

OCCC CASE NO. L22-00040

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 1500052315	§	OFFICE OF CONSUMER
DANIEL DEGROFF	§	
d/b/a FIVE STAR FINANCE	§	CREDIT COMMISSIONER
4000 ACE LANE	§	
LEWISVILLE, TEXAS 75067	§	STATE OF TEXAS

ORDER OF REVOCATION

The Office of Consumer Credit Commissioner (“OCCC”) issues this Order of Revocation against Daniel DeGroff d/b/a Five Star Finance (“Five Star Finance”).¹

Statement of Facts and Law

Five Star Finance is a regulated lender licensed by the OCCC under Chapter 342 of the Texas Finance Code. Five Star Finance operates under master file number 1500052315 at one licensed location, under license number 152793. Five Star Finance’s compliance officer is Daniel DeGroff, and its designated contact address is 4000 Ace Lane, Lewisville, Texas 75067.

Under Chapter 342 of the Finance Code, a regulated lender must file annual reports with the Consumer Credit Commissioner (“Commissioner”).² Under Chapter 342’s implementing rules, a regulated lender must file the required annual report by May 1 for the prior calendar year’s loan activity on forms prescribed by the Commissioner and must comply with all instructions relating to submitting the report.³

On October 12, 2020, the OCCC issued an Order to File Timely and Accurate Annual Reports (“Order”) against Five Star Finance for failing to file its 2019 annual report by the deadline of May 1, 2020. The Order became final and enforceable. The Order required Five Star Finance to timely file complete and accurate annual future reports. Five Star Finance ultimately filed its 2019 annual report.

¹ Tex. Fin. Code §§ 14.208, 342.156.

² Tex. Fin. Code § 342.559.

³ 7 Tex. Admin. Code § 83.835; https://occc.texas.gov/industry/regulated-lenders/annual_reports.

On September 16, 2021, the OCCC issued an Order Imposing Administrative Penalty against Five Star Finance for failing to file its 2020 annual report by the deadline of May 1, 2021. The Order became final and enforceable. The Order Imposing Administrative Penalty required Five Star Finance to pay an administrative penalty of \$500.00 and file its 2020 annual report. Five Star Finance ultimately filed its 2020 annual report but did not pay the administrative penalty.

Five Star Finance did not file its 2021 annual report with the Commissioner on or before the deadline of May 1, 2022. As of the date of this Order, Five Star Finance has not filed its 2021 annual report.

Authority

If the Commissioner has reasonable cause to believe that a regulated lender is violating Chapter 342, then the Commissioner may issue an injunction ordering the regulated lender to cease and desist from the violation, to take affirmative action, or both.⁴ If a regulated lender violates an injunction, then the Commissioner may impose an administrative penalty up to \$1,000 per day of the violation.⁵ The Commissioner may revoke the license of a regulated lender if the Commissioner finds that the license holder knowingly or without the exercise of due care violates Chapter 342 of the Texas Finance Code, Chapter 342's implementing rules, or an order issued under Chapter 342.⁶ The Commissioner may also revoke a license if 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 application.⁷

By failing to timely file its 2019, 2020, and 2021 annual reports, Five Star Finance violated Chapter 342 of the Texas Finance Code and its implementing rules. By failing to timely file its 2020 and 2021 annual reports, Five Star Finance violated the Order to File Timely and Accurate Annual Reports issued on October 12, 2020. By failing to pay the \$500.00 administrative penalty, Five Star Finance violated the Order Imposing Administrative Penalty issued on September 13, 2021. Five Star Finance committed these violations knowingly or without exercise of due care.

⁴ Tex. Fin. Code § 14.208(a).

⁵ Tex. Fin. Code § 14.208(c).

⁶ Tex. Fin. Code § 342.156(2).

⁷ Tex. Fin. Code § 342.156(3).

These violations would have justified denial of Five Star Finance's original license application, if these violations had existed or been known to exist at the time of the license application. For these reasons, the Commissioner issues this Order of Revocation.

Order

IT IS ORDERED that:

1. The regulated lender license of Daniel DeGroff d/b/a Five Star Finance, master file number 1500052315, license number 152793, is REVOKED.
2. Five Star Finance must cease and desist making, transacting, or negotiating loans under Chapter 342 of the Texas Finance Code.
3. Five Star Finance must cease and desist contracting for, charging, or receiving, directly or indirectly, in connection with a loan under Chapter 342 of the Finance Code, any charge, including interest, compensation, consideration, or another expense.
4. Five Star Finance must cease and desist entering new motor vehicle retail installment transactions, if it has done so.
5. Five Star Finance must cease and desist collecting payments on motor vehicle retail installment transactions, if it has done so.
6. Five Star Finance must cease and desist repossessing collateral including motor vehicles and must cease and desist selling any collateral that it has repossessed.
7. **No later than 30 days after the date of this Order**, Five Star Finance must perform a self-review and identify each outstanding loan under Chapter 342 of the Texas Finance Code.

