

IN THE COURT OF COMMON PLEAS FRANKLIN COUNTY, OHIO

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| STATE OF OHIO, ex rel. |) | CASE NO. 18 CV 009160 |
| DAVE YOST, |) | |
| ATTORNEY GENERAL OF OHIO, |) | JUDGE JEFFREY M. BROWN |
| |) | |
| PLAINTIFF, |) | |
| |) | |
| v. |) | |
| |) | AGREED CONSENT JUDGMENT |
| IDEAL MOTORCARS LLC, et al., |) | ENTRY AND ORDER WITH |
| |) | DEFENDANTS IDEAL MOTORCARS |
| DEFENDANTS. |) | LLC, SATHTHIA LINGAN AND |
| |) | KANDIAH LINGAN |

PREAMBLE

This matter came to be heard upon the filing of a complaint by the Ohio Attorney General alleging that Defendants, Ideal Motorcars LLC ("Ideal"), Saththia Lingan ("S. Lingan"), and Kandiah Lingan ("K. Lingan"), violated the Ohio Consumer Sales Practices Act ("CSPA"), R.C. 1345.01 et seq., and the Certificate of Motor Vehicle Title Act, R.C. 4505.01 et seq. The Defendants filed an Answer and a Third-Party Complaint against third-Party Defendants Starfleet Cars LLC and Jon Kirkam. By signing this Agreed Consent Judgment Entry and Order ("Consent Judgment"), Defendants Ideal, S. Lingan and K. Lingan submit to the personal jurisdiction of this Court and, in accordance with R.C. 1345.07(F), consent to the entry of this Consent Judgment. Defendants also consent to the Court's finding of the following facts and conclusions of law, to the imposition of this Consent Judgment, and to the rights of Plaintiff to enforce this Consent Judgment. Defendants Ideal, S. Lingan and K. Lingan's third party complaint remains pending with the third-party defendants.

FINDINGS OF FACT

1. Defendant Ideal Motorcars LLC was an Ohio limited liability company last operating at 3613 Indianola Avenue, Columbus, Ohio 43214 and at 6400 Huntley Road, Columbus, Ohio 43229.
2. Defendant S. Ligan is an individual whose address is 2424 Shroton Street, Powell, Ohio 43065.
3. Defendant K. Ligan is an individual whose last known address is 2424 Shroton Street, Powell, Ohio 43065.
4. The Ligan Defendants had an ownership interest in and operated Defendant Ideal and dominated, controlled, and directed the business activities and sales conduct of Ideal and exercised the authority to establish, implement, or alter the policies of Ideal, and committed, allowed, directed, ratified, or otherwise caused the following unlawful acts to occur.
5. Defendants were at all times relevant to this action engaged in the business of soliciting, promoting, purchasing, selling, financing, and collecting the proceeds of the sales of used motor vehicles from their locations in Columbus to consumers residing in Franklin County and other Ohio counties.
6. Defendants, operating under the name Ideal Motorcars LLC, solicited individual consumers to enter into consumer transactions, specifically for the sale of used motor vehicles.
7. Defendants held license #UD021516 issued by the State of Ohio under R.C. 4517.01 et seq., allowing it to engage in the business of displaying or selling at retail or wholesale used motor vehicles at 3613 Indianola Avenue, Columbus, Ohio 43214.

