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## **AG STOPS ELMORE COUNTY USED CAR DEALER FROM CONTINUING TO DEFRAUD CUSTOMERS**

(MONTGOMERY) -- Attorney General Luther Strange has obtained a court order to stop an Elmore County used car dealer from continuing to defraud Alabama consumers and businesses.

Elmore County Circuit Judge Sibley G. Reynolds granted the Attorney General's request for a temporary restraining order and to seize the property of Quality Used Cars and its associate Preowned Automotive, operated by Claton (or Clayton) and Connie Reeves since 2009. Also named in the Attorney General's lawsuit are Monecia Brown, daughter of Claton and Connie Reeves, and Brown's husband Christopher Robinson, for their actions as employees or agents of the dealer, which is located at 6155 Elmore Road in Elmore, Alabama. A preliminary injunction hearing is set for March 5.

"The State's highest priority is ensuring no more parties are harmed by Quality's business practices. If possible, the State also wishes to secure relief for those already victimized," the Attorney General said in his motion to the Judge. He said the car dealers have been actively defrauding consumers, banks, credit unions and other car dealerships.

The Attorney General alleged that Quality "has a consistent practice of entering into deals and failing to fulfill its end of the bargain. Quality has accepted vehicle trade-ins under the condition of paying off existing liens but then failed to do so. And it has then sold these very vehicles to other customers without disclosing the liens attached to them, while charging *but not remitting* State sales taxes. Quality has acquired other vehicles via false pretenses and bad checks, which has led to credit unions, banks, and other car dealers losing tens of thousands. Finally, Quality has failed to obtain, let lapse, or had revoked such quality standards as a surety bond, a State business license, and from the Department of Revenue, its Dealer License and Designated Agent status. Thus, any deal Quality makes is corroded from the start."

In a civil complaint also filed with the Court, Attorney General Strange accuses the car dealer of 18 counts of violating the Alabama Deceptive Trade Practices Act as well as a 19<sup>th</sup> count of a Department of Revenue violation. He gives examples of three particular fraudulent transactions:

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- A woman traded in her Ford Ranger vehicle to purchase a car from Quality with the agreement that Quality would pay off her \$3,900 lien on the Ford Ranger. This is a standard practice for car dealers who accept a trade-in that has a lien. She began to get notices that her loan had not been paid, and over the next 22 months the car dealer only sporadically made payments in which the checks bounced, were late, or did not cover the payment amount. Not only did this damage the woman's credit history, but the credit union filed a lawsuit against her. It was only after she reported the matter to the Elmore County Sheriff's Office, and the Reeves were threatened with arrest, that Quality finally paid off the loan nearly two years later. In addition to the harm caused to the consumer, Quality caused the credit union substantial administrative and legal costs to collect what was owed.
- Another woman paid \$4,700 for the same Ford Ranger. Knowing there was the unpaid lien on the vehicle, Quality falsely represented that it had the title and that there was no lien.
- During her purchase of a vehicle from an Alabaster car dealer, Connie Reeves was asked for her regulatory license and her Alabama Sales Tax License. She claimed that she had left them in Elmore County, wrote a check for \$16,200, and left with the car and its title. This check, and a subsequent second check, bounced. At this time, they have not yet paid for the vehicle.

In addition to the alleged violations of the Deceptive Trade Practices Act, Quality has paid no sales tax since 2012. The Attorney General's complaint states that for "over 70 months Quality has sold multiple vehicles at retail and collected and underpaid at least \$53,072.88 in sales tax, which it itemized on issued bills of sale. This sales tax, which consumers paid in addition to the price of their chosen vehicle, never made it to the (Revenue) Department." Additional interest and penalties in the amount of \$30,923 also is owed. It is noted that these figures are estimates based upon only those transactions which are known. The Revenue Department sent numerous notifications to Quality.

"Quality has continued to sell vehicles and do business despite lacking nearly every required license or prerequisite for doing so," the complaint alleges. Its Alabama Dealer License was revoked around August of 2014 and its status as "designated agent" was revoked in February of 2014. It has paid other authorized agents to use their credentials to reach the restricted access program used to process title applications. "In sum, Quality's entire operation is unlawful."

Attorney General Strange commended his Consumer Litigation Section, noting in particular Assistant Attorneys General Kyle Beckman and Noel Barnes, Assistant Attorney General Glen Power of the Revenue Department, and Special Agents of his Investigations Division. He also thanked the Elmore County Sheriff's Office.