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1 Plaintiff, the Federal Trade Commission (“Commission”), filed its
2 Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”)
3 pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15
4 U.S.C. §53(b);
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1 A. “Add-on product or service” means any product or service relating
2 to the sale, lease, or financing of a motorcycle that is offered, provided, or
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4 manufacturer, including but not limited to
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1 G. "Corporate Defendants" or "Settling Corporate Defendants"
2 means Covina MJL, LLC, also D/B/A Sage Covina Chevrolet; Glendale
3 Nissan/Infiniti, Inc., also D/B/A Glendale Infiniti and D/B/A Glendale Nissan;
4 Sage Downtown, Inc., also D/B/A Kia Downtown Los Angeles; Universal City
5 Nissan, Inc., also D/B/A Universal Nissan; Valencia Holding Co., LLC, also
6 D/B/A Mercedes-Benz Of Valencia; West Covina Auto Group, LLC, also D/B/A
7 West Covina Toyota and d/b/West Covina Toyota/Scion; West Covina Nissan,
8 Inc.; Sage North Hollywood, LLC, also D/B/A Sage Pre-Owned; Sage Vermont,
9 LLC, also D/B/A Sage Hyundai; Sage Hold Company, Inc.; Sage Management
10 Co., Inc.; and their successors and assigns.

11 H. "Individual Defendants" means Joseph Schrage, a/k/a Joseph Sage,
12 and Michael Schrage, a/k/a Michael Sage.

13 I. "Express, Informed Consent" means an affirmative act
14 communicating acceptance of the charged product or service in response to
15 Settling Defendant's request that the consumer ~~consent~~ consent to purchase the
16 product or service. As part of the request, Settling Defendant must clearly and
17 conspicuously disclose orally and in writing:

- 18 1. a description of the product or service;
- 19 2. all fees and costs to be charged the consumer for the product or
20 service;
- 21 3. the monthly payment amount in financing or the monthly lease
22 payment with and without the product or service;
- 23 4. whether the product or service is optional, and, if the product or
24 service is required, the reason it is required.

25 Settling Defendant also must clearly and conspicuously disclose in writing all
26 material restrictions, limitations, or conditions applicable to the purchase, receipt,
27 or use of the product or service, provided that Settling Defendant may meet the
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- 1 the amount or percentage of down payment, the number of
- 2 payments or period of repayment, the amount of any payment, and
- 3 the repayment obligations over the full term of the loan, including
- 4 any balloon payment; or
- 5 2. Leasing a vehicle, including but not limited to: the total amount
- 6 due at lease inception, the down payment, amount down,
- 7 acquisition fee, capitalized cost reduction, any other amount
- 8 required to be paid at lease inception, and the amounts of all
- 9 monthly or other periodic payments;
- 10 B. The existence or amount of any discount, rebate, bonus, incentive, or
- 11 price;
- 12 C. The number of vehicles available at particular prices;
- 13 D. That Settling Defendants will pay all or any portion of any loan or
- 14 lease balance remaining on a trade-in vehicle, or whether the consumer will be
- 15 responsible for paying all or any portion of any remaining loan or lease balance;
- 16 E. That a consumer is required to purchase any add-on product or
- 17 service;
- 18 F. The cost to purchase, receive, or use the add-on product or service;
- 19 G. Any restriction, limitation, or condition applicable to the purchase,
- 20 receipt, or use of the add-on product or service;
- 21 H. Any aspect of the benefits, performance, nature, characteristics, or
- 22 efficacy of any add-on product or service;
- 23 I. That any add-on product or service has the ability to improve or
- 24 otherwise affect a consumer's credit record, credit history, credit rating, or ability
- 25 to obtain credit;
- 26 J. Any aspect of a consumer's credit application, or any finance,
- 27 purchase, or sale agreement;
- 28 K. Whether the sale or lease of a motor vehicle is final or complete;

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L. The nature or terms of a Settlement Defendant's right to cancel, nullify, unwind, or void a motor vehicle transaction including, but not limited, to (i) the manner and timing of any cancellation, nullification, unwinding, or voiding of the motor vehicle transaction or (ii) any conditions, limitations, or obligations relating to any consideration provided by the consumer, including any down payment or trade-in vehicle;

M. Any aspect of the consumer's legal rights or obligations, including the consumer's obligations to (i) enter into, negotiate or renegotiate, or sign any finance, purchase, or sale agreement or any other transactional document, or (ii) return a motor vehicle;