8. **No later than 30 days after the date of this Order**, for each outstanding loan under Chapter 342, Five Star Finance must do one of the following:
 - a. assign the loan to another person who holds a license under Chapter 342 or is otherwise authorized to make loans under Chapter 342; or
 - b. refund all interest on the loan down to an effective annual interest rate of 10%.

9. **No later than 30 days after the date of this Order**, Five Star Finance must perform a self-review and identify each outstanding motor vehicle retail installment transaction, including each sale of a motor vehicle for which Five Star Finance is accepting payments or holds a lien.

10. **No later than 30 days after the date of this Order**, for each outstanding motor vehicle retail installment transaction Five Star Finance must do one of the following:
 - a. assign the transaction to another person who holds a license under Chapter 348 or is otherwise authorized to hold retail installment contracts under Chapter 348; or
 - b. cease collecting any payments and release any lien.

11. With respect to maintaining proof of refunds:
 - a. Five Star Finance must maintain complete and accurate records of all refunds, including copies of refund checks or ledgers showing account credits, until the later of the following:
 - i. the fourth anniversary of the date of the loan or retail installment transaction, or
 - ii. the second anniversary of the date on which the final entry is made in the consumer's record.

- b. **No later than 40 days after the date of this Order**, Five Star Finance must create a spreadsheet labeled “L22-00040_FiveStarFinance.” The spreadsheet must clearly list the total amount of refunds provided to consumers. In addition, the spreadsheet must list each transaction for which Five Star Finance provided refunds, and each transaction that Five Star Finance assigned to another person. The spreadsheet must include a row for each consumer and the following columns:
- i. account number;
 - ii. name of the consumer;
 - iii. date of loan or retail installment transaction;
 - iv. dollar amount of interest;
 - v. dollar amount of interest refunded to the buyer;
 - vi. date of the refund;
 - vii. date on which Five Star Finance released the lien, if applicable;
 - viii. date of the release of lien; and
 - ix. name of any person that Five Star Finance assigned the transaction to, if applicable.
- c. **No later than 40 days after the date of this Order**, Five Star Finance must provide the OCCC with a copy of the spreadsheet. The spreadsheet must be sent by email to Audrey Spalding at audrey.spalding@occc.texas.gov.

Right to Request Hearing

You have the right to request a hearing regarding this Order.⁸ Your request must be made in writing and sent to the OCCC not later than 30 days after the date of this Order. You must send your 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.

⁸ Tex. Fin. Code § 342.156.

If you request a hearing, a hearing on this matter will be set and conducted in accordance with Chapter 2001 of the Texas Government Code. If you fail to request a hearing by this deadline, this Order is considered final.

All communications with the OCCC concerning this matter must be through Audrey Spalding, Assistant General Counsel. You may contact her 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.

Signed this 10th day of June, 2022.

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

CERTIFICATE OF SERVICE

I certify that on June 10, 2022, a true and correct copy of this Order of Revocation has been sent to Daniel DeGroff d/b/a Five Star Finance by the following:

- | | |
|---|---|
| Daniel DeGroff d/b/a Five Star Finance
Attn: Daniel DeGroff,
Compliance Officer
4000 Ace Lane
Lewisville, TX 75067
fivestarfinance@yahoo.com | <input checked="" type="checkbox"/> electronic mail

<input checked="" type="checkbox"/> regular mail

<input checked="" type="checkbox"/> certified mail, return receipt requested
9214 8901 9403 8300 0079 2051 90 |
| Daniel DeGroff d/b/a Five Star Finance
Attn: Daniel DeGroff, Registered Agent
420 Kirkwood
Lewisville, TX 75067
lgntp@hotmail.com | <input checked="" type="checkbox"/> electronic mail

<input checked="" type="checkbox"/> regular mail

<input checked="" type="checkbox"/> certified mail, return receipt requested
9214 8901 9403 8300 0079 2053 74 |

/s/ Audrey Spalding
Audrey Spalding
Assistant General Counsel
Office of Consumer Credit Commissioner
State Bar No. 24111055
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Austin, Texas 78705
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audrey.spalding@occc.texas.gov