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SUPERIOR COURT OF THE STATE OF CALIFORNIA

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IN AND FOR THE COUNTY OF SAN DIEGO

10 REGINALD NELSON, individually and  
on behalf of himself and all others  
11 similarly situated and the general  
public,

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Plaintiff,

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v.

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16 PEARSON FORD CO., a California  
corporation;  
17 and DOES 1 through 10, inclusive,

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Defendants.

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CASE NO. GIC88178

**CLASS ACTION**

SECOND AMENDED COMPLAINT FOR  
INJUNCTIVE RELIEF, RESTITUTION, AND  
DAMAGES:

1. VIOLATION OF THE CONSUMERS  
LEGAL REMEDIES ACT- CLASS  
CLAIM;
2. VIOLATION OF THE CONSUMERS  
LEGAL REMEDIES ACT - CLASS  
CLAIM;
3. VIOLATION OF THE CONSUMERS  
LEGAL REMEDIES ACT - CLASS  
CLAIM;
4. VIOLATION OF THE AUTOMOBILE  
SALES FINANCE ACT - CLASS CLAIM;
5. VIOLATION OF THE AUTOMOBILE  
SALES FINANCE ACT - CLASS CLAIM;
6. UNLAWFUL, UNFAIR, FRAUDULENT  
BUSINESS ACTS & PRACTICES -  
CLASS CLAIM;
7. UNLAWFUL, UNFAIR, FRAUDULENT  
BUSINESS ACTS & PRACTICES -  
CLASS CLAIM;
8. UNLAWFUL, UNFAIR, FRAUDULENT  
BUSINESS ACTS & PRACTICES -  
CLASS CLAIM;
9. NEGLIGENT MISREPRESENTATION -  
INDIVIDUAL CLAIM;
10. INTENTIONAL MISREPRESENTATION  
- INDIVIDUAL CLAIM; AND
11. VIOLATION OF THE CONSUMERS  
LEGAL REMEDIES ACT - INDIVIDUAL  
CLAIM.

1 Plaintiff Reginald Nelson, individually and on behalf of all others similarly situated  
2 as to the First through Eighth Causes of Action, alleges as follows against Defendant  
3 Pearson Ford Co. (hereinafter "Pearson Ford"), on information and belief, formed after an  
4 inquiry reasonable under the circumstances:

#### 5 INTRODUCTION

6 1. Pearson Ford is an automobile dealership in San Diego, California, that  
7 engages in a series of unlawful and deceptive business practices. These business  
8 practices are engaged in for one purpose - to sell vehicles to customers and earn extra  
9 profits. In this action Mr. Nelson seeks to put an end to these unlawful and deceptive  
10 practices and provide remedies for hundreds of affected consumers.

11 2. The unlawful and deceptive practices engaged in by Pearson Ford for which  
12 Mr. Nelson seeks redress are: (1) contract backdating; (2) misrepresenting the right to  
13 cancel a transaction; and (3) improperly inflating the cash price of vehicles. Pearson Ford  
14 contacted customers who had signed purchase contracts and told them that the deal  
15 needed to be changed in one way or another. Rather than inform the customers that it was  
16 exercising its contractual right of rescission, Pearson Ford rescinded the contracts through  
17 use of a form entitled "Acknowledgement (*sic*) of Rewritten Contract." Pearson Ford failed  
18 to inform customers that they were not required to enter into "rewritten contracts" and that  
19 they could instead walk away from the deal. Pearson Ford then had the customers sign  
20 a subsequent purchase contract that was backdated to the date of the original purchase  
21 contract. Pearson Ford violated state and federal financial disclosure laws by backdating  
22 the subsequent purchase contracts, thereby charging interest before the consummation  
23 date, misstating the annual percentage rate, misstating the finance charge, and causing  
24 the holder of the contract to collect a higher finance charge than permitted. Pearson Ford  
25 also violated the single document rule because the subsequent purchase contracts do not  
26 state the actual date of consummation, the correct annual percentage rates, the correct  
27 finance charges, or the correct amounts financed.

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1 officers, directors, affiliates, legal representatives, heirs, successors, subsidiaries, and/or  
2 assigns of any such individual or entity. Specifically excluded from Class 1 is any person  
3 who paid cash for their vehicle or financed their vehicle with an annual percentage rate of  
4 0.0%.

5 **A. NUMEROSITY OF THE CLASS**

6 16. The proposed Classes are so numerous that the individual joinder of all their  
7 members in one action is impracticable. The exact number and the identities of the  
8 Members of the Classes are unknown at this time and can only be ascertained through  
9 appropriate investigation and discovery.

10 **B. EXISTENCE AND PREDOMINANCE OF COMMON QUESTIONS OF LAW**  
11 **AND FACT**

12 17. Common questions of law and fact arising out of the claims here at issue  
13 exist as to all Members of the Classes and predominate over any individual issue. These  
14 common legal and factual questions include, but are not limited to, the following:

15 a. Whether Pearson Ford's practice of dating second or subsequent  
16 contracts a date prior to the date the customer signed the second or  
17 subsequent contract violates:

18 (i) California's consumer protection statutes including, *inter alia*,  
19 the Consumers Legal Remedies Act ("CLRA") and/or Unfair  
20 Competition Law ("UCL"); and

21 (ii) the Automobile Sales Finance Act ("ASFA") and/or  
22 Regulation Z.

23 b. Whether Pearson Ford's practice of including in the "Cash Price of  
24 Motor Vehicle," on Line 1.A.1 of retail installment sales contracts any  
25 amount for any good or service other than the cash price of the motor  
26 vehicle violates:

27 (i) California's consumer protection statutes including, *inter alia*,  
28 the Consumer Legal Remedies Act ("CLRA") and/or Unfair

1 Competition Law ("UCL"); and

2 (ii) the Automobile Sales Finance Act ("ASFA"), and/or  
3 Regulation Z.

4 c. The amount of revenues and profits Pearson Ford received, and/or  
5 the amount of monies or other obligations imposed on, or lost by,  
6 Class Members as a result of such wrongdoing.

7 d. Whether Class Members are threatened with irreparable harm and  
8 are entitled to injunctive and other equitable relief and, if so, what is  
9 the nature of such relief.

10 e. Whether Class Members are entitled to rescission, payment of actual,  
11 incidental, consequential, exemplary, punitive and/or statutory  
12 damages plus interest thereon, and if so, what is the nature of such  
13 relief.

14 **C. TYPICALITY OF CLAIMS**

15 18. In regards to Class 1, Pearson Ford engaged in the standard practice of  
16 having customers sign second or subsequent Retail Installment Sale Contracts that were  
17 dated with a date prior to the date it was signed by the customer, such as the date of the  
18 original contract.

19 19. Mr. Nelson was asked to and did sign a second Retail Installment Sale  
20 Contract that was backdated to the date of his original contract.

21 20. In regards to Class 2, Pearson Ford engaged in the standard practice of  
22 including in the "Cash Price of Motor Vehicle" on line 1.A.1 of Retail Installment Sale  
23 Contract, an amount for any good or service other than the cash price of the motor vehicle,  
24 thereby causing customers to pay excess sales tax, registration fees, and finance charges.