8. At all relevant times hereto, the Defendants held license #UD022335 issued by the State of Ohio under R.C. 4517.01 *et seq.*, allowing them to engage in the business of displaying or selling at retail or wholesale used motor vehicles at 6400 Huntley Road, Columbus, Ohio 43229.
9. The Defendants continued to operate the 6400 Huntley Road, Columbus location even though their dealer license to sell used vehicles had expired and had not been renewed.
10. Defendants displayed or sold used motor vehicles at the Ideal Motorcars location.
11. The Defendants displayed for sale and sold used motor vehicles without obtaining a certificate of title for the vehicles in their name, and without possessing a bill of sale for each motor vehicle displayed.
12. The Defendants sold the motor vehicles to consumers in the ordinary course of business and failed to apply for certificates of title in the name of the retail purchasers on or before the thirtieth (30th) day following the date of the sales.
13. The Defendants sold motor vehicles to consumers in the ordinary course of business and failed to obtain certificates of title in the name of the retail purchasers on or before the fortieth (40th) day following the date of the sales.
14. The Defendants received payment from retail purchasers and/or third parties on behalf of retail purchasers in full satisfaction for the purchase of the motor vehicles.
15. As a result of the Defendants' conduct, retail purchasers have been unable to obtain certificates of title to their used motor vehicles and have filed more than eighty complaints with Plaintiff pursuant to Ohio's Title Defect Recision ("TDR") statute, R.C. 4505.181.

16. The Defendants also entered into arrangements with retail purchasers whereby the Defendants accepted retail purchasers current motor vehicles as trade-ins or agreed to facilitate the sale of consumers' motor vehicles.
17. On several occasions, clear title to the motor vehicles could not be obtained because the motor vehicles were encumbered with preexisting liens due to prior transactions in which the retail purchasers engaged.
18. In order to facilitate their own transactions, and as an integral part of the transactions with retail purchasers, the Defendants agreed to remit the preexisting lien balances to the lien holders. In exchange for the Defendants' promises, retail purchasers assigned their rights and interests in the vehicles to the Defendants by executing powers of attorney and other related documents.
19. The Defendants failed to pay off the preexisting lien payoffs as agreed. As a result, the Defendants were unable to obtain clear title to the motor vehicles, and retail purchasers were still held liable for the unpaid balance of loans and/or leases in the motor vehicles.
20. Even though clear title could not be obtained in the Defendants' names, the Defendants subsequently sold the motor vehicles to other retail purchasers. The subsequent retail purchasers paid money for motor vehicles which were not titled in the Defendants' names at the time of purchases and for which the Defendants knew they would be unable to obtain titles.
21. TDR consumer claims totaling \$186,187.08 were paid from the TDR Fund, administered by the Ohio Attorney General's Office, after the Defendants failed to obtain certificates of title on or before the fortieth (40th) day after the sale of motor vehicles.

CONCLUSIONS OF LAW

22. This Court has jurisdiction over the subject matter, issues, and parties to this Consent Judgment pursuant to R.C. 1345.04 of the CSPA.
23. This Court has venue to hear this case pursuant to Ohio Civ.R. 3(C)(2)-(3) because Defendants operated their business from, and engaged in these transactions in Franklin County.
24. The CSPA, R.C. 1345.01 et seq., and the Certificate of Motor Vehicle Title Act, R.C. 4505.01 et seq., govern the business practices of the Defendants.
25. The Ohio Attorney General is the proper party to commence these proceedings under the authority of R.C. 1345.07, and by virtue of his statutory and common law authority to protect the interests of the citizens of the State of Ohio.
26. Defendants were “supplier[s]” as that term is defined in R.C. 1345.01(C), because Defendants engaged in the business of effecting or soliciting “consumer transactions” as that term is defined in R.C. 1345.01(A).
27. Defendants engaged in “consumer transactions” by offering for sale, selling, or financing the purchase of used motor vehicles to individuals for purposes that were primarily personal, family, or household within the meaning specified in R.C. 1345.01(A) and (D).
28. Defendants committed unfair and deceptive acts or practices in violation of the Failure to Deliver Rule, O.A.C. 109:4-3-09(A) and the CSPA, R.C. 1345.02(A), by accepting money from consumers for motor vehicles and then permitting eight weeks to elapse without making shipment or delivery of the motor vehicles, making a full refund, advising the consumer of the duration of an extended delay and offering to send a refund

within two weeks if so requested, or furnishing similar motor vehicles of equal or greater value as good faith substitutes.

