IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION
3:14-cv-00008-RJC-DSC

UNITED STATES OF AMERICA; and the STATE OF NORTH CAROLINA ex rel. ROY COOPER, Attorney General,	)	
Plaintiffs	)	
v.	)	**CONSENT DECREE**
AUTO FARE, INC.; SOUTHEASTERN AUTO CORP.; and ZUHDI A. SAADEH,	)	
Defendants.	)	

I. INTRODUCTION

1. This Consent Decree ("Decree") is submitted jointly by the parties for the approval of and entry by the Court, to resolve all claims, matters and things that are the subject of the Complaint filed in this action by the United States of America and the State of North Carolina, by and through its Attorney General Roy Cooper (hereinafter collectively "Plaintiffs") to enforce the Equal Credit Opportunity Act, 15 U.S.C. §§ 1691-1691f ("ECOA"), and its implementing regulations located at 12 C.F.R. Part 1002 ("Regulation B"), and the Unfair and Deceptive Trade Practices Act ("UDTPA"), N.C.G.S. § 75-1.1. This Decree resolves Plaintiffs' claims that Defendants Auto Fare, Inc. and Southeastern Auto Corp. – two Buy Here Pay Here used automobile dealerships in Charlotte, North Carolina – and their owner and operator Zuhdi A. Saadeh (hereinafter collectively "Defendants") engaged in a pattern or practice of discrimination in credit transactions on the basis of race or color in violation of ECOA and the UDTPA and engaged in unlawful repossession activity in violation of UDTPA and Article 9 of the North Carolina Uniform Commercial Code ("UCC").

2. Specifically, Plaintiffs' Complaint alleges that, from at least 2006 through at least 2011, Defendants intentionally targeted African American customers for the extension and servicing of credit on unfair and predatory terms without meaningfully assessing the customers' creditworthiness, a practice commonly referred to as "reverse redlining," and also violated UDTPA and the provisions of Article 9 of the UCC.

3. Plaintiffs' Complaint alleges that Defendants' actions, policies, and practices constitute a pattern or practice of discrimination against applicants on the basis of race or color with respect to credit transactions in violation of the UDTPA, N.C.G.S. § 75-1.1, and ECOA, 15 U.S.C. § 1691(a)(1), and that applicants who have been victims of Defendants' discriminatory policies and practices are aggrieved applicants as defined in ECOA, 15 U.S.C. § 1691e.

4. Defendants deny the allegations in Plaintiffs' Complaint, and specifically deny any violation of law or wrongdoing in connection with the sale, financing or repossession of automobiles. Plaintiffs and Defendants have agreed to this Decree in order to avoid the risks and burdens of costly litigation. The parties agree that the full implementation of the terms of this Decree will resolve Plaintiffs' allegations in a manner consistent with Defendants' legitimate business interests. Therefore, the parties consent to the entry of this Decree.

5. The Effective Date of this Decree shall be the date on which it is approved and entered by the Court.

ACCORDINGLY, it is hereby **ADJUDGED, ORDERED and DECREED:**

II. GENERAL INJUNCTION

6. Defendants and their officers, agents, employees, representatives, successors, assigns, and all other persons in active concert or participation with them are hereby enjoined from engaging in any act, policy, or practice that discriminates on the basis of race or color in any aspect of a credit transactions, in violation of ECOA, 15 U.S.C. §§ 1691-1691f. This injunction

includes, but is not limited to, the adoption, performance, or implementation of any policy, practice, or act that intentionally targets African Americans for the extension and servicing of credit for the purchase of motor vehicles on unfair and predatory terms. This Decree further requires Defendants to take actions to remedy their alleged discrimination. Nothing in this Decree will require Defendants to engage in unsafe or unsound credit transactions.

7. Defendants are hereby enjoined from engaging in any unfair or deceptive practices in or affecting commerce in violation of N.C.G.S. § 75-1.1, and shall comply with all provisions of N.C.G.S. Chapter 20 (Motor Vehicles Act), Chapter 25A (Retail Installment Sales Act), and Chapter 25 (Uniform Commercial Code).

III. SPECIFIC REFORMS TO DEFENDANTS' PRACTICES

A. Documentation, Recordkeeping, and Disclosures

8. Defendants shall develop and implement written policies and procedures for collecting applications and current financial documents for all credit applicants ("Applicants"). The written policies and procedures shall set forth examples of all forms and describe any additional information or documentation that Defendants will require of Applicants as a precondition of applying for or as part of the process of entering into a retail installment sales contract or other credit transaction for the purchase of motor vehicles. These written policies and procedures shall include, but not be limited to, specific information or documentation requirements sufficient to allow Defendants to assess meaningfully Applicants' income and ability to meet the payments on any vehicle purchased.