25 21. Pearson Ford included in the "Cash Price of Motor Vehicle" on line 1.A.1 of  
26 Mr. Nelson's contract \$250 for insurance that it had sold Mr. Nelson. Pearson Ford  
27 prepared a Due Bill stating that the cost of this insurance was being added to the cash  
28 price of the vehicle.

1           22.   Accordingly, Mr. Nelson's claims are typical of the claims of Members of all  
2 Classes.

3           **D.    ADEQUATE REPRESENTATION**

4           23.   Mr. Nelson will fairly and adequately protect the interests of the Members of  
5 each Class in that he does not have irreconcilable conflicts with or interests materially  
6 antagonistic to those of other Class Members.

7           24.   Mr. Nelson has retained attorneys experienced in the prosecution of class  
8 actions, including consumer class actions.

9           **E.    SUPERIORITY AND SUBSTANTIAL BENEFITS OF CLASS LITIGATION**

10          25.   To the extent it is an element for establishing class certification for certain  
11 causes of action, a class action is superior to other available methods for the fair and  
12 efficient group-wide adjudication of this controversy and, as applicable, possesses  
13 substantial benefits. Individual joinder of all Class Members is impracticable, and no other  
14 group method of adjudication of all claims asserted herein is more efficient and  
15 manageable while at the same time provides all the remedies available to ensure the full  
16 purpose of this State's consumer protection laws are effectuated. Furthermore, as the  
17 damages suffered by each individual Class Member may be relatively small and the relief  
18 sought discrete, the expense and burden of individual Class Members to redress the  
19 wrongs done to them, and the cost to the court system of adjudicating such litigation on an  
20 individual basis would be substantial. The Class Members, because of the amounts at  
21 stake, would have little interest in individually controlling the prosecution of separate  
22 actions; to counsel's knowledge there has not been any substantial litigation concerning  
23 this controversy commenced against the parties; and it is not anticipated that there will be  
24 any difficulties in the management of this litigation due to the focus of the wrongdoing on  
25 Pearson Ford's conduct and its knowledge of the true facts. Individualized litigation would  
26 also present the potential for varying, inconsistent, or contradictory judgments and would  
27 magnify the delay and expenses of all parties and the court system resulting from multiple  
28 trials asserting the same factual issues. The conduct of this action as a class action

1 presents fewer management difficulties, conserves the resources of the parties and the  
2 court system, and protects the rights of each Class Member as compared to other methods  
3 for the group-wide adjudication of this controversy. Thus, the Classes and the court  
4 system achieve substantial benefits by the prosecution of this action on a class-wide basis  
5 by avoiding the burden of multiple litigation involving identical claims, as well as by aiding  
6 legitimate business enterprises in curtailing illegitimate competition and ensuring a  
7 therapeutic effect on those companies such as Pearson Ford that indulge in fraudulent  
8 practices.

9       26. Notice of the pendency of any resolution of this action can be provided to the  
10 Class Members by publication and/or individual mailed notice, as appropriate under  
11 California law, and the costs of such notice are properly imposed on Pearson Ford.

12       27. This action is also properly certified to proceed on a class-wide basis  
13 because:

- 14           a. The prosecution of separate actions by the individual Class Members  
15 would create a risk of inconsistent or varying adjudications with  
16 respect to individual Class Members, thus establishing incompatible  
17 standards of conduct for Pearson Ford.
- 18           b. Because of the nature of the relief sought, the prosecution of separate  
19 actions by individual Class Members would create a risk of  
20 adjudication with respect to them that would, as a practical matter, be  
21 dispositive of the interests of the other Class Members not parties to  
22 such adjudications or would substantially impair or impede the ability  
23 of such Class Members to protect their interests.
- 24           c. Pearson Ford has acted or refuses to act in respects generally  
25 applicable to the Classes, thereby making appropriate final injunctive  
26 relief with regard to the Class Members as a whole in terms of the  
27 equitable relief sought.

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**SUMMARY OF FACTS COMMON TO THE CLASSES**

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2           28.     During the class period, it was Pearson Ford's practice and policy that when  
3 a purchase contract was rescinded, and a subsequent purchase contract was entered into  
4 for the same vehicle with the same customer, the date recorded on the subsequent  
5 purchase contract was not the date the subsequent purchase contract was executed but  
6 some prior date, such as the date the customer signed the original purchase contract.

7           29.     During the class period, it was Pearson Ford's practice and policy to have the  
8 customer, when rescinding a purchase contract, execute a document entitled  
9 "Acknowledgement of Rewritten Contract." This document stated that "the original contract  
10 entered into between myself and dealer has been mutually rescinded and no longer has  
11 any legal effect." It was also Pearson Ford's practice and policy to not verbally inform  
12 customers that by signing the "Acknowledgement of Rewritten Contract" form, the  
13 customer was free to walk away from the deal and have returned to them all consideration  
14 paid by the customer.

15           30.     During the class period, it was Pearson Ford's practice and policy to include,  
16 in the "Cash Price of Motor Vehicle" on line 1.A.1 of Retail Installment Sale Contracts, an  
17 amount for goods and/or services other than the cash price of the vehicle, thereby causing  
18 customers to pay excess sales tax, registration fees, and finance charges.

19           31.     Each member of Class 1 purchased a vehicle from Pearson Ford. Each  
20 member of Class 1 executed an "Acknowledgement of Rewritten Contract" form and each  
21 member of Class 1 entered into a subsequent purchase contract with Pearson Ford that  
22 was backdated to the date of the original purchase contract. Each member of Class 1  
23 financed his or her purchase at an interest rate greater than 0.0%.

24           32.     Each member of Class 2 purchased a vehicle from Pearson Ford. Each  
25 member of Class 2 had the "Cash Price of Motor Vehicle" on line 1.A.1 of their purchase  
26 contracts increased to include an additional amount for a good and/or service other than  
27 the cash price of the vehicle they were purchasing from Pearson Ford. Accordingly, each  
28 member of Class 2 was charged excess sales tax, registration fees, and finance charges.



1           40. Mr. Nelson then went into the finance office to sign paperwork for the  
2 purchase. Plaintiff is informed and believes that the Finance Manager was Rae Hertica.

3           41. Ms. Hertica informed Mr. Nelson that he needed to purchase auto insurance.  
4 Ms. Hertica then contacted South Coast Insurance, who came to Pearson Ford and signed  
5 Mr. Nelson up for auto insurance. Rather than disclose the sale of insurance on the  
6 purchase contract, Pearson Ford prepared a Due Bill stating that the cost of the insurance  
7 was being added to the cash price of the Vehicle.

8           42. Mr. Nelson executed a Retail Installment Sale Contract on October 2, 2004,  
9 to purchase the Vehicle ("RISC #1"). RISC #1 called for 48 monthly payments of \$176.80,  
10 with a total finance charge of \$2,824.80. The cash price of the vehicle was inflated on  
11 RISC #1 to include the cost of insurance.

12           43. A few days later, on October 8, 2004, as requested by Pearson Ford,  
13 Mr. Nelson returned to Pearson Ford with documents relating to his employment history  
14 at Home Depot.

