

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2014-CFPB-0009

In the Matter of:

**Colfax Capital Corporation,
Culver Capital, LLC,
Ronald Wilson, and
William Collins**

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the business practices of Colfax Capital Corp., f/k/a Rome Finance Co., Inc., and Culver Capital, LLC, f/k/a Rome Finance Company (GA), LLC (Corporate Respondents, as defined below) related to their financing, purchasing, and servicing of open-end financing agreements primarily entered into by United States military servicemembers to finance purchases of computers, cameras, cell phones, and other consumer goods from third parties. The Bureau has identified the following violations of law: (1) Regulation Z (Truth in Lending), 12 C.F.R. Part 1026, for (a) failing to accurately disclose the finance charge and annual percentage rate for financing agreements where Corporate Respondents served as the creditor, and (b) failing to disclose or accurately disclose in periodic billing statements for open-end financing agreements the annual percentage rate, the balance subject to interest rate, how that balance was determined, itemized interest charges, the closing date of the billing cycle, and the account balance on that date; and (2) the Consumer Financial Protection Act of 2010 (CFPA),

12 U.S.C. §§ 5531 and 5536, for (a) unfairly facilitating creditors' deceptive disclosures in connection with financing agreements by promising to purchase, and purchasing, those financing agreements, and (b) servicing and collecting on consumer financing agreements that state laws rendered void or limited the consumer's obligation to repay. Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, the Bureau issues this Consent Order.

I

Jurisdiction

1. The Bureau has jurisdiction over this matter under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and the Truth in Lending Act, 15 U.S.C. § 1607.

II

Stipulation

2. Respondent Colfax, by and through its governing officers pursuant to action of its Board, and with the non-opposition of the Colfax Trustee pursuant to duly-approved compromise of controversy in the Bankruptcy Case, and the other Respondents have executed a "Stipulation and Consent to the Issuance of a Consent Order," dated July 17th, 2014 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondents have consented to the issuance of this Consent Order by the Bureau under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondents admit the facts necessary to establish the Bureau's jurisdiction over Respondents and the subject matter of this action.

III

Definitions

3. The following definitions shall apply to this Consent Order:
- a. “Affected Consumer” shall mean a consumer who executed a financing agreement or dealer retail installment contract that constitutes a Rome Finance Contract.
 - b. “Affected Consumer under the Rome Liquidating Trust” shall mean a consumer who executed a financing agreement or dealer retail installment contract that constitutes a Rome Liquidating Trust Contract.
 - c. “Bankruptcy Case” shall mean *In re Colfax Capital Corporation fdba Rome Finance Co., Inc.*, No. 08-45902 MEH 7 pending in the United States Bankruptcy Court for the Northern District of California.
 - d. “Board” shall mean Respondent Colfax’s duly elected and acting Board of Directors.
 - e. “Colfax Trustee” shall mean Paul J. Mansdorf, who was appointed the Chapter 7 Trustee for Respondent Colfax’s bankruptcy estate upon conversion of the Bankruptcy Case to Chapter 7 by order entered in the Bankruptcy Case on September 27, 2013, Docket # 865.
 - f. “Consumer Lending” shall mean: (1) granting a consumer the right, for primarily personal, family, or household purposes, to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment for such purchases; and/or (2) purchasing accounts or debts generated as described in subsection (1), above. “Consumer Lending” shall not include any act or omission related to the granting or collection of any receivable owed to a business, person, or other entity whose primary business or personal purpose is not to engage in Consumer Lending.