9. Defendants shall not enter into a retail installment sales contract or other credit transaction for the purchase of motor vehicles requiring Applicant(s) to make total monthly payments that exceed twenty-five percent (25%) of the total documented monthly net income.

For purposes of this paragraph "total monthly payments" shall not include periodic payment(s) of deferred down payment, tax, tags or title fees (collective, "deferred payments"), provided that the period of deferred payments shall not exceed 4 months (8 bi-weekly payments) and the total amount of the deferred payments shall not exceed eight hundred dollars ($800.00).

10. Defendants shall develop and implement written policies and procedures for maintaining customer account files that include, but not be limited to:

a. Retention of copies of all forms, information, or documents, whether electronic or paper, obtained from or provided to the customer relating to any aspect of a credit transaction; and

b. Provisions for Defendants' adoption of and reliance on a computerized system as the primary means for accurately maintaining the accounts of customers who finance motor vehicle purchases through retail installment sales contracts or other credit transactions, including features that will correctly apply payments made by customers on their accounts and will correctly determine instances of customer default and pursue remedies for default in compliance with applicable provisions of North Carolina law.

11. The disclosures to be provided to each customer shall include the following, in addition to any other disclosures required by applicable law:

a. A notice that Defendants shall provide to all customers who purchase motor vehicles on which a global positioning system ("GPS") or automatic shut off device is affixed informing them of the presence of the device; and

b. A notice affixed to the windshield of each car indicating mileage, year, make, model, sales price and down payment required.

c. A notice that Defendants will provide at customer's expense a "Carfax", "Auto Fax" or similar report upon request.

12. Defendants will allow each customer to test drive and seek independent inspection of any vehicle selected for purchase by the customer. Defendants shall provide a written notice and encourage each customer to take such test drive and to obtain inspection by a mechanic of customer's choice at customer's expense prior to purchase, shall allow the customer to maintain possession of the vehicle for a reasonable time not to exceed three (3) hours during Defendants' regular business hours prior to purchase for the applicant or potential applicant to obtain inspection. Defendants may require a customer to post a reasonable, refundable deposit, or to leave customer's vehicle and keys with Defendants, before taking a vehicle for inspection.

13. Defendants have provided a copy of the written notices, forms, policies, and procedures required by Paragraphs 8 and 10-12 to Plaintiffs by documents labeled Auto Fare 1 to 16. Defendants' good faith continued and consistent use of such forms, or materially similar forms and policies, shall be considered compliance with the relevant requirements of Paragraphs 8 and 10-12.

B. Pricing, Payments, and Interest

14. Defendants shall not charge an annual percentage rate of interest ("APR")[1] in excess of the amount allowed by N.C.G.S. § 25A-15(c) minus five percentage points (5%)[2] (the "Standard Rate") Defendants shall charge the same interest rate to all customers, except that the interest rate shall be reduced by at least three percentage points (3%) below the then-Standard

[1] Annual Percentage Rate, or "APR," is the measure of the cost of credit, expressed as a yearly rate, as defined in Regulation Z, 12 C.F.R. Part 1006, implementing the Truth in Lending Act, 15 U.S.C. § 1601 *et seq*.

[2] For vehicles five (5) model years and older, this paragraph limits the APR to 24%.

Rate if: (1) the customer makes a down payment that exceeds the posted down payment amount by at least fifty percent (50%); (2) the customer documents average net monthly income in excess of $2,499.00; (3) the customer has previously financed a separate car with Defendants with no defaults; or (4) the Customer provides, at his or her own expense, a current (same day) credit report showing a 550 FICO score or better. Defendants shall not be required to provide credit reports, but may offer to obtain credit reports and scores for the Customer at Customer's expense, so long as it is made clear to the customer that a low credit score will not cause interest rate to increase above the Standard Rate.

15. Defendants' sales prices shall be competitive with prices offered by other Buy Here-Pay Here dealers in the Charlotte-Mecklenburg area.[3]

16. Defendants shall not require the payment of "doc fees" or similar cash charges at time of sale in addition to its posted or advertised down payment. Defendants may, however, require payment of government-imposed tax, tag and title fees at time of sale.

