604A.115 ‡ 7 L W O H W R D Y H K L F O ¶ 7 · L W O H ‡ W I R W D H Y H ¶ H F I O Q H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies th  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the previous examination several of the loan files reviewed showed co-borrowers which  
listed on the title of the vehicle. This violation will be cited as a repeat violation. Please re  
current violation section for more details.

NRS 604A.410 Written loan agreement required; contents

2. The loan agreement must include, without limitation, the following information:

c) The date and amount of the loan, amount financed, annual percentage rate, finance charge, t  
of payments, payment schedule and a description and the amount of every fee charged, regardl  
of the name given to the fee and regardless of whether the fee is required to be included in the  
finance charge under the Truth in Lending Act and Regulation Z;

During the previous examination, the licensee did not indicate on the extension receipts the ef  
of the extension. This violation occurred on the 30 day title loans. Since the previous exami  
licensee has stopped offering the 30 day title loans. The new product offered by the  
licensee does not allow any extensions. Therefore, this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NAC 604A.160 Translation of documents written in language other than English.

2. A document translated pursuant to this section must be:

(a) Translated by an interpreter who is:

(1) Certified by the Court Administrator in accordance with the provisions of NRS 1.510 and regulations adopted pursuant thereto; or NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee

(2) Approved in writing by the Division.

(b) Accompanied by a certificate issued by the interpreter.

During the previous examination, the licensee did not provide a copy of the Certified Court Inte the State of Nevada. During the current examination the licensee was able to provide a cc Certified Court Interpreter for the State of Nevada. Therefore, this violation is deemed rectified.

NAC 604A.200 Maintenance of books and records.

1. Except as otherwise provided in NRS 604A.700, a licensee shall maintain for at least 3 year original or a copy of each account, book, paper, written or electronic record or other document concerns each loan or other transaction involving a customer in this State.

2. Except as otherwise provided in NRS 604A.620, those records must be maintained at a pla business in this State designated by the licensee.

During the previous examination, the licensee was unable to provide all the records request examiner in charge. During the current examination the licensee was able to provide all th requested. Therefore, this violation is deemed rectified.

NRS 604A.410 Written loan agreement required; contents.

1. Before making any loan to a customer, a licensee shall provide to the customer a writer agreement which may be kept by the customer and which must be written in:

(a) English, if the transaction is conducted in English; or

(b) Spanish, if the transaction is conducted in Spanish

During the previous examination the licensee was found to be using loan agreement written and receipts written in Spanish. During the current examination there was no evidence of such this violation is deemed rectified.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### NRS 604A.475 Repayment plan

2. If the licensee intends to commence any civil action or process of alternative dispute resolution or repossess a vehicle in an effort to collect a defaulted loan, the licensee shall deliver to the customer, not later than 15 days after the date of default, or not later than 5 days after a check is not paid upon presentment or an electronic transfer of money fails, whichever is later, written notice of the opportunity to enter into a repayment plan. The written notice must:

(a) Be in English, if the initial transaction was conducted in English, or in Spanish, if the initial transaction was conducted in Spanish.

During the previous examination the licensee had a repayment plan offer in English and the receipt was issued in Spanish. During the current examination, there was no evidence that the repayment plan receipts were done in separate languages. Therefore, this violation is deemed rectified.

### NRS 604A.150 Additional terms defined under federal law; calculation of amount financed, annual percentage rate and finance charge.

2. For the purposes of this chapter, proper calculation of the amount financed, annual percentage rate and finance charge for a loan must be made in accordance with the Truth in Lending Act Regulation Z.

During the previous examination the licensee was found understating the APR. During the current examination there was no evidence of such. Therefore, the violation is deemed rectified.

### EXIT MEETING

The exit meeting was held telephonically on December 18, 2014. The licensee was represented by E. Carbone, SVP of Compliance and Product General Counsel, Victoria Newman, Compliance Corporate Counsel, Sarah C. Poff, Director of Compliance. The Financial Institutions Division was represented by Christian Yanez, Examiner in charge, Harveen Sekhon, Supervisory Examiner, Christopher Eccles, Attorney, Andrea Bruce, Examiner.





# EXAMINATION COMMENTS AND CONCLUSIONS

## CURRENT VIOLATIONS OF APPLICABLE STATUTES AND REGULATIONS

### STATE

#### REPEAT VIOLATION

NRS 604A.450 Title Loans 3 URKLELWHG DFWV E\ OLFHQVHH UHJD ability to repay loan. A licensee who makes title loans shall not:

2. Make a title loan without regard to the ability of the customer seeking the title loan to repay the title loan, QFOXGLQJ WKH FXVWRPHU¶V FXUUHQW DEBT employment.

7KH WLWOH ORDQV LWHPLJHG EHORZ ZHUH XQGHUZULW obligations, therefore, there was no regard given to FXVWRPHU¶V DEBT obligations.

1R 5HJDUG WR & XVWRPHU¶V \$ELOLW\ WFR						
%RUURZHU¶	Loan Number	Term	Stated Income	Stated Obligations	Total Amount of Loan(s)	Amount Over
Keri Jo Renteria	14269105161	30 day	\$800.00	\$400.00	\$1,661.20	\$1,261.20
Nikkita You	1426910994	30 day	\$1,200.00	\$400.00	\$1,193.30	\$393.30

ODQDJHPHQWMSarah V. Borja, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

#### REPEAT VIOLATION

NAC 604A.230 Prohibited acts: Miscellaneous acts.

1. A licensee shall not:

(a) Require or accept a guarantor to a transaction entered into with a customer.

NRS 604A.105 § 7LWOH ORDQ GHILQH

1. § 7LWOH ORDQ PHDQV D ORDQ Polagreement which, under original terms

(b) Requires the customer to secure the loan by either:

- (1) Giving possession of the title to a vehicle legally owned by the customer to the licensee agent, affiliate or subsidiary of the licensee.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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NRS 604A.115 § 7 L W O H W R D Y H K L F O H L W O H § W I R W D H Y H C H F I O Q H H G  
certificate of title or ownership issued pursuant to the laws of this State that identifies the  
owner of a vehicle or any similar document issued pursuant to the laws of another jurisdiction

During the current examination, the licensee provided a policy which states the following:

The primary borrower must be on the title; however if there is a co-borrower (on the title or not) must sign the Application and Contract.

During the store visits, the examiner in charge found several files where the co-borrower was on the vehicle title. In some instances the co-borrower had a different address and different last name.

Ms. Sarah H. Borf, Director of Compliance, stated that a response will be sent to the Financial Institutions Division once the report of examination is received.

NRS 604A.445 Title loans: Restrictions on duration of loan and periods of extension.

Notwithstanding any other provision of this chapter to the contrary:

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

NRS 604A.210 Chapter does not prohibit licensee from offering customer grace period. The provisions of this chapter do not prohibit a licensee from offering a customer a grace period for the repayment of a loan or an extension of a loan, except that the licensee shall not charge the customer:

1. Any fees for granting such a grace period; or
2. Any additional fees or additional interest on the outstanding loan during such a grace period.

Since the previous examination, Titlemax implemented a 210 day title loan product that mirrors NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amended original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Onsite visits to Titlemax locations and conversations with store employees showed that Titlemax does not comply with NRS 604A.445(3). The examination also showed that Titlemax markets and offers an amended original loan agreement that violates NRS 604A.445 (3) and NRS 604A.210.

Regarding the marketing of the Amended Agreement by store employees, onsite store visits showed that employees routinely encourage customers to enter into the Amended Agreement. The employees





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## EXAMINATION COMMENTS AND CONCLUSIONS

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trained to encourage customers to participate in the Amended Agreement as soon as the agreement is issued, and not wait until the loan is in default status. Pre-printed amended agreement I R X Q G L Q F X V W R P H U V ¶ I L O H V G X U L Q J W K H R Q V L W H V W R L. Moreover, management issued the below marketing statement with the instruction that employees encourage customers to enter into the Amended Agreement. The marketing statement provides:

‡ < R X U F R Q W U D F W V W D W H V W K D W \ R X K D Y H S D \ P H ( for every 30 days starting on < Due Date >. By making this payment on time, your loan will be paid in full when you make the final payment. However, for your convenience, you can also make a minimum payment of < Minimum Payment to Extend > during this time. Any principal left at the end of the term will be placed on a 0% payment plan for an additional V H Y H Q P R Q W K V ' R \ R X K D Y H D Q \ T X H V W L R Q V " .

The marketing statement emphasizes lower payments. But, in fact, under the Amended Agreement, the total amount owed by the customer is more than the total amount owed under the original loan agreement as further detailed below.

The text of the Amended Agreement provides:

‡ % H F D X V H W K L V L V R Q O \ D Q D P H Q G P H Q W D Q G P R G L I are only modifying and deferring your payments under the Title Loan Agreement, you acknowledge and agree that all of the terms and conditions of the Title Loan Agreement, including the charging of simple interest and waiver of jury trial and arbitration provisions, remain in effect. U H P D L Q L Q I X O O I R U F H D Q G H I I H F W .

This statement shows an intent to avoid compliance with NRS 604A.445(3).

Under the original loan agreement the customer makes seven fully amortized payments (210 days) to pay off the loan without a balloon payment at the end, thereby complying with all provisions of NRS 604A.445(3). But, under the Amended Agreement, the customer makes 14 payments (390 days). The first seven payments are only interest and last seven payments are principal. Thus, the Amended Agreement separates interest and principal from the original amortized schedule of payments, and therefore delays the payment of principal until the full interest is paid.

For an example of how customers owe more under the Amended Agreement compared to the original agreement, please see below:





## EXAMINATION COMMENTS AND CONCLUSIONS

LOAN NUMBER	TOTAL AMOUNT TO BE PAID UNDER ORIGINAL LOAN AGREEMENT	TOTAL AMOUNT TO BE PAID UNDER † \$ 0 ( 1 ' ( ' . / AGREEMENT	OVERAGE
14260115854	\$550.77	\$677.79	\$127.02
14260114982	\$1,819.80	\$2,233.10	\$413.30
14260111601	\$1,872.76	\$2,304.50	\$431.74

Titlemax must comply with NRS 604A.445 (3) and NRS 604A.210. Customers who enter Amended Agreement over money compared to the original loan with its fully amortized payment 7 K X V 7 L W O H P D [ 1 V \$ P H Q G H G \$ J U H H P H Q W Y L R O D W H V 1 5 6

O D Q D J H P H Q W 1 Sarah H. Borroff, Director of Compliance, stated that a response will be sent to the Financial Institution Division once the report of examination is received.

### FEDERAL

No violations of Federal laws were noted during the examination. However, this examination shall be considered a full compliance examination relative to Federal statutes.