- g. “Corporate Respondents” shall mean Respondent Colfax Capital Corporation and Respondent Culver Capital, LLC.
- h. “Effective Date” shall mean the date on which the Consent Order is issued.
- i. “Enforcement Director” shall mean the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or the Enforcement Director’s designee.
- j. “Individual Respondents” shall mean Respondent Ronald Wilson and Respondent William Collins.
- k. “Respondents” shall mean all of the Individual Respondents and the Corporate Respondents, individually, collectively, or in any combination.
- l. “Respondent Colfax” shall mean Colfax Capital Corporation, f/k/a Rome Finance Co., Inc., and its successors and assigns.
- m. “Respondent Culver” shall mean Culver Capital, LCC, f/k/a Rome Finance Co. (GA), LLC, and its successors and assigns.
- n. “Rome Finance” shall mean Corporate Respondents collectively, but not the Colfax Trustee or the Colfax bankruptcy estate.
- o. “Rome Finance Contracts” shall mean all outstanding financing agreements or dealer retail installment contracts, whether performing or not, originated, generated, purchased, or otherwise owned, assigned to, or serviced by Rome Finance that are part of the Colfax bankruptcy estate and yielded to the Trustee for administration of a Settlement Agreement and Release entered by Respondents, the Attorneys General of various states, the Bureau, and the Trustee. For the avoidance of doubt, these assets shall include any Rome Finance Contracts assigned to the Colfax estate or

otherwise disposed of in accordance or in connection with the terms of the Settlement Agreement and Release.

- p. “Rome Liquidating Trust” shall mean the trust that was established pursuant to the Rome Liquidating Trust Agreement made as of December 20, 2011, in accordance with the Compromise Plan of Reorganization in the Chapter 11 case, *In re Rome Finance Co., Inc.*, No. 08-45902 EDJ, pending in the United States Bankruptcy Court for the Northern District of California.
- q. “Rome Liquidating Trust Contracts” shall mean all outstanding financing agreements or dealer retail installment contracts, whether performing or not, originated, generated, purchased, or otherwise owned, assigned to, or serviced by Rome Finance that are held under the Rome Liquidating Trust.
- r. “Settlement Agreement” shall mean the agreement entered into by Respondents, the Attorneys General of various states, the Bureau, and the Trustee dated June 4, 2014, and related to the subject matter of this Consent Order, approved by order of the United States Bankruptcy Court in the Bankruptcy Case by order entered on June 26, 2014, Case No. 08-45902.

BUREAU FINDINGS AND CONCLUSIONS

IV

General

The Bureau finds the following:

- 4. Respondent Colfax is a California corporation incorporated in 1977 by Individual Respondent Ronald Wilson.
- 5. Respondent Colfax moved its business activities from California to Georgia in 1992 after it filed a chapter 11 bankruptcy petition in the United States Bankruptcy Court of the

Northern District of California (Case No. 91-41415-J), and the bankruptcy court confirmed a plan of reorganization.

6. In 2005, the Tennessee Attorney General filed a lawsuit against Colfax alleging predatory sales and lending practices. After incurring a contempt finding and a judgment for over \$10 million in favor of the State of Tennessee, Respondent Colfax filed again for Chapter 11 bankruptcy protection in 2008 with the United States Bankruptcy Court of the Northern District of California, and a reorganization plan was approved on December 5, 2011 (“Reorganization Plan”). The court converted the case to Chapter 7 bankruptcy on September 27, 2013, and the United States Trustee appointed Paul J. Mansdorf as Chapter 7 Trustee for Respondent Colfax’s bankruptcy estate [Docket #867, September 27, 2013].
7. While in business and prior to the Bankruptcy Case’s being converted to Chapter 7 (at which point its business ceased), Respondent Colfax engaged in offering, providing, collecting upon, and taking assignment of open-end financing agreements, which are “consumer financial products or services.” A “consumer financial product or service” is defined by 12 U.S.C. § 5481(5).
8. Respondent Colfax is a “covered person” as that term is defined by 12 U.S.C. § 5481(6).
9. Respondent Culver is a Georgia limited liability company created by Individual Respondents Ronald Wilson and William Collins in May 2006.
10. After the bankruptcy court entered the Reorganization Plan, in January 2012, ownership of Respondent Culver was transferred to Respondent Colfax and Culver became a wholly owned subsidiary of Colfax.
11. Respondent Culver engaged in offering, providing, collecting upon, and taking assignment of open-end financing agreements, which are “consumer financial product or services.” 12 U.S.C. § 5481(5).