17. Defendants shall not charge late payment penalties except as allowed by N.C.G.S. § 25A-29.

C. Servicing, Repossessions and Account Closures

18. Defendants shall maintain and service the accounts of customers who finance motor vehicle purchases through retail installment sales contracts or other credit transactions, in accordance with relevant provisions of federal and state law, including, but not limited to:

[3] For purposes of Paragraph 15, a price will be deemed to be "competitive" if it is not more than fifteen percent (15%) above the published NADA retail value for vehicles of a similar condition, body type, year, and mileage; provided that this presumption shall not prevent Defendants from showing that a price in excess of such amount is competitive.

a. North Carolina General Statutes Chapter 25A (Retail Installment Sales Act), including, but not limited to:

i. N.C.G.S. § 25A-19 (regarding limitations on repossession and acceleration)

ii. N.C.G.S. § 25A-22 (regarding the requirement for written receipts for cash payments);

iii. N.C.G.S. § 25A-29 (regarding lawful default charges);

iv. N.C.G.S. § 25A-32 (regarding rebates on prepayment); and

v. N.C.G.S. § 25A-35 (regarding statements of account);

b. North Carolina General Statutes Chapter 25, Article 1 (Uniform Commercial Code – General Provisions), including, but not limited to, N.C.G.S. § 25-1-304 (regarding the obligation of good faith);

c. North Carolina General Statutes Chapter 25, Article 9 (Uniform Commercial Code – Secured Transaction), including, but not limited to:

i. N.C.G.S. § 25-9-602 (regarding non-waiver or variance of rights and duties);

ii. N.C.G.S. § 25-9-608(4) (regarding refunding the debtor with the difference between the amount owed on the debtor's installment sale contract and the amount obtained by Defendants when reselling the repossessed vehicle);

iii. N.C.G.S. § 25-9-610 (regarding commercially reasonable disposition of collateral after default);

iv. N.C.G.S. § 25-9-611 through § 25-9-614 (regarding required notifications before disposition of collateral) unless waived in writing after default pursuant to § 25-9-624;

v. N.C.G.S. § 25-9-615 through § 25-9-616 (regarding application of proceeds of disposition, deficiencies, the debtor's right to surplus, and required explanations thereof); and

vi. N.C.G.S. § 25-9-620 (regarding acceptance of collateral in satisfaction of obligation, and circumstances under which disposition of collateral is compulsory) unless waived in writing after default pursuant to § 25-9-624.

19. Defendants shall use good faith efforts, which at a minimum must include giving written notice, to provide actual notice of default and opportunity for each customer to cure the first instance of default for failure to make a required payment on that customer's account by allowing the payment of past due installments and any late charges within fifteen (15) days of the date on which Defendants first mail or otherwise deliver written notice of the default and opportunity to cure. Written notice shall be deemed given upon mailing to the customer's last known address by a method allowing confirmation of mailing, and need only (a) notify the customer that the loan is in default for non-payment; (b) that the vehicle may be repossessed if payment in full of all past due payments is not made within fifteen (15) days of the date of notice; and (c) provide a telephone number for the customer to call concerning his or her loan and payments. Defendants shall document electronically in the customer account file all notices and efforts to notify.

20. Defendants shall not repossess (whether by Defendants themselves or by their employees, agents, or contractors) a vehicle by reason of payment default until two (2) consecutive missed payments.

21. The Defendants shall not charge any repossession fees or expense other than those allowed under N.C.G.S. § 25-9-615(a)(1) for reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing of the vehicle.

22. Defendants shall preserve any personal property found in any repossessed motor vehicle for at least thirty (30) days and release such personal property to the customer upon request and without condition.

23. Defendants shall strictly comply with the provisions of N.C.G.S. § 25-9-615(d) with respect to any excess received upon disposition of any repossessed vehicle.

24. In the event a vehicle is repossessed for non-payment within forty-five (45) days of the date of sale and is not redeemed by the borrower pursuant to N.C.G.S. § 25-9-623, Defendants shall pay the customer any excess received as required by Paragraph 23 and refund to the customer thirty percent (30%) of the down payment actually received, less the reasonable fees incurred in connection with the repossession allowed by Paragraph 21; provided, however, that no refund shall be due if the vehicle has been driven in excess of 2,000 miles before repossession.

