

FOR IMMEDIATE RELEASE

Tuesday, October 28, 2014

Connie Ress / Katyusca Abreu  
Department of Consumer Affairs  
(212) 436-0042  
press@dca.nyc.gov

## **THE DEPARTMENT OF CONSUMER AFFAIRS ENTERS SETTLEMENT AGREEMENT FORCING UNSCRUPULOUS USED CAR DEALERSHIP TO PAY \$441,000 IN FINES AND RESTITUTION**

### ***Planet Automotive Used Deceptive Advertising and High-Pressure Sales Tactics to Coerce Consumers into Paying for High-Cost Financing and Unwanted Add-ons***

Department of Consumer Affairs (DCA) Commissioner Julie Menin today announced a settlement agreement with Planet Automotive, Inc. and its owner. The agreement is a result of DCA's charges that Planet Automotive used deceptive advertising to lure consumers in and then pressured those consumers into agreeing to thousands of dollars in unwanted add-ons, such as extended warranties and theft protection, and then compelled those consumers to finance through the dealership. The agreement requires Planet Automotive, which now does business as Platinum Auto Mall at 37-15 Northern Boulevard in Long Island City, to pay \$441,000 in fines and consumer restitution to 39 New Yorkers and to adhere to strict compliance with the law. The settlement agreement, which comes just months after DCA launched an aggressive investigation into the sale of unrepaired recalled used cars in New York City, also requires the dealership to check the recall status of each vehicle and repair all safety defects prior to sale. This is the first time DCA has made this requirement as part of a settlement agreement.

"With this comprehensive settlement agreement, DCA is continuing its efforts to protect consumers from unscrupulous used car dealerships," said DCA Commissioner Julie Menin. "A car is one of the biggest purchases any family makes – especially low-income and immigrant families – and we are vigilant about getting all New Yorkers restitution when they are deceived and taken advantage of by a business. This settlement agreement is a victory for DCA because it means a rogue business has agreed to come into compliance with the law and 39 families will be getting a refund after being cheated out of their hard-earned money."

In addition to refunding \$284,000 and agreeing to not sell recalled cars, Planet Automotive will pay \$157,000 in fines to the City and must also hire an independent monitor for at least one year. This monitor will work to reform Planet Automotive's

business practices, update its documents and forms, and report to DCA on the dealership's compliance efforts. The dealership must comply with all laws, including clearly posting all prices, cancellations, and finance terms in all consumer contracts, and conspicuously post the Used Car Buyer's Bill of Rights.

As required by the agreement, the dealership must provide any consumer who wants financing with a notice stating that consumers are not required to finance through the dealership, as well as other information about credit scores, obtaining a credit report, the finance charge for the purchase of add-ons, including warranties and insurance, and the total finance charge and monthly installment cost to purchase the vehicle without add-ons.

Since 2009, 165 consumers have filed complaints with DCA, the Attorney General's Office and the Better Business Bureau about Planet Automotive, Inc. which had been doing business as KG Suzuki. The company advertised used vehicles at discounted prices on various websites, luring consumers to travel to the dealership in Long Island City. Once the consumers were there, sales representatives disclosed additional charges that were not included in the advertised price. The dealership also did not allow consumers to shop around for loans, but instead required them to finance all purchases through a lender chosen by Planet Automotive. Customers were made to wait hours before being able to meet with a finance representative who then pressured them into signing unclear and incomplete agreements, which the dealership later altered, increasing the amounts owed to much higher than what was agreed upon.

In July, DCA [announced](#) (link to: Media\_News\_PR073014.docx) an investigation into the used car dealerships industry to discover whether they are selling unrepaired recalled cars. As part of the investigation, DCA issued subpoenas to 200 dealers, requiring them to provide their policies on selling unrepaired recalled cars, to reveal how many such vehicles they have sold in the past year, and whether the consumer was notified at the time of sale. DCA will work to ensure that any dealer found to have sold a recalled car that was not repaired at time of sale in the past year, notify the customer and make any repairs that are necessary at the dealers' expense and stop selling unrepaired recalled used cars in the future.