29. Defendants committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A) by:

A. Entering into arrangements with retail purchasers whereby the Defendants accepted retail purchasers' current motor vehicles as trade-ins or agreed to facilitate the sale of consumers' motor vehicles and then failed to pay off pre-existing liens on the motor vehicles.

B. Selling used motor vehicles encumbered with pre-existing liens to retail purchasers so that retail purchasers paid money for motor vehicles which were not titled in the Defendants' names at the time of purchases, and for which the Defendants knew they would be unable to obtain titles.

30. Defendants have committed unconscionable acts or practices in connection with consumer transactions in violation of the CSPA, R.C. 1345.03 by:

A. Entering into consumer transactions while knowing of the inability of the consumers to receive substantial benefits from the subject of the consumer transactions by displaying for sale or selling used motor vehicles when there was no reasonable probability based upon its precarious financial condition that the Defendants could secure certificates of title to the motor vehicles in compliance with R.C. 4505.181(A)(2).

B. Collecting monies as part of the sales contracts for the purpose of paying the secured liens on consumers' traded vehicles and then failing to remit payment to the secured lenders.

C. Selling the consumers' vehicles to other retail purchasers who paid money for motor vehicles which were not titled in the Defendants' names at the time of purchases, and for which the Defendants knew they would be unable to obtain titles.

31. The Defendants committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A) by:

A. Displaying for sale or selling used motor vehicles without having first obtained certificates of title for the vehicles in the name of the dealer or without possessing a bill of sale for each motor vehicle proposed to be displayed, offered for sale, or sold, and a properly assigned power of attorney or other related documents from the prior owner giving the dealer or person acting on behalf of the dealer authority to have a certificate of title to the motor vehicle issued in the name of the dealer for each motor vehicle displayed or sold in violation of R.C. 4505.181(A)(2).

B. Selling or transferring used motor vehicles to Ohio retail purchasers and failing to apply for certificates of title in the name of the retail purchasers on or before the thirtieth day following the date of the sale as required by R.C. 4505.06(A)(5)(b).

C. Failing, on or before the fortieth day following the date of the sales, to obtain titles to the vehicles in the name of the retail purchasers in violation of R.C. 4505.181(B)(1).

32. The acts or practices identified in Paragraphs 28-31 of the Conclusions of Law have been previously determined by Ohio courts to violate the CSPA, R.C. 1345.01 et seq. Defendants committed said violations after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

ORDER

For purposes of affecting this Consent Judgment, it is therefore **ORDERED, ADJUDGED, AND DECREED** that:

- A. Plaintiff's request for a Declaratory Judgment is GRANTED and it is therefore DECLARED that Defendants' acts and practices specified in Paragraphs 28-31 violate the CSPA, R.C. 1345.01 et seq., and/or the Certificate of Motor Vehicle Title Act, R.C. 4505.06(A)(5)(b) and 4505.181(B)(1), in the manner described.
- B. Defendants, their agents, representatives, salespersons, employees, successors, assigns, and all persons acting on behalf of Defendants, directly or indirectly, through any corporate device or private device, partnership or association, including any person or entity which purchases any interest in the business and continues to operate the business, in connection with any consumer transaction, are permanently enjoined from violating the CSPA, R.C. 1345.01 et seq. and the Certificate of Motor Vehicle Title Act, R.C. 4505.06(A)(5)(b) and 4505.181(B)(1).
- C. Defendants shall not own, operate, direct, or control another business in or related to the motor vehicle industry until such time as all of Defendants' obligations under this Consent Judgment have been satisfied, including all payment provisions.
- D. It is further ORDERED that Defendants jointly and severally shall reimburse the TDR Fund administered by the Ohio Attorney General in the amount of One Hundred Eighty-Six Thousand One Hundred Eighty-Seven Dollars and Eight Cents (\$186,187.08).
- E. It is further ORDERED that, pursuant to R.C. 1345.07(D), Defendants jointly and severally are assessed a civil penalty of One Hundred Thousand Dollars (\$100,000.00).

