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Anne McDonnell, P.J.Ch.

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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
CUMBERLAND COUNTY
DOCKET NO.: CUM-C-2-15

JOHN HOFFMAN, Acting Attorney General
of the State of New Jersey, and STEVE C.
LEE, Acting Director of the New Jersey
Division of Consumer Affairs,

Plaintiffs,

v.

AUTOSOURCE GROUP, LLC.; JANE AND
JOHN DOES 1-10, individually and as
owners, officers, directors, shareholders,
founders, managers, agents, servants,
employees, representatives and/or
independent contractors of AUTOSOURCE
GROUP, LLC; and XYZ CORPORATIONS
1-10,

Defendant.

Civil Action

FINAL CONSENT JUDGMENT

The Parties to this Action and Final Consent Judgment (“Consent Judgment”) are plaintiffs John J. Hoffman, Acting Attorney General of the State of New Jersey (“Attorney General”), and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs (“Director”), (collectively, “Plaintiffs”), and AutoSource Group, LLC. (“Defendant”) (collectively, “Parties”). As evidenced by their signatures below, the Parties do consent to the entry of this Consent Judgment and its provisions without trial or adjudication of any issue of fact or law, and without an admission of any liability or wrongdoing of any kind. The Parties consent to the entry of this Consent Judgment to avoid the expenses and uncertainty associated with further investigation and/or litigation.

PRELIMINARY STATEMENT

On February 26, 2015, Plaintiffs commenced this Action, alleging that Defendant violated the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), the Regulations Governing Motor Vehicle Advertising Practices, N.J.A.C. 13:45A-26A.1 et seq. (“Motor Vehicle Advertising Regulations”), the Regulations Governing Automotive Sales Practices, N.J.A.C. 13:45A-26B.1 et seq., (“Automotive Sales Regulations”); the Used Car Lemon Law, N.J.S.A. 56:8-67 et seq. (“UCLL”), and the Used Car Lemon Law Regulations, N.J.A.C. 13:45A-26F.1 et seq. (“UCLL Regulations”), by, among other things: (1) failing to disclose the prior condition and/or prior use of Used Motor Vehicles; (2) failing to disclose existing mechanical defects in Used Motor Vehicles; (3) failing to provide the required written Warranties; and (4) failing to respond to consumer complaints. Defendant denies the allegations.

The Court has reviewed the terms of the Consent Judgment and based upon the Parties’ agreement and for good cause shown:

IT IS HEREBY ORDERED, ADJUDGED AND AGREED AS FOLLOWS:

1. JURISDICTION

1.1 The Parties admit jurisdiction of this Court over the subject matter and over the Parties for the purpose of entering into this Consent Judgment. The Court retains jurisdiction for the purpose of enabling the Parties to apply to this Court at any time for such further orders and relief as may be necessary for the construction, modification, enforcement, execution or satisfaction of this Consent Judgment.

2. VENUE

2.1 Pursuant to N.J.S.A. 56:8-8, venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Superior Court of New Jersey, Chancery Division, Cumberland County.

3. EFFECTIVE DATE

1.1 This Consent Judgment shall be effective on the date that it is entered with the Court ("Effective Date").

4. DEFINITIONS

As used in this Consent Order, the following words or terms shall have the following meanings:

4.1 "Action" shall refer to the matter titled John J. Hoffman, Acting Attorney General of the State of New Jersey and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs v. AutoSource Group, LLC, Superior Court of New Jersey, Chancery Division, Cumberland County, Docket No. CUM-2-15, and all pleadings and proceedings related thereto, including the Complaint, filed February 26, 2015.

4.2 “Advertisement” shall be defined in accordance with N.J.S.A. 56:8-1(a) for purposes of the CFA and includes the Websites. “Advertisement” shall be defined in accordance with N.J.A.C. 13:45A-26A.3, for purposes of the Motor Vehicle Advertising Regulations, and includes the Websites. These definitions apply to other forms of the word “Advertisement” including “Advertise” and “Advertised.”