DCA, which licenses 849 used car dealerships citywide, conducted more than 500 inspections of used auto dealers and issued 170 violations last year. During that time, DCA received 261 complaints about used car dealerships and secured almost \$300,000 in restitution. To file a complaint with DCA, or for a free copy of the *Used Car Buyer Guide*, call 311 or go online to [nyc.gov/consumers](http://www.nyc.gov/consumers) (link to: <http://www.nyc.gov/consumers>) . Visit DCA's [YouTube Channel](#) (link to: <http://www.youtube.com/nycdca>) to watch a video in English and Spanish about what to know when shopping for a used car. Video captions are also available in English, Spanish, Chinese, Korean, Haitian Creole and Bengali.

The Department of Consumer Affairs (DCA) licenses, inspects, and educates businesses, mediates complaints, educates consumers, and offers free financial counseling and safe banking products. DCA enforces the Consumer Protection Law, the Paid Sick Leave Law and other related business laws throughout New York City and licenses nearly 80,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment assists low-income New Yorkers with innovative programs and services to increase access to high-quality, low-cost financial education and counseling, safe and affordable mainstream banking, and access to income-boosting tax credits and savings. For more information, call 311 or visit DCA online at [nyc.gov/consumers](http://www.nyc.gov/consumers) (link to: <http://www.nyc.gov/consumers>) or on its social media sites, [Twitter](http://www.twitter.com/nycdca) (link to: <http://www.twitter.com/nycdca>), [Facebook](http://www.facebook.com/nycdca) (link to: <http://www.facebook.com/nycdca>), [Instagram](http://www.instagram.com/nycdca) (link to: <http://www.instagram.com/nycdca>), and [YouTube](http://www.youtube.com/nycdca) (link to: <http://www.youtube.com/nycdca>).

---

## Buying a Used Car?

The Department of Consumer Affairs (DCA) has created these tips to help you.

### **Before You Go Shopping**

- **Look at your budget and decide how much you can afford up-front and over time.** Don't forget about insurance, parking, gas, tolls, and repairs.
- **Check your credit report at [annualcreditreport.com](http://annualcreditreport.com)** and correct any errors.
- **Get preapproved for a loan.** Knowing the rates will help you comparison shop across financial institutions. Using your own bank or credit union gives added protection if something goes wrong.
- **Research the car's value.** Check the [National Automobile Dealers Association's \(NADA\) Guides](http://www.nadaguides.com/) (link to: <http://www.nadaguides.com/>), [Edmunds](http://www.edmunds.com/) (link to: <http://www.edmunds.com/>) and [Kelley Blue Book](http://www.kbb.com/) (link to: <http://www.kbb.com/>) to find out the average price of the car you plan to buy and trade in.
- **Check the dealership's license status and complaint history.** All used car dealerships must be licensed by DCA. You can search for a licensee online at [nyc.gov/consumers](http://www.nyc.gov/consumers) (link to: <http://www.nyc.gov/consumers>) . You can also call 311 (212-NEW-YORK outside NYC) to learn more about a business' license status or to check a business's complaint history.

### **At the Dealership**

- **Beware of "bait and switch" advertising.** Ads that promise savings, rates that are too good to be true, or cars that aren't actually available when you get there are illegal. If you feel pressured, walk away.

- **Examine the car carefully.** Get a vehicle history report at [vehiclehistory.gov](http://www.vehiclehistory.gov) (link to: <http://www.vehiclehistory.gov/>), take a test drive, and have an independent mechanic check the car. If the dealer won't let you, walk away. Be sure to check the condition of the engine, tire wear and any sign of an accident. Compare the odometer reading to the bill of sale and check the Federal Trade Commission's (FTC) Buyer's Guide and NYC Department of Motor Vehicles (DMV) inspection sticker posted on the car.
- **Say no to "add-ons" and options.** Paint and fabric protection, rust-proofing, extra security systems, extended warranties, etc. are cheaper when bought separately. Ask for your monthly payments with and without the extra options. Before you sign a contract or pay any money, make sure no extra fees have been added and don't buy anything you don't want.
- **Don't negotiate based on a monthly payment.** Negotiate the best price for the car at the lowest interest rate and for the fewest number of payments. Don't believe dealers who say you must finance through them.
- **Review the contract carefully.**
  - In NYC, you have 48 hours to look over a contract while the dealer holds the car. If the dealer is pressuring you to buy the car, walk away.
  - Never sign a blank, partially blank, or unclear contract. Cross out any empty spaces so they can't be filled in after you sign.
  - Never sign a contract if you don't understand the terms.
  - Don't give a dealer any money before you sign the contract, not even a "deposit."
  - Get the mileage in writing.
  - Never buy a car "as is."
  - If a car sale is negotiated in Spanish and will be paid in installments, the contract must also be written in Spanish.
  - Ask whether the interest rate includes a dealer markup. If so, ask for the interest rate offered by the lender. Although no law prevents the dealer from marking up the interest rate, you may be able to negotiate the amount.
- **Know about warranties.** Under the New York State Lemon Law, used car dealers must provide written warranties on used cars that cost more than \$1,500 or that have less than 100,000 miles. The law does not cover motorcycles, motor homes, off-road vehicles, or used cars purchased from an individual. The warranty covers the engine, transmission, drive axle, brakes, radiator, steering and alternator.

