

Tuesday, April 10, 2007

CONSUMER AFFAIRS PUTS THE BRAKES ON EIGHT CAR DEALERSHIPS FOR SWEEPSTAKES SCAMS AND DECEPTIVE SALES TACTICS

DCA Seeks Substantial Relief for More than 150 Consumers; Dealers Face Maximum Fines and License Revocation; Commissioner Mintz Issues Tips to Car Buyers to Protect Their Money and Credit History



New York City Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced the agency is seeking substantial relief for more than 150 consumers and pursuing maximum fines and penalties against eight car dealerships for an egregious pattern of deceptive sales violations. All eight dealerships share related owners and are charged with misleading consumers through deceptive sales practices. Tactics range from luring consumers with bogus scratch-off sweepstakes declaring "guaranteed winners" of free cars, to having consumers sign partially blank contracts and financing agreements. In some cases consumers were tricked into buying cars that they thought they had won as part of the "sweepstakes." Consumers' credit histories were severely impacted by those who opened lines of credit and/or defaulted on payments for purchased vehicles. In addition to maximum fines and possible loss of their license, DCA is seeking full refunds and cancellation of contracts for more than 150 New Yorkers, as well as additional funds for any possible unknown consumer cases. The dealerships include:

- Stadium Motors, Inc. (d/b/a Popular Kia) -- 1515 Utica Avenue, Brooklyn
- Eurasian Motors, Inc. (d/b/a Auto Central) -- 5262 Kings Highway, Brooklyn
- Omni Auto Group, Inc. (d/b/a Brooklyn Dodge) -- 5226 Kings Highway, Brooklyn
- Vanguard Auto Group, Inc. (d/b/a Popular Ford) -- 2505 Coney Island Avenue, Brooklyn
- Baron Auto Mall (d/b/a Baron Kia) -- 1942 Utica Avenue, Brooklyn
- Baron Auto Mall (d/b/a Driveworld) -- 1922 Utica Avenue, Brooklyn
- Tri-County Motors, Inc. (d/b/a Driveworld) -- 1750 Coney Island Avenue, Brooklyn
- Baron Auto City (d/b/a Baron Auto Mall) -- 187-10 Jamaica Avenue, Queens

"The pattern of abuses we've alleged against this auto group are exactly what consumers fear most when buying a car from a dealer," said Commissioner Mintz. "Such practices are outrageous. If these dealers don't agree to pay back consumers

and dramatically overhaul their business practices, we'll move to shut them down."

In addition to deceptive sweepstakes offers, DCA charges these dealerships illegally:

- Added additional cost items such as service warranty contracts without the consumer's knowledge;
- Inflated the price of the car to cancel out any down payment "winnings" or other claimed discounts;
- Took advantage of consumers who spoke limited English by misrepresenting agreement terms;
- Advertised \$25 "Liquidation Events" that implied that there were many cars which could be purchased for that nominal price;
- Failed to return deposits on cancelled orders, and more.

Last year, DCA launched an investigation into bogus car sweepstakes offers and put the industry, including these dealerships, on notice that such practices were deceptive. DCA's action was spurred by a flood of catchy scratch-off promotions that had popped up in the mailboxes of thousands of City residents. The offers promised free cars and other prizes ranging from \$20,000 in cash to vacations, and more. Promotions like "Dash for Cash," "Real Pot of Gold," "Fun in the Sun," and others prompted consumers to scratch off three matching symbols (e.g., three cars or three car keys) where they are deemed a "Guaranteed Winner." In addition to the eight dealerships charged today, DCA is investigating several others citywide. DCA is working in conjunction with the New York State Attorney General's Office.

"These scratch-offs can get your attention, but beware: they're not the real deal. If you get one in the mail, steer clear and call us at 311," added Commissioner Mintz. "Consumers who are in the market for a car should take a deep breath, explore your options, and never sign for anything until you've had a chance to read the fine print."

The DCA licenses 55 different categories of business in New York City and enforces the City's Consumer Protection Law prohibiting deceptive practices. To file a complaint, or for a full list of tips on how to protect against false advertising and what to know before buying a car, call 311 (or 212-NEW-YORK), or go online to the DCA Web site www.nyc.gov/consumers to download free copies of *False Advertising: How to Spot It and Read the Fine Print* and the *Used Car Sales Consumer Guide*.

Shopping for a new car? Follow these tips:

- **If buying a used car, check if the dealership is licensed by DCA.**
- **Never sign a blank or incomplete agreement/contract where you don't understand the terms.**
- **The terms and eligibility requirements for financing can be complicated.** Always check with your own financial institution - bank or credit union - for the lowest rate instead of arranging financing through a dealer.
- **If a car sale is negotiated in Spanish, the contract must also be written in Spanish.**
- **Don't be rushed into making a decision.** If the deal is legitimate, it will be available the next day.

- Retain all copies of any contract or paperwork signed.