



4. MAG Ventures LLC d/b/a Grieco Toyota is a Rhode Island Domestic Limited Liability Company registered with the Secretary of State. It operates a motor vehicle dealership in East Providence, Rhode Island and has a primary business address of 415 Taunton Avenue, East Providence, RI 02914.

5. Grieco Hyundai LLC is a Rhode Island Domestic Limited Liability Company registered with the Secretary of State. It operates a motor vehicle dealership in Johnston, Rhode Island and has a primary business address of 1890 Hartford Avenue, Johnston RI 02919.

6. The Superior Court of Providence County has jurisdiction over the subject matter and the parties hereof pursuant to R.I. Gen. Laws § 6-13.1-5(b).

#### **STATE'S ALLEGATIONS**

7. The Respondents operate new and used motor vehicle dealerships in Rhode Island. They are licensed to operate these motor vehicle dealerships by the Rhode Island Motor Vehicle Dealers License and Hearing Board. Therefore, each dealership is subject to the Division of Motor Vehicles' Rules and Regulations regarding Dealers, Manufacturers and Rental Licenses, 280-30-20 R.I. Code R. 1.

#### **Zurich Shield Charges**

8. Between January 1, 2021 and March 18, 2022, each of the Respondents automatically charged every consumer who purchased a new or used motor vehicle a \$249.00 cost for a pre-installed interior and exterior sealant product and warranty known as "Basic Zurich Shield", unless a consumer elected to purchase an upgraded version of said product and warranty at additional cost.

9. The existence and amount of the Basic Zurich Shield cost was not disclosed in any of the Respondents' online advertisements.

10. Most consumers would learn about the Basic Zurich Shield product and warranty charge once they began the vehicle purchase process.

11. The OAG alleges that consumers were automatically charged the cost for Basic Zurich Shield product and warranty, before the Respondents obtained their express informed consent, and learned of it once they had initiated the purchase process, often after committing a substantial amount of time to visit the dealership, drive the vehicle, and negotiate the sale.

12. The OAG alleges that the practice described above was deceptive to consumers and unfair to competing businesses. The DTPA prohibits businesses from “advertising goods or services with intent not to sell them as advertised.” R.I. Gen. Laws § 6-13.1-1(6)(ix). The OAG alleges that this practice allowed the Respondents to advertise a lower price for a vehicle than they ultimately intended to sell it for, since the advertised price did not include the Basic Zurich Shield \$249 charge.

13. The OAG alleges that the practice described above also violated the Division of Motor Vehicles (“DMV”) Rules and Regulations regarding pricing and fees, which prohibit dealers from automatically charging consumers fees other than sales tax, a documentation fee, and a title preparation fee. 280-30-20 R.I. Code R. 1.6(M)-(N). The OAG further alleges that the practice described above violated public policy as expressed in the DMV’s Rules and Regulations, caused consumer harm, and it was unfair under the DTPA.

14. The Respondents disagree with the OAG’s contentions described in Paragraphs 11, 12, and 13 above.

**Addendum Charges**

15. During that same period described in paragraph 8 above, the Respondents listed motor vehicles available for purchase on their various dealership websites.

16. These vehicle listings included a price for each motor vehicle and a disclosure that the price shown “does not include taxes, license, or doc fee.” These vehicle listings included the acronym “MSRP” (when referring to price) – commonly understood to stand for the “Manufacturer’s Suggested Retail Price” – next to the listed price.

17. However, the Respondents had added up to a \$5,000 “addendum fee” or “market price adjustment” to the sale price of certain new motor vehicles. This additional charge was not disclosed in certain online vehicle listings and consumers may have only learned of the additional charge when they contacted the dealership by phone or in-person. The OAG acknowledges that the Respondents are free to sell new motor vehicles in excess of MSRP.

18. The OAG alleges that the practice of advertising a price for a motor vehicle that a dealership does not intend to sell the vehicle at is deceptive to consumers and unfair to competing businesses. The DTPA prohibits businesses from “advertising goods or services with intent not to sell them as advertised”, and from engaging in conduct that “creates a likelihood of confusion or of misunderstanding.” R.I. Gen. Laws § 6-13.1-1(6)(ix), (xii).

19. The OAG alleges that while motor vehicle dealerships may charge more for vehicles than what the manufacturer “suggests” (i.e. MSRP), the practice described above allowed the Respondents to advertise a lower price for a vehicle than they ultimately intended to sell it.