15           44. Mr. Nelson was told that he needed to sign a new Retail Installment Sale  
16 Contract because RISC #1 had not been approved by the bank.

17           45. Pearson Ford had Mr. Nelson sign a form entitled "Acknowledgement (sic)  
18 of Rewritten Contract." The form rescinded RISC #1. The form was not reviewed with  
19 Mr. Nelson, rather he was simply instructed where to sign. A true and correct copy of the  
20 "Acknowledgement (sic) of Rewritten Contract" form is attached hereto as Exhibit 1.

21           46. Mr. Nelson was not told by the finance person (again, believed to be Rae  
22 Hertica) that he was entitled to a return of his \$7,000 cash down payment or that he was  
23 free to walk away from Pearson Ford without purchasing a vehicle.

24           47. Pearson Ford then prepared a second Retail Installment Sale Contract  
25 ("RISC #2"). RISC #2 called for 36 monthly payments of \$215.11. RISC #2 was dated  
26 October 2, 2004, even though the parties signed RISC #2 on October 8, 2004. A true and  
27 correct copy of RISC #2 is attached hereto as Exhibit 2. The effect of backdating RISC #2  
28 six days, from October 8, 2005 to October 2, 2005, changed the APR to 21.23%, which

1 exceeds the 1/8% tolerance allowed under Regulation Z and the Automobile Sales Finance  
2 Act. The backdating also added a total of \$26.62 in additional finance charges, consisting  
3 of \$19.53 of extra interest charged for the six days that RISC #2 was backdated, and \$7.09  
4 in compounded interest on the six days additional interest.

5 48. RISC #2 also included the sale of insurance, and once again included the  
6 cost of the insurance in the cash price of the Vehicle.

7 49. Mr. Nelson contacted Mr. Lacey numerous times after his purchase to  
8 arrange to have the Infiniti rims installed on the Vehicle. Mr. Lacey made numerous  
9 excuses as to why Pearson Ford could not install the Infiniti rims on the Vehicle.

10 50. Within one month of purchasing the Vehicle, Mr. Nelson experienced  
11 problems with the CD player in the Vehicle. Mr. Nelson took the Vehicle to Pearson Ford  
12 for repairs. The service advisor, Robert, stated that Pearson Ford would replace the CD  
13 player with a comparable stereo system.

14 51. Instead of installing a comparable stereo system, Pearson Ford installed a  
15 low cost replacement that did not offer the same features and quality as the Bose stereo  
16 system in the Vehicle when Mr. Nelson purchased it.

17 52. On March 1, 2007, Mr. Nelson, through his attorneys, served Pearson Ford  
18 via certified mail with a notice of violation of the Consumers Legal Remedies Act. The  
19 notice was received by Pearson Ford on March 5, 2007. The letter sought relief on behalf  
20 of Mr. Nelson and the two classes identified in this lawsuit.

21 53. On March 21, 2007, Pearson Ford offered Mr. Nelson an individual remedy,  
22 without offering any relief to the putative classes.

23 54. On April 6, 2007, Mr. Nelson attempted to accept the individual remedy  
24 offered to him. At this point in time, Pearson Ford has not permitted Mr. Nelson to accept  
25 the individual remedy offered to him.

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1 **FIRST CAUSE OF ACTION**

2 **Violation of Consumers Legal Remedies Act, Civil Code Section 1750 et seq.**

3 **- As to Class 1**

4 55. Plaintiff, on his own behalf and on behalf of the Members of Class 1,  
5 incorporates by reference each and every allegation set forth in Paragraphs 1 through 54,  
6 inclusive, of this Complaint.

7 56. The vehicles purchased by Mr. Nelson and each Member of Class 1  
8 constitute "goods" bought for use primarily for personal, family, or household purposes  
9 pursuant to Civil Code Section 1761(a).

10 57. Mr. Nelson and each of the Members of Class 1 are "consumers" pursuant  
11 to Civil Code Section 1761(c).

12 58. The advertisement and sale of the vehicles to Mr. Nelson and each of the  
13 Members of Class 1 are "transactions" pursuant to Civil Code Section 1761(e).

14 59. Pursuant to the Consumers Legal Remedies Act, Civil Code Section 1770(a),  
15 the following unfair methods of competition and unfair or deceptive acts or practices are  
16 prohibited: (1) Representing that goods or services have characteristics, uses, or benefits  
17 which they do not have; (2) Advertising goods or services with intent not to sell them as  
18 advertised; (3) Making false or misleading statements of fact concerning reasons for,  
19 existence of, or amounts of price reductions; (4) Representing that a transaction confers  
20 or involves rights, remedies, or obligations which it does not have or involve, or which are  
21 prohibited by law; (5) Representing that the subject of a transaction has been supplied in  
22 accordance with a previous representation when it has not; and (6) inserting an  
23 unconscionable provision in the contract.

24 60. Section 1780(a)(2) of the Act provides that a consumer is entitled to an  
25 injunction prohibiting acts or practices which violate the Act. Mr. Nelson alleges that  
26 Pearson Ford has established a pattern and practice of: (1) dating second and/or  
27 subsequent purchase contracts a date prior to the date the customer actually signs the  
28 second and/or subsequent purchase contract, such as the date of the original purchase

1 contract; (2) improperly completing second contracts for the purchase of a vehicle;  
2 (3) charging interest before consummation; (4) collecting or causing to be collected finance  
3 charges in excess of disclosed finance charges; and (5) charging compound interest in  
4 simple interest contracts. Mr. Nelson also seeks an order enjoining Pearson Ford from the  
5 acts, methods, and practices as set forth in this Complaint and for payment of restitution.

6 61. Mr. Nelson and the Class seek all remedies available pursuant to Civil Code  
7 Section 1780.

## 8 SECOND CAUSE OF ACTION

### 9 **Violation of Consumers Legal Remedies Act, Civil Code Section 1750 *et seq.***

#### 10 **– As to Class 2**

11 62. Plaintiff, on his own behalf and on behalf of the Members of Class 2,  
12 incorporates by reference each and every allegation set forth in Paragraphs 1 through 61,  
13 inclusive, of this Complaint.

14 63. The vehicles purchased by Mr. Nelson and each Member of Class 2  
15 constitute "goods" bought for use primarily for personal, family, or household purposes  
16 pursuant to Civil Code Section 1761(a).

17 64. Mr. Nelson and each of the Members of Class 2 are "consumers" pursuant  
18 to Civil Code Section 1761(c).

19 65. The advertisement and sale of the vehicles to Mr. Nelson and each of the  
20 Members of Class 2 are "transactions" pursuant to Civil Code Section 1761(e).

