

STATE OF MAINE
OFFICE OF THE ATTORNEY GENERAL

In the Matter of:

PERSIAN ACCEPTANCE CORPORATION

ASSURANCE OF DISCONTINUANCE

This Assurance of Discontinuance ("Assurance") is entered into by the Attorney General of the State of Maine ("Attorney General"), acting pursuant to 5 M.R.S. § 210 of the Unfair Trade Practices Act (the "UTPA," 5 M.R.S. §§ 205-A through 214), and Persian Acceptance Corporation ("Persian").

BACKGROUND

1. Persian is a New Hampshire corporation with a principal office located at 101 Edgewater Drive, Suite 112, Wakefield, Massachusetts 01880-1262. Since 2002, it has been licensed by the Maine Bureau of Consumer Credit Protection as a sales finance company.

2. Approximately 14 years ago, Persian began doing business with Glenn A. Geiser, Jr., who has operated through successive used car dealerships known as Bangor Car Care, Inc., Bumper2Bumper, Inc. ("B2B") and My Maine Ride ("MMR"). Mr. Geiser and the dealerships are referred to collectively herein as "Geiser."

3. Geiser was licensed by the Maine Bureau of Consumer Credit Protection as a general creditor that could enter into credit contracts with consumers to enable them to purchase a vehicle from him.

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4. Geiser assigned some of his credit contracts with consumers to Persian.

5. The Attorney General asserts that Geiser promoted his vehicles to consumers with poor credit who needed financing to purchase a vehicle.

6. The Attorney General asserts that Geiser claimed that his vehicles were high quality, safe and dependable, but that, in truth and in fact, they were older, high mileage models that were at or near the end of their useful lives.

7. The Attorney General asserts that most of the vehicles displayed for sale at B2B and MMR were labeled as Unsafe Motor Vehicles ("UMVs") because they could not pass inspection, and that Geiser required a consumer buying a UMV to pay a down payment, complete the financing application and other paperwork, and return at a later date to pick up the vehicle after it had been given an inspection sticker.

8. The Attorney General asserts that many consumers who purchased a vehicle from Geiser experienced major mechanical and/or inspection-related problems within a few days or weeks of delivery, which rendered it unsafe or inoperable.

9. The Attorney General asserts that Geiser responded to consumer complaints in a manner that was rude and abusive and calculated to discourage redress.

10. The Attorney General asserts that many consumers who had an unsafe or inoperable vehicle stopped making loan payments to the holder of the credit contract, often resulting in repossession and a loan deficiency.

11. The Attorney General recently brought an action in the public interest against Geiser in the Penobscot County Superior Court for alleged violations of the UTPA including, but not limited to, deceptive claims over the quality of his vehicles, deceptive and/or unfair practices for failing to disclose known mechanical defects and putting inspection stickers on vehicles that should not have passed inspection, and misrepresenting the sale of UTVs as those of ordinary used vehicles.

12. Pursuant to 9-A M.R.S. § 3-403(1), an assignee of the rights of the seller in a consumer credit sale is subject to all claims and defenses of the buyer against the seller arising out of the sale in an amount not exceeding the balance due under the contract as of the date the assignee receives notice of the claim or defense.

13. By letter dated March 5, 2014 the Attorney General notified Persian of her lawsuit against Geiser, and her position that Persian is subject to all claims and defenses of the buyer against Geiser arising out of the sale.

14. Thereafter, Persian engaged in discussions with the Attorney General regarding its position on the issues, and has cooperated with the Attorney General's investigation. Persian has informed the Attorney General that it has ceased any new business with Geiser.

THE ATTORNEY GENERAL'S POSITION

15. The Attorney General contends that, pursuant to 9-A M.R.S. § 3-403(1), Persian is liable to consumers who purchased a vehicle from Geiser ("Geiser buyers") for any unfair and/or deceptive acts or practices that are found

to have been committed by Geiser, in violation of 5 M.R.S. § 207, in an amount not exceeding the balance due under the contract as of the date the assignee receives notice of the claim or defense.

PERSIAN'S POSITION

16. Persian denies that it has violated any Maine laws, and denies that it knew of, or acted in concert in any way with Geiser with respect to, the acts and omissions of Geiser that underlie the Attorney General's claims against Geiser.