12. Respondent Culver is a “covered person” as that term is defined by 12 U.S.C. § 5481(6).
13. Corporate Respondents hold over 12,000 financing agreements that total about \$60 million and are primarily with United States military servicemembers. And the Rome Liquidating Trust holds over 5,000 financing agreements that total about \$32 million and are primarily with United States military servicemembers.
14. Respondent Ronald Wilson co-founded Respondent Colfax in 1977 and took over operations in 1982 when his co-founder died. Wilson was the President, CEO, and sole shareholder of Respondent Colfax until December 2011, when he relinquished his control pursuant to the Reorganization Plan. Wilson continues to be a stockholder in Colfax. Wilson was also an owner and managing member of Culver until divesting his interest and transferring ownership to Colfax in January 2012 as part of the Reorganization Plan. Respondent Wilson actively participated in and/or had knowledge of the business activities of Culver and Colfax.
15. Respondent William Collins was an owner/managing member of Culver since May 2006 and had loaned substantial amounts of money to Culver and Colfax since the early 1990s for the purchase of the Rome Finance contracts. Respondent Collins either directly participated in the violations or had authority to control the business activities of Culver during the relevant time period.
16. Individual Respondents Wilson and Collins are each a “covered person” and a “related person” as those terms are defined by 12 U.S.C. § 5481(6) and (25).

Hiding Finance Charges in the Price of Purchased Goods

17. Corporate Respondents, through merchants, offered and provided open-ended financing agreements to servicemembers and other consumers for the purchase of consumer goods.
18. Corporate Respondents were creditors as defined in Regulation Z, 12 C.F.R.

§ 1026.2(17).

19. The financing agreements that Corporate Respondents offered and provided were open-end credit as defined in Regulation Z, 12 C.F.R. § 1026.2(20).
20. The prices of the consumer goods disclosed in the financing agreements were inflated to hide the true cost of the credit provided. The inflated goods prices resulted in inaccurate finance charges and annual percentage rates in disclosures provided in Corporate Respondents' financing agreements, in violation of Regulation Z, 12 C.F.R. §§ 1026.6(b)(2) and 1026.14.

Failing to Provide Periodic Disclosures for Open-End Credit

21. Respondent Colfax gave some consumers statements that failed to include the annual percentage rate, the balance subject to interest rate, how that balance was determined, itemized interest charges, the closing date of the billing cycle, and the account balance on that date, in violation of Regulation Z, 12 C.F.R. §§ 1026.7(b)(4), 1026.7(b)(5), 1026.7(b)(6)(ii), and 1026.7(b)(10).

Unfairly Facilitating Deception

22. Corporate Respondents agreed in advance to buy, and actually bought, financing agreements from merchant-creditors who sold goods to consumers on credit. This arrangement enabled the merchant-creditors to extend the credit to consumers.
23. For over thirty years, Corporate Respondents have been involved in the business of providing financing for servicemembers' and other consumers' purchases of consumer goods and fully understand the merchant-creditors' business and practices, including the practices for disclosing to consumers the prices of the consumer goods and the terms of the financing.

24. In extending credit to consumers, merchant-creditors from whom the Corporate Respondents took assignment provided consumers disclosures that misrepresented the amounts for finance charges and annual percentage rates. In particular, the merchant-creditors artificially inflated the disclosed prices of the goods sold such that the disclosed finance charges and annual percentage rates were understated.
25. Such inaccurate finance charge and annual percentage rate disclosures misled or were likely to mislead consumers acting reasonably under the circumstances. The inaccurate information deprived consumers of the ability to make an informed choice about whether to take out credit. As a result, consumers unknowingly took out credit with high finance charges.
26. An act or practice is unfair under the CFPA if it (1) causes or is likely to cause substantial injury to consumers; (2) such injury is not reasonably avoidable by consumers; and (3) such injury is not outweighed by countervailing benefits to consumers or to competition. 12 U.S.C. § 5531(c).
27. Consumers suffered substantial injury through paying higher finance charges than what was disclosed.
28. Corporate Respondents' actions enabled the merchant-creditors to extend credit, and the injury to consumers was a predictable consequence of those actions. Corporate Respondents accordingly helped cause that injury.
29. Consumers could not reasonably avoid the injury due to the deceptive disclosure, and the injury that consumers suffered is not outweighed by countervailing benefits to consumers or to competition.