21 66. Pursuant to the Consumers Legal Remedies Act, Civil Code Section 1770(a),  
22 the following unfair methods of competition and unfair or deceptive acts or practices are  
23 prohibited: (1) Representing that goods or services have characteristics, uses, or benefits  
24 which they do not have; (2) Advertising goods or services with intent not to sell them as  
25 advertised; (3) Making false or misleading statements of fact concerning reasons for,  
26 existence of or amounts of price reductions; (4) Representing that a transaction confers  
27 or involves rights, remedies, or obligations which it does not have or involve, or which are  
28 prohibited by law; (5) Representing that the subject of a transaction has been supplied in



1           75.     Pearson Ford and Mr. Nelson, and each Member of Class 1, consummated  
2 their original purchases upon signature of their original purchase contracts and taking  
3 delivery of their respective vehicles. Those transactions were rescinded when Mr. Nelson  
4 and each Member of Class 1 returned to Pearson Ford with their vehicles and signed an  
5 "Acknowledgement (*sic*) of Rewritten Contract" form which explicitly stated "the original  
6 contract entered into between myself and dealer has been mutually rescinded and no  
7 longer has any legal effect." The Acknowledgment also stated that the subsequent  
8 purchase contract "is a different contract for the purchase of the vehicle."

9           76.     Pearson Ford and Mr. Nelson and each Member of Class 1 consummated  
10 their final purchase on the date the second or final purchase contract was signed by  
11 Mr. Nelson and each Class Member, and Mr. Nelson, and each Class Member took  
12 delivery of their vehicles. By backdating the final purchase contract to the date of the now-  
13 rescinded original purchase contract, thereby charging interest before consummation,  
14 Pearson Ford violated Civil Code Section 2982(a), which requires all conditional sales  
15 contracts to comply with the disclosure requirements of Regulation Z.

16           77.     By backdating the final purchase contract to the date of the original purchase  
17 contract, Pearson Ford overstated the payment that was due for the annual percentage  
18 rate shown on the contract. The actual annual percentage rate, based on a contract  
19 consummation date of the final purchase contract, varied from the disclosed annual  
20 percentage rate by more than Regulation Z permits. Likewise, the actual finance charges,  
21 based on a contract consummation date of the final purchase contract, varied from the  
22 disclosed finance charge by more than Regulation Z permits.

23           78.     By backdating the final purchase contract to the date of the original purchase  
24 contract, Pearson Ford violated the ASFA's single document rule. The final purchase  
25 contract does not accurately set forth the terms of payment for the motor vehicle because  
26 it misstates the annual percentage rate, the finance charge, the date that interest should  
27 have begun to be charged, and what the true monthly payment should be based on the  
28 disclosed annual percentage rate. The final purchase contract also fails to disclose the

1 interest charged prior to consummation as a prepaid finance charge. The only means of  
2 determining the true annual percentage rate, finance charge, and monthly payment is  
3 through review of another document stating the date the final contract was actually signed.

4 79. By backdating the final purchase contract, Pearson Ford also violated  
5 Civil Code Section 2982(j) by causing the holder to charge, collect, or receive a finance  
6 charge which exceeds the disclosed finance charge.

7 80. Mr. Nelson and each Member of Class have been damaged by Pearson  
8 Ford's violations of the ASFA. Since the violations are of Civil Code Sections 2981.9,  
9 2982(a), and 2982(j), Mr. Nelson and each Member of Class 1 are entitled to rescission  
10 of their purchase contracts pursuant to Civil Code Section 2983 and return of all monies  
11 paid under the contracts. Mr. Nelson also seeks his attorneys' fees and costs pursuant to  
12 Civil Code Section 2983.4.

#### 13 FOURTH CAUSE OF ACTION

##### 14 **Violation of the Automobile Sales Finance Act – As to Class 2**

15 81. Plaintiff, on his own behalf and on behalf of the Members of Class 2,  
16 incorporates by reference each and every allegation set forth in Paragraphs 1 through 80,  
17 inclusive, of this Complaint.

18 82. The purchase contracts executed by Mr. Nelson and each Member of Class 2  
19 for their vehicles are "conditional sale contracts" pursuant to Civil Code Section 2981(a).

20 83. Pearson Ford is a "seller" pursuant to Civil Code Section 2981(b).

21 84. Mr. Nelson and each Member of Class 2 are "buyers" pursuant to Civil Code  
22 Section 2981(c).

23 85. The vehicles purchased by Mr. Nelson and each Member of Class 2 are  
24 "motor vehicles" pursuant to Civil Code Section 2981(k).

25 86. Pearson Ford's practice and policy of increasing the "Cash Price of Motor  
26 Vehicle" on line 1.A.1 of purchase contracts to include any amount for a good and/or  
27 service other than the cash price of the vehicle constitutes a violation of Civil Code  
28

1 Sections 2982(a)(1)(A). For Mr. Nelson, Pearson Ford's conduct also violated Civil Code  
2 § 2982(a)(3).

3 87. By including amounts in the cash price of the vehicle above and beyond the  
4 actual cash price of the vehicle, Pearson Ford violated Civil Code § 2981.9, which requires  
5 all of the agreements between the buyer and seller as to the total cost of the vehicle to be  
6 in a single document. For Mr. Nelson and each of the members of Class 2, reference is  
7 needed to other documents to determine what is included in the cash price of the vehicle  
8 set forth on their contracts.

9 88. Mr. Nelson and each Member of Class 2 have been damaged by Pearson  
10 Ford's violations of the ASFA. Since the violations are of Civil Code Sections 2981.9 and  
11 2982(a), Mr. Nelson and each Member of Class 2 are entitled to rescission of their  
12 purchase contracts pursuant to Civil Code Section 2983 and return of all monies paid  
13 under the contracts. Mr. Nelson also seeks his attorneys' fees and costs pursuant to Civil  
14 Code Section 2983.4.

#### 15 FIFTH CAUSE OF ACTION

#### 16 **Commission of Unlawful, Unfair, and/or Fraudulent Business Acts and Practices**

#### 17 **Violation of Bus. & Prof. Code Section 17200, et seq. – As to Class 1**

18 89. Plaintiff, on his own behalf and on behalf of the members of Class 1,  
19 incorporates by reference each and every allegation set forth in Paragraphs 1 through 88,  
20 inclusive, of this Complaint.

21 90. Pearson Ford's acts, omissions, misrepresentations, practices, and non-  
22 disclosures constituted unlawful, unfair, and fraudulent business acts and practices within  
23 the meaning of California Business & Professions Code Sections 17200, et seq.

24 91. Plaintiff and each member of Class 1 suffered injury in fact and have lost  
25 money or property as a result of the unfair competition described herein.

26 92. Pearson Ford has engaged in "unlawful" business acts and practices by the  
27 following: (1) dating second and/or subsequent purchase contracts a date prior to the date  
28 the customer actually signs the second and/or subsequent purchase contract, such as the

1 date of the original purchase contract; (2) violating the single document rule in Civil Code  
2 Section 2981.9; (3) improperly completing second contracts for the purchase of a vehicle;  
3 (4) charging interest before consummation; (5) collecting or causing to be collected finance  
4 charges in excess of disclosed finance charges; and (6) charging compound interest in  
5 simple interest contracts. These policies, acts, and practices were intended to and did  
6 violate, *inter alia*, California Civil Code Section 1709 *et seq.*, the Consumers Legal  
7 Remedies Act (California Civil Code Section 1750, *et seq.*), and the Automobile Sales  
8 Finance Act (California Civil Code Section 2981, *et seq.*). Accordingly, Defendants have  
9 violated Business & Professions Code Section 17200's proscription against engaging in  
10 an "unlawful" business act or practice.

