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I, INC., also d/b/a Norm Reeves
Honda Irvine, a California
corporation; IRVINE AUTO RETAIL
II, INC., also d/b/a Norm Reeves
Volkswagen, a California corporation;
IRVINE AUTO RETAIL III, INC.,
also d/b/a Norm Reeves Buick GMC,
a California corporation; PARKWAY
PREMIUM MOTORCARS, INC.,
also d/b/a Norm Reeves Acura of
Mission Viejo, a California
corporation; PORT CHARLOTTE
AUTO RETAIL, INC., also d/b/a Port
Charlotte Honda and Port Charlotte
Volkswagen, a Florida corporation;
and WEST COVINA AUTO
RETAIL, INC., also d/b/a Norm
Reeves Honda Superstore West
Covina, a California corporation,

Defendants.

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its
Complaint for Civil Penalties and Other Relief (“Complaint”), for a permanent
injunction, civil penalties, and other relief in this matter, pursuant to Sections 5(l),
16(a), and 19 of the Federal Trade Commission Act, 15 U.S.C. §§ 45(l), 56(a), and
57b, as amended; the Truth In Lending Act (“TILA”), 15 U.S.C. §§ 1601-1667, as

- 1 any accompanying text or other visual elements so that it is
- 2 easily noticed, read, and understood.
- 3 3. An audible disclosure, including by telephone or streaming
- 4 video, must be delivered in a volume, speed, and cadence
- 5 sufficient for ordinary consumers to easily hear and understand
- 6 it.
- 7 4. In any communication using an interactive electronic medium,
- 8 such as the Internet or software, the disclosure must be
- 9 unavoidable.
- 10 5. The disclosure must use diction and syntax understandable to
- 11 ordinary consumers and must appear in each language in which
- 12 the representation that requires the disclosure appears.
- 13 6. The disclosure must comply with these requirements in each
- 14 medium through which it is received, including all electronic
- 15 devices.
- 16 7. The disclosure must not be contradicted or mitigated by, or
- 17 inconsistent with, anything else in the communication.
- 18 8. When the representation or sales practice targets a specific
- 19 audience, such as children, the elderly, or the terminally ill,
- 20 “ordinary consumers” includes reasonable members of that
- 21 group.

22 C. “Consumer credit” shall mean credit offered or extended to a
23 consumer primarily for personal, family, or household purposes, as set forth in
24 Section 226.2(a)(12) of Regulation Z, 12 C.F.R. § 226.2(a)(12), as amended.

25 D. “Consumer lease” shall mean a contract in the form of a bailment or
26 lease for the use of personal property by a natural person primarily for personal,
27 family, or household purposes, for a period exceeding four months and for a total
28 contractual obligation not exceeding the applicable threshold amount, whether or

1 not the lessee has the option to purchase or otherwise become the owner of the
2 property at the expiration of the lease, as set forth in Section 213.2 of Regulation
3 M, 12 C.F.R. § 213.2, as amended.

4 E. “Corporate Defendants” shall mean Norm Reeves, Inc., also d/b/a
5 Norm Reeves Honda Superstore Cerritos; Cerritos Ford, Inc., also d/b/a Norm
6 Reeves Ford Superstore Cerritos, Norm Reeves Lincoln, and Norm Reeves
7 Hyundai Superstore; Cerritos Infiniti, Inc., also d/b/a Cerritos Infiniti; Coastal Auto
8 Sales, Inc., also d/b/a Norm Reeves Honda Superstore Huntington Beach; Conant
9 Automotive Resources, LLC, also d/b/a the Conant Auto Retail Group and the
10 CAR Group; Conant Auto Retail, San Diego, Inc., also d/b/a Toyota San Diego
11 and Scion San Diego; Irvine Auto Retail I, Inc., also d/b/a Norm Reeves Honda
12 Irvine; Irvine Auto Retail II, Inc., also d/b/a Norm Reeves Volkswagen; Irvine
13 Auto Retail III, Inc., also d/b/a Norm Reeves Buick GMC; Parkway Premium
14 Motorcars, Inc., also d/b/a Norm Reeves Acura of Mission Viejo; Port Charlotte
15 Auto Retail, Inc., also d/b/a Port Charlotte Honda and Port Charlotte Volkswagen;
16 West Covina Auto Retail, Inc., also d/b/a Norm Reeves Honda Superstore West
17 Covina; and their successors and assigns.

18 F. “Defendants” shall mean all of the Corporate Defendants,
19 individually, collectively, or in any combination.

20 G. “Lease inception” shall mean prior to or at consummation of the lease
21 or by delivery, if delivery occurs after consummation.