30. Thus, Corporate Respondents have engaged in unfair acts or practices in violation of sections 1031(c)(1) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(c)(1) and 5536(a)(1)(B).

Collecting Void Consumer Debt

31. Some states, including for example New York and North Carolina, provide that consumer financing agreements are void, or limit consumers' obligation to repay, where the consumer financing company is not licensed under state law or charges an annual percentage rate in excess of state usury law. *See, e.g.*, N.Y. Gen. Oblig. L. §§ 5-501, 5-511; NY Banking Law § 14-a[1]; N.C. Gen. Stat § 53-166.
32. Corporate Respondents serviced and collected on consumer financing agreements originated in New York, North Carolina, and other states described above.
33. Corporate Respondents were not licensed to offer or provide consumer credit in New York, North Carolina, or any other state.
34. The financing agreements that Corporate Respondents serviced and collected had finance charges in excess of state usury caps.
35. An act or practice is unfair under the CFPA if it (1) causes or is likely to cause substantial injury to consumers; (2) such injury is not reasonably avoidable by consumers; and (3) such injury is not outweighed by countervailing benefits to consumers or to competition. 12 U.S.C. § 5531(c).
36. Corporate Respondents' acts or practices in servicing and collecting upon financing agreements that New York, North Carolina, and other state laws rendered void or limited the consumer's obligation to repay, caused or were likely to cause substantial injury. This injury was not reasonably avoidable by New York's, North Carolina's, and other states' consumers or outweighed by any countervailing benefits to consumers or to competition.

37. Therefore, Corporate Respondents engaged in unfair acts or practices in violation of sections 1031(c)(1) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(c)(1) and 5536(a)(1)(B).
38. An act or practice may be considered “deceptive” under the CFPA if the act or practice (1) misleads or is likely to mislead the consumer; (2) the consumer’s interpretation of the act or practice is reasonable under the circumstances; and (3) the misleading act or practice is material.
39. By sending billing notices for and demanding payments on financing agreements that state law made void or limited consumers’ obligation to repay, Corporate Respondents represented, expressly or impliedly, that the entire loan balances were owed to them, that they were legally authorized to collect the associated payments, and that consumers were legally obligated to pay the full amount collected or demanded. Corporate Respondents failed to disclose that the financing agreements, in full or in part, were void or not subject to a repayment obligation under applicable state law. This omission was likely to mislead consumers acting reasonably in the circumstances. In addition, these facts would have been material to consumers in deciding whether to pay those amounts that Corporate Respondents had no legal right to collect or that the consumers had no obligation to repay.
40. Therefore, Corporate Respondents engaged in deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B).
41. An act or practice may be “abusive” under the CFPA if the act or practice “takes unreasonable advantage of . . . a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service.” 12 U.S.C. § 5531(d)(2)(A).
42. Consumers in New York, North Carolina, and other such states generally do not know or understand the impact that the above-cited and other licensing and usury laws have on their

financing agreements. Consumers who obtained financing agreements through, or whose financing agreements were assigned to, Corporate Respondents in New York or other states where licensing or usury laws rendered those financing agreements void, or otherwise limited the consumers' obligation to repay them, typically lacked an understanding that those state laws vitiated Corporate Respondents' rights on all or part of the consumers' repayment obligations.

43. By nevertheless taking, or attempting to take, the full balance from New York's, North Carolina's, and other states' consumers, Corporate Respondents took unreasonable advantage of these consumers' lack of understanding about the impact of applicable state laws on the parties' rights and obligations regarding the financing agreements.
44. Therefore, Corporate Respondents have engaged in "abusive" acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B).

CONDUCT PROVISIONS

V

Order to Cease and Desist and to Take Other Affirmative Action

IT IS ORDERED, under Sections 1053 and 1055 of the CFPA, that:

45. Respondents and, when acting on Respondents' behalf, their officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, shall permanently cease and desist from by any means whatsoever conducting any business, new or otherwise, in any aspect of the field of Consumer Lending, including but not limited to consulting, purchasing, servicing, collecting upon, or receiving compensation or monies directly or indirectly from the activities involved in Consumer Lending.

