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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial & Insurance Regulation

In the matter of:
Capitol Discount and Second Hand Store, Inc.

Enforcement Case No. 11-11417

License No.: DP-0013944

Respondent.
_____/

ORDER ACCEPTING STIPULATION AND REQUIRING COMPLIANCE AND PAYMENT OF FINES

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Issued and entered
on 1-20-12
by Annette E. Flood
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Order and the files and records of the Office of Financial and Insurance Regulation (OFIR) in this matter, the Chief Deputy Commissioner finds and concludes that:

1. The Chief Deputy Commissioner has jurisdiction and authority to adopt and issue this Order Requiring Compliance with Stipulation to Entry of Order and Payment of Fines in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (MAPA), as amended, MCL 24.201 *et seq.*, and the Deferred Presentment Service Transactions Act, 2005 PA 244, MCL 487.2121 *et seq.* (Act).

2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.

3. Acceptance of the parties' Stipulation to Entry of Order is reasonable and in the public interest.

4. All applicable provisions of the MAPA have been met.

5. Respondent violated Section 34(8) of the Act, MCL 487.2154(8).

Now therefore, based upon the parties' Stipulation to Entry of Order and the facts surrounding this case, **IT IS ORDERED THAT**:

A. Respondent shall comply with all terms agreed to in the Stipulation to Entry of Order.

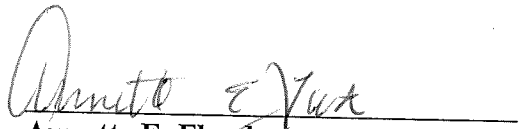
B. Respondent shall pay to the State of Michigan, through OFIR, administrative and civil fines in the amount of $1,400.00. Respondent shall further pay the fines within 30 days of the invoice date as indicated on the OFIR invoice.

C. Respondent shall not engage in any violations of sections of the Act identified in paragraph 5 of this Order.

D. Respondent shall, on each business day, conduct checks of all deferred presentment service contracts to make certain that closed transactions are timely entered into the Veritec database, and all transactions, including repayment plans, are properly reported to the Veritec database, in compliance with the Act.

E. Respondent shall, on each business day, conduct a review of its deferred presentment service transactions to determine if the transactions have been reported to the Veritec database, by comparing its daily transactions to the transactions that have been reported to the Veritec database.

F. The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Act. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.



Annette E. Flood
Chief Deputy Commissioner

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial & Insurance Regulation

In the matter of:
Capitol Discount and Second Hand Store, Inc. **Enforcement Case No. 11-11417**

License No.: DP-0013944

Respondent.
_____/

STIPULATION TO ENTRY OF ORDER

Capitol Discount and Second Hand Store, Inc. (Respondent) and the Office of Financial and Insurance Regulation (OFIR) stipulate to the following:

1. On or about December 9, 2011, OFIR served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Deferred Presentment Service Transactions Act, 2005 PA 244, MCL 487.2121 *et seq*. (Act).

2. The NOSC contained allegations that Respondent violated the Act, specifically Section 34(8) of the Act, MCL 487.2154(8), and set forth the applicable laws and penalties which could be taken against Respondent.

3. Respondent exercised its right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (MAPA), MCL 24.201 *et seq*.

4. OFIR and Respondent have conferred for purposes of resolving this matter and have agreed that it is in the parties' best interest to resolve this matter pursuant to the terms set forth below.

5. At all pertinent times, Respondent was licensed with OFIR as a deferred presentment service provider pursuant to the Act.

6. Respondent neither admits nor denies the allegations contained in the NOSC, and the parties have reviewed this matter and desire to avoid the time and expense of formal proceedings and have determined to resolve this matter pursuant to this Stipulation to Entry of Order and Order.

7. Respondent agrees to, on each business day, conduct checks of all deferred presentment service contracts to make certain that closed transactions are timely entered into the Veritec database, and all transactions, including repayment plans, are properly reported to the Veritec database, in compliance with the Act.

8. Respondent agrees to, on each business day, conduct a review of its deferred presentment service transactions to determine if the transactions have been reported to the Veritec database, by comparing its daily transactions to the transactions that have been reported to the Veritec database.

9. Respondent agrees that it will pay to the State of Michigan, through OFIR, administrative and civil fines in the amount of $1,400.00. Respondent further agrees to pay the fine within 30 days of the invoice date as indicated on the OFIR invoice.

10. Both parties have complied with the procedural requirements of the MAPA and the Act.

11. Respondent understands and agrees that this Stipulation to Entry of Order will be presented to the Chief Deputy Commissioner for approval.

12. The Chief Deputy Commissioner may, in her sole discretion, decide to accept or reject the Stipulation to Entry of Order. If the Chief Deputy Commissioner accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation and Requiring Compliance and Payment of Fines. If the Chief Deputy Commissioner does not accept the Stipulation to Entry of Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making her decision after such hearing.

13. Respondent has had an opportunity to review the Stipulation to Entry of Order and the proposed Order Accepting Stipulation and Requiring Compliance and Payment of Fines and have the same reviewed by legal counsel.

14. It is further stipulated, by and between the parties hereto, that failure to pay the administrative and civil fines as set forth above shall result in a suspension or continued suspension of all licenses and registrations under the Act held by Respondent, and suspension or continued suspension of all licenses and registrations under the Act held by its **executive officers and each person, as defined in the Act, who directly or indirectly owns or controls 10% or more of the ownership interest of the Respondent (owners)**, and in the denial of any license or registration renewal and the denial of future applications for any licensure or registration of both Respondent and its owners until compliance is made with the terms of this Stipulation. In addition, if Respondent fails to pay the administrative and civil fines in accordance with the terms of this Stipulation and Order, then the **administrative and civil fines shall increase to the maximum amount allowed under the Act**.

15. It is further stipulated, by and between the parties hereto, that failure to pay the administrative and civil fines as set forth above within six (6) months of the invoice date shall result in a revocation of all licenses or registrations held under the Act by Respondent, **and its owners,** or in the denial of any license or registration renewal and the denial of future applications for licensure or registration until compliance is made with the terms of this Stipulation to Entry of Order.

16. Respondent understands and intends that by signing this Stipulation to Entry of Order, Respondent is waiving the right, pursuant to the Act, the rules promulgated thereto, and the MAPA, to a hearing before an administrative law judge, at which the OFIR would be required to prove the charges set forth by presentation of evidence and legal authority and at which Respondent would be entitled to appear to cross-examine all witnesses presented by the OFIR and to present such testimony or other evidence or legal authority deemed appropriate as a defense to said charges.

Capitol Discount and Second Hand Store, Inc.

Drahol Serges
By:
Its: PRESIDENT

1-13-2012
Dated

Office of Financial & Insurance Regulation

By: Daniel Feinberg (P69956)
Staff Attorney

1/20/12
Dated