

OCCC CASE NO. L22-00041

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 16734	§	OFFICE OF CONSUMER
MIKE JACK ENTERPRISES LLC	§	
d/b/a HOUSTON MOTORS	§	CREDIT COMMISSIONER
4235 S. MAIN	§	
STAFFORD, TEXAS 77477	§	STATE OF TEXAS

ORDER OF REVOCATION

The Office of Consumer Credit Commissioner (“OCCC”) issues this Order of Revocation against Mike Jack Enterprises LLC d/b/a Houston Motors (“Houston Motors”), based on the violations of law described below.<sup>1</sup>

**Statement of Facts and Law**

Under Chapter 348 of the Texas Finance Code, a person must hold a motor vehicle sales finance license in order to act as a holder of a motor vehicle retail installment contract.<sup>2</sup> A holder is a person who operates as a retail seller or holds and collects on a contract in which the person agrees to accept the cash price of a motor vehicle in one or more deferred installments.<sup>3</sup> A person who does not hold a Chapter 348 license (or another authorization to act as a holder) may not collect payments on motor vehicle retail installment contracts, and may not indirectly collect payments by repossessing motor vehicles or selling repossessed motor vehicles.<sup>4</sup>

Houston Motors is a motor vehicle sales finance dealer that held a motor vehicle sales finance license under Chapter 348 of the Texas Finance Code. Houston Motors operated under master file number 16734 at one licensed location. Houston Motors’ compliance officer is Michael Jackson, and its designated contact address is 4235 S. Main, Stafford, Texas 77477.

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<sup>1</sup> Tex. Fin. Code §§ 14.208, 348.508.  
<sup>2</sup> Tex. Fin. Code § 348.501.  
<sup>3</sup> Tex. Fin. Code § 348.001(3), (7), (8).  
<sup>4</sup> See Tex. Fin. Code §§ 348.001(3), (7), (8), 348.501.

From May 9, 2012 through July 31, 2019, Houston Motors held motor vehicle sales finance license number 63008. Houston Motors failed to renew its license, and its license expired on July 31, 2019. Between August 1, 2019 and March 27, 2020, Houston Motors entered at least 19 retail installment transactions without a license.

On March 27, 2020, Houston Motors submitted a new application for a motor vehicle sales finance license. On October 20, 2020, Houston Motors entered into an Agreed Order with the OCCC to resolve its unlicensed activity.<sup>5</sup> In the Agreed Order, Houston Motors acknowledged that it had engaged in unlicensed activity. Houston Motors also agreed to pay an administrative penalty in the amount of \$1,900.00, and to refund all unlawful finance charges charged to the consumers in the unlicensed retail installment contracts. Houston Motors failed to make the refunds to consumers, and failed to pay the penalty required by the Agreed Order.

On August 11, 2021, Houston Motors entered into a second Agreed Order with the OCCC to resolve its unlicensed activity.<sup>6</sup> In the Agreed Order, Houston Motors agreed to pay a late filing fee and past due license renewal fees of \$10,460.00 in ten installments beginning on August 1, 2021 and ending on May 1, 2022,<sup>7</sup> and agreed to pay any license renewal fees due in October 2021. Houston Motors acknowledged and agreed that if it failed to make any installment payment, or pay the renewal fees, its license may be revoked. In the Agreed Order, the OCCC agreed to grant Houston Motors' license under license number 164130. Houston Motors did not pay any installment payments due under this Agreed Order, and did not pay its renewal fees in October 2021. Houston Motors again failed to renew its license, and its license expired on October 31, 2021.<sup>8</sup>

Houston Motors' website at <https://www.houstonmotors.net/> includes a button labeled "Financing." For each vehicle listed for sale on the website, there is a button labeled "Apply for Financing." Clicking on these buttons enables a consumer to file a credit application.

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<sup>5</sup> OCCC Case No. L20-00157.

<sup>6</sup> OCCC Case No. L21-00119.

<sup>7</sup> To resolve unlicensed activity, a license applicant may pay a late filing fee in the amount of \$10,000.00. Tex. Fin. Code § 349.303. A person who obtains the license and pays the late filing fee and applicable renewal fees is considered for all purposes to have held the required license as if it had not expired. Tex. Fin. Code § 349.304.

