

OCCC CASE NO. L23-00123

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 1271	§	OFFICE OF CONSUMER
CLIFF'S FINANCE COMPANY INC.	§	
PO BOX 700115	§	CREDIT COMMISSIONER
DALLAS, TX 75370	§	
	§	STATE OF TEXAS

AGREED ORDER

The Office of Consumer Credit Commissioner ("OCCC") issues this Agreed Order against Cliff's Finance Company Inc. ("Cliff's Finance Company"), based on the violations of law described below.¹

Statement of Facts and Law

A person who makes loans to Texas consumers for personal, family, or household purposes at an effective annual interest rate greater than 10% must hold a regulated lender license with the OCCC under Chapter 342 of the Texas Finance Code.² A regulated lender must hold a license at each office where loans are made, negotiated, serviced, held, or collected under Chapter 342.³

Cliff's Finance Company is a regulated lender that operates under master file number 1271 and holds multiple licenses with the OCCC. Cliff's Finance Company's compliance officer is Ben Schepps, and its designated contact address is P.O. Box 700115, Dallas, TX 75370. On June 13, 2023, Cliff's Finance Company submitted a regulated lender license application under application ID number 97892 for three locations.

¹ Tex. Fin. Code §§ 14.208, 14.251.

² Tex. Fin. Code §§ 342.005, 342.051.

³ Tex. Fin. Code § 342.052(b).

As part of its application, Cliff's Finance Company provided information to the OCCC showing that beginning in June 2022, Cliff's Finance Company made four loans to consumers at two locations without a regulated lender license:

- 311 E Main St., Midlothian, Texas 76065, and
- 5620 HWY 78, Sachse, Texas 75048.

In these transactions, Cliff's Finance Company charged a finance charge consisting of an acquisition charge and an installment account handling charge. The charges caused the transactions to have effective annual interest rates greater than 10%. By making loans to Texas consumers with effective annual interest rates over 10% at locations without regulated lender licenses, Cliff's Finance Company violated Chapter 342 of the Texas Finance Code.

Order & Agreement

By signing below, Cliff's Finance Company acknowledges these violations, waives all rights to any hearing or appeal, agrees to pay the administrative penalty and make the restitution identified below, and otherwise agrees to comply with this Order and Texas Law.

IT IS ORDERED that:

1. **No later than October 23, 2023**, Cliff's Finance Company must pay an administrative penalty in the amount of \$500.00 to the OCCC (calculated as \$500.00 for making one to five loans without a license).
2. **No later than October 23, 2023**, Cliff's Finance Company must identify all regulated loan transactions that it entered at locations without a license and must refund the finance charges for these transactions down to an effective annual interest rate of 10%. In order to make these refunds, Cliff's Finance Company must:
 - a. refund all acquisition charges that Cliff's Finance Company contracted for, charged, or received; and
 - b. refund any installment account handling charges (i.e., interest charges) that Cliff's Finance Company contracted for, charged, or received down to an effective annual interest rate of 10%.

3. **No later than October 23, 2023**, Cliff's Finance Company must provide the OCCC with a spreadsheet of all transactions it identified and all consumers that it gave a refund. The spreadsheet must be sent by email to audrey.spalding@occc.texas.gov. The spreadsheet must include the consumer's name, account number, transaction date, amount financed, amount of acquisition charge, amount of installment account handling charge, and refund amount.
4. Cliff's Finance Company must keep a copy of each consumer's refund check or payment history showing an account credit until the later of its first examination for the required retention period.⁴ During the first examination or an investigation of Cliff's Finance Company, the OCCC will confirm that all refunds listed in the spreadsheet have been made.
5. Cliff's Finance Company must comply with, and cease and desist from violating, the regulated loan licensing requirement in Sections 342.051 and 342.052 of the Texas Finance Code.

Violation of Order

If Cliff's Finance Company violates this Order, this may result in one or more of the following actions by the OCCC: (1) an administrative penalty of up to \$1,000 for each day of violation of this Order, (2) an order to refund any interest above 10% contracted for, charged, or received at unlicensed locations, or (3) denial, suspension, or revocation of Cliff's Finance Company's regulated lender licenses.⁵ If Cliff's Finance Company conducted unlicensed activity other than the activity identified above, then the OCCC may impose additional administrative penalties based on the number of transactions, and may order Cliff's Finance Company to refund additional interest for unlicensed transactions.⁶

Signed this 28th day of September 2023.

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

⁴ See 7 Tex. Admin. Code § 83.828.

⁵ Tex. Fin. Code §§ 14.208, 14.251(b), 342.104, 342.156.

⁶ Tex. Fin. Code § 14.251(b).

AGREED:

/s/ Ben Schepps
Ben Schepps
Vice President
Cliff's Finance Company Inc.
(signed electronically with permission)

CERTIFICATE OF SERVICE

I certify that on September 28, 2023, a true and correct copy of this Agreed Order has been sent to Cliff's Finance Company Inc. by the following:

Cliff's Finance Company Inc.
Attn: Ben Schepps,
Compliance Officer
PO Box 700115
Dallas, TX 75370
ben@cliffscheckcashing.com

- email
- eFileTexas.gov electronic service
- regular mail
- certified mail, return receipt requested

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