

1 DAVID C. SHONKA (Acting General Counsel)  
2 MIRIAM R. LEDERER (DC Bar No. 983730)  
3 mlederer@ftc.gov  
4 Federal Trade Commission  
5 600 Pennsylvania Ave., NW, CC-9528  
6 Washington, DC 20580  
7 202-326-2975 (Tel); -3197 (Fax)

8 BARBARA CHUN (Local Counsel)  
9 CA Bar No. 186907, bchun@ftc.gov  
10 Federal Trade Commission  
11 10990 Wilshire Boulevard, Suite 400  
12 Los Angeles, CA 90024  
13 310-824-4343 (Tel); -4380 (Fax)

14 Attorneys for Plaintiff Federal Trade Commission

15 UNITED STATES DISTRICT COURT

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1 and the CAR Group, a California  
2 limited liability company; CONANT  
3 AUTO RETAIL, SAN DIEGO, INC.,  
4 also d/b/a Toyota San Diego and  
5 Scion San Diego, a California  
6 corporation; IRVINE AUTO RETAIL  
7 I, INC., also d/b/a Norm Reeves  
8 Honda Irvine, a California  
9 corporation; IRVINE AUTO RETAIL  
10 II, INC., also d/b/a Norm Reeves  
11 Volkswagen, a California corporation;  
12 IRVINE AUTO RETAIL III, INC.,  
13 also d/b/a Norm Reeves Buick GMC,  
14 a California corporation; PARKWAY  
15 PREMIUM MOTORCARS, INC.,  
16 also d/b/a Norm Reeves Acura of  
17 Mission Viejo, a California  
18 corporation; PORT CHARLOTTE  
19 AUTO RETAIL, INC., also d/b/a Port  
20 Charlotte Honda and Port Charlotte  
21 Volkswagen, a Florida corporation;  
22 and WEST COVINA AUTO  
23 RETAIL, INC., also d/b/a Norm  
24 Reeves Honda Superstore West  
25 Covina, a California corporation,  
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Defendants.

20 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its  
21 Complaint for Civil Penalties and Other Relief ( “Complaint”), for a permanent  
22 injunction, civil penalties, and other relief in this matter, pursuant to Sections 5(*l*),  
23 16(a), and 19 of the Federal Trade Commission Act, 15 U.S.C. §§ 45(*l*), 56(a), and  
24 57b, as amended; the Truth In Lending Act (“TILA”), 15 U.S.C. §§ 1601-1667, as  
25 amended; and its implementing Regulation Z, 12 C.F.R. Part 226, as amended; the  
26 Consumer Leasing Act (“CLA”), 15 U.S.C. §§1667-1667f, as amended; and its  
27 implementing Regulation M, 12 C.F.R. Part 213, as amended. Defendants have  
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1 waived service of the summons and the Complaint. The Commission and  
2 Defendants ~~stipulate to the entry of this Stipulated Settlement and Consent Order~~  
3 (“Order”) to resolve all matters in dispute in this action between them.

4 THEREFORE, IT IS ORDERED as follows:

5 **FINDINGS**

6 1. ~~THIS COURT has jurisdiction to enter this Order.~~  
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1 D. “Consumer lease” shall mean a contract in the form of a bailment or  
2 lease for the use of personal property by a natural person primarily for personal,  
3 family, or household purposes, for a period exceeding four months and for a total  
4 contractual obligation not exceeding the applicable threshold amount, whether or  
5 not the lessee has the option to purchase or otherwise become the owner of the  
6 property at the expiration of the lease, as set forth in Section 213.2 of Regulation  
7 M, 12 C.F.R. § 213.2, as amended.

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

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

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

26 H. “Manager” shall mean any and all pe  
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1 I. “Material” shall mean likely to affect a person’s choice of, or conduct  
2 regarding, goods or services.

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

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

6 b. Recreational boats and marine equipment;

7 c. Motorcycles;

8 d. Motor homes, recreational vehicle trailers, and slide-in campers;  
9 and

10 e. Other vehicles that are titled and sold through dealers.