AGREEMENT

17. Notwithstanding its position, to resolve the concerns of the Attorney General in the spirit of cooperation and good faith, Persian agrees that it shall:

- A. No longer engage in any business dealings with Geiser or any entity that he operates or controls, or in which Geiser has an ownership interest;
- B. Not collect a deficiency balance from any Geiser buyer who (1) purchased a vehicle on or after March 21, 2007; and (2) either (a) had his/her vehicle repossessed by Persian, and did not redeem it before the Effective Date of this Assurance ("Already Repossessed Buyer") or (b) was totally relieved from having to pay a deficiency balance as a result of the claims process set forth in paragraph D below.
- C. Request that the credit reporting agencies Transunion, Experian, and Equifax ("CRAs") permanently delete Persian's

trade line from the credit history of any Geiser buyer who (1) was totally relieved from having to pay his or her loan balance as a result of the claims process set forth in paragraph D below; or (2) is an Already Repossessed Buyer whose contract is dated January 1, 2010 or later. For an Already Repossessed Buyer whose contract is dated during the period from March 21, 2007 to December 31, 2009, Persian shall request that the CRAs permanently delete its trade line from his or her credit history upon request. Persian shall report to the CRAs any reduction in the loan balance of a Geiser buyer who received partial relief from Persian as a result of the claims process set forth in paragraph D below.

D. Institute a claims process for certain Geiser buyers as follows:

1. Within 30 days of the Effective Date of this Assurance, Persian shall notify every Geiser buyer financed by Persian after December 31, 2009, who is not an Already Repossessed Buyer and who has a loan balance, that he or she may submit a claim form to Persian no later than 210 days from the Effective Date of this Assurance to ask for relief from paying the loan balance in connection with the cooperative repossession of his or her vehicle.

2. Persian's notice of this claims process, which shall be in writing and include the claim form attached hereto as Exhibit

A, shall be approved in advance by the Attorney General.

3. Persian shall provide the claim form upon request to any Geiser buyer financed by Persian during the period from March 21, 2007 to December 31, 2009 who is not an Already Repossessed Buyer and who has a loan balance.

4. Persian shall work expeditiously and in good faith to resolve the claims submitted, and shall promptly notify each claimant of its decision on his or her claim. Persian shall provide relief to each claimant who can show that the safety, inspectability, or operability of the vehicle was a problem within the first 6 months from the date the buyer took possession, and the dealer refused to fix it. In evaluating each claim, Persian shall consider certain factors including, but not limited to, the number of months that the claimant made payments on the loan, the number of months the vehicle could not be operated, and the amounts the claimant spent on parts and repairs.

5. No later than 300 days from the Effective Date of this Assurance, Persian shall submit a report to the Attorney General on the claims received by Persian and their disposition, which shall include (a) the name and contact information of the claimant; (b) the amount of the requested relief; (c) the amount of the relief provided; (d) the reason(s)

why Persian rejected the claim in whole or in part; and (e) the resulting loan balance.

6. The Attorney General may obtain information from Persian about any claim. If she disputes its decision on any claim, the Attorney General may take legal action, subject to the provisions in paragraph 21.

E. The foregoing provisions shall not affect or limit any right Persian has to repossess any vehicle securing a loan or to collect any insurance proceeds arising out of the damage or destruction of any vehicle securing a loan (except in cases in which the buyer uses the insurance proceeds to repair the vehicle).

18. The Attorney General hereby releases Persian and its officers, employees, attorneys, and owners from all claims, causes of action, penalties and costs that were, or could have been, asserted on behalf of the State of Maine prior to the effective date of this Assurance, and relating to, or based upon, the subject matter of this Assurance. Notwithstanding the foregoing, the Attorney General may institute an action or proceeding for violation of any provision of this Assurance, or for Persian's future conduct.

GENERAL PROVISIONS

19. This Assurance does not constitute an approval by the Attorney General of Persian's business practices, and Persian shall make no representation to the contrary.

20. Pursuant to 5 M.R.S. § 210, any violation of this Assurance shall constitute *prima facie* evidence of an act or practice declared to be unlawful by 5 M.R.S. § 207.

