

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Unlicensed Activity of:

No. 10F-BD081-SBD

3 **MOTORS DE AMIGOS INC. DBA**
4 **AZ AUTO SUPERSTORE and SHERI L.**
5 **KROUSE, PRESIDENT**
2126 W. Deer Valley Rd., Suite A
Phoenix, AZ 85027

CONSENT ORDER

6 Respondents.

7
8 On December 28, 2009, the Arizona Department of Financial Institutions ("Department")
9 issued an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order,
10 alleging that Respondents had violated Arizona law. Wishing to resolve this matter in lieu of an
11 administrative hearing, Respondents consent to the following Findings of Fact and Conclusions of
12 Law, and consent to the entry of the following Order.

13 **FINDINGS OF FACT**

14 1. Respondent Motors De Amigos Inc. ("MDA") is an Arizona corporation doing business
15 as AZ Auto Superstore, an Arizona registered Trade Name, that is not and was not at any time
16 material herein authorized to transact business in Arizona as a motor vehicle dealer within the
17 meaning of A.R.S. § 44-281(3) or a sales finance company within the meaning of A.R.S.
18 § 44-281(12).

19 2. Respondent Sheri L. Krouse ("Ms. Krouse") is the President of MDA, and is not and
20 was not, at any time material herein, authorized to transact business in Arizona as a motor vehicle
21 dealer within the meaning of A.R.S. § 44-281(3) or as a sales finance company within the meaning
22 of A.R.S. § 44-281(12).

23 3. MDA and Ms. Krouse are not exempt licensure as a motor vehicle dealer or as a sales
24 finance company within the meaning of A.R.S. § 44-282(G).

25 4. On August 11, 2009, MDA submitted to the Department notarized Motor Vehicle
26 Dealer and Sales Finance Company License Applications (the "applications"), both of which were

1 completed and signed by Ms. Krouse, and notarized on August 10, 2009. Question 4 of the
2 applications discloses the start date of the dealership as June 2007. In addition, question 8 on the
3 applications discloses that MDA holds contracts in an amount of \$451,248.12.

4 5. On August 18, 2009, the Department obtained information from the Arizona Secretary
5 of State website stating that Ms. Krouse was the agent/owner of the trade name AZ Auto Superstore.
6 The Department also obtained information from the Arizona Corporation Commission website that
7 stated MDA was incorporated on February 12, 2007.

8 6. On August 19, 2009, the Department sent two letters to MDA, to the attention of Ms.
9 Krouse, requesting the Department be provided with further information needed to complete the
10 license applications, including a request for a corrected Trade Name Certificate, and a breakdown of
11 vehicles MDA sold on a non-cash basis and the dollar amount financed since June 2007. Both
12 letters, one regarding the motor vehicle dealer license application and the other the sales finance
13 company license application, were also faxed to the number listed on the applications.

14 7. On August 20, 2009, the Department received from MDA a corrected Trade Name
15 Certificate and a list of motor vehicles sold by MDA on a non-cash basis and the dollar amount
16 financed. The list disclosed that during 2007, 2008 and 2009, MDA sold a total of two hundred
17 eighty seven (287) motor vehicles on a non-cash basis and financed a total of two million one
18 hundred twenty nine thousand seven dollars and seventy nine cents (\$2,129,007.79); specifically:

19 a. During 2007, MDA sold a total of fifty nine (59) motor vehicles and financed a total
20 of four hundred sixty four thousand nine hundred seventy three dollars and fifty two
21 cents (\$464,973.52) without being licensed as a motor vehicle dealer or a sales
22 finance company.

23 b. During 2008, MDA sold a total of one hundred sixty six (166) motor vehicles and
24 financed a total of one million three hundred thirty one thousand two hundred forty
25 six dollars (\$1,331,246.00) without being licensed as a motor vehicle dealer or a sales
26 finance company.

1 c. During 2009, MDA sold a total of sixty two (62) motor vehicles and financed a total
2 of three hundred thirty two thousand seven hundred eighty eight dollars and twenty
3 seven cents (\$332,788.27) without being licensed as a motor vehicle dealer or a sales
4 finance company.

5 8. These Findings of Fact shall also serve as Conclusions of Law.

6 **CONCLUSIONS OF LAW**

7 1. Pursuant to Title 44, Chapter 2.1 of the Arizona Revised Statutes (A.R.S. §§ 44-281
8 *et seq.*), the Superintendent has the authority and duty to regulate all persons engaged in the motor
9 vehicle dealer business and sales finance company business and with the enforcement of statutes,
10 rules, and regulations relating to motor vehicle dealers and sales finance companies.

11 2. The conduct of MDA and Ms. Krouse, as alleged above constitutes the conduct of
12 engaging in the business of a motor vehicle dealer and a sales finance company in the State of
13 Arizona without first having applied for and obtained from the Department either a motor vehicle
14 dealer license or a sales finance company license under Chapter 2.1 of Title 44, in violation of
15 A.R.S. § 44-282(A).

16 3. Neither MDA nor Ms. Krouse meet any of the exemptions to the licensing
17 requirements set forth in A.R.S. § 44-282(G).

18 4. Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes
19 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation
20 for each day.

21 5. The violations of applicable laws, set forth above, constitute grounds for: (1) the
22 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the
23 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time
24 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,
25 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S.
26 § 6-132; (3) an order to pay restitution of any fees earned in violation of A.R.S. § 44-281, *et seq.*,

1 pursuant to A.R.S. §§ 6-131(A)(3) and 6-137; and (4) an order or any other remedy necessary or
2 proper for the enforcement of statutes and rules regulating motor vehicle dealers and sales finance
3 companies pursuant to A.R.S. §§ 6-123 and 6-131.