### SUMMARY

Each licensee, upon completion of an examination, is rated as follows: 1 6 D W L V I D F W R U \ . † 1 H H G V † 8 Q V D W L V I D F W R U \ . Based on compliance with applicable statutes and regulations and the perceived capability of management to achieve and maintain such compliance. The rating of the licensee at this examination is Needs Improvement

A rating of Needs Improvement indicates that the licensee and the management of the licensee demonstrated less than satisfactory compliance, or instances and situations involving a lack of compliance with applicable state and federal laws and regulations and that regulatory supervision is required. The licensee and management will be required to respond in writing to the report of examination within 30 days providing the procedures that have been initiated for the correction of the violations and noted in the report made by the examiner pursuant to state and federal laws and regulations.





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BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
2020 E. WILLIAMS ST.  
CARSON CITY, NV 89502  
WWW.TITLEMAX.COM

Examiner In Charge	Christian Yanez	Examined as of	August 31, 2014
Examination Started	August 6, 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.50	Examination Number:	65909

THIS REPORT IS STRICTLY CONFIDENTIAL

The information contained in this report is based on the books and records of the licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the licensee of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee or its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or agent, unless otherwise directed. Should any legal process document be served calling for the surrender of the report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

APP 015985 08701  
ROA 011308



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# EXAMINATION COMMENTS AND CONCLUSIONS

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STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

REPORT OF EXAMINATION

**APP 015986** 08702  
ROA 011309



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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax at 2020 E. William St., Carson City, NV 89502 commenced on August 6, 2014. This business location currently holds Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

The website [www.titlemax.com](http://www.titlemax.com) is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete a loan application online. The application is reviewed by the call center and the customer is referred to the stores to complete the loan process.

The licensee currently offers the 120 day loan which allows the customer to make installment payments.

TitleMax currently has 40 locations in the state of Nevada. All the locations were visited during the process of this examination.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NAC 604. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans that are in the repayment plan and declined loans, surety bonding requirement, completed applications, procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and the Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 8, 2014. The report is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient and is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. The bond is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not within the scope of the current examination.





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## EXAMINATION COMMENTS AND CONCLUSIONS

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### Financial Audit / CPA

The CPA of the Financial Institutions Division performed an analysis of key financial figures for the fiscal year ending December 31, 2013, which were included in the 2013 Annual Report of Operations. No areas of concern were noted.

### Internal Routine and Control

The licensee uses CashWise Financial Services Software for its loan operations. Title loan underwriting process includes:

- x Loan application form
- x Income and obligations
- x Government issued photo identification
- x Valid phone number
- x Title of the vehicle
- x Proof of insurance
- x Current registration
- x \$ I I L G D Y L W V W D W L Q J W K H F X V W R P H U I V D E L O L W \ W R

During the previous examination the licensee was offering 30 day title loans. On January 28, 2014, the licensee sent a letter to the Financial Institutions Division stating that TitleMax is going to stop offering the 30 day title loans and start offering the 210 day title loans.

During the on-site visitation of current examination it was discovered that TitleMax stopped offering 30 day loans as of January 2014. The new product, 210 day title loan is currently being offered at TitleMax locations in the State of Nevada.

The 210 day product mirrors NRS 604A.445 (3):

3. The original term of a title loan may be up to 210 days if:
  - (a) The loan provides for payments in installments;
  - (b) The payments are calculated to ratably and fully amortize the entire amount of principal and interest payable on the loan;
  - (c) The loan is not subject to any extension; and
  - (d) The loan does not require a balloon payment of any kind.

7 K H O L F H Q V H H D O V R L P S O H P H Q W H G † \* U D F H 3 H U L R G 3  
During the on-site visitations of store locations it was observed employees are pre-printing this grace period agreement. S X W W L Q J L W L Q F X V W R P H U I V I L O H V 7 K H H P S O R \ H H V D  
The employees are provided the following statement to read to customers:





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TITLEMAX OF NEVADA, INC. and  
TITLEBUCKS d/b/a  
TITLEMAX, a Nevada corporation,

Respondent(s)  
v.

STATE OF NEVADA,  
DEPARTMENT OF BUSINESS  
AND INDUSTRY FINANCIAL  
INSTITUTIONS DIVISION,

Appellant(s).

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Electronically Filed  
Apr 19 2018 01:06 p.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

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APPELLANT S APPENDIX

VOLUME 67 of 75

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Attorney for Respondent

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5HFRUGHU • V 7\$XDJWFWLSW 3URFHGHGLQJV 'HFHPEHU		†



DOCUMENT	VOL.	BATES NO.
2UGHWDQWLQJ LQ 3DUW D ORWLRQ IRU 6XSSOHPHQWDO -DQXDU\		5HOLHI
1RWLFH RI (QWU\ RI 2UG DQG 'HQ\LQJ DRWLQJ DUMRU 6XSSOHPHQWDO 5HOLHI		



1 disclosed through an updated Truth in Lending Disclosure, but that doesn't mean that its not  
2 charged and collected.

3 TitleMax violates NRS 604A.105, NRS 604A.115 and NAC 604A.230 when it includes  
4 non-legal owners as parties to title loans. Pursuant to NRS 604A.105, a borrower must be a  
5 legal owner of the vehicle and be able to provide possession of the title or perfect a security  
6 interest on the title in favor of the licensee. Acting in conjunction therewith, NRS 604A.115  
7 provides the definition of a vehicle title. The FID concluded that the non-legal owners allowed  
8 to be parties to the loans are guarantors in violation of NAC 604A.230. It is also believed that  
9 the facts will show that non-legal owners were needed to meet the ability to repay  
10 requirements. See NRS 604A.455(4) (authorizing a licensee to bring a civil action if a  
11 customer obtains a title loan by presenting a fraudulent title or through other fraudulent  
12 means).

13 TitleMax commenced a declaratory relief action in the Eight Judicial District Court  
14 before the 2015 examinations were completed. The District Court dismissed the declaratory  
15 relief action and the order states that TitleMax has to exhaust its administrative remedies.  
16 The District Court dismissed the case because it lacked jurisdiction and/or the matter was not  
17 ripe for review.

18 The Order dismissing the District Court case noted that the following factual issues  
19 need to be determined: (1) "questions of fact as to what the differences are between a co-  
20 borrower and a guarantor"; and, (2) "a question of fact as to the implementation of these grace  
21 periods and whether the total interest charged during the grace period plus the interest  
22 charged during the term of the loan (with extensions) exceeds the amount of allowable  
23 interest under NRS 604A.445." *Order Granting Defendant's Motion to Dismiss for Failure to*  
24 *Exhaust Administrative Remedies and Order Denying TitleMax's Motion for Summary*  
25 *Judgment, dated February 2, 2016.*

26 In short, the FID's position is that the additional money paid by a customer as a result  
27 of entering into a Grace Period Payments Deferment Agreement is either a fee for entering  
28

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1 into the agreement or an additional fee or additional interest any of which are charged and  
2 collected by TitleMax in violation of NRS 604A.210. TitleMax offered an illegal product and  
3 violated NRS 604A.445(3) and NRS 604A.210. With regard to the additional persons being  
4 included as parties to the loans, the FID's position is that they are prohibited by NRS  
5 604A.105, NRS 604A.115 and NAC 604A.230.

6 Pursuant to NRS 604A.820(2), FID is seeking fines in the amount of \$10,000 per each  
7 use of a Grace Period Payments Deferment Agreement. FID believes the evidence will show  
8 307 such violations and therefore FID is seeking fines in the amount of \$3,070,000.00.  
9 Pursuant to NRS 604A.900(1), FID is also seeking the voiding of all such Grace Period  
10 Payment Deferment Agreements and the return, to the customers, of any principal, interest or  
11 other charges or fees collected with respect to such agreements.

12 B. TitleMax's Position

13 TitleMax contends that this matter arises from a disagreement over the interpretation of  
14 Nevada law as to two legal issues, and that the FID brought this administrative proceeding to  
15 punish TitleMax for pursuing a declaratory relief action in district court.

16 1. Disagreement Over the Meaning of NAC 604A.230.

17 NAC 604.230, which was promulgated by the FID, states that a licensee may not accept a  
18 guarantor on a title loan. Specifically, NAC 604A.230(1)(a) provides that a licensee "shall not  
19 [r]equire or accept a guarantor to a transaction entered into with a customer." TitleMax does  
20 not accept guarantors on title loans. In certain instances in the past, it has accepted a co-  
21 borrower on a title loan when the co-borrower is not on the title to that vehicle.<sup>1</sup> The FID  
22 contends that this is a violation of NAC 604A.230. When it filed the declaratory relief action  
23 below, TitleMax merely sought a legal interpretation of this regulation. Yet, the lower court  
24 concluded that it did not have jurisdiction to consider this issue or provide a legal interpretation  
25 of NAC 604A.230.

26 \_\_\_\_\_  
27 <sup>1</sup> As a measure of good faith, TitleMax has temporarily suspended any activity that is objectionable to the FID  
28 until it receives a judicial interpretation concerning these issues.



1  
2  
3 2. Disagreement Over the Meaning of NRS 604A.210 and Application with  
4 NRS 604A.445.

5 Nevada law specifically allows title lenders to offer grace periods to borrowers. NRS  
6 604A.210. The only restrictions on such a grace period are as follows:

7 The provisions of this chapter do not prohibit a licensee from offering a customer  
8 a grace period on the repayment of a loan or an extension of a loan, except that  
9 the licensee shall not charge the customer:

- 10 1. Any fees for granting such a grace period; or  
11 2. Any additional fees or **additional** interest on the outstanding loan  
12 during such a grace period.

13 NRS 604A.210 (emphasis added).

14 TitleMax offers a 210-day installment loan product. At the time of making a title loan,  
15 TitleMax has unilaterally offered each borrower under the installment loan a grace period of  
16 deferment gratuitously (without additional charge) pursuant to the terms of a Grace Period  
17 Payments Deferment Agreement (the "Grace Period Agreement").

18 TitleMax's grace period does not impose any additional charge or increased interest.  
19 The customer merely has to continue to pay the original interest rate that was agreed to at the  
20 outset of the loan. The Grace Period Agreement provides:

21 Consideration. You acknowledge and agree that you and we  
22 entered into a Title Loan Agreement on ("Loan Agreement.").  
23 Under the Title Loan Agreement, we agreed with you that we may  
24 subsequently offer you a "Grace Period" which is a **gratuitous**  
25 **period of payments deferment.** You agree that we are offering  
26 you a "Grace Period" and you are voluntarily accepting such offer  
27 after entering into a Loan Agreement pursuant to the provisions of  
28 NRS 604A.70 and NRS 604A.210. Please note that since this is a  
"Grace Period" it is not an "extension" as defined in NRS.  
604A.065. Under the Title Loan Agreement, your obligation to pay  
simple interest under the Loan Agreement remains unchanged.  
Other than the interest and fees originally provided for in the Title  
Loan Agreement, **we do not charge you any additional fees or**  
**interest for entering into this Grace Period Payments**  
**Deferment Agreement.**



1 Under the Grace Period Agreement, the borrower has the right to prepay without penalty.  
2 Simple interest continues to accrue as set forth in the loan agreement.