11 93. Defendants have also engaged in a "fraudulent" business act or practice in  
12 that the representations and omissions of material fact described above have a tendency  
13 and likelihood to deceive purchasers of these vehicles and the general public.

14 94. Defendants have also engaged in an "unfair" business act or practice in that  
15 the justification for selling vehicles based on the misrepresentations and omissions of  
16 material fact delineated above is outweighed by the gravity of the resulting harm,  
17 particularly considering the available alternatives, and offends public policy, is immoral,  
18 unscrupulous, unethical, and offensive, or causes substantial injury to consumers.

19 95. The above-described unlawful, fraudulent, or unfair business acts and  
20 practices conducted by Defendants continue to this day and present a threat to Plaintiff,  
21 and/or the general public in that Defendants have failed to publicly acknowledge the  
22 wrongfulness of their actions and provide full equitable injunctive and monetary relief as  
23 required by the statute.

24 96. Pursuant to California Business & Professions Code Section 17203, Plaintiff  
25 may seek an order of this Court requiring Defendants to immediately cease such acts of  
26 unfair competition and enjoining Defendants from continuing to conduct business via the  
27 unlawful, fraudulent, and/or unfair business acts and practices set forth in this Complaint  
28 and from failing to fully disclose the true nature of their misrepresentations, and ordering

1 Defendants to engage in a corrective notice and advertising campaign. Plaintiff additionally  
2 requests an order from the Court requiring that Defendants provide complete equitable  
3 monetary relief so as to prevent Defendants from benefitting from the practices that  
4 constitute unfair competition or the use or employment of any monies resulting from the  
5 sale of these vehicles, including requiring the payment of restitution of any monies as may  
6 be necessary to restore to any member of the general public any money or property which  
7 may have been acquired by means of such acts of unfair competition.

#### 8 SIXTH CAUSE OF ACTION

#### 9 **Commission of Unlawful, Unfair, and/or Fraudulent Business Acts and Practices**

#### 10 **Violation of Bus. & Prof. Code Section 17200, et seq. – As to Class 2**

11 97. Plaintiff, on his own behalf and on behalf of the members of Class 2,  
12 incorporates by reference each and every allegation set forth in Paragraphs 1 through 96,  
13 inclusive, of this Complaint.

14 98. Pearson Ford's acts, omissions, misrepresentations, practices, and non-  
15 disclosures constituted unlawful, unfair, and fraudulent business acts and practices within  
16 the meaning of California Business & Professions Code Sections 17200, et seq.

17 99. Plaintiff and each member of Class 2 suffered injury in fact and have lost  
18 money or property as a result of the unfair competition described herein.

19 100. Pearson Ford has engaged in "unlawful" business acts and practices by the  
20 following: (1) improperly completing purchase contracts; (2) increasing the "Cash Price of  
21 Motor Vehicle" on line 1.A.1 of purchase contracts to include an amount for a good and/or  
22 service other than the cash price of the vehicle; and (3) collecting or causing to be  
23 collected excess sales tax, registration fees, and finance charges. These policies, acts,  
24 and practices were intended to and did violate, *inter alia*, California Civil Code Section  
25 1709 et seq., the Consumers Legal Remedies Act (California Civil Code Section 1750,  
26 et seq.), and the Automobile Sales Finance Act (California Civil Code Section 2981,  
27 et seq.). Accordingly, Defendants have violated Business & Professions Code Section  
28 17200's proscription against engaging in an "unlawful" business act or practice.

1           101. Defendants have also engaged in a "fraudulent" business act or practice in  
2 that the representations and omissions of material fact described above have a tendency  
3 and likelihood to deceive purchasers of these vehicles and the general public.

4           102. Defendants have also engaged in an "unfair" business act or practice in that  
5 the justification for selling vehicles based on the misrepresentations and omissions of  
6 material fact delineated above is outweighed by the gravity of the resulting harm,  
7 particularly considering the available alternatives, and offends public policy, is immoral,  
8 unscrupulous, unethical, and offensive, or causes substantial injury to consumers.

9           103. The above-described unlawful, fraudulent, or unfair business acts and  
10 practices conducted by Defendants continue to this day and present a threat to Plaintiff,  
11 and/or the general public in that Defendants have failed to publicly acknowledge the  
12 wrongfulness of their actions and provide full equitable injunctive and monetary relief as  
13 required by the statute.

14           104. Pursuant to California Business & Professions Code Section 17203, Plaintiff  
15 may seek an order of this Court requiring Defendants to immediately cease such acts of  
16 unfair competition and enjoining Defendants from continuing to conduct business via the  
17 unlawful, fraudulent, and/or unfair business acts and practices set forth in this Complaint  
18 and from failing to fully disclose the true nature of their misrepresentations, and ordering  
19 Defendants to engage in a corrective notice and advertising campaign. Plaintiff additionally  
20 requests an order from the Court requiring that Defendants provide complete equitable  
21 monetary relief so as to prevent Defendants from benefitting from the practices that  
22 constitute unfair competition or the use or employment of any monies resulting from the  
23 sale of these vehicles, including requiring the payment of restitution of any monies as may  
24 be necessary to restore to any member of the general public any money or property which  
25 may have been acquired by means of such acts of unfair competition.

26 ///

27 ///

28 ///



1           114. At the time of purchase, and afterwards, Defendants made the  
2 misrepresentations as set forth in Paragraphs 33, 34, 38-42, and 46-51. The names of  
3 Defendants' employees who made the misrepresentations to Plaintiff are stated to the best  
4 of Plaintiff's knowledge in Paragraphs 33, 34, 38-42, and 46-51. Names of Defendants'  
5 employees whom Plaintiff does not know by name are known to Defendants and are stated  
6 in documents in Defendants' possession.

7           115. At the time of purchase, and afterwards, Defendants omitted from the  
8 statements it had made material facts as set forth above, the disclosure of which were  
9 necessary in order to make Defendants' other statements not misleading. These  
10 omissions include, but are not limited to the following: (1) that RISC #2 included compound  
11 interest and interest before consummation; (2) that Pearson Ford had no intention to install  
12 Infiniti rims on the Vehicle; (3) that it was permissible to list false employment information  
13 on a credit application; (4) that Pearson Ford had no intention of installing a comparable  
14 stereo system in the Vehicle; and (5) that Mr. Nelson was obligated to sign RISC #2.

15           116. At all times Defendants either had actual or constructive notice of the true  
16 facts but nonetheless intentionally or recklessly concealed these facts from Plaintiff.

17           117. Defendants made these representations and omitted material facts with the  
18 intent to defraud Plaintiff and induce Plaintiff to purchase the vehicle. At the time Plaintiff  
19 purchased the Vehicle and afterwards he did not know, or have reason to know, that  
20 Defendants were making false and misleading representations and had omitted material  
21 facts. Plaintiff acted in justifiable reliance upon the truth of the representations which  
22 misled him as to the nature and extent of the facts concealed. Plaintiff was justified in his  
23 reliance as Defendants held themselves out as professionals in the automotive sales and  
24 leasing industry and Plaintiff had no reason to doubt their representations.

25           118. As a direct and proximate result of Defendants' fraudulent representations,  
26 omissions of material fact and wrongful conduct, Plaintiff has suffered damages, including  
27 actual, general, consequential, and incidental damages according to proof at trial.