25. Beginning six (6) months after entry of this Decree, and every six months thereafter during the term of this Decree, Defendants shall determine and report to Plaintiffs the percentage of all retail installment sales contracts that were active during any part of that period against which Defendants repossessed (whether by Defendants themselves or by their employees, agents, or contractors) the vehicle, by reason of payment default, and which was not redeemed by the Customer. For any such six (6) month period in which more than thirty-five percent (35%) of Defendants' active retail installment sales contracts resulted in repossession for non-payment and was not redeemed by the Customer, Defendants shall provide the Plaintiffs with a copy of all documentation in each customer file relating to all such repossessions in the six (6) month period,

along with the name and contact information of each customer whose car was repossessed. If such documentation shows non-compliance with the terms of this Decree, Defendants shall fully reimburse all customers affected by such non-compliance for all damages and costs caused by the non-compliance.

D. Non-Discrimination Notices

26. Defendants shall post and prominently display in each location where financing applications are received a notice of non-discrimination, the content of which shall be substantially the same as Appendix A, and a notice prominently setting forth the then-standard interest rate and a statement that the borrower may qualify for a lower rate as provided by Paragraph 14, in form and content substantially the same as Appendix B.

27. Defendants shall require any of its principals, employees, or agents who originate retail installment sales contracts or other credit transactions covered by this Decree to provide to any Applicant a notice of non-discrimination that provides substantially the same information as is contained in Appendix A, and a notice prominently setting forth the interest rate agreed to and a statement that the borrower may qualify for a lower rate as provided by Paragraph 14 in form and content substantially the same as Appendix B. These disclosures shall be in writing, signed by the originator and the Applicant (if the applicant executes), and made part of the customer file maintained by Defendants. These disclosures shall be made as early as practicable, but not later than the time of the credit application.

E. Trainings on Equal Credit Opportunity and N.C.G.S. Chapters 25 and 25A

28. Within ninety (90) days of the Effective Date of this Decree, and annually thereafter for the duration of this Decree, Defendants, their principals, and any employees or agents who participate in any way in the origination, processing, underwriting, or servicing of retail

installment sales contracts or other credit transactions covered by this Decree shall undergo training on equal credit opportunity and relevant provisions of state law. The training shall be conducted by an independent, qualified third party, approved in advance by the Plaintiffs (which approval shall not be unreasonably withheld). During this training, each participant will receive: (a) a copy of the policies, procedures, and notices adopted pursuant to this Decree; and (b) training on the requirements of ECOA and N.C.G.S chapters 25 and 25A, the terms of this Decree, the policies, procedures, and notices adopted pursuant to it, and his or her responsibilities under each.

29. At the conclusion of each training session, Defendants shall secure from each attendee a signed statement acknowledging that he or she has received a copy of the documents and training required by Paragraph 28. These statements shall be substantially in the form of Appendix C (Acknowledgment of Receipt of Policies, Procedures, and Notices) and Appendix D (Training Certification).

30. During the term of this Decree, each newly designated or hired principal, employee, or agent who participates in any way in the origination, processing, underwriting, or servicing of retail installment sales contracts or other credit transactions covered by this Decree shall be provided a copy of the policies, procedures, and notices adopted pursuant to this Decree, given an opportunity to have any questions answered, and shall sign the acknowledgment statement (Appendix C) within ten (10) days of beginning his or her designation or employment in that position.

31. Defendants shall bear all costs associated with the trainings described by Paragraph 28.

IV. COMPENSATION OF AGGRIEVED BORROWERS

32. Defendants shall deposit in an interest-bearing escrow account maintained by a third party as Escrow Agent the total sum of two hundred and twenty-five thousand dollars ($225,000.00) to compensate borrowers for damages they may have suffered as a result of Defendants' alleged violations of ECOA and/or UDTPA with respect to retail installment sales contracts or other credit transactions (the "Settlement Fund"). Defendants shall provide written verification of the deposit to Plaintiffs within thirty (30) days of the Effective Date of this Decree. Any interest that accrues shall become part of the Settlement Fund and be utilized and disposed of as set forth herein.

