

1 A. **“Add-on product or service”** means any product or service relating
2 to the sale, lease, or financing of a motor vehicle that is offered, provided, or
3 arranged by the dealer that is not provided or installed by the motor vehicle
4 manufacturer, including but not limited to extended warranties, payment programs,
5 guaranteed automobile protection (“GAP”) or “GAP insurance,” etching, service
6 contracts, theft protection or security devices, global positioning systems or starter
7 interrupt devices, undercoating, rustproofing, fabric protection, road service or club
8 memberships, appearance products, credit life insurance, credit accident or
9 disability insurance, credit loss-of-income insurance, and debt cancellation and
10 debt suspension coverage. The term excludes any such product or service that the
11 dealer provides to the consumer at no charge.

12 B. **“Advertisement”** means a commercial message in any medium that
13 directly or indirectly promotes a consumer transaction.

14 C. **“Clearly and conspicuously”** means that a required disclosure is
15 difficult to miss (i.e., easily noticeable) and easily understandable by ordinary
16 consumers, including in all of the following ways:

- 17 1. In any communication that is solely visual or solely audible, the
18 disclosure must be made through the same means through which
19 the communication is presented. In any communication made
20 through both visual and audible means, such as a television
21 advertisement, the disclosure must be made visually or audibly,
22 except that for purposes of Section II.C, any such disclosure must
23 be presented simultaneously in both the visual and audible portions
24 of the communication even if the representation requiring the
25 disclosure is made in only one means.
- 26 2. A visual disclosure, by its size, contrast, location, the length of
27 time it appears, and other characteristics, must stand out from any
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1 accompanying text or other visual elements so that it is easily
2 noticed, read, and understood.

- 3 3. An audible disclosure, including by telephone or streaming video,
4 must be delivered in a volume, speed, and cadence sufficient for
5 ordinary consumers to easily hear and understand it.
- 6 4. In any communication using an interactive electronic medium,
7 such as the Internet or software, the disclosure must be
8 unavoidable.
- 9 5. The disclosure must use diction and syntax understandable to
10 ordinary consumers and must appear in each language in which the
11 representation that requires the disclosure appears.
- 12 6. The disclosure must comply with these requirements in each
13 medium through which it is received, including all electronic
14 devices.
- 15 7. The disclosure must not be contradicted or mitigated by, or
16 inconsistent with, anything else in the communication.

17 D. **“Consumer credit”** means credit offered or extended to a consumer
18 primarily for personal, family, or household purposes, as set forth in Section
19 226.2(a)(12) of Regulation Z, 12 C.F.R. § 226.2(a)(12), as amended.

20 E. **“Consumer lease”** means a contract in the form of a bailment or lease
21 for the use of personal property by a natural person primarily for personal, family,
22 or household purposes, for a period exceeding four months and for a total
23 contractual obligation not exceeding the applicable threshold amount, whether or
24 not the lessee has the option to purchase or otherwise become the owner of the
25 property at the expiration of the lease, as set forth in Section 213.2 of Regulation
26 M, 12 C.F.R. § 213.2, as amended.

27 F. **“Defendants”** means all of the Individual and

1 G. **“Corporate Defendants” or “Settling Corporate Defendants”**
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1 requirement in this sentence by clearly and conspicuously providing any material
2 prepared by and available from a third party containing this information.

3 J. **“Lease inception”** shall mean prior to or at consummation of the
4 lease or by delivery, if delivery occurs after consummation.

5 K. **“Motor Vehicle”** shall mean as follows:

- 6 1. Any self-propelled vehicle designed for transporting persons or
7 property on a street, highway, or other road;
- 8 2. Recreational boats and marine equipment;
- 9 3. Motorcycles;
- 10 4. Motor homes, recreational vehicle trailers, and slide-in campers;
- 11 and
- 12 5. Other vehicles that are titled and sold through dealers.

13 L. **“Settling Individual Defendants”** shall mean Michael Schrage and
14 Joseph Schrage and any other names by which they may be known.