20. The Respondents disagree with the OAG’s contentions described in Paragraphs 17, 18, and 19 above.

### **Price Advertising**

21. In February and March 2022, MAG Ventures LLC advertised that certain used vehicles were available at “wholesale prices” and that car buyers could “pay what we pay going to the auction.”

22. DMV Rules and Regulations prohibit the use of the word “wholesale” and implications that vehicles are being sold at “dealer cost.” 280-30-20 R.I. Code R. 1.9(B)(3)-(4). This practice violated public policy as expressed in the DMV’s Rules and Regulations, and violated the DTPA. MAG Ventures LLC acknowledges that an advertising company it hired placed the advertisement in question, and that MAG Ventures LLC was responsible for ensuring that any advertisement placed by the company fully complied with said Rules and Regulations.

## THE RESPONDENTS' STATEMENT

23. The Respondents believe that they have consistently complied with the highest ethical business standards in its automotive sales practices, and that the Respondents have a well-earned reputation for honesty and integrity.

24. The vehicle shortage conditions created by the recent pandemic, presented the Respondents and all new motor vehicle dealers with unique challenges which the automotive industry has never previously faced.

25. The Respondents attempted to navigate in good faith the uncharted waters created by the confluence of unanticipated and unprecedented events surrounding the pandemic and resulting vehicle inventory shortages, and the Respondents believe that their business practices were consistent with virtually all motor vehicle dealers both regionally and nationally who were facing the same novel market conditions not previously experienced in the automotive industry.

26. In response to the OAG's position described in Paragraph 8, the Respondents have stated that if a consumer did not wish to purchase Basic Zurich Shield, the \$249.00 cost would be deducted from the sale price of the new or used motor vehicle being purchased, and the consumer still received the pre-installed product.

27. In response to the OAG's position described in Paragraph 9, the Respondents have stated that for the most part the Basic Zurich Shield cost was disclosed on a supplemental window sticker affixed to each vehicle in inventory.

28. In response to the OAG's position described in Paragraph 10, the Respondents have stated that those consumers who previously viewed the supplemental window sticker, would be told about Basic Zurich Shield and its cost upon inquiry, and offered the opportunity to purchase an upgraded version of said product and warranty, with the Respondents representing that a substantial number of consumers elected to purchase an upgraded version of said product and warranty at additional cost.

29. In response to the OAG's position described in Paragraph 11, the Respondents disagree with the OAG's position, and the Respondents believe the express informed consent for the Basic Zurich Shield protection product was obtained from consumers.

30. In response to the OAG's position described in Paragraph 12, the Respondents disagree with the OAG's position, and the Respondents believe that the inclusion of the Basic Zurich Shield protection product with the purchase of vehicles at a reasonable cost, was not deceptive to consumers and not unfair to competing businesses.

31. In response to the OAG's position described in Paragraph 13, the Respondents disagree with the OAG's position, and the Respondents believe that the inclusion of Basic Zurich Shield product and warranty with each motor vehicle sale, provided a significant benefit to consumers at a reasonable cost.

32. In response to the OAG's position described in Paragraph 17, the Respondents state that their practice was to disclose the market price adjustment in an addendum "window sticker" affixed to vehicles to which such market price adjustment applied.

33. In response to the OAG's position described in Paragraphs 18 and 19, the Respondents disagree with the OAG's position, and specifically take the position that the mere reference to the MSRP of a new motor vehicle in advertising or on a website listing does not constitute a firm offer to sell a motor vehicle for that MSRP.

#### **COMPLIANCE PROVISIONS**

34. Without admitting any prior regulatory violations, the Respondents agree that they shall:
- a. Comply with the Division of Motor Vehicles Dealer Licensing and Registration Rules and Regulations, 280-30-20 R.I. Code R. 1.6 and 1.9, which delineate what fees Rhode Island motor vehicle dealers may charge in connection with motor vehicle sales and how prices may be advertised;

- b. Refrain from charging consumers for any products or services without obtaining their express informed consent;
- c. Refrain from charging consumers a Zurich Shield cost without obtaining their express informed consent;
- d. Refrain from advertising or listing on any website, any price for a motor vehicle in any Rhode Island advertisement or website listing unless the vehicle or vehicles are actually available for purchase at the price stated and as described, other than fees allowed under applicable Rules and Regulations and sales tax;
- e. Refrain from advertising the manufacturer's suggested retail price or "MSRP" unless (1) the vehicle is available for purchase at that price or less, excluding registration fees, title fees, documentation fees, and sales tax; or (2) the advertisement also includes the price the vehicle is actually available for purchase; and
- f. Refrain from advertising that motor vehicles are being offered for "wholesale" or "auction" prices or at prices similar to the "dealer cost."

