



# CarMax's Sales Practices Endanger Lives in California

**CALPIRG**  
Education Fund

Consumers for Auto  
Reliability and Safety  
Foundation



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The Consumers for Auto Reliability and Safety (CARS) Foundation is dedicated to preventing motor vehicle-related fatalities, injuries, and economic losses through education, outreach, aid to victims, and related activities.

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# CarMax's Sales Practices Endanger Lives in California

## Introduction

California has adopted a number of strong consumer protection laws aimed at protecting the public from unsafe vehicles and deceptive practices. The public has a strong interest in reducing vehicle crashes. Even when vehicles are properly maintained, and free from lethal safety defects, driving involves significant risk. For the vast majority of Californians, the riskiest activity they engage in during the day is to drive their cars. According to the California Highway Patrol, during 2012, 2,995 people were killed, and another 226,544 people were injured in motor vehicle traffic collisions.<sup>1</sup>

According to the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA), "Motor vehicle crashes impose a staggering human and economic toll in the United States. The price tag for crashes comes at a heavy burden for Americans at *\$871 billion* in economic loss and societal harm. This includes *\$277 billion* in economic costs—nearly *\$900* for each person living in the United States based

on calendar year 2010 data—and *\$594 billion* in harm from the loss of life and the pain and decreased quality of life due to injuries."<sup>2</sup> With 12% of the total U.S. population, California bears a large part of that burden—approximately *\$104 billion* annually.

To reduce the enormous human tragedy and staggering economic burden, California has adopted some of the most effective laws in the nation aimed at reducing vehicle crashes, including many that focus on driver behavior. In addition, the state licenses and regulates auto dealers who sell motor vehicles to the public, and has adopted laws to ensure that the cars they sell are safe for operation on the roads. Car buyers have a reasonable expectation that the cars they purchase from licensed, regulated dealers are safe to drive.

Dealers who violate those laws face sanctions ranging from fines and civil penalties to punitive damages and possible suspension or loss of their license to do business in the state.

Despite those laws, this report finds that CarMax, the nation's largest retailer of used cars, is selling many unsafe, unrepaired

recalled vehicles in California that are hazardous not only to the people who buy CarMax cars, but also to their families, other motorists, bike riders, and pedestrians.

CALPIRG Education Fund and the Consumers for Auto Reliability and Safety (CARS) Foundation reached this conclusion based on research into CarMax's sales practices in California, compiling data from two locations, one in Southern California (Oxnard), and the other in Northern California (South Sacramento).<sup>3</sup>

**Problem:**  
**CarMax is selling many unsafe, unrepaired recalled cars to California consumers.**

CarMax is the largest used car chain in the nation, with 18 locations throughout California. They heavily advertise that “All of our used cars are CarMax Quality Certified, which means every used car at CarMax must pass a Certified Quality Inspection.”<sup>4</sup> Among the claims advertised on their website:

“CarMax selects the *best* to make your search for the *perfect* car easy.”

“We search coast to coast for the *very best* cars.”

“We’ll buy any car you’ll sell, but *only the best* used cars become CarMax cars.”

“CarMax RENEWS and inspects to our own high standards.”

“We put every car through a 125+ point inspection.”

“We spend 12 hours (on average) reconditioning every car.”

In addition, CarMax lists numerous specific components and systems that it inspects.<sup>5</sup> This raises the question: how does CarMax decide that a component that is defective and subject to a federal safety recall meets their standards?

Unfortunately, their “inspection” often omits the most important safety improvement that they could make: ensuring that known safety defects that led to a federal safety recall are repaired prior to sale. Under federal law, auto manufacturers are required to foot the bill for safety recall repairs, for 10 model years from when the safety defect or noncompliance with a federal motor vehicle safety standard is determined to exist. So for CarMax, the repairs would be free. Plus, under existing law in California, it is their responsibility as licensed dealers to ensure that the cars they sell for public transportation are mechanically sound and safe to operate.

Instead, they seek to shift responsibility onto consumers for getting the safety recall repairs performed — after they have already purchased the car. This puts car buyers, their families and other passengers, and other motorists at risk. Due to parts shortages and shortages of qualified mechanics at new car dealerships, it may be weeks or months before someone who buys an unsafe recalled car can get it repaired.