46. Respondents and, when acting on Respondents' behalf, their officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, shall cease and desist from collecting on any Rome Finance Contracts.
47. The Colfax Trustee, as sole representative of the Colfax bankruptcy estate holding Colfax's and Culver's property, shall cease and desist collection on all Rome Finance Contracts with payments previously made being deemed in full satisfaction thereof as respects the bankruptcy estate. Deeming the Rome Finance Contracts as fully paid does not limit the rights, if any, of Affected Consumers to file timely proofs of claim in the Bankruptcy Case. Pursuant to approval thereof by the Bankruptcy Court in the Bankruptcy Case, said disposition shall constitute administration of said property rather than abandonment from the bankruptcy estate.
48. Upon the Effective Date, without delay, the Colfax Trustee will send a notice approved by the Bureau to all Affected Consumers whose financing agreements are subject to collection cessation pursuant to this Consent Order, to the extent that such Affected Consumers' addresses have been provided to the Colfax Trustee prior to the closing of the Bankruptcy Case. That notice shall be sent to the consumers' last known addresses and shall explain that the financing agreements are no longer being collected in the bankruptcy estate of defunct businesses, that their validity is in bona fide dispute as asserted by the Bureau, and that no further payments will be accepted or are due.
49. The Trustee shall update the credit reporting agencies (to whom Corporate Respondents routinely furnished information about consumers) to record each Affected Consumer as paid as agreed.

50. Until the Bankruptcy Case is closed, the Colfax Trustee shall cooperate in executing documents presented to him to vacate or satisfy any judgments relating to the Rome Finance Contracts.
51. Respondents shall cause or permit the Corporate Respondents' business status to be suspended permanently and forfeited by the appropriate governmental agencies and shall not restore nor operate the Corporate Respondents, or either of them, or their business activities.
52. The Colfax Trustee, Respondents, and when acting on Respondents' behalf, their officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, shall not use, sell, transfer, or otherwise provide to any other person any intellectual property of the Corporate Respondents, including but not limited to corporate and brand names, copyrights, trademarks, telephone numbers, customer lists, methods of doing business, promotional, and operational systems and coding, text and design.

MONETARY PROVISIONS

VI

Order to Pay Redress

53. A judgment for equitable monetary relief is hereby entered in favor of the Bureau and against Corporate Respondents. Corporate Respondents are ordered to compensate Affected Consumers and Affected Consumers under the Rome Liquidating Trust for the amount of excess finance charges they paid above the amount of finance charge disclosed; provided, however, that in consideration of Respondent Colfax's status as a debtor in Chapter 7 bankruptcy, full payment of this judgment shall be suspended upon satisfaction of the Colfax Trustee's obligations set forth in Paragraphs 47, 48, and 49.

VII

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

54. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law set forth in Section IV of this Consent Order, and taking into account the factors set forth in 12 U.S.C. § 5565(c)(3), the Colfax Trustee, on behalf of Respondent Colfax, shall pay a civil money penalty of \$1.00 to the Bureau, as directed by the Bureau and as set forth herein.
55. Within 10 days of the Effective Date, the Colfax Trustee shall pay the civil money penalty in the form of a check to the Bureau or to such agent as the Bureau may direct and in accordance with instructions to be provided by counsel for the Bureau.
56. The civil money penalty paid under this Consent Order shall be deposited in the Civil Penalty Fund of the Bureau in accordance with Section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

VIII

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

57. In the event of any default on the Colfax Trustee's obligation to make the \$1.00 payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, shall accrue on any outstanding amounts not paid from the date of default to the date of payment and shall immediately become due and payable.
58. The Colfax Trustee, on behalf of Respondent Colfax, shall relinquish all dominion, control, and title to the funds paid pursuant to Paragraph 54 (the \$1.00 civil money penalty) to the

fullest extent permitted by law and no part of the funds shall be returned to the Colfax Trustee or Respondent Colfax.