4.3 “Attorney General” shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

4.4 “AutoSource Website” shall refer to Defendant’s website located at www.autosourze.com.

4.5 “Clear and Conspicuous” or “Clearly and Conspicuously” shall mean a statement that, regardless of the medium in which it is made, is presented in such size, color, contrast, duration, location and audibility, compared to the other information with which it is presented, that it is readily apparent and understandable and in language and terms used in accordance with their common or ordinary usage and meaning. If such statement modifies, explains or clarifies other information with which it is presented, it must be presented in proximity to the information it modifies, explains or clarifies and in a manner that is readily apparent and understandable.

4.6 “Consumer” shall refer to any Person, defined in accordance with N.J.S.A. 56:8-1(d), who is offered Merchandise, defined in accordance with N.J.S.A. 56:8-1(c), for Sale, defined in accordance with N.J.S.A. 56:8-1(e).

4.7 “Documentary Service Fee” shall be defined in accordance with N.J.A.C. 13:45A-26B.1.

4.8 “Motor Vehicle” shall be defined in accordance with N.J.A.C. 13:45A-26A.3.

4.9 "Person" shall be defined in accordance with N.J.A.C. 56:8-1(d).

4.10 "Represent" means to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word "Represent" including, without limitation, "Representation," "Misrepresentation," and "Misrepresent."

4.11 "State" shall refer to the State of New Jersey.

4.12 "Used Motor Vehicle" shall be defined in accordance with N.J.A.C. 13:45A-26F.2.

4.13 "Warranty" shall be defined in accordance with N.J.S.A. 56:8-67.

4.14 "Websites" mean the AutoSource Website and any other websites maintained by or on behalf of Defendant, or which is used by Defendant for the Advertisement of Used Motor Vehicles.

5. BUSINESS PRACTICES

5.1 Defendant shall not engage in any unfair or deceptive acts or practices in the conduct of its business in the State and shall comply with all applicable State and/or Federal laws, rules and regulations as now constituted or as may hereafter be amended including, but not limited to, the CFA, the CFA Regulations, the Motor Vehicle Advertising Regulations, the UCLL and the UCLL Regulations.

5.2 In its Advertisement of a Used Motor Vehicle, Defendant shall Clearly and Conspicuously disclose whether a Used Motor Vehicle had been previously damaged and that

substantial repair or body work has been performed on it when Defendant knows or should have known of such body work, in accordance with N.J.A.C. 13:45A-26A.7(a)(7).

5.3 In its Advertisement of a Used Motor Vehicle, Defendant shall Clearly and Conspicuously disclose the Used Motor Vehicle's prior use, when such prior use is known or should have been known by Defendant, unless previously and exclusively owned or leased by individuals for their personal use, in accordance with N.J.A.C. 13:45A-26A.5(b)(2).

5.4 If Defendant provides disclosure of prior use and/or prior damage to a Used Motor Vehicle on its Website through CARFAX (or similar vehicle history report), Defendant shall Clearly and Conspicuously identify the link as CARFAX (or similar vehicle history report), along with a designation of "Free Vehicle History Report" within the description of the Used Motor Vehicle on any Website.

5.5 In its Advertisement of Used Motor Vehicles, Defendant shall include the statement that "price(s) include(s) all costs to be paid by a consumer, except for licensing costs, registration fees, and taxes," in accordance with N.J.A.C. 13:45A-26A.5(a)(2).

5.6 In its offering for Sale of Used Motor Vehicles, Defendant shall disclose, prior to Sale, any material defect in the Used Motor Vehicle, which is known to Defendant, in accordance with N.J.S.A. 56:8-68(b).

5.7 In its offering for Sale of Used Motor Vehicles, Defendant shall not Represent that a Used Motor Vehicle is sold with a Warranty, when such is not the case, as is required by N.J.S.A. 56:8-68(h).

5.8 In its offering for Sale of Used Motor Vehicles, Defendant shall not Misrepresent the terms of any written Warranty, as is required by N.J.S.A. 56:8-68(e).

5.9 In its offering for Sale of Used Motor Vehicles, Defendant shall include the required written warranty, as required by N.J.S.A. 56:8-69.

