

**Justice Department Alleges “Buy Here, Pay Here” Dealerships
Engaged in Illegal Lending Discrimination
DOJ Press Release 14-035**

Joint complaint with State of North Carolina alleges dealerships in Charlotte, NC, targeted African-American customers for unfair and predatory credit practices that violated Federal and State law.

The U.S. Department of Justice, the U.S. Attorney’s Office for the Western District of North Carolina and the North Carolina Department of Justice filed a lawsuit today alleging that defendants Auto Fare Inc., Southeastern Auto Corp. and Zuhdi A. Saadeh – the owners and operators of two “buy here, pay here” used-car dealerships in Charlotte, N.C. – violated the federal Equal Credit Opportunity Act by intentionally targeting African-American customers for the extension and servicing of installment sale contracts on unfair and predatory terms. The State of North Carolina also alleges that the defendants’ actions violated the state’s Unfair and Deceptive Trade Practices Act.

The complaint, which was filed January 13, 2014, in the U.S. District court for the Western District of North Carolina, alleges that the defendants engaged in a pattern or practice of “reverse redlining” by targeting African-American customers for installment sale contracts with inflated sales prices, down payments, and interest rates without meaningfully assessing the customers’ credit. The complaint states that Saadeh, who operates Auto Fare and United Car Sales, has used racial slurs to refer to African-Americans and made statements expressing his views that African-American customers have fewer credit options, making them more likely to accept the predatory terms of the contracts offered by the defendants.

The defendants’ practices resulted in rates of default and repossession that are higher than other subprime used-car dealers. The complaint also alleges that the defendants failed to provide customers with a reasonable notice of repossession, repossessed vehicles of customers who were not in default on their contracts, failed to give customers refunds they were due, improperly seized customers’ personal property in repossessed vehicles and used global positioning system devices to locate and repossess vehicles without informing customers that the dealership had installed these devices.

The U.S. Department of Justice, the U.S. Attorney’s Office for the Western District of North Carolina and the North Carolina Department of Justice investigated and filed the lawsuit jointly.

“Intentionally targeting African-Americans for contracts with predatory terms because of their race violates fair lending law,” said Acting Assistant Attorney General Jocelyn Samuels for the civil Rights Division. “By filing this lawsuit, the Justice Department is acting to ensure that subprime dealers in the auto industry provide credit in accordance with the law. The Justice Department will continue to ensure that people have equal access to credit, regardless of race.”

“The terms of a person’s loan should not be determined by their race,” said U.S. Attorney Anne

M. Tompkins for the Western District of North Carolina. “Predatory lending and illegal discrimination will simply not be tolerated.”

“Charging people inflated prices based on their race isn’t the way to do business in our state,” said North Carolina Attorney General Roy Cooper. “These allegations show outrageous behavior that should be stopped.”

The Civil Rights Division and other agencies involved in this matter are part of the Financial Fraud Enforcement Task Force, established by President Obama to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit www.StopFraud.gov.

African-American customers who entered into instalment sale contracts for the purchase of automobiles at Auto Fare or United Car Sales since 2006, former employees of the dealerships and any other individuals with information relevant to this lawsuit are encouraged to contact the U.S. Department of Justice at 1-800-896-7743, mailbox 92, or at AutoFareLawsuit@usdoj.gov.

A copy of the complaint, as well as additional information about fair lending enforcement by the Justice Department, can be obtained from the Justice Department website at www.justice.gov/fairhousing. Fighting illegal lending discrimination is a top priority of the Justice Department. More information about the civil Rights Division and the laws it enforces is available at www.usdoj.gov/crt.