28 ///

1 119. Defendants acted with malice, oppression, and fraud toward Plaintiff within  
2 the meaning of Civil Code Section 3294, and such conduct was ratified by management.  
3 Plaintiff is therefore entitled to punitive damages.

4 120. Plaintiff hereby alleges fraud in the inducement to enter into the purchase  
5 contract, and therefore is entitled to rescission of the purchase contract and restitution in  
6 an amount according to proof at trial.

7 **NINTH CAUSE OF ACTION**

8 **Violation of Consumers Legal Remedies Act, Civil Code Section 1750 *et seq.***

9 **– Individual Claim**

10 121. Plaintiff incorporates by reference each and every allegation set forth in  
11 Paragraphs 1 through 120, inclusive, of this Complaint. This cause of action is brought by  
12 Mr. Nelson individually.

13 122. The vehicle purchased by Mr. Nelson constitutes a “good” bought for use  
14 primarily for personal, family, or household purposes pursuant to Civil Code  
15 Section 1761(a).

16 123. Mr. Nelson is a “consumer” pursuant to Civil Code Section 1761(c).

17 124. The advertisement and sale of the vehicle to Mr. Nelson is a “transaction”  
18 pursuant to Civil Code Section 1761(e).

19 125. Pursuant to the Consumers Legal Remedies Act, Civil Code Section 1770(a),  
20 the following unfair methods of competition and unfair or deceptive acts or practices are  
21 prohibited: (1) Representing that goods or services have characteristics, uses, or benefits  
22 which they do not have; (2) Advertising goods or services with intent not to sell them as  
23 advertised; (3) Making false or misleading statements of fact concerning reasons for,  
24 existence of, or amounts of price reductions; (4) Representing that a transaction confers  
25 or involves rights, remedies, or obligations which it does not have or involve, or which are  
26 prohibited by law; (5) Representing that the subject of a transaction has been supplied in  
27 accordance with a previous representation when it has not; and (6) inserting an  
28 unconscionable provision in the contract.

1           126. Concurrently with the filing of this lawsuit, Mr. Nelson served Pearson Ford  
2 via certified and regular mail a Consumers Legal Remedies Act notification and demand  
3 letter seeking individual relief from Pearson Ford. Pearson Ford offered Mr. Nelson a  
4 remedy, and Mr. Nelson attempted to accept that remedy. Pearson Ford did not respond  
5 to Mr. Nelson's attempt to accept the offer, and therefore the remedy was not provided in  
6 accordance with the Act, and a claim for damages is appropriate.

7           127. Section 1780(a)(2) of the Act provides that a consumer is entitled to an  
8 injunction prohibiting acts or practices which violate the Act. Mr. Nelson alleges that  
9 Pearson Ford has established a pattern and practice of: (1) dating second and/or  
10 subsequent purchase contracts a date prior to the date the customer actually signs the  
11 second and/or subsequent purchase contract, such as the date of the original purchase  
12 contract; (2) improperly completing second contracts for the purchase of a vehicle;  
13 (3) charging interest before consummation; (4) collecting or causing to be collected finance  
14 charges in excess of disclosed finance charges; (5) charging compound interest in simple  
15 interest contracts; (6) having customers execute a false and deceptive "Acknowledgement  
16 (sic) of Rewritten Contract" forms when it has customers sign second or subsequent  
17 purchase contracts; (7) failing to inform customers that they do not have to sign a "rewritten  
18 contract" and can instead walk away from the deal and have all consideration paid  
19 returned; (8) violating the single document rule in Civil Code Section 2981.9; (9) increasing  
20 the "Cash Price of Motor Vehicle" on line 1.A.1 of purchase contracts to include an amount  
21 for a good and/or service other than the cash price of the vehicle; (10) collecting or causing  
22 to be collected excess sales tax, registration fees, and finance charges; and  
23 (11) misrepresenting service contracts as extended warranties. Mr. Nelson also seeks an  
24 order enjoining Pearson Ford from the acts, methods, and practices as set forth in this  
25 Complaint and for payment of restitution.

26           128. Mr. Nelson seeks all remedies available pursuant to Civil Code Section 1780,  
27 including attorney's fees and costs.

28 ///

1 PRAYER FOR RELIEF

2 WHEREFORE, Plaintiff prays for judgment as follows, on behalf of himself, the  
3 Classes, and the general public as appropriate for the particular causes of action:

4 1. An Order certifying the Classes under the appropriate provisions of California  
5 law, and appointing Plaintiff and his counsel to represent the Classes.

6 2. For the declaratory, equitable, and/or injunctive relief requested as permitted  
7 under the Consumers Legal Remedies Act and Business & Professions Code  
8 Section 17203.

9 3. For general, special, and actual damages according to proof at trial.

10 4. For rescission and/or restitution of all monies required to be expended.

11 5. For incidental and consequential damages according to proof at trial.

12 6. For the specified causes of action, punitive and/or statutory damages.

13 7. For pre-judgment interest at the legal rate.

14 8. For reasonable attorneys' fees and costs of suit as specified under, inter alia,  
15 Code of Civil Procedure Section 1021.5, and Civil Code Sections 1717, 1780(d), and  
16 2983.4.

17 9. For such other and further relief as the Court deems just and proper under  
18 the circumstances.

19 Dated: July 10, 2008

ROSNER & MANSFIELD, LLP

20 By: 

21 CHRISTOPHER P. BARRY  
22 Attorneys for Plaintiff  
23  
24  
25  
26  
27  
28

# EXHIBIT 1



4300 EL CAJON BLVD. • SAN DIEGO, CA 92105 • (619) 283-7181

### ACKNOWLEDGMENT OF REWRITTEN CONTRACT

BUYER(S) NAME REGINALD A. NELSON

VEHICLE I.D. # JNKCA21A8WT604334

ORIGINAL CONTRACT DATE 10/02/2004

REWRITTEN CONTRACT DATE 10/8/04

I hereby acknowledge that the original contract entered into between myself and dealer has been mutually rescinded and no longer has any legal effect.

The sale was rescinded for the following reason:

RE-WROTE CONTRACT CHANGING TERM FROM 48 MONTHS TO 36 MONTHS;  
MONTHLY PAYMENT FROM \$176.80 TO \$215.11; FINANCE CHARGES  
FROM \$2824.80 TO \$2082.36.

I understand I am entitled to a complete refund of all consideration previously paid by me, including return of my trade, if applicable. If my trade has been sold I have been offered the amount allowed on the contract less any actual payoff amount owing.

I hereby freely and voluntarily elect to enter into a different contract for the purchase of the vehicle as evidenced by my signing the rewritten contract referenced above.

I do not have to agree to any change in the original terms or conditions. No form of duress or pressure has been exerted against me by any person at the dealership.