3 Now that the Payment Schedule has changed, you acknowledge  
4 that the new Payment Schedule provided for in this Grace Period  
5 Payments Deferment Agreement, if followed, will ratably and fully  
6 amortize the entire Principal Amount and interest payable over a  
7 longer period of time than the original Payment Schedule in the  
8 Loan Agreement. As such you acknowledge and agree you will  
9 continue to incur interest as provided in the Loan Agreement.  
10 You further agree that in setting the amount of the payments  
11 and dates of the payments, we have estimated the accrued  
12 interest owing to us assuming you make the payments in the  
13 amounts scheduled and on the exact dates set forth in the  
14 Grace Periods Payments Deferment Schedule above.

15 As such, TitleMax sought an interpretation from District Court Judge Valerie Adair that the  
16 interest paid during the grace period (interest that would have been charged in the original  
17 loan agreement) did not constitute the charging of "additional" interest and thus was not  
18 barred by NRS 604A.210 or NRS 604A.445 (the "Declaratory Relief Action"). Based on the  
19 FID's express representation that a hearing officer in this matter would interpret the foregoing  
20 laws before imposing any discipline, and that TitleMax would receive a "fair" hearing as to the  
21 foregoing legal issues, Judge Adair dismissed the Declaratory Relief Action without prejudice.

22 II. Statement of all uncontested facts deemed material in the action.

23 A. FID's Position

- 24 1. TitleMax's application has a co-applicant section.
- 25 2. TitleMax allows what it refers to as a "co-borrower," i.e. someone other  
26 than the legal owner of the vehicle, to be parties to loans.
- 27 3. TitleMax enters into a Grace Period Payments Deferment Agreement with  
28 its customers which results in more interest being charged than is  
disclosed in the Federal Truth in Lending Disclosure provided when the  
customer enters into the title loan.
4. The Grace Period Payments Deferment Agreements have terms  
extending beyond 210 days.

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5. The customers pay additional interest or fees with the Grace Period Payment Deferral Agreements because the interest is charged on the whole principle for the first seven months, whereas the interest should be charged on principle that is reduced each time a payment is made resulting in less interest being paid each month.
6. The payments made in accordance with the Grace Period Payments Deferral Agreements are not installment payments because they are not all the same amount and the first seven are interest only payments and the last seven are principle only payments.
7. The payments do not ratably and fully amortize the principle and interest because each payment does not contain a portion of principle and a portion of interest.
8. The Grace Period Payment Deferral Agreements do not offer a gratuitous deferral as required by NRS 604A.070 because there is no period during which no payment is due.
9. TitleMax willfully violated Chapter 604A of the NRS and Chapter 604A of the NAC.

B. TitleMax's Position

None.

III. Statement of the contested issues of fact in the case.

A. FID's Position

1. Whether the additional persons included as a party to the loans are legal owners of the vehicles.
2. Whether the additional persons included as a party to the loans are needed for purposes of meeting the ability to repay requirements of NRS 604A.450.
3. Whether the additional persons included as a party to the loans are promising to repay the debt if the legal owner of the vehicle doesn't.
4. Whether TitleMax is charging more interest with the Grace Period Payments Deferral Agreements than that which would be charged during the 210 day title loan.



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555 E. Washington, Suite 3900  
Las Vegas, NV 89101

1. Whether the Grace Period Payments Deferment Agreements offer a gratuitous deferment as required by NRS 604A.070.
2. Whether the Grace Period Payments Deferment Agreements extend the original loan past the statutory limit of 210 days.
3. Whether the payments made in accordance with the Grace Period Payments Deferment Agreements constitute installment payments.
4. Whether the payments made in accordance with the Grace Period Payments Deferment Agreements are calculated to fully and ratably amortize the principle and interest.
5. Whether TitleMax willfully violated Chapter 604A of the NRS and Chapter 604A of the NAC.

B. TitleMax's Position

1. The instances in which the FID claims TitleMax violated NAC 604A.230.
2. The instances in which the FID claims TitleMax violated NRS 604A.210 and NRS 604A.445.
3. The FID's failure to comply with the Administrative Order of this hearing officer.
4. The FID's conduct and misrepresentations in connection with the Declaratory Relief Action.

IV. A statement of the contested issues of law in the case.

A. FID's Position

1. Whether a person other than the legal owner of a vehicle can be a "co-borrower" on a title loan as that term is used by TitleMax?
2. Whether the Grace Period Payments Deferment Agreements violate NRS 604A.210 by charging additional interest?
3. Whether the Grace Period Payments Deferment Agreements violate NRS 604A.445 by not fully and ratably amortizing the principal and interest?
4. Whether the Grace Period Payments Deferment Agreements violate NRS 604A.445 because the payments are not installment payments?

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5. Whether the Grace Period Payments Deferment Agreements violate NRS 604A.445 because they extend the original loan past 210 days?

6. Whether TitleMax willfully violated Chapter 604A of the NRS and Chapter 604A of the NAC?

B. TitleMax's Position

1. Whether NAC 604A.230 prohibits a licensee from underwriting a title loan with a co-borrower when the co-borrower is not a legal owner of the vehicle securing the title loan?

2. Whether NRS 604A.210 prohibits the collection of any interest during a grace period?

3. Whether and the extent to which NRS 604A.210 and NRS 604A.445 contradict one another.

4. Whether the presence of a good faith legal dispute concerning the interpretation of a statute or regulation precludes the imposition of penalties, particularly for a "willful" violation of NRS Chapter 604A and NAC Chapter 604A?

V. The Division's statement of any other issues of fact or law deemed to be material.

In 2014, Forty (40) TitleMax locations in Nevada and 1 location in Georgia were examined. Forty of the locations received a "needs Improvement" rating based primarily on the use of non-owner "co-borrowers" and a product called a Grace Period Payments Deferment Agreement. Neither practice, allowing a non-owner "co-borrower" or the use of the Grace Period Payments Deferment Agreements, comply with the Chapter 604A of the NRS. Forty-two (42) Nevada and 1 Georgia locations of TitleMax were re-examined in 2015 and the FID found that TitleMax was still using non-owner co-borrowers and still offering the same Grace Period Payments Deferment Agreement and therefore had not corrected the violations. As a result of the second examination, 41 locations were given an "unsatisfactory" rating.

VI. TitleMax's statement of any other issues of fact or law deemed to be material.

As set forth previously, as a measure of good faith, TitleMax has temporarily suspended any activity that is objectionable to the FID until it receives a judicial interpretation

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1 concerning these issues. TitleMax further notes that, since the commencement of this  
2 proceeding, the FID has improperly used its investigatory powers in an attempt to raise  
3 additional claims that were not included in its Production dated November 13, 2015.

4 VII. Lists or schedules of all exhibits that will be offered in evidence by the parties  
5 at the trial.

6 A. FID's proposed exhibits include Exhibits A through E, with redaction.

- 7 i. Exhibit A1 through A318, lending documents (000001-008564)  
8 ii. Exhibit B contains a 2014 Report of Examination of TitleMax.  
9 (008565-8581)  
10 iii. Exhibit C. contains a 2015 Report of Examination of TitleMax.  
11 (008582-8594)  
12 iv. Exhibit D contains a consumer complaint received by the Division.  
13 (008595- 8616)  
14 v. Exhibits E1 through E83 contain all the remaining 2014 and 2015 Reports  
15 of Examination relative to TitleMax. (008617-9577). These should be the  
16 same as those produced by TitleMax and these have been redacted.  
17 vi. Any Exhibit identified by TitleMax.

18 B. TitleMax's proposed exhibits include Exhibits 1 through 101.

- 19 i. **Exhibit 1** – Report of Examination ("ROE") for 3810 Blue Diamond Road, Suite  
20 150, Las Vegas, NV 89139 dated August 31, 2014. (TMX 1 – 00001 – TMX 1 –  
21 00012);  
22 ii. **Exhibit 2** – ROE for 4000 Boulder Highway, Suite 5, Las Vegas, NV 89121  
23 dated August 31, 2014. (TMX 2 – 00001 – TMX 2 – 00012);  
24 iii. **Exhibit 3** – ROE for 4150 Boulder Highway, Suite 105, Las Vegas, NV 89121  
25 dated August 31, 2014. (TMX 3 – 00001 – TMX 3 – 00012);  
26 iv. **Exhibit 4** – ROE for 4944 Boulder Highway, Las Vegas, NV 89121 dated  
27 August 31, 2014. (TMX 4 – 00001 – TMX 4 – 00012);  
28 v. **Exhibit 5** – ROE for 2400 N. Buffalo Drive, Suite 140, Las Vegas, NV 89128  
dated August 31, 2014. (TMX 5 – 00001 – TMX 5 – 00013);  
vi. **Exhibit 6** – ROE for 2020 E. Williams Street, Carson City, NV 89502 dated  
August 31, 2014. (TMX 6 – 00001 – TMX00012);  
vii. **Exhibit 7** – ROE for 1225 E. Charleston Blvd., Las Vegas, NV 89104 dated  
August 31, 2014. (TMX 7 – 00001 – TMX 7 – 00012);  
viii. **Exhibit 8** – ROE for 4741 E. Charleston Blvd., Las Vegas, NV 89104 dated  
August 31, 2014. (TMX 8 – 00001 – TMX00012);  
ix. **Exhibit 9** – ROE for 4077 W. Charleston Blvd., Las Vegas, NV 89102 dated  
August 31, 2014. (TMX 9 – 00001 – TMX 9 – 00012);