33. Within thirty (30) days of the Effective Date of this Decree, Plaintiffs shall request any information it believes shall assist it in identifying borrowers who may have suffered damages as a result of the alleged violations of ECOA and/or UDTPA or determining the amount of damages and payments. Defendants shall, within thirty (30) days of receipt of such request, supply such information as reasonably requested to the extent that it is within their control. To the extent that the information is not within Defendants' control, they shall, within thirty (30) days of receipt of such request, supply any information in their control that identifies other parties that may have the information. Defendants shall not be required to incur any extraordinary copy expense or any expense to an unrelated party in complying with this paragraph. Plaintiffs will agree to one 30-day extension of Defendants' deadline to complete the actions required by this paragraph, as provided by Paragraph 47, if Defendants make diligent and good-faith efforts to complete the actions prior to the original deadline.

34. Plaintiffs shall, upon reasonable notice, be allowed access to Defendants' records and files to verify the accuracy of the information provided and to otherwise identify borrowers it believes to be entitled to the payments from the Settlement Fund.

35. Within one hundred twenty (120) days of the Effective Date of this Decree, Plaintiffs shall provide Escrow Agent with a list of borrowers to be paid ("Identified Borrowers") and an amount each Identified Borrower will be paid from the Settlement Fund, subject to the conditions set forth in Paragraph 36.

36. Payments from the Settlement Fund to Identified Borrowers shall be subject to the following conditions:

a. No Identified Borrower shall be paid any amount from the Settlement Fund until he or she has executed and delivered a written release, in the form set forth in Appendix E to this Decree (the "Release"), of all claims, legal or equitable, that he or she might have against the released persons and entities regarding the claims asserted by Plaintiffs in this lawsuit, so long as such claims accrued prior to the entry of this Decree;

b. The total amount paid by Defendants collectively to the Identified Borrowers shall not exceed the amount of the Settlement Fund, including accrued interest;

c. Defendants shall not be entitled a set-off, or any other reduction, of the amount of payments to Identified Borrowers because of any debts owed by the Identified Borrowers;

d. Defendants shall not refuse to make a payment based on a release of legal claims previously signed by the Identified Borrowers; and

e. Payment to any Identified Borrower shall not change the terms of any Identified Borrower's outstanding loan with Defendants.

37. Within thirty (30) days of receipt of the list of Identified Borrowers, Escrow Agent shall notify each Identified Borrower in writing by first-class mail of his or her right to payment, and the procedure for obtaining payment. Escrow Agent's notice shall be approved by Plaintiffs as to form and content before mailing, which approval shall not unreasonably be withheld. Escrow Agent may request, and Defendants shall provide, the most recent contact information for Identified Borrowers in Defendants' records and files. Escrow Agent shall, if necessary and upon reasonable notice, be allowed access to Defendants' records and files to review the contact information. Escrow Agent shall make reasonable efforts using publicly available information to find new contact information for each Identified Borrower whose notice is returned as undeliverable, and promptly resend a notice to each Identified Borrower for whom it finds new contact information. If no response is received within thirty (30) days from any addressee, then Escrow Agent shall re-mail the notice and shall also use reasonable effort to contact the Identified Borrower by telephone at the Identified Borrower's last known telephone number. If the Identified Borrower fails to contact Escrow Agent within ninety (90) days of the second mailing, then he or she shall no longer be deemed an Identified Borrower and his or her payment amount shall be redistributed, in a manner determined by Plaintiffs, to Identified Borrowers who contacted Escrow Agent. Plaintiffs shall provide Escrow Agent a modified list of Identified Borrowers showing final payment amounts (after the redistribution) within thirty (30) days of Escrow Agent providing the list of Identified Borrowers who contacted Escrow Agents within ninety (90) days of the second mailing. No funds shall be paid to any Identified Borrower until all amounts allocated to non-responsive Identified Borrowers have been redistributed by Plaintiffs.

38. All expenses or charges by Escrow Agent shall be borne by Defendants, and Defendants' contract with Escrow Agent shall require Escrow Agent to comply with the provisions of this Consent Order as applicable to Escrow Agent. Within fifteen (15) days of the Effective Date of this Decree, Defendants shall select and appoint Escrow Agent, subject to Plaintiffs' approval, which shall not unreasonably be withheld.

39. It is the intention of the Parties that by reason of reallocation under Paragraph 37, one hundred percent (100%) of the Settlement Fund will be paid to Identified Borrowers. To that end, for any settlement check that is returned undeliverable or is not cashed within thirty (30) days of mailing, Escrow Agent shall make reasonable efforts to locate the intended payee to cause the check to be remailed, cashed or re-issued, as necessary. One hundred and eighty (180) days after the initial mailing, all funds represented by uncashed or returned checks shall be deemed unwanted by the relevant Identified Borrower, and Escrow Agent shall distribute the entire remaining balance of the Settlement Fund (including accrued interest and after paying any necessary stop-pay or similar bank fees) to the North Carolina Attorney General. Such sum may be used by the North Carolina Attorney General for attorney's fees, investigative costs, consumer education, enforcement and/or other consumer protection purposes at the discretion of the North Carolina Attorney General.