59. In accordance with 31 U.S.C. § 7701, Corporate Respondents, unless they already have done so, shall furnish to the Bureau their taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

COMPLIANCE PROVISIONS

IX

Reporting Requirements

IT IS FURTHER ORDERED that:

60. Within seven days of the Effective Date:
- a. Each Respondent shall designate at least one telephone number and an email, physical, and postal address as points of contact, which the Bureau may use to communicate with the Respondent;
 - b. Each Respondent shall identify all businesses that Respondent owns in whole or in part or directly or indirectly controls by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
 - c. Each Respondent shall describe the activities of each such business, including the products and services offered, the means of advertising, marketing, and sales;
 - d. Each Individual Respondent shall identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences;
 - e. Each Individual Respondent shall identify all titles and roles in all business activities, including any business for which such Individual Respondent performs services

whether as an employee or otherwise and any entity in which such Individual Respondent has any ownership interest; and

- f. Each Individual Respondent shall describe in detail such Individual Respondent's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.
61. For 10 years from the Effective Date, each Respondent shall notify the Bureau of any change that may affect the Respondent's compliance obligations arising under this Consent Order, including but not limited to: (a) any designated point of contact; (b) the structure of the Corporate Respondents or any entity that any Individual Respondent has any ownership interest in or directly or indirectly controls that may affect compliance obligations arising under this Consent Order, including creation, merger, sale, or dissolution, or the sale of all or substantially all of the assets, of Respondent or any such entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or (c) the filing of any bankruptcy or insolvency proceeding by or against the Respondent.
62. For 10 years from the Effective Date, each Individual Respondent shall also notify the Bureau of any change in: (a) name, including aliases or fictitious names, or residence address; or (b) title or role in any business activity, including any business for which such Individual Respondent performs services whether as an employee or otherwise and any entity in which such Individual Respondent has any ownership interest, and identify its name, physical address, and Internet address, if any.
63. For 10 years from the Effective Date, each Respondent shall report any change in the information required to be submitted under Paragraphs 60 through 62 at least 30 days prior to such change. *Provided, however,* that with respect to any proposed change about which a

Respondent learns less than 30 days prior to the date such action is to take place, Respondent shall notify the Bureau as soon as is practicable after obtaining such knowledge.

64. Within 90 days of the Effective Date, and again one year after the Effective Date, each Respondent shall submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), which, at a minimum:
 - a. Describes in detail the manner and form in which Respondent has complied with this Order; and
 - b. Attaches a copy of each Order Acknowledgment obtained under Section X of this Consent Order, unless previously submitted to the Bureau.
65. After the one-year period, each Respondent shall submit to the Enforcement Director additional Compliance Reports within 14 days of receiving a written request from the Bureau.

X

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

66. Within seven days of the Effective Date, each Respondent shall submit to the Enforcement Director an acknowledgment, sworn under penalty of perjury, of receipt of this Consent Order.
67. Within 30 days of the Effective Date, each Corporate Respondent and each Individual Respondent, for any business for which the Individual Respondent is the majority owner or controls directly or indirectly, shall deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers, employees, service

providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.

68. For five years from the Effective Date, each Corporate Respondent and each Individual Respondent, for any business for which the Individual Respondent is the majority owner or controls directly or indirectly, shall deliver a copy of this Consent Order to any business entity resulting from any change in structure as set forth in Section IX, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.
69. Each Respondent shall secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, with any electronic signatures complying with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XI

Recordkeeping

IT IS FURTHER ORDERED that:

70. Each Corporate Respondent and each Individual Respondent, for any business for which an Individual Respondent, individually or collectively with any other Respondent, is a majority owner or controls directly or indirectly, shall create, for at least 10 years from the Effective Date, and then retain, for at least five years, and make available to the Bureau upon request, all documents and records necessary to demonstrate full compliance with each provision of this Consent Order.