22 H. “Manager” shall mean any and all persons with supervisory authority,
23 including the ability to hire and fire personnel.

24 I. “Material” shall mean likely to affect a person’s choice of, or conduct
25 regarding, goods or services.

26 J. “Motor vehicle” or “vehicle” shall mean:

27 a. Any self-propelled vehicle designed for transporting persons or
28 property on a street, highway, or other road;

- 1 b. Recreational boats and marine equipment;
- 2 c. Motorcycles;
- 3 d. Motor homes, recreational vehicle trailers, and slide-in campers;
- 4 and
- 5 e. Other vehicles that are titled and sold through dealers.

6 **I.PROHIBITION AGAINST MISREPRESENTATIONS**

7 IT IS HEREBY ORDERED that Defendants, Defendants’ officers, agents,
8 employees, and attorneys, and all other persons in active concert or participation
9 with them, who receive actual notice of this Order, whether acting directly or
10 indirectly, in connection with any advertisement for the purchase, financing, or
11 lease of motor vehicles are permanently restrained and enjoined from, expressly or
12 by implication:

- 13 A. Misrepresenting the cost of leasing a vehicle, including but not limited to,
14 the total amount due at lease inception, the down payment, amount down,
15 acquisition fee, capitalized cost reduction, any other amount required to
16 be paid at lease inception, and the amounts of all monthly or other
17 periodic payments;
- 18 B. Misrepresenting the cost of purchasing a vehicle with financing,
19 including but not limited to, the amount or percentage of the down
20 payment, the number of payments or period of repayment, the amount of
21 any payment, and the repayment obligation over the full term of the loan,
22 including any balloon payment; or
- 23 C. Misrepresenting any other material fact about the price, sale, financing,
24 or leasing of any vehicle.

25 **II.CONSUMER LEASING ACT**

26 IT IS FURTHER ORDERED that Defendants, Defendants’ officers, agents,
27 employees and attorneys, and all other persons in active concert and participation
28 with any of them, who receive actual notice of this Order, whether acting directly

1 or indirectly, in connection with any advertisement for any consumer lease, are
2 permanently restrained and enjoined from, expressly or by implication:

3 A. Stating the amount of any payment or that any or no initial payment is
4 required at lease inception, without disclosing clearly and conspicuously
5 the following terms:

- 6 1. That the transaction advertised is a lease;
- 7 2. The total amount due at lease signing or delivery;
- 8 3. Whether or not a security deposit is required;
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1 3. The annual percentage rate, using the term “annual percentage rate” or
2 the abbreviation “APR.” If the annual percentage rate may be
3 increased after consummation of the credit transaction, that fact must
4 also be disclosed;

5 B. Stating a rate of finance charge without stating the rate as an “annual
6 percentage rate” or using the abbreviation “APR”; or

7 C. Failing to comply in any respect with Regulation Z, 12 C.F.R. Part 226,
8 as amended, and the Truth in Lending Act, 15 U.S.C. §§ 1601-1667, as
9 amended.

10 **IV. MONETARY JUDGMENT FOR CIVIL PENALTY**

11 IT IS FURTHER ORDERED that:

12 A. Judgment in the amount of One Million Four Hundred Thousand Dollars
13 (\$1,400,000) is entered in favor of the Commission against Defendants,
14 jointly and severally, as a civil penalty.

15 B. Defendants are ordered to pay to the Commission, One Million Four
16 Hundred Thousand Dollars (\$1,400,000), which, as Defendants stipulate,
17 their undersigned counsel currently holds. This money will be used for
18 no purpose other than payment to the Commission. Such payment must
19 be made within 7 days of entry of this Order by electronic fund transfer
20 in accordance with instructions provided by a representative of the
21 Commission.

22 C. Defendants relinquish dominion and all legal and equitable right, title,
23 and interest in all assets transferred pursuant to this Order and may not
24 seek the return of any assets.

25 D. Defendants acknowledge that their Taxpayer Identification Numbers
26 (Social Security Numbers or Employer Identification Numbers), which
27 Defendants must submit to the Commission, may be used for collecting
28 and reporting on any delinquent amount arising out of this Order, in

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accordance with 31 U.S.C. §7701.

V. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, individually or jointly, within 30 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 20 years after entry of this Order, each Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and dealership managers; (2) all managerial employees, agents, and representatives who participate in conduct related to the subject matter of the Order, including advertising, fina

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advertisement or other promotional material presented through

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for one or more of the protections set forth in Rule 26(c).

B. For matters concerning this Order, the Commission is authorized to communicate directly with each Defendant. Defendant must permit representatives of the Commission to interview any employee or other person affiliated with