

Thursday, November 8, 2007

**CONSUMER AFFAIRS SECURES AGREEMENT WITH BARON AUTO CITY TO  
REFUND MORE THAN \$90,000 TO 23 CAR BUYERS**

***Dealer Pays \$50,000 in Fines; Agrees to Independent Monitor and  
Comprehensive Compliance Protocols  
DCA Aggressively Pursuing Six Other Car Dealerships as Part of Citywide  
Initiative to Curb Deceptive Sales***

New York City Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced an agreement with Baron Auto City, located at 187-10 Jamaica Avenue in Queens, refunding more than \$90,000 to 23 car buyers whom the agency charged were misled through deceptive sales tactics. As part of DCA's comprehensive initiative to protect the most vulnerable New Yorkers against deceptive and predatory car sales, this settlement is the first of many cases under investigation to bring consumer relief while also ensuring fair business practices. In addition to refunds, Baron Auto City paid \$50,000 in fines to the City, approximately \$10,000 in escrow for possible unknown cases, and agreed to comprehensive remedies including an independent monitor and employee training. Individual refund amounts for affected consumers range from \$200 to \$12,000. DCA is aggressively pursuing license revocation, consumer refunds, and other penalties against six other dealerships in the City's administrative court. The agency will also hold a Public Hearing to further scrutinize industry practices in January 2008.

"Earlier this year we put these dealerships on notice that they must pay back consumers and dramatically overhaul their business practices or we would go after their license. The agreement with Baron Auto City safeguards and protects the most vulnerable car buyers," said Commissioner Mintz. "Subsequent investigations unfortunately make clear there's more work to be done - we continue to pursue maximum penalties against six other dealerships as part of a citywide initiative to curb deceptive sales."

As part of the agreement, Baron Auto City is prohibited from:

- Misrepresenting financing terms or providing false information about consumer credit histories and consumer's ability to pay.
- Obtaining signatures on a contract from consumers who speak or write limited English, unless consumers are accompanied by a translator or documents are written in the consumer's native language.
- Inserting "add-ons" like service warranty contracts or any other services not agreed to by the consumer.
- Offering free items or gifts through the mail or advertising gimmicks to lure prospective car buyers.

Second-hand auto dealers are one of the 55 different categories of businesses licensed by DCA, with approximately 1,100 currently operating in New York City. A top agency complaint, more than 650 were filed about car sales last year. Protecting consumers from deceptive and unscrupulous practices is central to the work of DCA. To that end,

using targeted watchdog protection in areas that may have a disproportionate impact on the poor, such as abusive auto selling practices, is a key focus of DCA's Office of Financial Empowerment (OFE).

In 2006, DCA launched an investigation and put the industry on notice after a flood of catchy scratch-off promotions 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 were deemed a "Guaranteed Winner." DCA's investigation into these promotions uncovered other disturbing and illegal practices, such as having consumers sign partially blank contracts and financing agreements, inserting expensive "add-ons" and more once consumers got to the dealership. Consumers' credit histories were severely impacted when those who opened lines of credit defaulted on payments for purchased vehicles.

"DCA has several important tips for consumers in the market for a car," added Commissioner Mintz. "Bottom line: if you're feeling pressured into a deal you don't want or don't understand, walk out."

Call 311 or go online to [www.nyc.gov/consumers](http://www.nyc.gov/consumers) to file a complaint with DCA, or for free copies of the Used Car Sales Consumer Guide and False Advertising: How to Spot It and Read the Fine Print.

\* \* \*

#### **Shopping for a car? Follow these tips:**

- **If buying a used car, first check if the dealership is licensed by DCA.**
- **Get a copy of your credit report before you start shopping around.**  
Correct any errors, or work on improving it before you apply for a car loan so that you get the best deal. Go online to [www.annualcreditreport.com](http://www.annualcreditreport.com) for a free copy of your credit report.
- **Never sign a blank or incomplete agreement/contract where you don't understand the terms; and always retain all copies of any contract or paperwork signed.**
- **Get pre-approved for a loan BEFORE going shopping.**  
The terms and eligibility requirements for financing can be complicated. If you are going to finance your car purchase, knowing rates before you shop will help you compare rates and find the best option for you. If you use your own bank or credit union, you will also be dealing with an institution with which you have a relationship if anything goes wrong.
- **If a car sale is negotiated in Spanish, the contract must also be written in Spanish.**
- **Don't negotiate a purchase based on a monthly payment.**  
Your goal is to negotiate the best price for the car at the lowest interest rate and for the fewest number of payments. Pay close attention to the terms; negotiate the total cost of the car, the interest rate and the total amount that you are financing. Then estimate the monthly payment amount.

- **Say no to “add-ons” and options.**

Most add-ons or options like paint and fabric protection, rust-proofing, extra security systems, extended warranties, etc. are cheaper when bought separately. Ask for a calculation of your monthly payments with and without the add-ons and options.

- **File a complaint with DCA.**

Call 311 or go online to [www.nyc.gov/consumers](http://www.nyc.gov/consumers) to contact DCA.