

SUPREME COURT OF OKLAHOMA

Aple Auto Cash Express, Inc. of Oklahoma v. State of Oklahoma, ex
rel. Oklahoma Department of Consumer Credit

78 P.3d 1231 (Okla. 2003); 2003 OK 89 (Okla. 2003) · No. No. 97,635 · Decided October 21, 2003

SUMMARY

The Supreme Court of Oklahoma held that Auto Cash Express's vehicle sale-and-leaseback transactions were disguised consumer loans rather than bona fide rental-purchase agreements. The court concluded that the transactions were subject to Oklahoma's Uniform Consumer Credit Code and supervised-lender requirements, not solely the Oklahoma Rental-Purchase Act. The court vacated the Court of Civil Appeals opinion and affirmed the trial court's order.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Kauger, J.; Watt, C.J.; Hodges, J.; Lavender, J.; Hargrave, J.; Summers, J.; Boudreau, J.; Winchester, J.; Opala, V.C.J.
JURISDICTION	Oklahoma
DECIDED	October 21, 2003
DOCKET	No. 97,635
DISPOSITION	vacated
PROCEDURAL POSTURE	Aple sought review of an Oklahoma Department of Consumer Credit order characterizing its sale-and-lease-back transactions as disguised supervised loans, voiding the contracts, and ordering return of money collected. The district court affirmed, the Court of Civil Appeals reversed, and the Oklahoma Supreme Court granted certiorari.
STANDARD OF REVIEW	The court reviews whether the agency's factual findings are supported by substantial evidence and whether its order is otherwise free of error. Reversal is appropriate when the agency acted in excess of statutory authority or jurisdiction or based its order on an error of law. Because the basic facts were stipulated, the principal issue was the application of those facts to the law.
PRECEDENTIAL VALUE	Published Oklahoma Supreme Court opinion; precedential.

PARTIES

Aple Auto Cash Express, Inc. of Oklahoma v. State of Oklahoma, ex rel. Oklahoma Department of Consumer Credit

TOPICS

consumer protection

administrative procedure act

judicial review of agency action

statutory interpretation

usury

PRACTICE AREAS

consumer protection

administrative law

consumer credit

usury

QUESTIONS PRESENTED

1. Whether Aple's purchase of customers' vehicles at reduced prices followed by lease-back and repurchase-option agreements constituted bona fide rental-purchase transactions under the Oklahoma Rental-Purchase Act.
2. Whether the transactions were instead disguised supervised consumer loans governed by the Oklahoma Uniform Consumer Credit Code.
3. Whether the court should apply its ruling only prospectively.

HOLDINGS

1. When considered as a whole, Aple's transactions were disguised loans rather than bona fide sales or rental-purchase agreements.
2. Aple's transactions were supervised consumer loans and therefore were subject to the licensing, disclosure, and finance-charge requirements of the Oklahoma Uniform Consumer Credit Code rather than solely the Oklahoma Rental-Purchase Act.
3. The court declined to limit its ruling to prospective application and applied it to the transactions at issue.

KEY QUOTATIONS

"We hold that these transactions are nothing more than disguised loans, rather than bona fide sales or rental agreements, and should be regulated as such." (78 P.3d at 1231)

"In short, it ignores the fact that what Aple is doing is the functional equivalent of a short term/high interest loan and that buying the car from the consumer is nothing more than a disguised attempt to hold title to the vehicle as collateral for the loaning of money by casting the transaction in terms of a "rental-purchase agreement"." (78 P.3d at 1237)

"CERTIORARI PREVIOUSLY GRANTED; COURT OF CIVIL APPEALS OPINION VACATED; TRIAL COURT AFFIRMED." (78 P.3d at 1238)

FACTUAL BACKGROUND

Aple obtained a rent-to-own license but not a supervised-lender or pawnbroker license. It advertised that it provided fast cash through vehicle buy/rental-purchase programs, purchased customers' vehicles at reduced prices, and leased the same vehicles back with options to purchase. Aple had no inventory of vehicles for ordinary rent-to-own transactions, and some transactions involved extremely high effective annual interest rates, including rates exceeding 285 percent.

PROCEDURAL HISTORY

The Department suspended Aple's rent-to-own license and conducted an administrative hearing concerning alleged violations of supervised-lending and pawnbroker laws. The Department administrator found that Aple's operation was a disguised supervised-loan business and ordered the contracts voided and customer payments returned. The district court affirmed; the Court of Civil Appeals reversed; the Supreme Court granted certiorari, vacated the Court of Civil Appeals opinion, and affirmed the trial court.

DISPOSITION

vacated

CASES CITED

- Snider v. State ex rel. Oklahoma Real Estate Commission, 1999 OK 55, 987 P.2d 1204
- City of Hugo v. State ex rel. Public Employees Relations Board, 1994 OK 134, 886 P.2d 485
- Tulsa Area Hospital Council, Inc. v. Oral Roberts University, 1981 OK 29, 626 P.2d 316
- City of Tulsa v. Public Employees Relations Board, 1998 OK 92, 967 P.2d 1214
- Sal Leasing, Inc. v. State ex rel. Napolitano, 198 Ariz. 434, 10 P.3d 1221 (2000)
- Pendleton v. American Title Brokers, Inc., 754 F. Supp. 860 (S.D. Ala. 1991)
- Independent School District No. I-20 of Muskogee County v. Oklahoma State Department of Education, 2003 OK 18, 65 P.3d 612
- Keating v. Edmondson, 2001 OK 110, 37 P.3d 749
- Walker v. Group Health Services, Inc., 2001 OK 2, 37 P.3d 749
- Campbell v. White, 1993 OK 89, 856 P.2d 255
- Short v. Kiamichi Area Vocational Technical School District No. 7 of Choctaw County, 1988 OK 89, 761 P.2d 472, cert. denied, 489 U.S. 1066 (1989)