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- x. **Exhibit 10** – ROE for 4811 W. Craig Road, Las Vegas, NV 89130 dated August 31, 2014. (TMX 10 – 00001 – TMX 10 – 00010);
- xi. **Exhibit 11** – ROE for 6436 N. Decatur Blvd., Suite 115, Las Vegas, NV 89131 dated August 31, 2014. (TMX 11 – 00001 – TMX 11 – 00013);
- xii. **Exhibit 12** – ROE for 6530 S. Decatur Blvd., Suite 100, Las Vegas, NV 89118 dated August 31, 2014. (TMX 12 – 00001 – TMX 12 – 00012);
- xiii. **Exhibit 13** – ROE for 7150 S. Durango Rd., Suite 190, Las Vegas, NV 89113 dated August 31, 2014. (TMX 13 – 00001 – TMX 13 – 00012);
- xiv. **Exhibit 14** – ROE for 2550 S. Eastern Ave., Las Vegas, NV 89169 dated August 31, 2014. (TMX 14 – 00001 – TMX 14 – 00012);
- xv. **Exhibit 15** – ROE for 7380 S. Eastern Ave., Suite 126, Las Vegas, NV 89123 dated August 31, 2014. (TMX 15 – 00001 – TMX 15 – 00012);
- xvi. **Exhibit 16** – ROE for 9555 S. Eastern Ave., Suite 105, Las Vegas, NV 89123 dated August 31, 2014. (TMX 16 – 00001 – TMX 16 – 00012);
- xvii. **Exhibit 17** – ROE for 1995 W. Williams Ave., Fallon, NV 89406 dated August 31, 2014. (TMX 17 – 00001 – TMX 17 – 00012);
- xviii. **Exhibit 18** – ROE for 8414 W. Farm Rd., Suite 130, Las Vegas, NV 89131 dated August 31, 2014. (TMX 18 – 00001 – TMX 18 – 00012);
- xix. **Exhibit 19** – ROE for 3365 E. Flamingo rd., Suite 1, Las Vegas, NV 89121 dated August 31, 2014. (TMX 19 – 00001 – TMX 19 – 00010);
- xx. **Exhibit 20** – ROE for 6820 W. Flamingo Rd., Suites F and G, Las Vegas, NV 89103 dated August 31, 2014. (TMX 20 – 00001 – TMX 20 – 00010);
- xxi. **Exhibit 21** – ROE for 3525 S. Fort Apache Rd., Suite 160, Las Vegas, NV 89147 dated August 31, 2014. (TMX 21 – 00001 – TMX 21 – 00012);
- xxii. **Exhibit 22** – ROE for 5060 S. Fort Apache Rd., Suite 140, Las Vegas, NV 89148 dated August 31, 2014. (TMX 22 – 00001 – TMX 22 – 00012);
- xxiii. **Exhibit 23** – ROE for 6525 S. Fort Apache Rd., Suite 110, Las Vegas, NV 89148 dated August 31, 2014. (TMX 23 – 00001 – TMX 23 – 00012);
- xxiv. **Exhibit 24** – ROE for 15 Bull Street, Suite 200, Savannah, GA 31401 dated August 31, 2014. (TMX 24 – 00001 – TMX 24 – 00005);
- xxv. **Exhibit 25** – ROE for 1210 N. Boulder Hwy., Bldg. C, Henderson, NV 89011 dated August 31, 2014. (TMX 25 – 00001 – TMX 25 – 00012);
- xxvi. **Exhibit 26** – ROE for 16 W. Horizon Ridge Pkwy., Suite 160, Henderson, NV 89012 dated August 31, 2014. (TMX 26 – 00001 – TMX 26 – 00012);
- xxvii. **Exhibit 27** – ROE for 4650-C E. Sunset Rd., Henderson, NV 89014 dated August 31, 2014. (TMX 27 – 00001 – TMX 27 – 00012);
- xxviii. **Exhibit 28** – ROE for 4750 W. Lake Mead Blvd., Suite 102, Las Vegas, NV 89108 dated August 31, 2014. (TMX 28 – 00001 – TMX 28 – 00012);
- xxix. **Exhibit 29** – ROE for 6450 W. Lake Mead Blvd., Suite 150, Las Vegas, NV 89106 dated August 31, 2014. (TMX 29 – 00001 – TMX 29 – 00013);
- xxx. **Exhibit 30** – ROE for 4001 N. Las Vegas Blvd., Las Vegas, NV 89115 dated August 31, 2014. (TMX 30 – 00001 – TMX 30 – 00012);
- xxxi. **Exhibit 31** – ROE for 3547 S. Maryland Pkwy., Las Vegas, NV 89169 dated August 31, 2014. (TMX 31 – 00001 – TMX 31 – 00009);
- xxxii. **Exhibit 32** – ROE for 4749 S. Maryland Pkwy., Las Vegas, NV 89119 dated August 31, 2014. (TMX 32 – 00001 – TMX 32 – 00012);



- xxxiii. **Exhibit 33** – ROE for 1600 N. Nellis Blvd., Suite 102, Las Vegas, NV 89115 dated August 31, 2014. (TMX 33 – 00001 – TMX 33 – 00012);
- xxxiv. **Exhibit 34** – ROE for 7615 S. Rainbow Blvd., Suite 100, Las Vegas, NV 89139 dated August 31, 2014. (TMX 34 – 00001 – TMX 34 – 00012);
- xxxv. **Exhibit 35** – ROE for 3220 S. Virginia St., Reno, NV 89502 dated August 31, 2014. (TMX 35 – 00001 – TMX 35 – 00012);
- xxxvi. **Exhibit 36** – ROE for 900 West 5th St., Reno, NV 89503 dated August 31, 2014. (TMX 36 – 00001 – TMX 36 – 00012);
- xxxvii. **Exhibit 37** – ROE for 3900 W. Sahara Ave., Las Vegas, NV 89102 dated August 31, 2014. (TMX 37 – 00001 – TMX 37 – 00012);
- xxxviii. **Exhibit 38** – ROE for 4700 Spring Mountain Rd., Las Vegas, NV 89102 dated August 31, 2014. (TMX 38 – 00001 – TMX 38 – 00013);
- xxxix. **Exhibit 39** – ROE for 3391 E. Tropicana Ave., Suite 1, Las Vegas, NV 89121 dated August 31, 2014. (TMX 39 – 00001 – TMX 39 – 00012);
- xl. **Exhibit 40** – ROE for 3575 W. Tropicana Ave., Las Vegas, NV 89103 dated August 31, 2014. (TMX 40 – 00001 – TMX 40 – 00010);
- xli. **Exhibit 41** – ROE for 6795 W. Tropicana Ave., Suite 140, Las Vegas, NV 89103 dated August 31, 2014. (TMX 41 – 00001 – TMX 41 – 00012);
- xl. **Exhibit 42** – ROE for 900 W. 5th St., Bldg. C, Reno, NV 89503 dated May 4, 2015. (TMX 42 – 00001 – TMX 42 – 00010);
- xl. **Exhibit 43** – ROE for 3810 Blue Diamond Rd., Suite 150, Las Vegas, NV 89139 dated May 4, 2015. (TMX 43 – 00001 – TMX 43 – 00010);
- xl. **Exhibit 44** – ROE for 4000 Boulder Hwy., Suite 5, Las Vegas, NV 89121 dated May 4, 2015. (TMX 44 – 00001 – TMX 44 – 00010);
- xl. **Exhibit 45** – ROE for 4150 Boulder Hwy., Las Vegas, NV 89121 dated May 4, 2015. (TMX 45 – 00001 – TMX 45 – 00011);
- xl. **Exhibit 46** – ROE for 4944 Boulder Hwy., Las Vegas, NV 89121 dated May 4, 2015. (TMX 46 – 00001 – TMX 46 – 00010);
- xl. **Exhibit 47** – ROE for 6060 Boulder Hwy., Suites 5 and 6, Las Vegas, NV 89121 dated May 4, 2015. (TMX 47 – 00001 – TMX 47 – 00010);
- xl. **Exhibit 48** – ROE for 1210 N. Boulder Hwy., Bldg. C, Henderson, NV 89011 dated May 4, 2015. (TMX 48 – 00001 – TMX 48 – 00010);
- xl. **Exhibit 49** – ROE for 2400 N. Buffalo Dr., Bldg. 140, Las Vegas, NV 89128 dated May 4, 2015. (TMX 49 – 00001 – TMX 49 – 00010);
- i. **Exhibit 50** – ROE for 15 Bull St., Suite 200, Savannah, GA 31401 dated May 4, 2015. (TMX 50 – 00001 – TMX 50 – 00008);
- ii. **Exhibit 51** – ROE for 4741 E. Charleston Blvd., Las Vegas, NV 89104 dated May 4, 2015. (TMX 51 – 00001 – TMX 51 – 00010);
- iii. **Exhibit 52** – ROE for 1225 E. Charleston Blvd., Las Vegas, NV 89104 dated May 4, 2015. (TMX 52 – 00001 – TMX 52 – 00010);
- iii. **Exhibit 53** – ROE for 4077 W. Charleston Blvd., Las Vegas, NV 89102 dated May 4, 2015. (TMX 53 – 00001 – TMX 53 – 00010);
- liv. **Exhibit 54** – ROE for 4811 W. Craig Rd., Las Vegas, NV 89130 dated May 4, 2015. (TMX 54 – 00001 – TMX 54 – 00011);
- iv. **Exhibit 55** – ROE for 6436 N. Decatur Blvd., Suite 115, Las Vegas, NV 89131 dated May 4, 2015. (TMX 55 – 00001 – TMX 55 – 00010);



- 1      Ivi. **Exhibit 56** – ROE for 6530 S. Decatur Blvd., Suite 100, Las Vegas, NV  
2      89118 dated May 4, 2015. (TMX 56 – 00001 – TMX 56 – 00012);
- 3      Ivii. **Exhibit 57** – ROE for 7150 S. Durango Dr., Suite 190, Las Vegas, NV 89113  
4      dated May 4, 2015. (TMX 57 – 00001 – TMX 57 – 00011);
- 5      Iviii. **Exhibit 58** – ROE for 2550 S. Eastern Ave., Las Vegas, NV 89169 dated  
6      May 4, 2015. (TMX 58 – 00001 – TMX 58 – 00010);
- 7      lix. **Exhibit 59** – ROE for 7380 S. Eastern Ave., Suite 126, Las Vegas, NV  
8      89123 dated May 4, 2015. (TMX 59 – 00001 – TMX 59 – 00010);
- 9      Ix. **Exhibit 60** – ROE for 9555 S. Eastern Ave., Suite 105, Las Vegas, NV  
10     89123 dated May 4, 2015. (TMX 60 – 00001 – TMX 60 – 00010);
- 11     Ixi. **Exhibit 61** – ROE for 8414 W. Farm Rd., Suite 130, Las Vegas, NV 89131  
12     dated May 4, 2015. (TMX 61 – 00001 – TMX 61 – 00011);
- 13     Ixii. **Exhibit 62** – ROE for 3365 E. Flamingo Rd., Suite 1, Las Vegas, NV 89121  
14     dated May 4, 2015. (TMX 62 – 00001 – TMX 62 – 00010);
- 15     Ixiii. **Exhibit 63** – ROE for 6820 W. Flamingo Rd., Suites F and G, Las Vegas,  
16     NV 89103 dated May 4, 2015. (TMX 63 – 00001 – TMX 63 – 00010);
- 17     Ixiv. **Exhibit 64** – ROE for 3525 S. Fort Apache Rd., Suite 160, Las Vegas, NV  
18     89147 dated May 4, 2015. (TMX 64 – 00001 – TMX 64 – 00010);
- 19     Ixv. **Exhibit 65** – ROE for 5060 S. Fort Apache Rd., Suite 140, Las Vegas, NV  
20     89148 dated May 4, 2015. (TMX 65 – 00001 – TMX 65 – 00011);
- 21     Ixvi. **Exhibit 66** – ROE for 6525 S. Fort Apache Rd., Suite 110, Las Vegas, NV  
22     89148 dated May 4, 2015. (TMX 66 – 00001 – TMX 66 – 00010);
- 23     Ixvii. **Exhibit 67** – ROE for 16 Horizon Ridge Pkwy., Suite 160, Henderson, NV  
24     89012 dated May 4, 2015. (TMX 67 – 00001 – TMX 67 – 00010);
- 25     Ixviii. **Exhibit 68** – ROE for 5871 E. Lake Mead Blvd., Las Vegas, NV 89156 dated  
26     May 4, 2015. (TMX 68 – 00001 – TMX 68 – 00010);
- 27     Ixix. **Exhibit 69** – ROE for 4750 W. Lake Mead Blvd., Suite 102, Las Vegas, NV  
28     89108 dated May 4, 2015. (TMX 69 – 00001 – TMX 69 – 00010);
- Ixx. **Exhibit 70** – ROE for 6450 W. Lake Mead Pkwy. [sic], Suite 150, Las Vegas,  
    NV 89108 dated May 4, 2015. (TMX 70 – 00001 – TMX 70 – 00011);
- Ixxi. **Exhibit 71** – ROE for 4001 N. Las Vegas Blvd., Las Vegas, NV 89115 dated  
    May 4, 2015. (TMX 71 – 00001 – TMX 71 – 00011);
- Ixxii. **Exhibit 72** – ROE for 3547 S. Maryland Pkwy., Las Vegas, NV 89169 dated  
    May 4, 2015. (TMX 72 – 00001 – TMX 72 – 00010);
- Ixxiii. **Exhibit 73** – ROE for 4749 S. Maryland Pkwy., Las Vegas, NV 89119 dated  
    May 4, 2015. (TMX 73 – 00001 – TMX 73 – 00011);
- Ixxiv. **Exhibit 74** – ROE for 1600 N. Nellis Blvd., Suite 102, Las Vegas, NV 89115  
    dated May 4, 2015. (TMX 74 – 00001 – TMX 74 – 00010);
- Ixxv. **Exhibit 75** – ROE for 7615 S. Rainbow Blvd., Suite 100, Las Vegas, NV  
    89139 dated May 4, 2015. (TMX 75 – 00001 – TMX 75 – 00010);
- Ixxvi. **Exhibit 76** – ROE for 3900 W. Sahara Ave., Las Vegas, NV 89102 dated  
    May 4, 2015. (TMX 76 – 00001 – TMX 76 – 00011);
- Ixxvii. **Exhibit 77** – ROE for 4700 Spring Mountain Rd., Las Vegas, NV 89102  
    dated May 4, 2015. (TMX 77 – 00001 – TMX 77 – 00011);
- Ixxviii. **Exhibit 78** – ROE for 4650 E. Sunset Rd., Suite C, Henderson, NV 89014  
    dated May 4, 2015. (TMX 78 – 00001 – TMX 78 – 00011);