5.10 In its offering for Sale of Used Motor Vehicles, Defendant shall not Misrepresent the condition of Used Motor Vehicles.

5.11 Defendant shall collect an administrative fee of \$0.50 from each Consumer who purchases a Used Motor Vehicle, in accordance with N.J.A.C. 13:45A-26F.6(a).

5.12 By the 15th of every January, Defendant shall remit to the Division's Used Car Lemon Law Unit the administrative fees and/or documentation concerning the Used Motor Vehicles sold, in accordance with N.J.A.C. 13:45A-26F.6(b).

5.13 Defendant shall not fail to itemize Documentary Service Fees, as required by N.J.A.C. 13:45A-26B.3(a)(2).

5.14 Defendant shall respond to Consumer complaints in a timely manner.

6. SETTLEMENT PAYMENT

6.1 On or before the Effective Date, Defendant shall pay the amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) to the Division (the "Settlement Payment") which is comprised of civil penalties of Fourteen Thousand Three Hundred Sixty Two and 00/100 Dollars (\$14,362.00), pursuant to N.J.S.A. 56:8-13; investigative costs of One Thousand Eight Hundred Eighty Eight and 00/100 Dollars (\$1,888.00), pursuant to N.J.S.A. 56:8-11; and counsel fees of Eight Thousand Seven Hundred Fifty and 00/100 Dollars (\$8,750.00), pursuant to N.J.S.A. 56:8-19.

6.2 The Settlement Payment shall be made pursuant to the following schedule: (a) Defendant shall pay Five Thousand and 00/100 Dollars (\$5,000.00) on or before the Effective

Date; and (b) Defendant shall make six (6) monthly payments of Three Thousand Three Hundred Thirty Three and 33/100 Dollars (\$3,333.33) on the first day of each month beginning on September 1, 2015.

6.3 In the event that Defendant fails to comply with Section 6.2, Plaintiffs shall provide Defendant with written notice setting forth the details of the noncompliance. Defendant shall be afforded a fifteen (15) day period from receipt of such notice within which to cure any such noncompliance. Failure by Defendant to cure any such noncompliance shall be considered an Event of Default.

6.4 If an Event of Default as set forth in this Consent Judgment occurs, then the entire unpaid balance of the Settlement Payment shall become immediately due and owing without any further notice, along with any attorneys' fees or other costs expended by Plaintiffs in enforcing their right to collect any amounts due and owing following an Event of Default under this Consent Judgment.

6.5 Each payment made in satisfaction of the Settlement Payment shall be made by a certified or cashier's check, money order, credit card or wire transfer made payable to "New Jersey Division of Consumer Affairs" and forwarded to:

Jeffrey Koziar, Deputy Attorney General
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
124 Halsey Street-5th Floor
P.O. Box 45029
Newark, New Jersey 07101

6.6 Upon making the Settlement Payment, Defendant shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the New Jersey Attorney General's Office pursuant to the terms herein.

7. DISMISSAL OF ACTION

7.1 The entry of this Consent Judgment constitutes a dismissal with prejudice of this Action.

8. GENERAL PROVISIONS

8.1 This Consent Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Judgment.

8.2 This Consent Judgment shall be governed by, and construed and enforced in accordance with, the laws of the State.

8.3 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Judgment and the rule that uncertainty or ambiguity is to construed against the drafter shall not apply to the construction or interpretation of this Consent Judgment.

8.4 This Consent Judgment contains the entire agreement among the Parties. Except as otherwise provided herein, this Consent Judgment shall be modified only by a written instrument signed by or on behalf of Plaintiffs and Defendant.

8.5 Except as otherwise explicitly provided in this Consent Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

8.6 If any portion of this Consent Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Judgment shall not be affected.

8.7 This Consent Judgment shall be binding upon Defendant, as well as its owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives, successors and assigns, and any person through which it may now or hereafter act, as well as any Persons who have authority to control who, in fact, control and direct its business.