V. COMPLIANCE MONITORING AND EVALUATION

40. For the duration of this Decree, Defendants shall retain all records relating to their obligations hereunder and their compliance activities as set forth herein, including, but not limited to, all customer records, both hard copy and electronic. Plaintiffs shall have the right to review and copy such records upon request.

41. For the duration of this Decree, Defendants shall notify Plaintiffs in writing within thirty (30) days of receipt of any complaint of racial discrimination against them, their employees or agents. Defendants shall also promptly provide the Plaintiffs with all non-privileged information it may request concerning any such complaint. Within thirty (30) days of the resolution of any such complaint, Defendants shall advise Plaintiffs of such resolution. For purposes of this paragraph, a complaint shall mean a written communication alleging racial discrimination received directly by Defendants or forwarded to Defendants by any government agency or by the Better Business Bureau or similar consumer organization, an investigation of alleged racial discrimination initiated by any government agency, or the filing of suit alleging racial discrimination in any court.

42. Six (6) months after the effective date of this Decree, and every six months thereafter for the term of this Decree, Defendants shall submit a report to Plaintiffs describing their actions taken in compliance with the provisions of the Decree and their progress in establishing and implementing each of the remedial items specified in this Decree. The reports shall be submitted within thirty (30) days of the end of each such period and shall also include the following information:

a. For each motor vehicle sold by Defendants during the reporting period: the customer's name, address, and telephone number; the date of the transaction; the retail price charged to the customer; the posted down payment (exclusive of tax, tag, title and customary dealer document and prep charges) required for any vehicle sold on credit; the actual down payment made by the customer; and the APR. Defendants may satisfy the obligations of this subparagraph by providing a copy of the Bill of Sale for each vehicle sold during the period so long as the Bill of Sale contains all of the preceding information;

b. For each motor vehicle repossessed and not redeemed by the customer during the reporting period, a report containing the name of the customer, vehicle year and model, reason for repossession, date of repossession, secured amount due at time of repossession, costs of repossession and resale, date of resale and resale price; and

c. Copies of any signed Acknowledgements (Appendix C) and Training Certifications (Appendix D) required by Paragraphs 29 and 30.

43. Plaintiffs will not pursue any potential violations of ECOA or UDTPA against Defendants for conduct in compliance with this Consent Decree.

VI. JURISDICTION AND SCOPE OF DECREE

44. The parties stipulate and the Court finds that the Court has personal jurisdiction over Defendants for purposes of this civil action, and subject matter jurisdiction over the Plaintiffs' claims in this action pursuant to 28 U.S.C. §§ 1331, 1345, 1367 and 15 U.S.C. § 1691e.

45. This Decree shall be binding on Defendants, including all of their principals, officers, employees, agents, representatives, assignees, and successors in interest, and all those in active concert or participation with any of them, including any entities that may be created or operated by any of Defendants in the future for the purpose of motor vehicle sales. In the event Defendants seek to transfer, sell, or assign all or part of their interest in either or both of the Dealerships, and the successor(s) or assign(s) intend to carry on the same or similar use, then as a condition of the transfer, sale or assignment, Defendants shall obtain the written accession of the successor(s) or assign(s) to any obligations remaining under this Decree for the remaining term of this Decree. The parties acknowledge that beginning January 1, 2013, Defendants' auto sales and finance business have been operated by three newly formed affiliates of Defendants, Rea Group Auto No. 1, LLC d/b/a United Car Sales ("Rea 1"), Rea Group Auto No. 2, LLC d/b/a

Auto Fare ("Rea 2") and Silver Landing Financial, LLC ("SLF"). By their execution hereof, Rea 1, Rea 2 and SLF each consents to and binds itself and all of its members, managers, employees, agents, representatives, successors and assigns to the terms of the Decree.

46. This Decree shall remain in effect for a period of forty-eight (48) months after its entry. Plaintiffs may move the Court to extend the duration of the Decree upon showing of a pattern of material violations of the terms thereof.

