OCCC CASE NO. L25-059

IN THE MATTER OF:	**§**	**BEFORE THE**
	§	
MASTER FILE NO.: 16222	**§**	**OFFICE OF CONSUMER**
KAREN MGERIAN	**§**	
d/b/a MGM AUTO	**§**	**CREDIT COMMISSIONER**
5711 INDUSTRY PARK DRIVE	**§**	
SAN ANTIONIO, TEXAS 78218	**§**	**STATE OF TEXAS**

ORDER TO CEASE AND DESIST UNLICENCED ACTIVITY, TAKE AFFIRMATIVE ACTION, AND MAKE RESTITUTION

The Office of Consumer Credit Commissioner ("OCCC") issues this Order to Cease and Desist Unlicensed Activity, Take Affirmative Action, and Make Restitution against Karen Mgerian d/b/a MGM Auto ("MGM Auto"), based on the violations of law described below.[1]

Statement of Facts and Law

Under Chapter 348 of the Texas Finance Code, a person must hold a motor vehicle sales finance license issued by the OCCC in order to act as holder of a motor vehicle retail installment contracts.[2] A holder includes a dealer that sells motor vehicles and agrees to accept the cash price in one or more deferred installments.[3] A person who does not hold a motor vehicle sales finance 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.[4]

MGM Auto is a motor vehicle dealer that does not hold a license with the OCCC. MGM Auto is located at 5711 Industry Park Dr., San Antonio, Texas 78218. MGM Auto previously held a motor vehicle sales finance license with OCCC, under master file no. 16222 and license no. 59066. The OCCC originally issued MGM

[1] Tex. Fin. Code §§ 14.208, 14.251.
[2] Tex. Fin. Code § 348.501.
[3] Tex. Fin. Code § 348.001(3), (7), (8).
[4] Tex. Fin. Code §§ 348.001(3), (7), (8), 348.501.

Auto's license on April 30, 2012. The license expired on July 31, 2019, because MGM Auto did not renew the license by that date.[5]

In January 2024, the OCCC received a written consumer complaint referred by the Texas Department of Motor Vehicles (TxDMV) regarding MGM Auto.[6] The consumer complaint indicated that MGM Auto had financed the consumer's vehicle in June 2022 but failed to deliver the certificate of title. TxDMV also provided information indicating that MGM Auto had placed liens on at least 60 vehicles since March 2020.

The OCCC attempted to investigate MGM Auto from April 2024 through January 2025. On January 27, 2025, the OCCC sent a request for information to MGM Auto regarding its motor vehicle sales finance transactions. The requested information included a spreadsheet of each retail installment sales contract (including the date of the contract, the buyer's name, the last six digits of the vehicle identification number, the inventory stock number, the buyer's account number, and the current status), a spreadsheet of vehicles MGM Auto has repossessed, and copies of 10 transaction files (including the retail installment contract, the buyer's order, the credit application, the vehicle's title, the title application receipt, contract disclosures, and payment history). MGM Auto did not provide the requested information.

MGM Auto acted as a holder under Chapter 348 of the Texas Finance Code by entering motor vehicle retail installment transactions. By acting as a holder without a license, MGM Auto violated Chapter 348.

Authority

If the Consumer Credit Commissioner ("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, to take affirmative action, or both to ensure compliance.[7] The Commissioner may order a person who violates Chapter 348 or its implementing rules to make restitution to an identifiable person.[8] In addition, if the OCCC receives a written complaint or has reasonable cause to believe that a person is violating Chapter 348, then the

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[5] Tex. Fin. Code § 348.507 (July 2019 version); 7 Tex. Admin. Code § 84.610(d) (July 2019 version).
[6] OCCC complaint ID no. 122734.
[7] Tex. Fin. Code § 14.208(a).
[8] Tex. Fin. Code § 14.251(b).

OCCC may conduct an investigation to discover a violation or obtain required information.[9]

The Commissioner has reasonable cause to believe that MGM Auto has violated Chapter 348 of the Texas Finance Code by acting as a holder in motor vehicle retail installment transactions without a motor vehicle sales finance license, and by failing to allow the OCCC to conduct an investigation.

Order

IT IS ORDERED that:

1. MGM Auto 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.

2. MGM Auto must cease and desist entering into new transactions in which it agrees to accept the cash price of a motor vehicle in one or more deferred installments. MGM Auto must cease and desist accepting credit applications.

3. MGM Auto must cease and desist advertising motor vehicle retail installment transactions. MGM Auto must remove any advertisements (including any physical signs and any material on a website) suggesting that MGM Auto will finance vehicles, that consumers may apply for credit, or that consumers may pay for vehicles in more than one payment.

4. MGM Auto must cease and desist collecting payments on existing motor vehicle retail installment transactions. MGM Auto must cease and desist repossessing vehicles, and must cease and desist selling repossessed motor vehicles.