Date 10/02/2004 Buyer Reginald A. Nelson

Deal #35710, Stock #41125A  
CaKpE006 Seller [Signature]

# EXHIBIT 2

VP INTEREST FINANCE CHARGE

Dealer Number \_\_\_\_\_ Contract Number \_\_\_\_\_ R.O.S. Number 29357231 Stock Number 41125A  
 DATE: 10/02/2004 CONTROL # 1008367

Buyer (and Co-Buyer) Name and Address (including County and Zip Code)  
REGINALD A NELSON  
4310 54 ST  
SAN DIEGO, CA 92115 County: SAN DIEGO

Creditor/Seller (Name and Address)  
PEARSON FORD  
4500 EL CAJON BLVD  
SAN DIEGO, CA 92105

The Buyer (and Co-Buyer, if any), may buy the vehicle below for cash or on credit. By signing this contract, you choose to buy the vehicle on credit under the terms on the front and back of this contract. You agree to pay the Creditor-Seller (sometimes "we" or "us" in this contract) the Amount Financed and Finance Charge according to the payment schedule below. We will figure your finance charge on a daily basis. The Truth-In-Lending Disclosures below are part of this contract.

Year Used	Year	Make and Model	Odometer	Vehicle Identification Number	Primary Use For Which Purchased
USED	1998	INFINITI G20	85658	1NKA21A8TE604334	<input checked="" type="checkbox"/> personal, family or household <input type="checkbox"/> business or commercial

**FEDERAL TRUTH-IN-LENDING DISCLOSURES**

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total Payments	Monthly Payment
21.00%	\$ 2032.36 (e)	\$ 5661.60	\$ 7743.96 (e)	\$ 1874.36 (e)

(e) means an estimate

**YOUR PAYMENT SCHEDULE WILL BE**

Number of Payments	Amount of Payments	When Payments Are Due
48	\$ 1874.36	Monthly, Beginning 10/30/2004

Late Charge: If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late.  
 Prepayment: If you pay off all your debt early, you may be charged a minimum finance charge.  
 Security Interest: You are giving a security interest in the vehicle being purchased.  
 Additional Information: See this contract for more information including information about nonpayment, default, any required payments in full before the scheduled date, minimum finance charges, and security interest.

**ITEMIZATION OF THE AMOUNT FINANCED**

1. Total Cash Price

A. Cash Price of Motor Vehicle and Accessories: \$ 10245.00 (A)

1. Cash Price Vehicle: \$ 9024.00

2. Cash Price Accessories: N/A

3. Other (Nontaxable): Describe N/A

B. Document Preparation Fee (not a governmental fee): \$ 49.00 (B)

C. Smog Fee Paid to Seller: \$ 50.00 (C)

D. Sales Tax (on taxable items in A+B+C): \$ 803.35 (D)

E. Optional DMV Electronic Filing Fee: \$ N/A (E)

F. (Optional) Service Contract: \$ 1497.00 (F)

G. (Optional) Service Contract: \$ N/A (G)

H. Prior Credit or Lease Balance paid by Seller to: \$ N/A (H)

(see downpayment and trade-in calculation)

I. (Optional) Gap Contract (to whom paid): N/A \$ N/A (I)

J. Other (to whom paid): N/A \$ N/A (J)

Total Cash Price (A through J): \$ 12634.35 (1)

2. Amounts Paid to Public Officials

A. License Fees: \$ 10 (A) Estimated

B. Registration and Transfer Fees: \$ 10 (B)

C. California Tire Fees: \$ 10 (C)

D. Other: N/A \$ N/A (D)

E. Other: N/A \$ N/A (E)

Total Official Fees (A through E): \$ 40 (2)

3. Amount Paid to Insurance Companies

(Total premiums from Statement of Insurance column a + b): \$ 0 (3)

4. Smog Certification Fee Paid to State: \$ 0 (4)

5. Subtotal (1 through 4): \$ 12674.35 (5)

6. Total Downpayment

A. Agreed Trade-In Value: N/A Make: N/A \$ N/A (A)

Model: N/A Odom: N/A

VIN: N/A

**STATEMENT OF INSURANCE**

NOTICE: No person is required as a condition of financing the purchase of a motor vehicle to purchase or negotiate any insurance through a particular insurance company, agent or broker.

**Vehicle Insurance**

COVERAGE	Term	Premium
\$ N/A Ded. Comp., Fire & Theft	N/A Mos.	\$ N/A
\$ N/A Ded. Collision	N/A Mos.	\$ N/A
Body Injury \$ N/A	Limits: N/A Mos.	\$ N/A
Property Damage \$ N/A	Limits: N/A Mos.	\$ N/A
Medical \$ N/A	N/A Mos.	\$ N/A
	N/A Mos.	\$ N/A

Total Vehicle Insurance Premiums: \$ N/A (6)

UNLESS A CHARGE IS INCLUDED IN THIS AGREEMENT FOR PUBLIC LIABILITY OR PROPERTY DAMAGE INSURANCE, PAYMENT FOR SUCH COVERAGE IS NOT PROVIDED BY THIS AGREEMENT.

You may buy the physical damage insurance this contract requires (see back) from anyone you choose who is acceptable to us. You are not required to buy any other insurance to obtain credit.

Buyer: \_\_\_\_\_  
 Co-Buyer: \_\_\_\_\_  
 Seller: PEARSON FORD

If any insurance is checked below, policies or certificates from the named insurance companies will describe the terms and conditions.

**Application for Optional Credit Insurance**

Credit Life  Buyer  Co-Buyer  Both

Credit Disability (Buyer Only)

Term	Rate	Premium
Credit Life N/A Mos.		\$ N/A
Credit Disability N/A Mos.		\$ N/A

Total Credit Insurance Premiums: \$ N/A (6)

Insurance Company Name: N/A

Home Office Address: N/A

Credit life insurance and credit disability insurance are not required to obtain credit. They will only be provided unless you sign and agree to pay for them. Credit life insurance is based on your original payment schedule. This insurance may not pay all your debt on this contract if you make late payments. Credit disability insurance does not cover any late payments on this contract or the number of payments covered on both the insurance and credit disability statements is at the original due date for the last payment unless a different term for the insurance is shown above.

You are applying for the credit insurance marked above. Your signature below means that you agree that (1) you are not eligible for a refund if you have reached your 65th birthday, (2) you are eligible for disability insurance only if you are working for wages or profit 30 hours a week or more on the effective date of your first payment. Buyer is eligible for disability insurance. **DISABILITY INSURANCE MAY NOT COVER CONDITIONS FOR WHICH YOU HAVE SEEN A DOCTOR FOR OVER 90 DAYS IN THE LAST 6 MONTHS (refer to total disabilities not covered in your policy for details).**

You want to buy the credit insurance.

Buyer's Signature: \_\_\_\_\_ Age: \_\_\_\_\_

D. Deferred Downpayment  
 E. Manufacturer's Rebate  
 F. Other N/A  
 G. Cash  
 Total Downpayment (C through G) \$ 7000.00 (6)  
 (If negative, enter zero on line 6 and enter the amount less than zero as a positive number on line 1H above.)  
 7. Amount Financed (5 less 6) \$ 5664.60 (7)  
 \*Seller may keep part of these amounts.