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- 1 lxxix. **Exhibit 79** – ROE for 3391 E. Tropicana Ave., Suite 1, Las Vegas, NV  
2 89121 dated May 4, 2015. (TMX 79 – 00001 – TMX 79 – 00011);  
3 lxxx. **Exhibit 80** – ROE for 3575 W. Tropicana Ave., Las Vegas, NV 89103 dated  
4 May 4, 2015. (TMX 80 – 00001 – TMX 80 – 00010);  
5 lxxxi. **Exhibit 81** – ROE for 6795 W. Tropicana Ave., Suite 140, Las Vegas, NV  
6 89103 dated May 4, 2015. (TMX 81 – 00001 – TMX 81 – 00010);  
7 lxxxii. **Exhibit 82** – ROE for 3220 S. Virginia St., Reno, NV 89502 dated May 4,  
8 2015. (TMX 82 – 00001 – TMX 82 – 00010);  
9 lxxxiii. **Exhibit 83** – ROE for 1995 E. Williams Ave., Fallon, NV 89406 dated May 4,  
10 2015. (TMX 83 – 00001 – TMX 83 – 00010);  
11 lxxxiv. **Exhibit 84** – ROE for 2020 E. Williams St., Carson City, NV 89701 dated  
12 May 4, 2015. (TMX 84 – 00001 – TMX 84 – 00010);  
13 lxxxv. **Exhibit 85** – TitleMax February 9, 2015 Response to Nevada Financial  
14 Institution's Division ("FID") 2014 ROE's. (TMX 85 – 00001 – TMX 85 –  
15 00012);  
16 lxxxvi. **Exhibit 86** – FID March 2, 2015 Letter in Response to TitleMax February 9,  
17 2015 Response to ROE's. (TMX 86 – 00001 – TMX 86 – 00003);  
18 lxxxvii. **Exhibit 87** – TitleMax September 9, 2015 Response to FID 2015 ROE's.  
19 (TMX 87 – 00001 – TMX 87 – 00013);  
20 lxxxviii. **Exhibit 88** – AB 234 (2005) Legislative History – April 6, 2005. (TMX 88 –  
21 00001 – TMX 88 – 00170);  
22 lxxxix. **Exhibit 89** – AB 234 (2005) Legislative History – May 6, 2005. (TMX 89 –  
23 00001 – TMX 89 – 00217);  
24 xc. **Exhibit 90** – AB 234 (2005) Legislative History – May 16, 2005. (TMX 90 –  
25 00001 – TMX 90 – 00234);  
26 xci. **Exhibit 91** – TitleMax Grace Period Deferment Agreement. (TMX 91 –  
27 00001 – TMX 91 – 00003);  
28 xcii. **Exhibit 92** – *State, Dept. of Bus. & Indus. v. Check City*, 337 P.3d 755  
(2014). (TMX 92 – 00001 – TMX 92 – 00005);  
xciii. **Exhibit 93** – *State, Dept. of Business and Industry, Financial Institutions  
Division v. Nevada Association Services, Inc.*, 294 P.3d 1223 (2012). (TMX  
93 – 00001 – TMX 93 – 00006);  
xciv. **Exhibit 94** – R150-05 Proposed Regulation of the Division of Financial  
Institutions of the Department of Business and Industry – Notice of  
Workshop dated September 16, 2005. (TMX 94 – 00001 – TMX 94 –  
00018); and  
xcv. **Exhibit 95** – NAC 604A State of Nevada Department of Business and  
Industry Financial Institutions Division Workshop Meeting Minutes dated  
October 10, 2012. (TMX 95 – 00001 – TMX 95 – 00013).  
xcvi. **Exhibit 96** – Complaint in Eighth Judicial District Court Case No. A-15-  
719176-C.  
xcvii. **Exhibit 97** – Amended Complaint in Eighth Judicial District Court Case No.  
A-15-719176-C.  
xcviii. **Exhibit 98** – Email string (July 13-23, 2015) attached as Exhibit B to  
TitleMax's Hearing Brief.



- xcix. **Exhibit 99** – Complaint from Gloria Whitaker and Devon Whitaker to FID (Oct. 13, 2015).
- c. **Exhibit 100** – Response to Whitaker Complaint (Nov. 12, 2015)
- ci. **Exhibit 101** – Compromise, Release, and Settlement Agreement (Nov. 24, 2015).

Any exhibit identified by the FID.

VIII. Objections to exhibits.

FID's:

At this time, the FID does not object to any exhibit identified and produced by TitleMax. FID does object to the request for a subpoena to require the attendance of Christopher Eccles, Esq., as Mr. Eccles represented FID with regard to this matter as well as the declaratory relief action and his discussions with FID are privileged as is any work product.

FID reserves the right to respond to TitleMax's objections to FID's exhibits.

TitleMax:

TitleMax objects to Exhibit A on the following grounds:

1. The first page to each exhibit is a written summary by the FID and is inadmissible hearsay.
2. Exhibit A contains numerous loan files in which the FID has made no effort to protect the confidential and private information of customers, including their identities, address, driver's license number, license plate number, last four digits of social security numbers, phone numbers, and date of birth
3. Exhibit A is a collection of hundreds of loan files. TitleMax has requested, for the sake of clarity in the record at the administrative hearing, that the FID break down each loan file into separate exhibits. Accordingly, TitleMax objects that this exhibit is barred by NRS 48.035.
4. TitleMax objects to Exhibit D on the grounds of relevance.

TitleMax additionally objects to any document or exhibit that was not previously identified and Bates numbered in the FID's Production dated November 13, 2015, in violation



1 of the Procedural Order dated October 29, 2015. Further objections may be set forth after the  
2 ruling on the legal interpretation of the applicable law by the Administrative Law Judge.

3 TitleMax further objects that the FID failed to comply with the October 29, 2015  
4 Procedural Order, in that it has to this date still failed to disclose (1) the amount of the  
5 penalties being sought in this matter; and (2) has failed to identify which specific loans it seeks  
6 to declare void.

7 IX. Lists of the parties proposed witnesses including a brief statement summarizing their  
8 expected testimony.

9 A. The Division's proposed witnesses include:

- 10 1. Ma Theresa ("Tess") Dihiansan, FID Examiner – Testimony will  
11 reflect Ms. Dihiansan's role in FID's examinations of Respondent  
and her examination findings.
- 12 2. Christian Yanez, FID Examiner – Testimony will reflect Mr. Yanez's role in  
FID's examinations of Respondent and his examination findings.
- 13 3. Andrea Bruce, FID Examiner – Testimony will reflect Ms. Bruce's role in  
FID's examinations of Respondent and her exam findings.
- 14 4. Harveen Sekhon – FID Supervisory Examiner – Testimony will reflect Mrs.  
15 Sekhon's supervisory role with respect to FID's examinations of TitleMax  
and her review and findings related thereto.
- 16 5. Gloria Whitaker and Devon Whitaker – Testimony will reflect their  
17 consumer complaint filed with the Division and matters related to their title  
loans and Grace Period Payments Deferment Agreement with Respondent.
- 18 6. FID reserves the right to call rebuttal witnesses.
- 19 7. The FID reserves the right to amend this list as information is gathered and  
20 reviewed in preparation for this hearing.

21 B. TitleMax's proposed witnesses include:

- 22 1. Ted Helgesen, TitleMax Divisional Vice President for Nevada, c/o Holland  
& Hart LLP, 9555 Hillwood Drive, 2nd Floor, Las Vegas, NV 89134;
- 23 2. George Burns, Commissioner, Financial Institutions Division, c/o Adam  
Paul Laxalt, Attorney General and David J. Pope, Senior Deputy Attorney  
24 General, 555 E. Washington Ave., Suite 3900, Las Vegas, NV 89101;
- 25 3. Harveen Sekhon, Financial Institutions Division, c/o Adam Paul Laxalt,  
Attorney General and David J. Pope, Senior Deputy Attorney General,  
26 555 E. Washington Ave., Suite 3900, Las Vegas, NV 89101;
- 27 4. Christopher A. Eccles, Esq., Hawkins Melendrez, P.C., 9555 Hillwood  
Drive, Suite 150, Las Vegas, NV 89134; and

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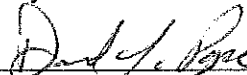


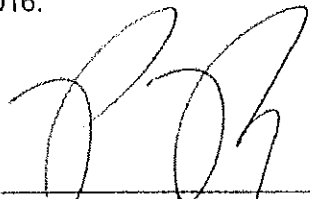
1                   5. Any witness identified by the Financial Institutions Division in this matter—  
2                   TitleMax further reserves the right to call rebuttal witnesses.