21. In the event the Attorney General believes that Persian has failed to comply with any provision of this Assurance, the Attorney General shall notify Persian of the provision(s) of this Assurance that the Attorney General believes Persian has violated. Such notification shall be provided by the Attorney General to Persian not fewer than ten (10) business days before the Attorney General initiates any action relating to such alleged violation. The parties agree to use this period to work together, in good faith, to resolve any issues identified by the Attorney General.

22. This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel concerning the subject matter addressed herein. Any amendment or modification of this Assurance must be in writing and signed by duly authorized representatives of all the parties hereto.

23. This Assurance shall be binding upon, and inure to the benefit of, the parties and their successors-in-interest.

24. Jurisdiction is retained by the Kennebec County Superior Court in the event that this matter is reopened by the Attorney General for further proceedings in the public interest.

25. Each undersigned individual represents and warrants that he or she is fully authorized by the party he or she represents to enter into this Assurance and to legally bind such party to the terms and conditions of this Assurance.

EFFECTIVE DATE

26. The effective date of this Assurance is the date that it is filed in the Kennebec County Superior Court.

IN WITNESS WHEREOF, we, the undersigned, have the authority to consent and sign on behalf of the parties in this matter, and hereby consent to the form and contents of this Assurance, and to its entry.

JANET T. MILLS
ATTORNEY GENERAL

Date: May 28, 2014

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PERSIAN ACCEPTANCE CORPORATION

Date:

By:

Peter Miller
Signature

Peter Miller
Printed Name

PRESIDENT
Title

CLAIM FORM

If you bought a vehicle from the used car dealers **Bangor Car Care, Inc., Bumper2Bumper, Inc.** or **My Maine Ride** since December 31, 2009 that was financed by Persian Acceptance Corporation ("Persian") and you still owe money on your loan, you may ask Persian to relieve you from having to pay your loan balance by submitting this claim form. Persian will give you partial or full relief up to the amount of your loan balance, if you can show that the safety, inspectability or operability of the vehicle you purchased was a problem within 6 months from the date you took possession and the dealer refused to fix it.

Please understand that if Persian honors your claim you will be required to voluntarily surrender your vehicle to Persian.

If you wish to make a claim, please complete this form, attach any documents that support your claim, such as a copy of any complaint that you made to the dealer, the Attorney General's Office or other state agency, your contract, any inspection reports, and receipts for parts and repairs, read and sign the affirmation below, and mail it **no later than** _____ to:

Persian Acceptance Corporation
101 Edgewater Drive, Suite 112
Wakefield, MA 01880-1262
ATTN: Chris Venios or Victoria Robbin

Claims postmarked after _____ will not be accepted. If you have any questions, you may call 781-213-6600 Monday through Friday, between 9:00 AM and 5:00 PM.

1. Vehicle Identification Number _____
2. Dealer that sold you the vehicle _____
3. Date you took possession of the vehicle _____
4. Mileage on the date you took possession _____
5. Mileage on the vehicle now _____
6. Please indicate whether you have had any problem with the safety, inspectability, or operability of the vehicle. (Circle each that applies.)

EXHIBIT A TO ASSURANCE

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7. Please explain when and how you discovered the problem(s).

8. Mileage on the vehicle when you discovered the problem(s)

9. If you complained to the dealer about the problem(s), please provide details on when and how you complained, and the dealer's response.

10. Did the problem(s) prevent you from being able to drive the vehicle? Yes/No. If yes, for how long? _____

11. Are you driving the vehicle now? Yes/No. If no, please explain when and why you stopped driving it.

12. If you have paid for parts and repairs to the vehicle, please explain the work that was done and the amount you spent, and provide a copy of your receipts. _____

13. Please provide any other information that you feel Persian should consider in evaluating your claim. _____

AFFIRMATION

Under penalty of perjury, I hereby affirm that I have made a good faith effort to find and provide copies of any document that supports this claim for relief. I further affirm that the information that I have provided is true and accurate to the best of my knowledge and belief.

Signature

Date

 CHS

Printed Name and Address

Telephone Number and E-mail Address