XII

Notices

IT IS FURTHER ORDERED that:

71. Unless otherwise directed in writing by the Bureau, all submissions, requests, communications, consents, or other documents relating to this Consent Order shall be in writing and shall be sent by overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

The subject line shall begin: *In re Colfax Capital Corp., et al.*, File No. 2014-CFPB-00[docket number noted above].

Provided however that Respondents may send such reports or notifications by first-class mail, but only if Respondents contemporaneously send an electronic version of such report or notification to Enforcement_Compliance@cfpb.gov.

XIII

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

72. Each Respondent shall cooperate fully to assist the Bureau in determining the identity and location of, and the amount of injury sustained by, each Affected Consumer and Affected Consumer under the Rome Liquidating Trust. Each Respondent shall provide such information in its or its agents' possession, custody, or control to the Bureau within 14 days of receiving a written request from the Bureau.

XIV

Compliance Monitoring

IT IS FURTHER ORDERED that, for the purpose of monitoring each Respondent's compliance with this Consent Order, including the representations upon which the judgment was suspended:

73. Within 14 days of receipt of a written request from the Bureau, each Respondent shall: submit additional compliance reports or other requested information, which shall be made under penalty of perjury; provide sworn testimony; or produce documents.
74. For purposes of this Section, the Bureau may communicate directly with any Respondent, unless the Respondent retains counsel in connection with such communications.
75. Each Respondent shall permit Bureau representatives to interview any employee or other person affiliated with the Respondent who has agreed to such an interview. The person interviewed may have counsel present.
76. Nothing in this Consent Order shall limit the Bureau's lawful use of compulsory process under 12 C.F.R. § 1080.6.

XV

Compliance and Extensions of Time

IT IS FURTHER ORDERED that:

77. Upon a written showing of good cause, the Enforcement Director may, solely within the Enforcement Director's discretion, modify any non-material provisions (*e.g.*, reasonable extensions of time and changes to reporting requirements) of this Consent Order. Any such modification by the Enforcement Director shall be in writing.

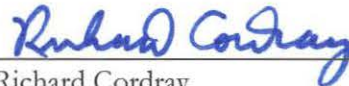
ADMINISTRATIVE PROVISIONS

XVI

78. The provisions of this Consent Order shall not bar, estop, or otherwise prevent the Bureau or any other governmental agency from taking any other action against Respondents, except as provided in Paragraph 80.
79. This Consent Order is intended to be, and shall be construed to be, a final Consent Order issued under Section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.
80. The Bureau releases and discharges Respondents from all potential liability for violations of law that have been or might have been asserted by the Bureau based on the practices described in Section IV of this Consent Order, to the extent such practices occurred prior to the Effective Date and are known to the Bureau as of the Effective Date.
- Notwithstanding the foregoing, the practices described in this Consent Order may be utilized by the Bureau in future enforcement actions against Respondents and their affiliates, including, without limitation, to establish either a pattern or practice of violations or the continuation of a pattern or practice of violations, or to calculate the amount of any penalty. This release shall not preclude or affect any right of the Bureau to determine and ensure compliance with the terms and provisions of the Consent Order or to seek penalties for any violations of the Consent Order.
81. This Consent Order shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Consent Order shall have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
82. Calculation of time limitations shall run from the Effective Date and shall be based on calendar days, unless otherwise noted.

83. The provisions of this Consent Order shall be enforceable by the Bureau. Any violation of this Consent Order may result in the imposition by the Bureau of the maximum amount of civil money penalties allowed under section 1055(c) of the CFPB, 12 U.S.C. § 5565(c).
84. This Consent Order, the accompanying Stipulation, and the Settlement Agreement, contain the complete agreement between the parties. No promises, representations, or warranties other than those set forth in this Consent Order, the accompanying Stipulation, and the Settlement Agreement, have been made by any of the parties. This Consent Order, the accompanying Stipulation, and the Settlement Agreement supersede all prior communications, discussions, or understandings, if any, of the parties, whether oral or in writing.
85. Nothing in this Consent Order, the accompanying Stipulation, or the Settlement Agreement shall be construed as allowing Respondents, their Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 25th day of July, 2014.



Richard Cordray
Director
Consumer Financial Protection Bureau