<sup>8</sup> Tex. Fin. Code § 348.5055, 7 Tex. Admin. Code § 84.617.

## Authority

If the Commissioner has reasonable cause to believe that a person is violating Chapter 348 of the Texas Finance Code, the Commissioner may issue an order to cease and desist from the violation, an order to take affirmative action, or both to enforce compliance.<sup>9</sup> Additionally, the Commissioner may order a person who violates Chapter 348 or a rule adopted under Chapter 348 to make restitution to an identifiable person injured by the violation.<sup>10</sup>

The Commissioner may revoke a license if the Commissioner finds that the license holder failed to pay a license fee or another charge imposed by the Commissioner.<sup>11</sup> The Commissioner may revoke a license if the Commissioner finds that the license holder, knowingly or without the exercise of due care, violated Chapter 348 of the Texas Finance Code or a rule adopted or order issued under Chapter 348.<sup>12</sup> The Commissioner may also revoke a license if the Commissioner finds that a fact or condition exists that, if it had existed or had been known to exist at the time of the original application for the license, clearly would have justified the Commissioner's denial of the license.<sup>13</sup>

Houston Motors failed to pay license fees and other charges imposed by the Commissioner. Houston Motors violated Chapter 348 of the Texas Finance Code by engaging in unlicensed activity. Houston Motors violated both Agreed Orders that it entered with the OCCC by failing to pay amounts imposed by the Agreed Orders. Houston Motors committed these violations knowingly or without exercise of due care. If these violations had existed, or been known to exist at the time of Houston Motors' license application, these violations would have justified denial of the application. For these reasons, the Commissioner issues this Order of Revocation.

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<sup>9</sup> Tex. Fin. Code § 14.208(a).

<sup>10</sup> Tex. Fin. Code § 14.251(b).

<sup>11</sup> Tex. Fin. Code § 348.508(1).

<sup>12</sup> Tex. Fin. Code § 348.508(2).

<sup>13</sup> Tex. Fin. Code § 348.508(3).

## Order

IT IS ORDERED that:

1. The motor vehicle sales finance license of Mike Jack Enterprises LLC d/b/a Houston Motors, master file number 16734, license number 164130, is REVOKED.
2. Houston Motors must comply with, and cease and desist from violating, the motor vehicle sales finance license requirement found in Section 348.501 of the Texas Finance Code.
3. Houston Motors must cease and desist entering new motor vehicle retail installment transactions in which it agrees to accept the cash price of a motor vehicle in one or more deferred installments.
4. Houston Motors must cease and desist advertising motor vehicle retail installment transactions. Houston Motors must remove any advertisements (including any physical signs and any material on a website) suggesting that Houston Motors will finance vehicles, that consumers may apply for credit, or that consumers may pay for vehicles in more than one payment.
5. Houston Motors must cease and desist collecting any payments on motor vehicle retail installment transactions. Houston Motors must cease and desist repossessing motor vehicles, and must cease and desist selling any motor vehicles that it has repossessed.
- 6a. **No later than 30 days after the date of this Order**, Houston Motors must perform a self-review and identify each outstanding motor vehicle retail installment transaction, and each transaction it entered or accepted payments during any unlicensed period (including any period from August 1, 2019 through August 10, 2021, and any period from November 1, 2021 through the present), including each sale of a motor vehicle in which:
  - i. Houston Motors entered a retail installment contract;
  - ii. a buyer applied for credit through an application provided by Houston Motors;
  - iii. Houston Motors accepted payments in one or more deferred installments; or

- iv. Houston Motors held a lien.
  
- b. **No later than 30 days after the date of this Order**, Houston Motors must refund any finance charges that it charged or received from any retail buyer during any unlicensed period.
  
- c. **No later than 30 days after the date of this Order**, Houston Motors must release any liens that are currently filed on any motor vehicles in Houston Motors' name. Houston Motors may not charge a fee to any buyer for releasing these liens.
  
- d. **No later than 30 days after the date of this Order**, Houston Motors must waive any balances for outstanding transactions, and return any unsold, repossessed vehicles to the retail buyers.
  