3                   TitleMax requests that the Hearing Officer issue subpoenas for the attendance of Mr.  
4 Burns and Ms. Sekhohn, to the extent they will not agree to appear voluntarily, and for the  
5 appearance of Mr. Eccles.

6                   Respectfully submitted this 30<sup>th</sup> day of March, 2016.

7                   Adam Paul Laxalt  
8                   Attorney General

9                   By:   
10                  David J. Pope  
11                  Sr. Deputy Attorney General  
12                  Vivienne Rakowsky  
13                  Deputy Attorney General  
14                  Attorneys for the Department of  
15                  Business and Industry Financial  
16                  Institutions Division

  
17                  Patrick Reilly, Esq.  
18                  Holland & Hart  
19                  9555 Hillwood Dr., 2<sup>nd</sup> Floor  
20                  Las Vegas, NV 89134  
21                  Attorneys for TitleMax of Nevada,  
22                  Inc.



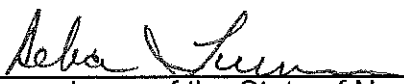
**CERTIFICATE OF SERVICE**

I certify that I am an employee of the State of Nevada, Office of the Attorney General, and that on March 30<sup>th</sup>, 2016, I had delivered via Legal Wings, a true and correct copy of the foregoing JOINT EVIDENTIARY PACKET along with a CD containing Exhibits A – E, addressed as follows:

Denise S. McKay, Esq.  
Administrative Law Judge  
2501 E. Sahara Ave.  
Las Vegas, NV 89101

Pat Reilly, Esq.  
Holland & Hart  
9555 Hillwood Dr.  
Las Vegas, NV 89134

By:

  
An employee of the State of Nevada,  
Office of the Attorney General

**\$ 33**  
ROA 011082



1 ADAM PAUL LAXALT  
Attorney General  
2 DAVID J. POPE, #8617  
Senior Deputy Attorney General  
3 VIVIENNE RAKOWSKY #9160  
Deputy Attorney General  
4 555 East Washington Avenue, Suite 3900  
Las Vegas, Nevada 89101  
5 Telephone: (702) 486-3103  
6 Facsimile: (702) 486-3416  
E-Mail: vrakowsky@ag.nv.gov  
7 *Attorneys for the Claimant*

8 **BEFORE THE DEPARTMENT OF BUSINESS AND INDUSTRY**  
9 **LAS VEGAS, NEVADA**

10 \* \* \*

11  
12 **IN THE MATTER OF:**  
13 **FINANCIAL INSTITUTIONS DIVISION,**

14 **Claimant,**

15 **vs.**

16 **TITLEMAX OF NEVADA, INC. and**  
17 **TITLEBUCKS d/b/a TITLEMAX,**

18 **Respondents.**  
19

**OPPOSITION TO TITLEMAX'S  
MOTION FOR CLARIFICATION**

20 COMES NOW, the Financial Institutions Division, Department of Business and  
21 Industry, State of Nevada ("Division"), through legal counsel Adam Paul Laxalt, Attorney  
22 General of Nevada, David J. Pope, Senior Deputy Attorney General and Vivienne Rakowsky,  
23 Deputy Attorney General, and hereby submits its RESPONSE TO TITLEMAX'S MOTION  
24 FOR CLARIFICATION.

25 ///

26 ///

27 ///

28



## POINTS AND AUTHORITIES

1  
2 There is no need for clarification or oral argument. As background, on or about  
3 February 12, 2016, TitleMax filed a Motion for a Declaratory Ruling and to Stay Deadlines.  
4 The Financial Institutions Division ("FID") opposed the Motion. On March 18, 2016 The  
5 Administrative Law Judge ("ALJ") issued a detailed written Order Denying Motion for  
6 Declaratory Ruling and to Stay Deadlines ("Order"). The Order clearly provided the statutory  
7 basis for the denial of TitleMax's Motion. Thus, because the Order is clear, no clarification is  
8 needed.

9 The Order absolutely did not state that the ALJ is neither willing nor has the ability to  
10 interpret the statutes. The ALJ's interpretation of the law will be contained in the findings of  
11 fact and conclusions of law issued in accordance with NRS 233B.125.

12 Here, the ALJ is simply following the law by declining to make a declaratory ruling  
13 pursuant to NAC 232.040(4). Despite the Order, TitleMax is again asking for the ALJ to  
14 make a declaratory ruling or advisory opinion concerning the applicability of a statute or  
15 regulation by asking the ALJ to state "whether competing interpretations of said law and  
16 regulation will be addressed by the Administrative Law Judge in this proceeding" and  
17 "whether the Administrative Law Judge is confined to the legal interpretation set forth by the  
18 FID or is able to make its own determination as to the interpretation of said law." Pet. Mot. at  
19 1:23-24, 2:2-3.

20 As clearly stated in the Order, NAC 232.040(4) precludes issuing a declaratory order  
21 to an "interested person...concerning a question or matter that is an issue in an  
22 administrative, civil or criminal proceeding in which the interested person is a party." Because  
23 TitleMax is a party to this action, a declaratory order cannot be issued pursuant to  
24 NAC 232.040(4).

25 ///

26 ///

27 ///

28 ///



CERTIFICATE OF SERVICE

(X)

I certify that I have served the foregoing **OPPOSITION TO TITLEMAX'S  
MOTION FOR A DECLARATORY RULING AND TO STAY DEADLINES** by First-  
Class Mail, postage prepaid and e-mail as follows:

Denise S. McKay, Esq.  
Administrative Law Judge  
2501 E. Sahara Avenue  
Las Vegas, NV 89104  
DMcKay@ag.nv.gov

Pat Reilly, Esq.  
Holland & Hart  
9555 Hillwood Dr.  
Las Vegas, NV 89134  
PReilly@hollandhart.com

*Nicholas Ceano* 4/4/16  
An employee of the Office of the Attorney General



1 Patrick J. Reilly, Esq.  
Nevada Bar No. 6103  
2 Joseph G. Went, Esq.  
Nevada Bar No. 9220  
3 HOLLAND & HART LLP  
9555 Hillwood Drive, Second Floor  
4 Las Vegas, Nevada 89134  
Tel: (702) 669-4600  
5 Fax: (702) 669-4650  
Email: [preilly@hollandhart.com](mailto:preilly@hollandhart.com)  
6 [jgwent@hollandhart.com](mailto:jgwent@hollandhart.com)

7 *Attorneys for TitleMax of Nevada, Inc.*

8 **STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY**  
9 **FINANCIAL INSTITUTIONS DIVISION**

10  
11 IN THE MATTER OF:

12 TITLEMAX OF NEVADA, INC. AND  
13 TITLEBUCKS d/b/a TITLEMAX  
14  
15

**REPLY MEMORANDUM IN SUPPORT  
OF MOTION FOR CLARIFICATION**

16 TitleMax of Nevada, Inc. dba TitleMax and/or TitleBucks ("TitleMax"), by and through  
17 its attorneys of record, the law firm of Holland & Hart LLP, hereby responds to the Opposition to  
18 TitleMax's Motion for Clarification (the "Opposition") filed by the Financial Institutions  
19 Division, Department of Business and Industry, State of Nevada (the "FID").

20 The Opposition supports TitleMax's position that the Administrative Law Judge should  
21 clarify its ruling in the Order Denying Motion for Declaratory Ruling and to Stay Deadlines  
22 ("Order").

23 The FID contends that TitleMax sought a declaratory order under NRS 233B.120, and  
24 that NAC 232.040(4) prevented such a ruling. This is incorrect, both factually and legally.  
25 TitleMax never sought a ruling pursuant to NRS 233B.120. Indeed, a petition under NRS  
26 233B.120 is, by its very nature, directed to the "agency," not to an administrative law judge.  
27 And NAC Chapter 233B makes it clear that "petitions" are only those petitions which are  
28 addressed to the "Director." See NAC 233B.020, NAC 233B.030, NAC 233B.040. The obvious



1 import of the prohibition of NAC 233B.040(4) is that it is designed to prevent forum shopping  
2 where an “interested party” asks another agency to issue an advisory opinion while an  
3 administrative proceeding is pending. That is clearly **not** the case here. TitleMax is only asking  
4 this Administrative Law Judge (not the “Director”) to issue a ruling on questions of Nevada law  
5 in **the very same administrative proceeding** in which accusations have been raised against  
6 TitleMax.

7 The FID’s position, that this administrative law judge is precluded as a matter of law  
8 from deciding the law in this matter, defies logic, common sense, and even this judge’s own  
9 previous order. Specifically, this Administrative Law Judge issued a scheduling order on  
10 October 29, 2015, directing the parties to submit a joint evidentiary packet containing a  
11 “statement of the contested issues of law in the case....” Why was such an order issued, if this  
12 Administrative Law Judge has no power to decide what the law is in this case? And, why must  
13 the parties undertake the cost and time-consuming process of preparing for an evidentiary  
14 hearing that may be either unnecessary, or substantially limited, depending on that legal ruling?

15 In TitleMax’s Motion for Declaratory Ruling and to Stay Deadlines, TitleMax sought a  
16 ruling by the Administrative Law Judge as to her legal interpretation of NRS 604A.210, NRS  
17 604A.445, and NAC 604A.230—this request was not based upon NRS 233B.120, but merely for  
18 judicial efficiency. Indeed, if the parties are aware of the Administrative Law Judge’s  
19 interpretation of law in advance, then the parties can streamline the evidentiary hearing.

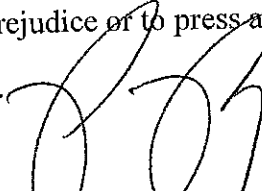
20 As set forth in the Motion, the issue that TitleMax seeks clarified is whether the  
21 Administrative Law Judge is confined to the legal interpretation set forth by the FID or is able to  
22 make its own determination as to the interpretation of said law. TitleMax understands that the  
23 Administrative Law Judge will review the factual evidence presented at the hearing and will  
24 determine if TitleMax violated NRS 604A.210, NRS 604A.445, and NAC 604A.230, but it is  
25 currently unclear if the Administrative Law Judge considers herself bound by the FID’s  
26 interpretation of NRS 604A.210, NRS 604A.445, and NAC 604A.230.

27 Importantly, it now seems—contrary to its earlier position—that the FID contends that  
28 Administrative Law Judge has the ability to render her own interpretation of the subject law and



1 is not bound by the FID's interpretation. *See* Opposition at 2:10-11. Still, the FID argues that  
2 the parties must wait until the findings of fact and conclusions of law to be issued to know the  
3 tribunal's interpretation. *Id.* Yet, there is no explanation why the parties must wait until after an  
4 evidentiary hearing for this judge to decide which interpretation of Nevada law—the FID's or  
5 TitlerMax's—should prevail in this hearing. As previously admitted, the FID contends that its  
6 interpretation of the law is contingent solely upon first showing the Administrative Law Judge  
7 the sheer number of co-borrowers and/or number of customers that entered into the Grace Period  
8 Payment Deferment Agreements. Yet, the determination of what the law means has nothing to  
9 do with the number of co-borrowers or the number of executed Grace Payment Deferment  
10 Agreements. TitleMax trusts that this matter will be decided upon a reasoned interpretation of  
11 the law—not based upon attempts to curry prejudice or to press a political agenda in this forum.