5. MGM Auto must cease and desist failing to respond to the OCCC's requests for information.

6. MGM Auto must cease and desist failing to allow the OCCC to conduct an investigation of the records of the business.

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[9] Tex. Fin. Code §§ 14.202, 348.515.

7. **No later than 30 days after the date of this Order,** MGM Auto must perform a self-review and identify each motor vehicle retail installment transaction that MGM Auto entered or accepted payments on without a license, including each sale of a motor vehicle in which:
    a. MGM Auto entered a retail installment contract on or after August 1, 2019;
    b. a buyer applied for credit through an application provided by MGM Auto on or after August 1, 2019;
    c. MGM Auto accepted payments in one or more deferred installments on or after August 1, 2019; or
    d. MGM Auto held a lien on or after August 1, 2019.

8. **No later than 30 days after the date of this Order,** MGM Auto must refund any finance charges that it contracted for, charged, or received from any retail buyer on or after August 1, 2019.

9. **No later than 30 days after the date of this Order,** MGM Auto must release any liens that are currently filed on any motor vehicles in MGM Auto's name. MGM Auto may not charge a fee to any buyer for releasing these liens.

10. **No later than 30 days after the date of this Order,** MGM Auto must identify each retail installment transaction that it assigned to another person on or after August 1, 2019.

11. **No later than 30 days after the date of this Order,** MGM Auto must create a Microsoft Excel spreadsheet named "L25-059_MGMAuto." The spreadsheet must list each transaction for which MGM Auto provided refunds, each transaction for which MGM Auto released a lien, and each transaction that MGM Auto assigned to another person, as described above. The spreadsheet must include a row for each buyer and the following columns:
    a. Account number
    b. First and last name of buyer
    c. Date of retail installment transaction
    d. Dollar amount of finance charge
    e. Dollar amount of finance charge refunded to the buyer
    f. Date of the refund

g. Form of the refund (i.e., check for closed account, and credit for open account)
h. Date on which MGM Auto released the lien, if applicable
i. Name of any person that MGM Auto assigned the transaction to, if applicable

12. **No later than 30 days after the date of this Order,** MGM Auto must provide a copy of the spreadsheet to the OCCC. The spreadsheet must be sent by email to Audrey Spalding at audrey.spalding@occc.texas.gov.

13. **No later than 30 days after the date of this Order,** MGM Auto must provide the OCCC with all information listed in the OCCC's request for information sent on January 27, 2025. The information must be sent by email to Audrey Spalding at audrey.spalding@occc.texas.gov.

14. MGM Auto must retain transaction records for each credit transaction, including copies of any refund checks, any ledgers showing account credits, and any documentation of the release of liens, until the later of the following:
    a. the fourth anniversary of the date of the transaction; or
    b. the second anniversary of the date on which the final entry is made in the record.[10]

Violation of Order

If you violate this Order, the OCCC may impose an administrative penalty of up to $1,000 for each day.[11]

[10] Tex. Fin. Code § 348.517; 7 Tex. Admin. Code § 84.704(b), (g).
[11] Tex. Fin. Code § 14.208(c).

Right to Request Hearing

You have the right to request a hearing regarding this Order.[12] To request a hearing, you must send a written hearing request to the OCCC no later than 30 days after the date of this Order.[13] You must send your request to Audrey Spalding, Assistant General Counsel, by mail to 2601 N. Lamar Blvd., Austin, TX 78705, or by email to audrey.spalding@occc.texas.gov.

If you request a hearing, a hearing will be set and conducted in accordance with Chapter 2001 of the Texas Government Code.[14] If you fail to request a hearing by this deadline, the Order will be considered final and enforceable.[15]

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, TX 78705, by telephone at 512-936-7659, or by email to audrey.spalding@occc.texas.gov.

Signed this 9th day of July, 2025.

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

[12] Tex. Fin. Code § 14.208(b).
[13] Tex. Fin. Code § 14.208(b).
[14] Tex. Fin. Code § 14.208(b).
[15] Tex. Fin. Code § 14.208(c).

CERTIFICATE OF SERVICE

I certify that on July 9, 2025 a true and correct copy of this Order to Cease and Desist Unlicensed Activity, Take Affirmative Action, and Make Restitution has been sent to Karen Mgerian d/b/a MGM Auto by the following:

Karen Mgerian d/b/a MGM Auto Attn: Karen Mgerian, Compliance Officer 5711 Industry Park Dr. San Antonio, TX 78218 mgerian@hotmail.com	☒ email ☐ eFileTexas.gov electronic service ☒ regular mail ☒ certified mail, return receipt requested # 9214 8901 9403 8300 0022 7109 48
Karen Mgerian d/b/a MGM Auto Attn: Karen Mgerian, Registered Agent 7027 FM 78 #4303 San Antonio, TX 78244	☐ email ☐ eFileTexas.gov electronic service ☒ regular mail ☒ certified mail, return receipt requested # 9214 8901 9403 8300 0022 7111 43

/s/ Audrey Spalding

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