11 **I. PROHIBITION AGAINST MISREPRESENTATIONS**

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

18 A. Misrepresenting the cost of leasing a vehicle, including but not limited to,  
19 the total amount due at lease inception, the down payment, amount down,  
20 acquisition fee, capitalized cost reduction, any other amount required to  
21 be paid at lease inception, and the amounts of all monthly or other  
22 periodic payments;

23 B. Misrepresenting the cost of purchasing a vehicle with financing,  
24 including but not limited to, the amount or percentage of the down  
25 payment, the number of payments or period of repayment, the amount of  
26 any payment, and the repayment obligation over the full term of the loan,  
27 including any balloon payment; or  
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1 C. Misrepresenting any other material fact about the price, sale, financing,  
2 or leasing of any vehicle.

3 **II. CONSUMER LEASING ACT**

4 IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents,  
5 employees and attorneys, and all other persons in active concert and participation  
6 with any of them, who receive actual notice of this Order, whether acting directly  
7 or indirectly, in connection with any advertisement for any consumer lease, are  
8 permanently restrained and enjoined from, expressly or by implication:

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

- 12 1. That the transaction advertised is a lease;
- 13 2. The total amount due at lease signing or delivery;
- 14 3. Whether or not a security deposit is required;
- 15 4. The number, amounts, and timing of scheduled payments; and
- 16 5. That an extra charge may be imposed at the end of the lease term in a  
17 lease in which the liability of the consumer at the end of the lease term  
18 is based on the anticipated residual value of the vehicle; or

19 B. Failing to comply in any respect with Regulation M, 12 C.F.R. Part 213,  
20 as amended, and the Consumer Leasing Act, 15 U.S.C. §§ 1667-1667f, as  
21 amended.

22 **III. TRUTH IN LENDING ACT**

23 IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents,  
24 employees and attorneys, and all other persons in active concert and participation  
25 with any of them, who receive actual notice of this Order, whether acting directly  
26 or indirectly, in connection with any advertisement for any extension of consumer  
27 credit, are permanently restrained and enjoined from, expressly or by implication:  
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1 and interest in all assets transferred pursuant to this Order and may not  
2 seek the return of any assets.

3 D. Defendants acknowledge that their Taxpayer Identification Numbers  
4 (Social Security Numbers or Employer Identification Numbers), which  
5 Defendants must submit to the Commission, may be used for collecting  
6 and reporting on any delinquent amount arising out of this Order, in  
7 accordance with 31 U.S.C. §7701.

8 **V. ORDER ACKNOWLEDGMENTS**

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

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

14 B. For 20 years after entry of this Order, each Defendant must deliver a  
15 copy of this Order to: (1) all principals, officers, directors, and  
16 dealership managers; (2) all managerial employees, agents, and  
17 representatives who participate in conduct related to the subject matter of  
18 the Order, including advertising, financing, leasing, and sales; and (3)  
19 any business entity resulting from any change in structure as set forth in  
20 the Part titled Compliance Reporting. Delivery must occur within 14  
21 days of entry of this Order for current personnel. For all others, delivery  
22 must occur before they assume their responsibilities.

23 C. From each individual or entity to which a Defendant delivered a copy of  
24 this Order that Defendant must obtain, within 30 days, a signed and dated  
25 acknowledgment of receipt of this Order.

26 **VI. COMPLIANCE REPORTING**

27 IT IS FURTHER ORDERED that Defendants make timely submissions to  
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A. One year after entry of this Order, each Defendant, individually or

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perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: \_\_\_\_\_” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: Norm Reeves, Inc., et al., Matter No. C-4436.

**VII. RECORDKEEPING**

IT IS FURTHER ORDERED that Defendants must create certain records for 20 years after entry of this Order, and retain each such record for 5 years.

Specifically, Defendants must maintain the following records:

- A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss. The Defendants’ business records shall be maintained such that Defendants can determine the revenues from consumer credit transactions alone, and the revenues from consumer lease transactions alone, should such information be requested;
- B. Personnel records showing, for each person providing services



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