8.8 This Consent Judgment shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Judgment be used to avoid compliance with this Consent Judgment.

8.9 This Consent Judgment is entered into by the Parties for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Judgment shall be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of the Defendant; or (b) an admission by Defendant that any of its acts or practices described in or prohibited by this Consent Judgment are unfair or deceptive or violate the CFA, the Motor Vehicle Advertising Regulations, the Automotive Sales Regulations, the UCLL and/or the UCLL Regulations. Neither the existence of, nor the terms of this Consent Judgment shall be deemed to constitute evidence or precedent of any kind except in: (a) an action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms herein; or (b) an action or proceeding involving a Released Claim (as defined in Section 9) to support a defense of res judicata,

collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

8.10 Nothing in this Consent Judgment shall be construed to limit or otherwise affect the rights of any Persons who are not Parties to this Consent Judgment with respect to any of the matters contained herein.

8.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order.

8.12 The Parties Represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective parties.

9. RELEASE

9.1 In consideration of the injunctive relief, payments, undertakings, mutual promises and obligations provided for in this Consent Judgment and conditioned on Defendant making the Settlement Payment required in the manner specified in Section 6, Plaintiffs hereby agree to release Defendant from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which Plaintiffs could have brought prior to the Effective Date against Defendant for violations of the CFA, the Motor Vehicle Advertising Regulations, the Automotive Sales Regulations, the UCLL and/or the UCLL Regulations as alleged in this Action as well as for the matters addressed in Section 5 of this Consent Judgment (the "Released Claims").

9.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims: (a) private rights of action; (b) actions to enforce this Consent Judgment and (c) any claims against Defendant by any other agency or subdivision of the State.

10. PENALTIES FOR FAILURE TO COMPLY

10.1 The Attorney General (or designated representative) shall have the authority to enforce the injunctive provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

10.2 The Parties agree that any future violations by Defendant of the injunctive provisions of this Consent Judgment, the CFA, the Motor Vehicle Advertising Regulations the Automotive Sales Regulations, the UCLL and/or the UCLL Regulations shall constitute a second and succeeding violation pursuant to N.J.S.A. 56:8-13, and that Defendant may be liable for enhanced civil penalties.

11. COMPLIANCE WITH ALL LAWS

11.1 Except as provided in this Consent Judgment, no provision herein shall be construed as:

- (a) Relieving Defendant of its obligation to comply with all State and Federal laws, regulations or rules as now constituted or as hereafter may be amended, or as granting permission to engage in any acts or practices prohibited by such laws, regulations or rules; or
- (b) Limiting or expanding any right the Plaintiffs may otherwise have to obtain information, documents or testimony from Defendant pursuant to any State or Federal law, regulation or rule, or limiting or expanding any right Defendant may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by Plaintiffs to obtain such information, documents or testimony.

12. NOTICES UNDER THIS CONSENT ORDER

12.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Plaintiffs or Defendant pursuant to this Consent Judgment shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the Person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Plaintiffs:

Jeffrey Koziar, Deputy Attorney General
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101

For Defendant:

Jerome A. Ballarotto, Esq.
143 Whitehorse Avenue
Trenton, New Jersey 08610

IT IS ON THE 24 DAY OF July, 2015 SO
ORDERED, ADJUDGED AND DECREED



HON. ANNE MCDONNELL, P.J. CH.

JOINTLY APPROVED AND SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS:

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: Jeffrey Koziar Dated: 7/23, 2015
Jeffrey Koziar
Deputy Attorney General
Consumer Fraud Prosecution Section

124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
Telephone: (973) 648-7819

FOR DEFENDANT:

JEROME A. BALLAROTTO, ESQ.

By: Jerome A. Ballarotto Dated: 7/20, 2015
Jerome A. Ballarotto, Esq.
143 Whitehorse Avenue
Trenton, New Jersey 08610
(609) 581-8555

AUTOSOURCE GROUP, LLC

By: Charles Simpson Dated: 7/15/15, 2015
Charles Simpson
Owner
1327 South Delsea Drive
Vineland, New Jersey 08460