- e. **No later than 30 days after the date of this Order**, Houston Motors must identify each retail installment transaction that it assigned to another creditor during any unlicensed period.
  
- f. **No later than 30 days after the date of this Order**, Houston Motors must prepare a spreadsheet entitled "L22-00041-Houston Motors". The spreadsheet must clearly list the total amount of refunds provided to buyers. In addition, the spreadsheet must list each retail installment transaction for which Houston Motors provided restitution or released a lien as described above, and each retail installment transaction that Houston Motors assigned to another creditor. The spreadsheet must include a row for each buyer and the following columns:
  - i. account number;
  - ii. name of the retail buyer;
  - iii. date of retail installment contract;
  - iv. amount of finance charge;
  - v. amount of finance charge refunded to the buyer;
  - vi. date of the refund;
  - vii. form of the refund (i.e. check for closed account, and credit on open account);
  - viii. date on which Houston Motors released the lien, if applicable; and
  - ix. name of any creditor that Houston Motors assigned the

transaction to, if applicable.

- g. With respect to maintaining proof of required refunds, Houston Motors must maintain complete and accurate records of all refunds, including copies of refund checks for closed accounts and ledgers showing account credits for open accounts, until the later of the following:
  - i. the fourth anniversary of the date of the retail installment transaction; or
  - ii. the second anniversary of the date on which the final entry is made in the buyer's record.

- 7. **No later than 40 days after the date of this Order**, Houston Motors must provide the OCCC with a copy of the spreadsheet described above. The spreadsheet must be sent by email to Audrey Spalding at [audrey.spalding@occc.texas.gov](mailto:audrey.spalding@occc.texas.gov).

### **Right to Request Hearing**

Houston Motors has the right to request a hearing regarding this Order.<sup>14</sup> Houston Motors' request must be made in writing and sent to the OCCC not later than 30 days after the date of this Order. Houston Motors must send its request to Audrey Spalding, Assistant General Counsel, by mail to 2601 N. Lamar Blvd., Austin, Texas 78705, or by email to [audrey.spalding@occc.texas.gov](mailto:audrey.spalding@occc.texas.gov).

If Houston Motors requests a hearing, a hearing on this matter will be set and conducted in accordance with Chapter 2001 of the Texas Government Code.<sup>15</sup> If Houston Motors fails to request a hearing by this deadline, this Order is considered final and enforceable.<sup>16</sup>

All communications with the OCCC concerning this matter must be through Audrey Spalding, Assistant General Counsel, who may be contacted by mail at 2601 N. Lamar Blvd., Austin, Texas 78705, by telephone at (512) 936-7659, or by email to [audrey.spalding@occc.texas.gov](mailto:audrey.spalding@occc.texas.gov).

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<sup>14</sup> Tex. Fin. Code §§ 14.208(b), 348.508.

<sup>15</sup> Tex. Fin. Code §§ 14.208(b), 348.508.

<sup>16</sup> Tex. Fin. Code §§ 14.208(c), 348.508.

Signed this 8th day of August, 2022.

/s/ Leslie Pettijohn  
Leslie L. Pettijohn  
Consumer Credit Commissioner  
State of Texas

**CERTIFICATE OF SERVICE**

I certify that on August 8, 2022, a true and correct copy of this Order of Revocation has been sent to Mike Jack Enterprises LLC d/b/a Houston Motors by the following:

Mike Jack Enterprises LLC  email  
Attn: Michael Jackson, Compliance Officer  regular mail  
4235 S. Main  certified mail, return receipt requested  
Stafford, TX 77477 # 9214 8901 9403 8300 0085 0570 35  
mike@houstonmotors.net

Mike Jack Enterprises LLC  email  
Attn: Michael Jackson, Statutory Agent  regular mail  
11569 Hwy 6 S STE 65  certified mail, return receipt requested  
Sugar Land, TX 77498 # 9214 8901 9403 8300 0085 0572 88

/s/ Audrey Spalding  
Audrey Spalding  
Assistant General Counsel  
Office of Consumer Credit Commissioner  
State Bar No. 24111055  
2601 North Lamar Blvd.  
Austin, Texas 78705  
512-936-7659 (phone)  
audrey.spalding@occc.texas.gov