

In the Matter of: Ed Walter's NHCars.net, LLC
and Edward J. Walter
Case No. 14-173

ORDER TO CEASE AND DESIST

Now comes the State of New Hampshire Banking Department and the Bank Commissioner (the "Department"), and pursuant to its authority under RSA 361-A:3-a, I, orders Edward J. Walter and Ed Walter's NHCars.net, LLC to cease and desist engaging in the business of a sales finance company and retail seller without a license.

Respondents

1. Ed Walter's NHCars.net, LLC, located at 1118 Hooksett Road, Hooksett, New Hampshire 03106, is a limited liability company, registered since January 1, 2008 with the New Hampshire Secretary of State for the business purpose of "auto sales." Ed Walter's NHCars.net, LLC registered the trade name "NHCars.Net" with the New Hampshire Secretary of State on March 24, 2015.

2. Edward J. Walter is the sole managing member of Ed Walter's NHCars.net, LLC.

Jurisdiction

Pursuant to RSA 361-A, the Department is responsible for regulating persons engaged in the business of a motor vehicle retail seller or sales finance company. The Department's authority to prohibit unlicensed activity is pursuant to RSA 361-A:3-a, I, which provides:

Whenever the commissioner has reasonable cause to believe that any person is engaging in the business of a sales finance company or retail seller without obtaining a license as provided in this chapter, or has engaged or is about to engage in any act or practice constituting a violation of this chapter, or any rule or order under this chapter, the commissioner may, in addition to all actions

provided for in this chapter, enter an order requiring such person to cease and desist from such violation.

Facts

1. Pursuant to its authority under RSA 361-A:5, VII and RSA 383:9, II, the Department, through the Consumer Credit Division, conducted an investigation of, Ed Walter's NHCars.net, LLC, which commenced on or about October 6, 2015.

2. On October 6, 2015, a Department investigator reviewed lien filings made by NHCars.net, LLC and Edward J. Walter with the New Hampshire Department of Motor Vehicles. The investigator identified four active liens on file for Edward J. Walter and thirty-one active liens on file for NHCars.net, LLC.

3. On October 21, 2015, Department representatives arrived on-site at NHCars.net, LLC, to conduct an examination of the business activities.

4. Mr. Walter was present but did not allow the Department investigators access to the business records.

5. The investigators provided Mr. Walter with a subpoena requiring Mr. Walter to produce records to the Department on or before November 4, 2015.

6. Subsequently, the Department investigators agreed to return to Respondents' business location to review the records and did so on November 4, 2015.

7. The investigation revealed that Respondents conducted approximately 212 "buy here pay here" sales finance transactions between March 6 2010 and October 8, 2015.

8. The investigation also revealed that Respondents conducted numerous retail seller transactions between 2009 and 2015. During the November 4, 2015 investigation, Mr. Walter directed the investigators to two, four-drawer metal filing cabinets, which he indicated contained

the bank-financed transactions. The filing cabinet drawers were one-half to three-quarters full of sales transaction files, with each file consisting of only a few pages of paperwork per file.

9. On February 9, 2016, the investigators again returned to the Respondents' business location to review records that had not initially been provided. On that date, the investigators also reviewed a sampling of the files stored in the two file cabinets described in paragraph 8. The investigators randomly pulled a total of 122 files between the years of 2009 and 2015. Approximately ten percent of files documented retail seller transactions.

10. Ed Walter's NHCars.net, LLC is not licensed by the Department to engage in the business of a retail seller or sales finance company.

11. Edward J. Walter is not licensed by the Department to engage in the business of a retail seller or sales finance company.

Findings

1. Based on the above information, the Commissioner has reasonable cause to believe that Ed Walter's NHCars.net, LLC and Edward J. Walter are engaging in the business of a sales finance company and a retail seller without a license, in violation of RSA 361-A:2, I.

2. The Commissioner finds that this order to cease and desist is necessary or appropriate to the public interest and is consistent with the purposes fairly intended by the policy and provisions of RSA 361-A.

3. The facts as alleged above, if true, show that the respondents violated the following provisions of RSA Chapter 361-A:

- a. RSA 361-A:2, I: Edward J. Walter and Ed Walter's NHCars.net, LLC have engaged and continue to engage in the business of a sales finance company or a retail seller in New Hampshire without a license;

- b. RSA 361-A:11, VII: Such failure to obtain licensure has been knowing or negligent; and
- c. RSA 361-A:11, VIII: Edward J. Walter, individually and as owner of Ed Walter's NHCars.net, LLC, has knowingly or negligently materially aided in the acts constituting engaging in business without a license;

ORDER

THEREFORE, IT IS ORDERED that Respondents shall immediately cease and desist operating as a retail seller and sales finance company, as defined by RSA 361-A:1, XII-XIII ; and

IT IS FURTHER ORDERED that, pursuant to RSA 361-A:11, III and VI, Respondents shall pay \$456,427.13 to the Department for knowingly or negligently violating RSA 361-A:2, I; and

IT IS FURTHER ORDERED that, pursuant to RSA361-A:6-a, VI and RSA 383:9, III, Respondents shall be responsible for recompensing the New Hampshire Banking Department for the cost of the underlying investigation, which invoice shall be issued separately from this Order; and

IT IS FURTHER ORDERED that, pursuant to RSA 361-A:3-a, I, Respondents shall have the opportunity for a hearing on this Order by requesting, in writing, a hearing within thirty calendar days of receipt or valid delivery of this Order; and

IT IS FURTHER ORDERED that, pursuant to RSA 361-A:3-a, I, if Respondents do not request a hearing as provided above, within thirty calendar days of receipt or valid delivery of

this order, then Respondents shall be deemed in default, and this order shall, on the thirty-first day, become permanent, and shall remain in full force and effect until and unless later modified or vacated by the commissioner, for good cause shown.; and

IT IS FURTHER ORDERED that nothing herein shall prevent: 1) the Department from taking any further administrative and legal action as necessary under New Hampshire law; or 2) the New Hampshire Office of the Attorney General from bringing an action against the above named Respondents in any New Hampshire superior court, with or without prior administrative action by the Commissioner.

SO ORDERED:

02/29/16
Date

/s/
Ingrid E. White
Deputy Bank Commissioner
State of New Hampshire
Banking Department

CERTIFICATE OF SERVICE

I, Rosemary Wiant, hereby certify that on 02/29/16, a copy of this Order to

Show Cause was sent to the following parties:

VIA U.S. CERTIFIED MAIL FIRST CLASS

Edward J. Walter
Managing Member
Ed Walter's NHCars.net, LLC
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Hooksett NH 03106

VIA U.S. CERTIFIED MAIL FIRST CLASS AND ELECTRONIC MAIL

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/s/

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State of New Hampshire
Banking Department