12 DATED this 18th day of April, 2016.

13   
14 Patrick J. Reilly, Esq.  
15 Joseph G. Went, Esq.  
16 HOLLAND & HART LLP  
17 9555 Hillwood Drive, Second Floor  
18 Las Vegas, Nevada 89134

19 *Attorneys for TitleMax of Nevada, Inc.*



















## LETTER FROM THE SURGEON GENERAL

August 2016

Dear Colleague,

I am asking for your help to solve an urgent health crisis facing America: the opioid epidemic. Everywhere I

Dear Colleague,

I am asking for your help to solve an urgent health crisis facing America: the opioid epidemic. Everywhere I travel, I see communities devastated by opioid overdoses. I meet families too ashamed to seek treatment for addiction.

The results have been devastating. Since 1999, opioid overdose deaths have quadrupled and opioid prescriptions have increased markedly – almost enough for every adult in America to have a bottle of pills. Yet the amount of pain reported by Americans has not changed. Now, nearly 2 million people in America have a prescription opioid use disorder, contributing to increased heroin use and the spread of HIV and hepatitis C.

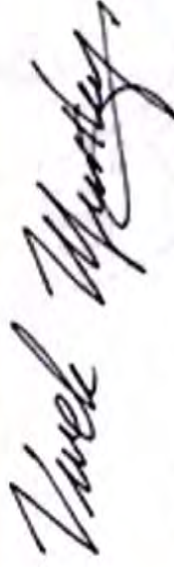
I know solving this problem will not be easy. We often struggle to balance reducing our patients' pain with increasing their risk of opioid addiction. But, as clinicians, we have the unique power to help end this epidemic. As cynical as times may seem, the public still looks to our profession for hope during difficult moments. This is one of those times.

That is why I am asking you to pledge your commitment to turn the tide on the opioid crisis. Please take the pledge. Together, we will build a national movement of clinicians to do three things:

First, we will educate ourselves to treat pain safely and effectively. A good place to start is the TurnTheTideRx pocket guide with the CDC Opioid Prescribing Guideline. Second, we will screen our patients for opioid use disorder and provide or connect them with evidence-based treatment. Third, we can shape how the rest of the country sees addiction by talking about and treating it as a chronic illness, not a moral failing.

Years from now, I want us to look back and know that, in the face of a crisis that threatened our nation, it was our profession that stepped up and led the way. I know we can do more than an occupation to us. It is a calling rooted in empathy, science, and compassion that will unite us. They remain our greatest strength.

Thank you for your leadership.



Vivek H. Murthy, M.D., M.B.A.  
19th U.S. Surgeon General











# DRUG COMPANIES CAUSED THE OPIOID EPIDEMIC

- Drug companies know that doctors rely on the information that the drug companies provide.
- Drug companies must tell the truth when marketing their drugs and their marketing claims must be supported by medical evidence.
- However, in mid to late 1990s, the opioid manufacturers developed a marketing scheme to persuade doctors and patients to use opioids for chronic pain.
- This scheme allowed the opioids to be prescribed to a much larger group of patients.
- This scheme made the drug companies tens of billions of dollars and caused patients to become addicts.











# THE OPIOID DRUG COMPANIES' SCHEME

- Disseminated their message through:
  - Sales Reps. (Detailers).
  - Speaker groups (Physicians working for drug company).
  - Key Opinion Leaders (KOL's) working for drug company.
  - Funding and conducting continuing medical education programs (CME), conferences and seminars to promote opioids.
  - "Front Groups" controlled and funded by the opioid companies who created treatment guidelines that favored opioids for chronic pain use.
  - Used "Front Groups" to refute negative articles and fight against regulatory changes that would limit opioid prescribing.



















**UNFORTUNATELY, THEIR SCHEME WORKED**

**OVER  
300,000,000**

**PRESCRIPTIONS FOR OPIOIDS IN 2016**











**UNFORTUNATELY, THEIR SCHEME WORKED**

**AS MANY AS**

**1 in 4**

Four black silhouettes of people are arranged in a row behind the text '1 in 4'. The first silhouette is a large adult figure, and the other three are smaller, representing children.

**RECEIVING LONG-TERM OPIOID THERAPY  
(IN PRIMARY CARE SETTINGS)  
STRUGGLE WITH OPIOID ADDICTION**











**UNFORTUNATELY, THEIR SCHEME WORKED**



# **OPIOIDS ARE THE MOST COMMONLY PRESCRIBED MEDICATION IN THE U.S.**

Source: New England Journal of Medicine











# THE BIG 3

THERE ARE  
OVER 800  
REGISTERED  
WHOLESALE  
DISTRIBUTORS  
IN THE UNITED STATES



BUT **THREE** FORTUNE 500 COMPANIES  
OWN 85% OF THE MARKET SHARE



CardinalHealth



AmerisourceBergen

**McKesson**

*Empowering Healthcare*



EACH COMPANY  
GENERATES

OVER

**\$100 BILLION**  
IN REVENUE ANNUALLY













In January 2017 McKesson, the largest drug distributor in the nation, was fined a record **\$150 million** by the federal government for its blatant failure to report suspicious orders in violation of federal law. Cardinal Health, another member of the “Big Three” drug distributors, was fined **\$44 million** for its own failures to report suspicious narcotic orders to the DEA.











# OPIOID CRISIS

- Chances of addiction increases after 3<sup>rd</sup> day prescribed
- Women addicted to opioids increased 400% from 1999-2010
- Fatally injured drivers who tested positive for opioids rose 700% from 1995-2015
- 60% of all opioid deaths in America involve opioids
- 40x more likely to be addicted to heroin
- 175 people die each day in the U.S. due to opioid and heroin overdose











A close-up photograph of a person's hand holding a medical syringe. The hand is positioned over a dark, textured wooden surface. Several white, round pills are scattered on the wood. The syringe has markings on its plunger, including '80', '90', and '100'. The overall lighting is dramatic, with strong highlights and shadows.

**SINCE 2000,**

**> 300,000**

**AMERICAN HAVE DIED  
FROM OPIOIDS**











# OPIOID USE INCREASES, HEROIN USE INCREASES

NIH National Institute on Drug Abuse



National Institute  
on Drug Abuse

*Advancing Addiction Science*

Prescription opioid use is a risk factor for

Prescription opioid use is a risk factor for heroin use

## Prescription opioid use is a risk factor for heroin use

Pooling data from 2002 to 2012, the incidence of heroin initiation was 19 times higher among those who reported prior nonmedical pain reliever use than among those who did not (0.39 vs. 0.02 percent) (Muhuri et al., 2013). A study of young, urban injection drug users interviewed in 2008 and 2009 found that 86 percent had used opioid pain relievers nonmedically prior to using heroin, and their initiation into nonmedical use was characterized by three main sources of opioids: family, friends, or personal prescriptions (Lankenau et al., 2012). This rate represents a shift from historical trends.

- Nearly 80% of new heroin users took prescription opioids before starting heroin.
- In 2015, there were 12,990 heroin overdose deaths in the U.S.

































National Governors Association Policy Academy on  
Prescription Drug Abuse Prevention

Nevada ranks:

- 2nd highest for hydrocodone (Vicodin and Lortab);
- 2nd highest for oxycodone (Percodan and Percocet);
- 4th highest for methadone;
- 7th highest for codeine.











Furthermore, Nevada consistently has some of the highest rates of drug overdose mortality in the country. Nevada has the 4<sup>th</sup> highest drug overdose mortality rate in the United States, with 20.7 per 100,000 people suffering drug overdose fatalities, according to a *Prescription Drug Abuse: Strategies to Stop the Epidemic*. According

Heroin-Related Deaths in Nevada, 2009 - 2013



The number of drug overdose deaths - a majority of which are from prescription drugs - in Nevada increased by 80 percent since 1999

As these data illustrate, Nevada is clearly experiencing problems related to prescription drug abuse despite many efforts to prevent and intervene. It is also clear that progress can only be made by working comprehensively and in partnership. There needs to be a systematic and collaborative effort made across disciplines if Nevada wants to see true change in the state.

As a result of the 2014 NGA Prescription Drug Abuse Reduction Policy Academy, the Governor developed a core team to create a plan that would improve community health by reducing prescription drug abuse by 18% by 2018. To achieve this, the core team's plan would change attitudes and behaviors of Nevadans through better coordinate efforts and statewide leadership. In order to accomplish this, the team will hold two stakeholder meetings in 2015 to solicit feedback from all disciplines to identify current efforts, determine ways to prevent duplication of efforts, and establish an effective statewide leadership role focused on four key areas: education,











# **THE OPIOID EPIDEMIC HAS PLACED A FINANCIAL BURDEN ON EVERY NEVADA CITY AND COUNTY**











# INCREASED COSTS FOR FIRST RESPONDERS AND NARCAN IN RURAL COUNTIES

## PUBLIC HEALTH

## PUBLIC HEALTH INTERVENTIONS AND BEST PRACTICES

In 2015, the Nevada legislature passed the Good Samaritan Drug Overdose Act that requires all prescribers to register and query the state prescription drug monitoring program (PMP), grants protection for those distributing and administering naloxone (e.g., Narcan) to reverse the life-threatening effects of an opioid overdose

- Currently, licensing boards lack authority to initiate investigations based on prescribing data alone.
- There is an average of 94 painkiller prescriptions per 100 people in Nevada.
- A higher opioid prescribing rate is linked to an increase in mortality.

Recommendation:  
long-term community-based research on patient outcomes and fewer opioid-related deaths.

- and 63% fewer visits after 1 year compared with patients who did not receive naloxone.
- The American Medical Association (AMA) recommends co-prescribing. It is already in practice by many health systems, including the Veteran's Administration.

### FACT

A recent *Health Affairs* article found there is no evidence to support the claim that policies to curb opioid prescribing are leading to heroin overdoses. These policies may in fact reduce the number of people initiating heroin use in the longer term by reducing the number of people exposed to opioids both for use as prescribed and for nonmedical use.

Rev. 1/2017

Correspondence for data and citations can be submitted to Jessica Johnson at [Johnsonjes@snhdmail.org](mailto:Johnsonjes@snhdmail.org)

This opioid fact sheet is supported by the Southern Nevada Community Health Improvement Plan, a group of over 500 community agencies. Special thanks to the following agency champions:

PACT COMMUNITY HEALTH IMPROVEMENT PLAN  
PARTNERING COMMUNITY AGENCIES TO IMPROVE HEALTH

SN/D  
SOUTHERN NEVADA  
DEPARTMENT OF HEALTH

United Way  
of Southern Nevada

## AN OPIOID ANTAGONIST

Naloxone, also commonly known by the trade name Narcan® or EVZIO® is an opioid antagonist that rapidly reverses the effects, including respiratory depression, of opioid drugs by competitively occupying the opioid receptor site.