4 **ORDER**

5 1. MDA and Ms. Krouse shall immediately stop the violations set forth in the Findings of
6 Fact and Conclusions of Law.

7 2. MDA and Ms. Krouse shall immediately stop all motor vehicle dealer and sales finance
8 company activity in Arizona until such time as MDA and Ms. Krouse have obtained a motor vehicle
9 dealer and a sales finance company license from the Superintendent as prescribed by A.R.S. § 44-
10 282.

11 3. MDA and Ms. Krouse shall pay to the Department a civil money penalty in the amount
12 of **two thousand dollars (\$2,000.00)** in monthly installments of **two hundred fifty dollars**
13 **(\$250.00)** payable on or before the 15th day of each month, commencing on March 15, 2010. MDA
14 and Ms. Krouse are jointly and severally liable for payment of the civil money penalty.

15 4. MDA and Ms. Krouse shall comply with all Arizona statutes and rules regulating
16 Arizona motor vehicle dealers and sales finance companies (A.R.S. §§ 44-281 *et seq.*).

17 1. The provisions of this Order shall be binding upon Respondents, their employees, agents
18 and other persons participating in the conduct of the affairs of Respondents.

19 2. This Order shall become effective upon service, and shall remain effective and
20 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated
21 or set aside.

22 SO ORDERED this 1 day of March, 2010.

23 Thomas L. Wood
24 Acting Superintendent of Financial Institutions

25 By 
26 Robert D. Charlton
Assistant Superintendent of Financial Institutions

1 **CONSENT TO ENTRY OF ORDER**

2 1. Respondents acknowledge that they have been served with a copy of the foregoing
3 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
4 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

5 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the
6 foregoing Findings of Fact, Conclusions of Law, and Order.

7 3. Respondents state that no promise of any kind or nature has been made to induce them to
8 consent to the entry of this Order, and that they have done so voluntarily.

9 4. Respondents agree to cease from engaging in the violative conduct set forth above in the
10 Findings of Fact and Conclusions of Law.

11 5. Respondents acknowledge that the acceptance of this Agreement by the Superintendent is
12 solely to settle this matter and does not preclude this Department, any other agency or officer of this
13 state or subdivision thereof from instituting other proceedings as may be appropriate now or in the
14 future.

15 6. Sheri L. Krouse, on behalf of Motors De Amigos Inc. dba AZ Auto Superstore and
16 herself, represents that she is the President, and that, as such, has been authorized by Motors De
17 Amigos Inc. dba AZ Auto Superstore to consent to the entry of this Order on its behalf.

18 7. Respondents waive all rights to seek judicial review or otherwise to challenge or contest
19 the validity of this Order.

20 DATED this 18TH day of FEBRUARY, 2010.

21
22 
23 By _____
24 Sheri L. Krouse, President
25 Motors De Amigos dba AZ Auto Superstore
26

1 ORIGINAL of the foregoing filed this _____ day
2 of _____, 2010. in the office of:

3 Thomas L. Wood
4 Acting Superintendent of Financial Institutions
5 Arizona Department of Financial Institutions
6 ATTN: Susan Longo
7 2910 N. 44th Street, Suite 310
8 Phoenix, AZ 85018

9 COPY mailed same date to:

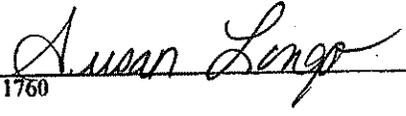
10 Craig A. Raby
11 Assistant Attorney General
12 Office of the Attorney General
13 1275 West Washington
14 Phoenix, AZ 85007

15 Robert D. Charlton, Assistant Superintendent
16 Richard Fergus, Division Manager
17 Arizona Department of Financial Institutions
18 2910 N. 44th Street, Suite 310
19 Phoenix, AZ 85018

20 AND COPY MAILED SAME DATE by
21 Certified Mail, Return Receipt Requested, to:

22 Sheri L. Krouse, President
23 Motors De Amigos Inc. DBA AZ Auto Superstore
24 2126 W. Deer Valley Rd., Suite A
25 Phoenix, AZ 85027
26 Respondents

Jeffrey A. McKee, Esq.
DAVIS McKEE PLLC
1650 N. First Avenue
Phoenix, AZ 85003
Attorneys for Respondents

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ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

Thomas L. Wood
Acting Superintendent of Financial Institutions

Janice K. Brewer
Governor

CERTIFIED MAIL

March 1, 2010

Jeffrey A. McKee, Esquire
DAVIS McKEE PLLC
1650 N. First Avenue
Phoenix, AZ 85003

Reference: Docket # 10F-BD081-SBD
Motors De Amigos Inc. dba AZ Auto Superstore

Dear Ms. Krouse:

Enclosed is the executed Consent Order for Motors De Amigos Inc. dba AZ Auto Superstore. This order is final.

Per Consent Order, Motors De Amigos Inc. dba AZ Auto Superstore and Ms. Krouse, shall remit the total the total civil money penalty due, of \$2,000, payable in monthly installments of \$250.00 on or before the 15th day of each month, commencing on March 15, 2010.

Please contact Craig Raby, Assistant Attorney General (602) 542-8889, with any questions.

Very truly yours,

Robert D. Charlton
Superintendent of Financial Institutions

RDC:sll

Enclosure

cc: Craig Raby, Assistant Attorney General