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1 is not otherwise misleading and the representation clearly and conspicuously
2 discloses any material qualifications or restrictions, including but not limited to
3 qualifications or restrictions on: (i) a consumer's ability to obtain the discount,
4 rebate, bonus, incentive, or price and (ii) the vehicles available at the discount,
5 rebate, bonus incentive, or price;

6 B. A refund, cancellation, exchange, or repurchase policy unless the
7 representation is not otherwise misleading and the representation clearly and
8 conspicuously discloses any material qualifications or restrictions on the
9 consumer's ability to request or obtain a refund, cancellation, exchange, or
10 repurchase and the manner and timing of a refund, cancellation, exchange, or
11 repurchase; or

12 C. An opinion, belief, finding, or experience of any person unless the
13 opinion, belief, finding, or experience is not misleading and the representation
14 clearly and conspicuously discloses any material connection between such person
15 and Settling Defendants. For purposes of this provision, material connection shall
16 mean any relationship that materially affects the weight and credibility of any
17 endorsement and that would not be reasonably expected by consumers.

18 III. INJUNCTION CONCERNING THE SALE OF
19 ADD-ON PRODUCTS OR SERVICES

20 IT IS FURTHER ORDERED that Settling Defendants, Settling
21 Defendants' officers, agents, employees, and all other persons in active concert or
22 participation with any of them, who receive actual notice of this Order, whether
23 acting directly or indirectly, in connection with the advertising, marketing,
24 promotion, offering for sale, or sale of any add-on product or service, are
25 permanently restrained and enjoined from charging a consumer for any add-on
26 product or service without having obtained the consumer's Express, Informed
27 Consent to the charge.

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1 IV. INJUNCTION CONCERNING YO-YO PRACTICES

2 IT IS FURTHER ORDERED that Settling Defendants, Settling
3 Defendants' officers, agents, employees, and attorneys, and all other persons in
4 active concert or participation with any of them, who receive actual notice of this
5 Order, whether acting directly or indirectly, in connection with any motor vehicle
6 transaction are permanently restrained and enjoined from:

7 A. Failing to return to the consumer immediately any consideration,
8 including, but not limited to, any down payment or trade-in when the consumer
9 has tendered a motor vehicle for return in connection with any representation,
10 expressly or by implication, directly or indirectly, that Settling Defendants want
11 the motor vehicle back or that Settling Defendants have cancelled, nullified,
12 unwound, or voided the transaction, provided that Settling Defendants may deduct
13 any charge permitted by subsection IV.C;

14 B. Selling, transferring title to, or otherwise disposing of a trade-in
15 vehicle before financing for the motor vehicle has been assigned or otherwise
16 finalized;

17 C. Charging or threatening to charge the consumer any amount,
18 including any costs or fees incidental to canceling, unwinding, or voiding a motor
19 vehicle transaction, unless such amount is expressly authorized by agreement or
20 permitted by law;

21 D. Threatening the consumer with, commencing, or causing others to
22 commence any action, including legal process, criminal arrest, repossession, or
23 debt collection, unless such action is lawful and Settling Defendant intends to take
24 such action.

25 V. TRUTH IN LENDING ACT

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

1 acting directly or indirectly, in connection with any advertisement for any
2 extension of consumer credit, are prohibited.

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

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

1 information to the Commission. If a representative of the Commission requests in
2 writing any information related to redress, Settling Defendants must provide it, in
3 the form prescribed by the Commission, within 14 days.

4 IX. ORDER ACKNOWLEDGMENTS
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- 1. Each Settling Defendant must:
 - a. Identify trust:

1 1. Each Settling Defendant must report any change in:
 2 a. Any designated point of contact; or
 3 b. The structure of any Corporate Defendant or any entity that
 4 Settling Defendant has any ownership interest in or controls
 5 directly or indirectly that may affect compliance obligations
 6 arising under this Order, including: creation, merger, sale, or
 7 dissolution of the entity or any subsidiary, parent, or affiliate
 8 that engages in any acts or practices subject to this Order.

9 2. Additionally, each Settling Individual Defendant must report
 10 any change in: (a) name, including aliases or fictitious name, or residence address;
 11 or (b) title or role in any business activity, including any business for which such
 12 Defendant performs services whether as an employee or otherwise and any entity
 13 in which such Defendant has any ownership interest, and identify the name,
 14 physical address, and any Internet address of the business or entity.