#### **REFUNDS TO CONSUMERS**

35. Within sixty (60) days from the date of this AVC, the Respondents shall provide each of the 6,635 consumers who paid for the Basic Zurich Shield product in connection with the purchase of a motor vehicle, who did not affirmatively elect to purchase a more expensive Zurich Shield protectant product and warranty between January 1, 2021 through March 18, 2022, a \$69.00 refund check (the "Refund Process"), which is approximately the profit that the Respondents earned on each sale of Basic Zurich Shield.

36. To distribute those refund checks, the Respondents shall retain a third-party settlement administrator (the "Administrator") which has been approved by the OAG.

37. The Administrator shall be responsible for the following:

- a. Checking each eligible consumer name in the National Change of Address database to obtain updated address information;
- b. Printing and mailing to each eligible consumer a trifold check in the amount of \$69.00, with the title of the settlement printed on the front of the check in the return address field, and inserting in each mailing a cover letter from the Respondents;
- c. The language of the cover letter to eligible consumers has been approved by the OAG, and explains that the refund is being made pursuant to a court-approved agreement with the OAG;
- d. The check for \$69.00 shall be valid for a period of 90 days; and
- e. Identifying updated address information and reissuing checks that are returned or uncashed within 90 days of issuance where updated address information is available.
- f. Any excess funds from checks not cashed by consumers after the efforts described above, shall revert to the Respondents.

38. At the conclusion of the Refund Process, each Respondent shall provide a certification to the Office of the Attorney General that the Refund Process has been completed.

39. Within thirty (30) days after the refund process concludes, the parties shall execute and file Dismissal Stipulations for the above titled court matters.

#### **PAYMENT TO THE ATTORNEY GENERAL**

40. Within thirty (30) days of the Court's approval of this AVC, each Respondent shall pay the OAG \$33,334.00 for a total of \$100,002 for the OAG's costs and expenses related to this matter.

#### **OTHER TERMS**

41. The Respondents and the OAG agree that this AVC shall be binding on them, and that it shall be entered as an Order of the Court.



42. The OAG hereby releases and discharges any claims it could have brought against the Respondents and their principals, employees, and agents under the DTPA or other non-criminal statutes and regulations limited to the conduct described herein and described in the OAG's pleadings in the cases captioned in the heading of this AVC.

43. The Superior Court of Providence Rhode Island shall have jurisdiction over this AVC and the parties hereto for the purpose of enabling the OAG or the Respondents to apply to this Court at any time for orders and directions as may be necessary or appropriate to enforce compliance with or to punish violations of this AVC by any party.

44. Acceptance of this AVC by the OAG shall not be deemed approval by the OAG of any practices or procedures of the Respondents not required by this Assurance, and the Respondents shall make no representations to the contrary.

#### **NOTICE**

45. The Respondents may receive notice at:

Grieco Auto Group  
85 Douglas Pike  
Smithfield, RI 02917

46. The OAG may receive notice at and the Respondents shall notify the OAG of any change of business name or address within twenty (20) days, by mailing a notice to:

Consumer Protection Unit  
Rhode Island Office of the Attorney General  
150 South Main Street  
Providence, RI 02903

#### **EFFECTIVE DATE**

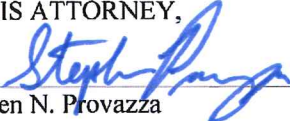
47. This AVC shall take effect immediately upon execution by the parties.

#### **APPROVAL BY COURT**

APPROVED and SO ORDERED. Signed:

**FOR THE STATE OF RHODE ISLAND**

PETER F. NERONHA  
ATTORNEY GENERAL  
BY HIS ATTORNEY,

By:   
Stephen N. Provazza  
Special Assistant Attorney General  
150 South Main Street  
Providence RI, 02903  
SProvazza@riag.ri.gov  
(401) 274-4400

Date: July 26, 2023


METRO MOTORS, INC.

x By: 

Michael Grieco Jr.  
Its Authorized Agent

Date: July 24, 2023

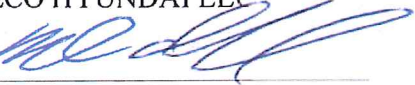
MAG VENTURES LLC

x By: 

Michael Grieco Jr.  
Its Authorized Agent

Date: July 24, 2023

GRIECO HYUNDAI LLC

x By: 

Michael Grieco Jr.  
Its Authorized Agent

Date: July 24, 2023