N/A (U)  
 N/A (E)  
 N/A (F)  
 N/A (G)

provided unless you elect to pay the extra charge. If you choose to pay a gap charge, the charge is shown in item 1F. See your gap contract for details. It is a part of this contract.  
 Term N/A Mos N/A  
 Name of Gap Contract  
 You want to buy a gap contract?  
 Buyer X N/A

**SELLER ASSISTED LOAN**  
 BUYER MAY BE REQUIRED TO PLEDGE SECURITY FOR THE LOAN, AND WILL BE OBLIGATED FOR THE INSTALLMENT PAYMENTS ON BOTH THIS RETAIL INSTALLMENT SALE CONTRACT AND THE LOAN.  
 Proceeds of Loan From: N/A  
 Amount \$ N/A Finance Charge \$ N/A  
 Total \$ N/A Payable in N/A  
 installments of \$ N/A \$ N/A  
 from this loan is shown in item 6D.

**AUTOBROKER FEE DISCLOSURE**  
 If this contract reflects the retail sale of a new motor vehicle, the sale is not subject to a fee received by an autobroker from us, unless the following box is checked:  
 Name of autobroker receiving fee, if applicable:  
N/A

**OPTIONAL SERVICE CONTRACT(S)** You want to purchase the service contract(s) which with the following company(ies) for the term(s) shown below for the charge(s) shown in item 1F and/or 1G above:  
 1.F Company MULLER/SILVER  
 Term 24 Mos or 24000 Miles  
 1.G Company N/A  
 Term N/A Mos or N/A Miles  
 Buyer X N/A

**NOTICE OF RESCISSION RIGHTS**  
 If Buyer and Co-Buyer sign here, the provisions of the Rescission Rights section on the back giving the Seller the right to rescind if Seller is unable to assign this contract to a financial institution will apply.  
 Buyer X N/A Co-Buyer X N/A

**HOW THIS CONTRACT CAN BE CHANGED**  
 This contract contains the entire agreement between you and us relating to this contract. Any change to the contract must be in writing and both you and we must sign it. No oral changes are binding.  
 Buyer Initials N/A Co-Buyer Initials N/A

The Annual Percentage Rate May be Negotiable With the Dealer.

OPTION:  You pay no finance charge if the Amount Financed (item 7) is paid in full on or before N/A Year N/A SELLER'S INITIALS

**THE MINIMUM PUBLIC LIABILITY INSURANCE LIMITS PROVIDED BY LAW MUST BE MET BY EVERY PERSON WHO PURCHASES A VEHICLE. IF YOU ARE UNSURE WHETHER OR NOT YOUR CURRENT INSURANCE POLICY WILL COVER YOUR NEWLY ACQUIRED VEHICLE IN THE EVENT OF AN ACCIDENT, YOU SHOULD CONTACT YOUR INSURANCE AGENT.**  
**WARNING:**  
 YOUR PRESENT POLICY MAY NOT COVER COLLISION DAMAGE OR MAY NOT PROVIDE FOR FULL REPLACEMENT COSTS FOR THE VEHICLE BEING PURCHASED. IF YOU DO NOT HAVE FULL COVERAGE/SUPPLEMENTAL COVERAGE FOR COLLISION DAMAGE MAY BE AVAILABLE TO YOU THROUGH YOUR INSURANCE AGENT OR THROUGH THE SELLER, DEALER, PROVIDER, UNLESS OTHERWISE SPECIFIED, THE COVERAGE YOU OBTAIN THROUGH THE DEALER PROTECTS ONLY THE DEALER, USUALLY UP TO THE AMOUNT OF THE UNPAID BALANCE REMAINING AFTER THE VEHICLE HAS BEEN POSSESSED AND SOLD.  
 FOR ADVICE ON FULL COVERAGE THAT WILL PROTECT YOU IN THE EVENT OF LOSS OR DAMAGE TO YOUR VEHICLE, YOU SHOULD CONTACT YOUR INSURANCE AGENT.  
 THE BUYER SHALL SIGN TO ACKNOWLEDGE THAT HE/SHE UNDERSTANDS THESE PUBLIC LIABILITY TERMS AND CONDITIONS.

**Representations of Buyer:** Seller has relied on the truth and accuracy of the information provided by you in connection with the Trade-In Vehicle. You represent that you have given a true payoff amount on the vehicle traded in. If the payoff amount is more than the amount shown above in item 6B as "Prior Credit or Lease Balance," you must pay Seller the excess on demand. If the payoff amount is less than the amount shown above in item 6B as "Prior Credit or Lease Balance," Seller will refund the difference to you.  
 Buyer X N/A Co-Buyer X N/A

**Notice to Buyer:**  
 (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you default in the performance or obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid arrearage evidenced by this agreement.

If you have a complaint concerning this sale, you should try to resolve it with the seller. Complaints concerning unfair or deceptive practices or methods by the seller may be referred to the city attorney, the district attorney, or an investigator for the Department of Motor Vehicles, or any combination thereof.  
 After this contract is signed, the seller may not change the financing or payment terms unless you agree in writing to the change. You do not have to agree to any change, and it is an unfair or deceptive practice for the seller to make a unilateral change.  
 Buyer Signature X N/A Co-Buyer Signature X N/A

**THERE IS NO COOLING-OFF PERIOD**  
 California law does not provide for a "cooling-off" or other cancellation period for vehicle sales. Therefore, you cannot later cancel this contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign below, you may only cancel this contract with the agreement of the seller or for legal cause, such as fraud.  
 YOU ACKNOWLEDGE THAT YOU HAVE READ BOTH SIDES OF THIS CONTRACT BEFORE SIGNING BELOW.  
 YOU ACKNOWLEDGE RECEIPT OF A TRUE AND COMPLETELY FILLED-IN COPY OF THIS CONTRACT AND EVERY OTHER DOCUMENT THAT YOU SIGNED DURING CONTRACT NEGOTIATIONS.

Buyer Signature X N/A Date 10/2/04 Co-Buyer Signature X N/A Date N/A  
 Co-Buyers and Other Owners - A co-buyer is a person who is responsible for paying the entire debt. An other owner is a person whose name is on the title to the vehicle but does not have to pay the debt. The co-buyer or other owner knows that the Creditor has a security interest in the vehicle and consents to the security interest.  
 Other Owner Signature X N/A Address N/A

**GUARANTEE**  
 To induce us to sell the vehicle to Buyer, each person who signs as a Guarantor individually guarantees the payment of this contract. If Buyer fails to pay any money owing on this contract, each Guarantor must pay it when asked. Each Guarantor will be liable for the total amount owing even if other persons also sign as Guarantor, and even if Buyer has a complete defense to Guarantor's demand for reimbursement. Each Guarantor agrees to be liable even if we do one or more of the following: (1) give the Buyer more time to pay one or more payments; (2) give a full or partial release to any other Guarantor; (3) release any security; (4) accept less from the Buyer than the total amount owing; or (5) otherwise reach a settlement relating to this contract or extend the contract. Each Guarantor acknowledges receipt of a completed copy of this contract and guaranty at the time of signing.  
 Guarantor waives notice of acceptance of this Guaranty, notice of the Buyer's non-payment, non-performance and default, and notices of the amount owing at any time, and of any demands upon the Buyer.  
 Guarantor X N/A Date N/A Guarantor X N/A Date N/A  
 Address N/A Address N/A

Seller Signature PEARSON FORD Date 10/2/04 By N/A Title MANAGER