

State of New Mexico



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FOR IMMEDIATE RELEASE

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PRESS RELEASE

Zangara Dealerships Settle With Attorney General Madrid

(Albuquerque, NM)— Zangara dealerships in Albuquerque and Española have agreed to have the court enter a Consent Judgment and Permanent Injunction against them to resolve a lawsuit filed by Attorney General Patricia Madrid.

“Thanks to consumers who filed complaints against the Zangara dealerships, my office was able to uncover a number of violations of the Unfair Practices Act as part of the Zangara dealerships’ business practices. My Consumer Protection Division discovered that the Zangara dealerships were repeatedly charging more than the actual MVD fees for licensing and registration, sometimes by as much as double the actual fee. The Zangara dealerships were also adding onto customer’s sales contracts a so-called ‘title guarantee fee,’” said Madrid.

“I’m pleased that this settlement has been reached that will provide restitution for Zangara customers who were overcharged. I’m also pleased that the Zangara dealerships have agreed to reform their sales practices for the benefit of its customers,” said Attorney General Madrid.

The Consent Judgment and Permanent Injunction on the Zangara dealerships orders the Zangara dealerships to set up an account that will be used to pay restitution to consumers affected by its business practices, administered by a third party. The Dealerships will be required to make an initial \$125,000 payment toward customer restitution, then an additional payment for any time the account balance reaches \$75,000. The Office of the Attorney General estimates the amount of restitution could total hundreds of thousands of dollars. The Zangara dealerships will also be required to pay \$100,000 to the Attorney General’s Office for legal and investigative costs.

Consumers who have purchased a vehicle from Zangara Dodge or Zangara de Española after January 1, 2000 will be contacted by a third party administrator notifying them of restitution eligibility. Any consumer who has changed addresses since they purchased a vehicle from Zangara during the period in question can contact the Attorney General’s Office at 1-800-678-1508 or send an email to zangarapurchasers@ago.state.nm.us and their most recent contact information will be provided to the third party administrator.

The Injunction also orders that the Zangara dealerships:

- Cannot charge its customers any more than the actual official fee charged by the MVD for licensing and registration of a new or used vehicle;
- Cannot charge a “title guarantee fee” unless no title exists or cannot be obtained on a vehicle;

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- Will change all transaction sales documents to remove the reference to a “title guarantee fee”;
- Will pay all fees, charges and taxes due to the MVD for titling and registration, as instructed by law, and;
- Cannot violate any provisions of the New Mexico Unfair Practices Act, New Mexico Law, or the New Mexico Dealers Franchising Act.

Pursuant to an investigation by Attorney General Madrid’s Consumer Protection Division, the lawsuit alleged that as early as the year 2000, Zangara misrepresented the “licensing fee” charged to customers, consistently overcharging for MVD registration and titling fees, retaining the difference and failing to return it to its customers. Based on findings in the investigation, the Attorney General’s Office believes the Zangara dealerships overcharged thousands of customers for vehicle registration and titling. Beginning in the year 2000, the dealerships consistently charged a flat fee of \$100 or more for licensing of vehicles, which should have been a charge of only \$46.50 to \$61.50, depending on the age and weight category of the vehicle.

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