Sixty Thousand Dollars (\$60,000.00) of the civil penalty is suspended upon full compliance with the terms of this Consent Judgment, including the payment to the TDR Fund as ordered in Paragraph (D). The unsuspended civil penalty amount is Forty Thousand Dollars (\$40,000.00).

F. The total amount now due pursuant to Paragraphs (D) and (E) is Two Hundred Twenty-Six Thousand One Hundred Eighty-Seven Dollars and Eight Cents (\$226,187.08). This amount shall be paid at the rate of:

- \$1000.00 per month for each month between March 1, 2020 and December 1, 2020.
- \$1,272.62 per month for each month in years 2021, 2022, 2023, and 2024.
- \$1,927.62 per month for each month in years 2025, 2026, 2027, 2028, 2029.
- \$2,000.00 per month for each month in years 2030 and 2031.

Payments are due on the 1st of the month and the first payment is due March 1, 2020. If the Defendants make each payment when due the last payment will be due on September 1, 2031. The amount of the last payment is \$1,444.12. This is a One Hundred Thirty-Eight (138) month payment plan. Should the Defendants fail to make each monthly payment pursuant to this Order when due or for less than the monthly amount due, the total amount remaining due shall become immediately due and payable and judgment shall issue for the remaining amount. Payments shall be made via certified check or money order and made payable to the "Ohio Attorney General's Office" and sent to the attention of the Finance Specialist, Consumer Protection Section, 30 E. Broad St., 14th Fl., Columbus, Ohio 43215.

- G. It is further ORDERED that the acceptance of any payment by the Plaintiff subsequent to the time it is due or the failure of the Plaintiff to insist on strict performance of any order contained within this Consent Judgment including, but not limited to, the obligation created by the acceleration provision in Paragraph F of this Consent Judgment, shall not be construed as a waiver of any of the obligations created by this Consent Judgment.
- H. Defendants are hereby notified that if they fail to make any payment due in accordance herein, the unpaid amount due under this Consent Judgment may be referred to the Ohio Attorney General's Collection Enforcement Section for collection. Should the unpaid amount be referred for collection, the Collections Enforcement Section will assess additional collection fees and interest against the Defendants, pursuant to Ohio law, including, but not limited to R.C. 131.02, 109.08, and 109.081.
- I. It is further ORDERED that in the event the Ohio Attorney General must initiate legal action or incur any costs to compel Defendants to abide by this Consent Judgment, Defendants jointly and severally shall be liable to the Ohio Attorney General, should he prevail, for all related enforcement costs, including, but not limited to, a reasonable sum for attorneys' fees and investigative costs.
- J. Defendants shall not represent directly or indirectly or in any way whatsoever that the Court or the Ohio Attorney General has sanctioned, condoned, or approved any part or aspect of the Defendants' business operation.
- K. Defendants shall pay all court costs associated with this matter.
- L. Defendants Ideal, S. Lingan and K. Lingan's third party complaint remains pending with the third-party defendants.

Date: _____

JUDGE JEFFREY M. BROWN

APPROVED BY:

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/s/ Rosemary Rupert (written approval obtained)

Kandiah Lingan, individually and on behalf of
Ideal Motorcars LLC
Defendants

/s/ Rosemary Rupert (written approval obtained)

Saththia Lingan
Defendant

Franklin County Court of Common Pleas

Date: 03-05-2020
Case Title: OHIO ATTORNEY GENERAL -VS- SATHTHIA LINGAN ET AL
Case Number: 18CV009160
Type: AGREED ORDER

It Is So Ordered.

A handwritten signature in black ink, appearing to read 'Jeffrey M. Brown', is written over a faint, larger version of the same signature.

/s/ Judge Jeffrey M. Brown