Mileage	Warranty
0 – 36,000	90 days or 4,000 miles
36,001 – 79,999	60 days or 3,000 miles
80,000 – 100,000	30 days or 1,000 miles

- **Get copies of all paperwork.** Don't leave without copies of everything that you signed always keep them. Also keep receipts for any repairs.

- **File a complaint.** If you have a problem with a dealership, file a complaint with DCA at [nyc.gov/consumers](http://www.nyc.gov/consumers) (link to: <http://www.nyc.gov/consumers>) or by **contacting 311**.

### **Follow these Tips to Protect Yourself from Recalled Cars**

- **Visit [safercar.gov](http://www.safercar.gov)** (link to: <http://www.safercar.gov/>) **to check if the car you own or plan to buy has been recalled or has any safety complaints.** You can search by the vehicle's year, make and model and, starting August 20, 2014, the vehicle identification number (VIN). For more information on recalls, download the federal government's guide, *[Motor Vehicle Defects and Safety Recalls: What Every Vehicle Owner Should Know](http://www-odi.nhtsa.dot.gov/recalls/recallprocess.cfm)* (link to: <http://www-odi.nhtsa.dot.gov/recalls/recallprocess.cfm>).
- **Check if the used car you are buying has any unrepaired safety defects.** Ask the dealer for the vehicle identification number (VIN) and contact an authorized dealership to ask if safety recall repairs have been made. You can search [safercar.gov](http://www.safercar.gov) (link to: <http://www.safercar.gov/>) by VIN to determine if a specific vehicle was subject to recall and whether the appropriate repairs were performed. You can also download the *SaferCar App* for iPhones and Android devices to check for recall and complaint information.
- **Before you buy a used car, ask the dealership what their policy is for selling vehicles that have been recalled.** Even if the dealer tells you they won't sell a recalled car, you should do your own research.
- **Get the used car you are buying inspected by an independent mechanic.** Do not buy a car if the dealer will not let you have it inspected or if the dealer tries to sell you a car "as is." Many safety defects will not be identified during a standard inspection so you should also check for recalls.
- **Notify the manufacturer that you are the new owner when you buy a used car or if your contact information changes.** If you are the original purchaser or registered owner, the manufacturer will contact you directly if your vehicle is recalled. You can also subscribe for email alerts at [safercar.gov](http://www.safercar.gov) (link to: <http://www.safercar.gov/>) for future safety recalls.
- **Have safety-related defects repaired immediately.** If you bought a used car that was recalled for a safety defect but was not repaired when you bought it, you have the right to request that the dealer repair the car or pay for the repairs. If you are buying a used car that has been recalled and the dealership won't repair it prior to sale, file a complaint with DCA. If you are the original owner of a recalled car, contact the manufacturer immediately to have the defect repaired; the manufacturer will repair the car free of charge if the vehicle is less than 10 years old and the repair is made by an authorized dealer.
- **Don't wait for a recall letter if your car shows signs of a problem; take it to the dealer or a mechanic.** You should also file a complaint with the National Highway Traffic Safety Administration at [safercar.gov](http://www.safercar.gov) (link to: <http://www.safercar.gov/>) or by calling 888-327-4236.