15 M. **“Settling Defendants”** means Settling Corporate Defendants and
16 Settling Individual Defendants individually, collectively, or in any combination,
17 and each of them by whatever names each might be known.

18 **ORDER**

19 **I. PROHIBITED MISREPRESENTATIONS RELATING TO THE** 20 **SALE, FINANCING, OR LEASING OF VEHICLES**

21 **IT IS ORDERED** that Settling Defendants, Settling Defendants’ officers,
22 agents, employees, and attorneys, and all other persons in active concert or
23 participation with any of them, who receive actual notice of this Order, whether
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1 the amount or percentage of the down payment, the number of
2 payments or period of repayment, the amount of any payment, and
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1 L. The nature or terms of a Settling Defendant's right to cancel, nullify,
2 unwind, or void a motor vehicle transaction, including, but not limited, to (i) the
3 manner and timing of any cancellation, nullification, unwinding, or voiding of the
4 motor vehicle transaction or (ii) any conditions, limitations, or obligations relating
5 to any consideration provided by the consumer, including any down payment or
6 trade-in vehicle;

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

11 N. Any action that Settling Defendant can or intends to take, including,
12 but not limited to initiating legal process against a consumer, referring a consumer
13 for arrest or criminal prosecution, reporting a motor vehicle as stolen, repossessing
14 the motor vehicle, or referring a consumer to debt collection;

15 O. Any aspect of any opinions, beliefs, findings or experiences of any
16 person, including, but not limited to, that any such opinions, beliefs, findings or
17 experiences are independent or objective.

18 P. Any other material fact.

19 **II. REQUIRED DISCLOSURES**

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, offering
24 for sale or lease, sale or lease, or servicing of motor vehicles are permanently
25 restrained and enjoined from making any representation, expressly or by
26 implication, about:

27 A. A discount, rebate, bonus, incentive or price unless the representation
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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 O-0.362T(S)IRs95 -0.838 Td**

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,

- 1 acting directly or indirectly, in connection with any advertisement for any
- 2 extension of con

- 1 1. Each Settling Defendant must:
 - 2 a. Identify the primary physical, postal, and email address
 - 3 and telephone number, as designated points of contact,
 - 4 which representatives of the Commission may use to
 - 5 communicate with Settling Defendant;
 - 6 b. S Identify all of that Settling (

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 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; and 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 Td [(pe)3.6(ro 6(i)

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** __ day of _____, **2017.**

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10 _____
11 *The Honorable Christina A. Snyder*
12 UNITED STATES DISTRICT JUDGE
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1 ~~SO STIPULATED AND AGREED:~~

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3
4 ~~FOR PLAINTIFF FEDERAL TRADE COMMISSION~~

5
6
7 ~~THOMAS J. WIDOR~~

8 ~~DANIEL DWYER~~

9 ~~Federal Trade Commission~~

10 ~~Washington, DC 20580~~

11 ~~P: 202-326-3039 (WIDOR)~~

12 ~~P: 202-326-3957 (DWYER)~~

13 ~~F: 202-326-3745~~

14 ~~twidor@ftc.gov; ddwyer@ftc.gov~~

15
16
17 ~~FOR DEFENDANTS:~~

18 ~~UNIVERSAL CITY NISSAN, INC.~~

18 ~~CONVIA, INC., LLC~~

19 ~~By:~~

19 ~~By:~~

20 ~~Settling Corporate Defendant~~

20 ~~Settling Corporate Defendant~~

21 ~~SAGE DOWNTOWN, INC.~~

21 ~~VALERIEA HOLDINGS, LLC~~

22 ~~By:~~

22 ~~By:~~

23 ~~Settling Corporate Defendant~~

23 ~~Settling Corporate Defendant~~

24
25 ~~GLENDALE NISSAN FINANCE, INC.~~

25 ~~WEST COVINA AUTO GROUP, INC.~~

26 ~~LLC~~

27 ~~By:~~

27 ~~By:~~

28 ~~Settling Corporate Defendant~~

28 ~~Settling Corporate Defendant~~