47. Any time limits for performance imposed by this Decree may be extended by mutual written agreement of the parties. The other provisions of this Decree may be modified by written agreement of the parties or by motion to the Court. If the modification of a provision other than a time limit for performance is made by written agreement of the parties, then such modification will be effective upon filing of the written agreement with the Court and remain in effect for the duration of the Decree or until such time as the Court indicates through written order that it has not approved the modification.

48. Nothing in this Decree shall excuse Defendants' compliance with any currently or subsequently effective provisions of law or order of a regulator with authority over Defendants that imposes additional obligations on Defendants.

49. Nothing in this Decree may be taken or construed to be an admission or concession of any violation of law or regulation by any of Defendants. This Decree is only effective between Plaintiffs and Defendants for the purpose of resolving this case. It shall not be admissible as evidence for any purpose in any other civil case.

50. The Decree does not create any third-party beneficiaries.

VII. ENFORCEMENT OF THIS DECREE

51. Defendants will not participate, directly or indirectly, in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part in the State of North Carolina, which are prohibited in this Decree or for any other purpose which would otherwise circumvent any part of this Decree or the spirit or purposes of this Decree.

52. The parties shall endeavor in good faith to resolve informally any differences regarding interpretation of and compliance with this Decree prior to bringing such matters to the Court for resolution. However, in the event of a failure by Defendants to perform in a timely manner any act required by this Decree, or otherwise to act in conformance with any provision thereof, Plaintiffs may move this Court to impose any remedy authorized by law or equity. Remedies include, but are not limited to, findings of contempt, an order requiring performance of such act or deeming such act to have been performed, and an award of any damages, costs, and reasonable attorneys' fees that may have been occasioned by the violation or failure to perform.

53. Defendants have provided financial information to Plaintiffs in connection with the settlement of this matter. Defendants warrant that the information provided is true and accurate and fully and fairly reflects their financial condition as of the date on which the information was provided. If any part of the financial information provided to Plaintiffs by Defendants is false, unfair, deceptive, misleading, or inaccurate in any material respect, Plaintiffs, in their sole discretion, may:

a. Move the Court to impose sanctions;

b. Move the Court to rescind this Decree and proceed on their original complaint; and

c. Seek any other remedy or relief afforded by law or equity.

VIII. COSTS AND FEES

54. The parties will bear their own costs and fees associated with this litigation.

IX. NOTICE

55. All notices or written submissions under this Decree shall be sent by overnight delivery service to the following addresses:

TO: UNITED STATES DEPARTMENT OF JUSTICE

Chief
Attn: DJ# 188-55-8
U.S. Department of Justice
Civil Rights Division
Housing and Civil Enforcement Section
1800 G St. NW, Suite 7002
Washington, DC 20006

TO: NORTH CAROLINA ATTORNEY GENERAL

North Carolina Attorney General
Attn: Torrey D. Dixon
Consumer Protection Division
114 West Edenton Street
Raleigh, NC 27602

TO: DEFENDANTS

Mr. Zuhdi A. Saadeh
3911 Wilkinson Boulevard
Charlotte, NC 28208

With a copy to:

Richard L. Farley, Esq.
KATTEN MUCHIN ROSENMAN, LLP
550 South Tryon Street, Suite 2900
Charlotte, NC 28202

and

James F. Wyatt, III
Robert A. Blake, Jr.
WYATT & BLAKE, LLP
435 East Morehead Street
Charlotte, NC 28202

or at such other address as any party may designate by notice duly given in accordance with this

Section.

X. TERMINATION OF LITIGATION HOLD

56. The parties agree that, as of the date of the entry of this Decree, litigation is no longer "reasonably foreseeable" concerning the matters described above. To the extent that either party previously implemented a litigation hold to preserve documents, electronically stored information (ESI), or things related to the matters described above, the party is no longer required to maintain such litigation hold. Nothing in this paragraph relieves the parties of any other obligations imposed by this Decree.

XI. DISMISSAL AND RETENTION OF JURISDICTION

57. The Court shall retain jurisdiction for the duration of this Consent Order referenced in Paragraph 46 to enforce its terms, after which time the case shall be dismissed with prejudice.

IT IS SO ORDERED.

Signed: March 30, 2015

Robert J. Conrad, Jr.
United States District Judge

The undersigned hereby consent to and apply for entry of this Consent Decree:

FOR THE UNITED STATES OF AMERICA:

Dated: February 10, 2015

ANNE M. TOMPKINS
United States Attorney

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