

Enforcement Alert from Hudson Cook; FTC Fines Wisconsin-Area Auto Group \$1.1 Million for Unfair, Deceptive, and Discriminatory Sales Practices.

October 26, 2023 | [Lucy E. Morris](#) and [Erik Kosa](#)

HIGHLIGHTS

- The dealer group must pay \$1.1 million in restitution for alleged unauthorized charges for additional products like GAP insurance and for discriminatory financing practices.
- The dealer group must develop a compliance plan to ensure its financing practices safeguard against discrimination against credit applicants.
- The lawsuit also named the owner and general manager of the dealerships as an individual defendant.

CASE SUMMARY

Without admitting any wrongdoing, a Wisconsin-area auto dealer group settled a lawsuit brought by the FTC alleging it violated the Federal Trade Commission Act and Equal Credit Opportunity Act by charging American Indian consumers higher interest rates than others for financing vehicles as well as unfairly imposing higher costs on American Indian consumers for additional products. The FTC also alleged the dealer group engaged in unfair and deceptive practices by charging for additional products without their customers' knowledge or consent.

Specifically, the FTC alleged that the dealer group regularly charged customers fees for products like GAP waivers without their knowledge, or by falsely informing the customer that such products were mandatory when in fact they were optional. The complaint also alleges that American Indians were charged for unwanted products at higher rates than non-Latino white customers. The FTC contends that American Indians paid on average approximately \$1,362 more for additional products in credit transactions than non-Latino white customers since 2016.

The settlement requires the dealer group to cease the sales and financing practices at issue and develop a fair lending compliance program, as well as pay \$1.1 million in refunds to affected consumers. Importantly, the lawsuit also named the dealer group's owner and general manager as individual defendants, alleging they directed and participated in the unlawful acts set forth in the complaint. In addition, the lawsuit names the dealer group's former owners, who have agreed to a separate settlement requiring the companies to permanently wind down their business and pay

\$100,000 for consumer refunds.

RESOURCES:

You can review all of the relevant court filings and press releases below:

- [Complaint](#)
- [Stipulated Order \(Current Owners\)](#)
- [Stipulated Order \(Former Owners\)](#)

[FTC Press Release](#)

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