- Instances, other therapies result in better outcomes than opioids.
- Evidence-based therapies may include: exercise therapy, weight loss, acupuncture, cognitive behavioral therapy, interventions to improve sleep, and other procedures.

Recommendation: Reduce the price of naloxone for public insurance (e.g., Medicare, Medicaid) in Nevada. Good Samaritan Drug Overdose Act covers the use of

Price of naloxone (2016): Naloxone varied from \$150-\$4,000 per dose.

- Implemented this registry to develop a comprehensive approach to opioid overdose prevention targeted toward areas in the state with the highest numbers of fatal and non-fatal overdoses.











# NEVADA HAS MADE COMPREHENSIVE CHANGES

- National Governor's Association Prescription Drug Abuse Reduction Policy Academy co-chartered by Governor Sandoval (2014).
- Task force to research prescription drug abuse (2014).
- SB459
- SB59











# In Guilty Plea, OxyContin Maker to Pay \$600 Million

MAY 10, 2007



From left, Howard R. Udell, the top lawyer for Purdue Pharma; Michael Friedman, Purdue's medical director; and Don Petersen, a lawyer for the New York Times.

By BARRY MEIER

MAY 10, 2007

ABINGDON, Va., May 10 — The OxyContin and three current and former executives pleaded guilty today in federal court here to criminal charges that they misled regulators, doctors and patients about the drug's risk of addiction and its potential to be abused.

To resolve criminal and civil charges against the company, Purdue Pharma, the parent of Purdue Pharma, the company that made the drug, agreed to pay some \$600 million in fines and other costs, the most a drug company in such a position has ever paid.

Also, in a rare move, three executives of the company, including its top lawyer, pleaded guilty to criminal charges of violating federal laws against drug companies.

OxyContin is a powerful, long-acting painkiller that can be abused for up to 12 hours. Initially, Purdue Pharma marketed the drug as a time-release formulation, posing the risk of addiction, short-term patients than do traditional, short-

ABINGDON, Va., May 10 — The company that makes the narcotic painkiller OxyContin and three current and former executives pleaded guilty today in federal court here to criminal charges that they misled regulators, doctors and patients about the drug's risk of addiction and its potential to be abused.

That claim became the linchpin of the most aggressive marketing campaign ever undertaken by a pharmaceutical company for a narcotic painkiller.

Purdue Pharma acknowledged in the court proceeding today that "with the intent to defraud or mislead," it marketed and promoted OxyContin as a drug that was less addictive, less subject to abuse and less likely to cause other narcotic side effects than other pain medications.

accounted for 90 percent of the company's sales.

At one point, the drug














































**TO BRING ABOUT CHANGE AND  
ASSIST IN FUNDING THE FIGHT  
AGAINST RX DRUG ABUSE,  
COUNTIES HAVE INITIATED  
CIVIL ACTIONS  
AGAINST OPIOID DRUG COMPANIES.**









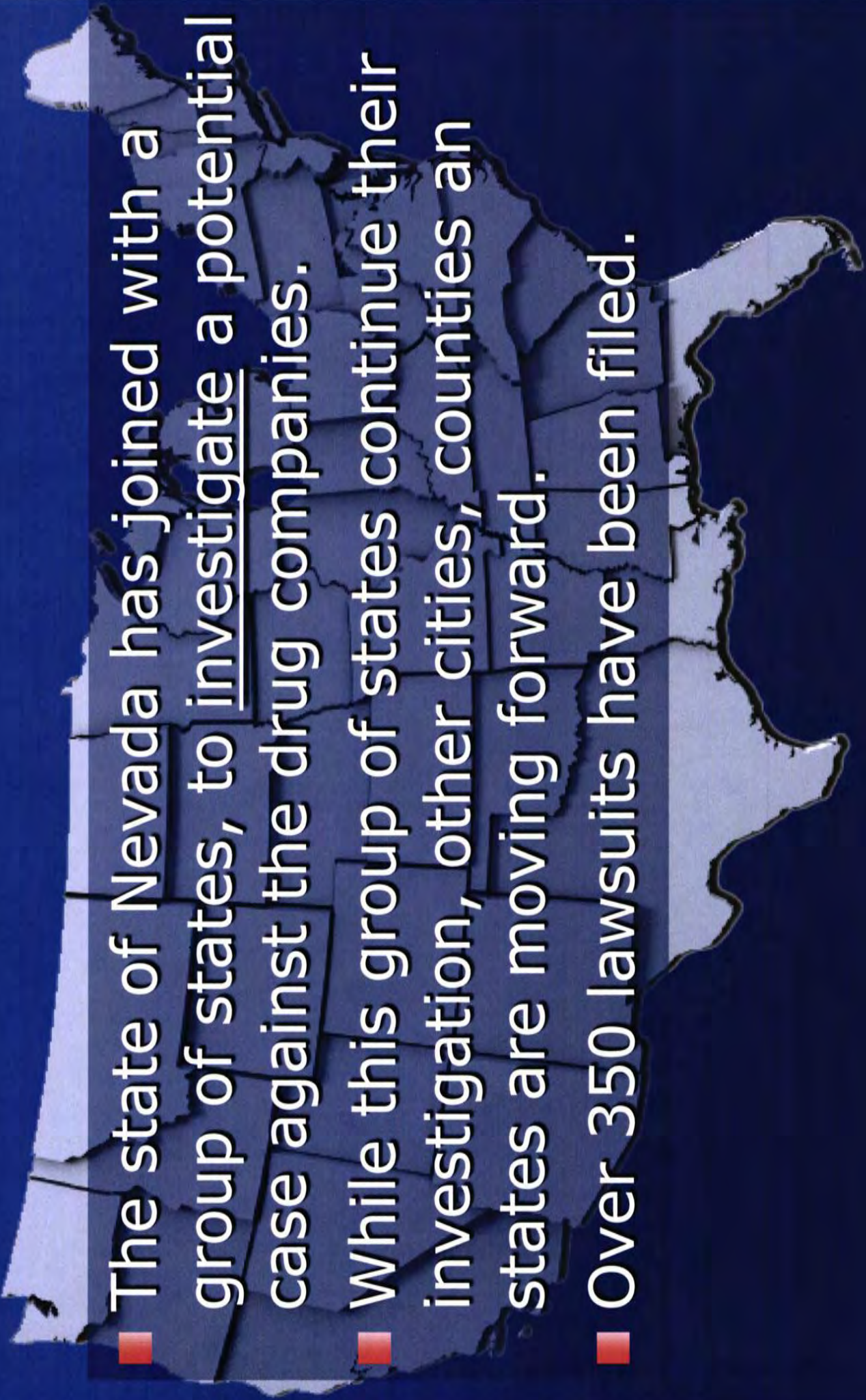










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- A map of the United States is shown with a torn paper effect, revealing a dark blue background. The map is white with black outlines of the states. The text is overlaid on the map.
- The state of Nevada has joined with a group of states, to investigate a potential case against the drug companies.
  - While this group of states continue their investigation, other cities, counties and states are moving forward.
  - Over 350 lawsuits have been filed.







































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PA00981

PA00980







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PA01066



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PA01072



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

BRUCE BRESLOW  
Director

GEORGE E. BURNS  
Commissioner

CHAPTER 604A  
REPORT OF EXAMINATION

TITLEMAX OF NEVADA, INC.  
DBA: TITLEMAX  
1210 N. BOULDER HWY BLDG. C  
HENDERSON, NV 89011  
WWW.TITLEMAX.C OM

Examiner In Charge:	Christian Yanez	Examined as of	August 31, 2014
Examination Started:	August 6 2014	Examination Closed	December 18, 2014
Total Exam Hours:	11.00	Examination Number:	65129

THIS REPORT IS STRICTLY CONFIDENTIAL

The information contained in this report is based on the books and records of the licensee as licensee under NRS 604A, on statements made to the examiner by the directors, officers, and employees, and on information obtained from other sources believed to be reliable and presumed by the examiner to be correct. It is emphasized that this report is a report of examination, and not an audit of the licensee, and should not be construed as such. This report of examination does not replace nor relieve the principals of their responsibility for performing or providing for adequate audits of the business.

This copy of the report is the property of the Department of Business and Industry of the State of Nevada, and is furnished to the licensee for its confidential use. Under no circumstances shall the licensee, or any of its directors, officers, or employees disclose in any manner the report or any portion thereof to any person or organization not officially connected with the licensee as officer, director, attorney, or auditor unless otherwise directed. Should any legal process document be served calling for the surrender of this report or any portion thereof, the Commissioner of the Financial Institutions Division shall be notified immediately.

Each principal has the responsibility to review the contents of this report.

State of Nevada  
Department of Business and Industry, Financial Institutions Division

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Christian Yanez  
Examiner In Charge

PA01075



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# EXAMINATION COMMENTS AND CONCLUSIONS

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## EXAMINATION COMMENTS AND CONCLUSIONS

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### INTRODUCTION

The annual examination of TitleMax of Nevada, Inc. DBA: TitleMax located at 1210 N. Boulder Hwy Bldg. C Henderson, NV 89011 commenced on August 6, 2014. This business location currently holds a Nevada Revised Statutes (NRS) Chapter 604A license issued by the State of Nevada Financial Institutions Division (FID). The licensee has been granted approval to initiate Title Loans in accordance with applicable statutes and regulations.

7 K H O L F H Q 6 www.titlemax.com is used as the main source of information for different products and services that TitleMax offers. Customers have the ability to complete a loan applications on-line. The application is reviewed by the call center and the customer is referred to one of the stores to complete the loan process.

The licensee currently offers the 120 day loan which allows the customer to make installment payments.

TitleMax currently has 40 locations in the state of Nevada. All the locations were visited during the process of this examination.

### SCOPE OF EXAMINATION

The primary purpose of the examination was to determine compliance with NRS 604A and NAC 604A. The examination consisted of a review of the following: active loans, paid-off loans, delinquent loans, loans that are in the repayment plan and declined loans, surety bonding requirement, completion of the P D Q D J H U \ V D Q G V W D W X W R U \ F R P S O L D Q F H T X H V W L R Q Q D L U H procedures and forms used in the operation of the business. Emphasis was placed on compliance with state regulations as well as federal regulations such as the Truth in Lending Act (Regulation Z) and the Equal Credit Opportunity Act (Regulation B).

#### Annual Report

The annual report of operations is due to the Financial Institutions Division by April 15th each year. The annual report of operations for year ending 2013 was received on April 2014 which is in accordance with NRS 604A.750.

#### Surety Bond

The Surety Bond appears to be sufficient. It is currently posted at \$265,000.00 under Bond Number 60088894 with Capitol Indemnity Corporation and is due for renewal on February 15, 2014. The licensee is in compliance with NRS 604A.610.

#### Internal / External Review

Titlemax did not submit any internal or external reviews. Internal or external reviews were not part of the scope of the current examination.