15 C. Each Settling Defendant must submit to the Commission notice of the
 16 filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by
 17 or against such Defendant within 14 days of its filing.

18 D. Any submission to the Commission required by this Order to be
 19 sworn under penalty of perjury must be true and accurate and comply with 28
 20 U.S.C. § 1746, such as by concluding "I declare under penalty of perjury under
 21 the laws of the United States of America that the foregoing is true and correct.
 22 Executed on: _____" and supplying the date, signatory's full name, title (if
 23 applicable), and signature.

24 E. Unless otherwise directed by a Commission representative in writing,
 25 all submissions to the Commission pursuant to this Order must be emailed to
 26 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
 27 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
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1 Trade Commission, 600 Pennsylvania Ave NW, Washington, DC 20580. The
2 subject line must begin FTC v. Universal City Nissan, Inc., X1423008.

3 XI. RECORDKEEPING

4 IT IS FURTHER ORDERED that Settling Defendants must create certain
5 records for 20 years after entry of the Order, and retain each such record for 5
6 years. Specifically, in connection with advertising, marketing, offering for sale
7 or lease, or sale or lease of motor vehicles or add-on products or services, Settling
8 Defendants must create and retain the following records:

9 A. Accounting records showing the revenues from all goods or services
10 sold;

11 B. Personnel records showing, for each person providing services,
12 whether as an employee or otherwise, that person's name, addresses, telephone
13 numbers; job title or position; dates of hire and, if applicable, the reason for
14 termination;

15 C. Records of all consumer complaints and refund requests, whether
16 received directly or indirectly, such as through a third party, and any response(s).
17 For purposes of this provision, consumer complaint(s) shall mean any written, oral,
18 or electronic allegation, charge, claim, demand, dispute, or lawsuit concerning the
19 subject matter of the Order;

20 D. Copies of (i) all credit applications, transmittals sent to or received
21 from any prospective or actual assignee relating to approval or denial, offers or
22 counteroffers of financing, or requests for additional information, whether or not
23 the transaction was finalized; (ii) every retail installment sales contract or sales or
24 lease transaction document whether final or not; and (iii) records memorializing
25 any correspondence or communication between the consumer and Settling
26 Defendant concerning any changes to the contract, with a detailed description of
27 the date(s) of correspondence, the change to the terms and conditions, and the
28 consumer's acceptance or rejection of such changes;

1 E. A copy of each unique advertisement or other marketing material; and

2 F. All records necessary to demonstrate full compliance with each
3 provision of this Order, including all submissions to the Commission.

4 XII. COMPLIANCE MONITORING

5 IT IS FURTHER ORDERED that, for the purpose of monitoring Settling
6 Defendants' compliance with this Order, including any failure to transfer any
7 assets as required by this Order:

8 A. Within 14 days of receipt of a written request from a representative of
9 the Commission, each Settling Defendant must: submit additional compliance
10 reports or other requested information, which must be sworn under penalty of
11 perjury; appear for depositions; produce documents, for inspection and
12 copying. The Commission is also authorized to obtain discovery, without further
13 leave of court, using any of the procedures prescribed by Federal Rules of Civil
14 Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

15 B. For matters concerning this Order, the Commission is authorized to
16 communicate directly with each Settling Defendant. Settling Defendant must
17 permit representatives of the Commission to interview any employee or other
18 person affiliated with any Settling Defendant who has agreed to such an interview.
19 The person interviewed may have counsel present.

20 C. The Commission may use all other lawful means, including posing,
21 through its representatives as consumers, suppliers, or other individuals or entities,
22 to Settling Defendants or any individual or entity affiliated with Settling
23 Defendants, without the necessity of identification or prior notice. Nothing in this
24 Order limits the Commission's lawful use of compulsory process, pursuant to
25 Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

26 D. Upon written request from a representative of the Commission, any
27 consumer reporting agency must furnish consumer reports concerning Individual
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1 Settling Defendants pursuant to Section 604(1) of the Fair Credit Reporting Act, 15
2 U.S.C. §1681b(a)(1).

3 XIII. RETENTION OF JURISDICTION

4 IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for
5 purposes of construction, modification, and enforcement of this Order.

6 SO ORDERED THIS 22nd day of March, 2017.

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