Under pressure from media exposés that caught CarMax employees denying that CarMax sells recalled cars, and after coming under fire from consumer groups who filed a petition with the Federal Trade Commission, CarMax now admits that it sells recalled cars.<sup>6</sup> However, the disclosure is made with an asterisk in relatively small type and fine print, while its ads trumpet that the cars it offers for sale are “the best” and “perfect.” The disclosure — “CarMax does not guarantee a recall-free vehicle” — even fails to use the

word “safety,” which could alarm prospective car buyers. Thus, it appears designed more to insulate CarMax from legal liability, rather than to inform the public.

CarMax’s advertising that all their vehicles are “certified” may also mislead consumers who are familiar with the “certified” used car sales offered by competing franchised new car dealerships. Those “certified” programs are designed to meet criteria established by auto manufacturers, who typically require their dealerships to ensure that any vehicle they offer for sale as a “certified” car has had any outstanding safety recall repairs performed. For example, General Motors requires that GM dealers who sell “GM Certified” used cars must complete all recall repairs prior to sale.

- Seat belt cables with “fatigue” that reduces the effectiveness of seat belts in a crash
- Software errors that mean air bags may not inflate in time, in a collision
- Cruise control may not be deactivated when the driver brakes
- Doors that can unlatch without warning and slide open in traffic
- Driveshafts may separate, causing the car to suddenly stop accelerating in traffic, or, if parked, to roll away
- Brake lights may fail to illuminate when the driver brakes

### **CALPIRG Analysis: CarMax’s Oxnard Location**

CALPIRG researchers found that 10 percent of all cars recently offered for sale at CarMax’s Oxnard location had an unrepaired federal safety recall. According to a check of the Vehicle Identification Numbers (VINS) using data provided by the manufacturers to the NHTSA, of the 455 total vehicles for sale at that dealership, 46 had unrepaired federal safety recalls.<sup>7</sup> Seven vehicles were subject to two or more recalls each. The safety defects included the following:

- Electrical problems can cause the cars to catch on fire
- Faulty anti-lock brakes and faulty stability control, so cars are more prone to flipping over
- Hoods may fly up while the car is being driven, obscuring the driver's vision

### **CALPIRG Analysis: CarMax’s South Sacramento Location**

CALPIRG researchers found that approximately 9 percent of all cars recently offered for sale at CarMax’s South Sacramento location had an unrepaired federal safety recall. Of the 386 total vehicles for sale at that dealership, 34 were subject to safety recalls.<sup>8</sup> The safety defects included the following:

- Bolts may break and engine may stall in traffic
- Air bags may fail to inflate when needed, in a crash
- Seat belt cables with “fatigue” that reduces the effectiveness of seat belts in a crash
- Diesel fuel electrical connector can cause fuel leak or engine fire

- Faulty electrical switches can cause a fire
- Alternator diodes may fail, disabling antilock brakes and electronic stability control; may also cause an under-hood fire
- Coolant pump can fail, causing sudden stalling in traffic
- Doors can unlatch without warning and slide open in traffic
- Loss of power steering
- Flaws in electronic stability control system
- Car computer may deactivate passenger air bag, even when it is needed to protect a passenger
- Head restraints may not work in a crash
- Brake lights may fail to illuminate when the driver brakes
- Cruise control may not deactivate when the brake is pressed
- Hose may leak water onto air bag components, causing the air bag to malfunction
- Software problem may cause car to suddenly lose power in traffic
- Springs can break and puncture the fuel tank, causing a fire
- Suspension “trailing arms” could suddenly fracture, causing a loss of vehicle control
- Taillights may dim or fail to illuminate, making the car less visible to other

motorists, particularly at night or in fog

All of these safety defects pose serious risks to CarMax customers and the general public when the defective cars are driven on California roads.

**Solution:  
California’s Attorney General and Department of Motor Vehicles should enforce the existing laws and protect the California public from CarMax’s sales of unsafe, defective recalled cars.**

Numerous state laws provide an important level of protection for car buyers from dealers who engage in the deceptive sales of unsafe, recalled used cars.<sup>9</sup>

Car dealers that violate these laws should be prosecuted to the fullest extent of the law, in order to ensure that Californians are protected from unsafe recalled cars, and to deter other car dealers from engaging in these dangerous, deceptive practices.

CALPIRG and the CARS Foundation call upon California’s Attorney General and the Department of Motor Vehicles to investigate CarMax’s practices regarding their advertising and sales of unrepaired recalled cars, and take all appropriate action. Depending on the findings of such investigations, potential violations may include:

“Bait and switch” — luring car buyers onto the lot by promising a car that is safe and reliable, then switching them into a defective, unsafe vehicle

False and misleading advertising

Unfair and deceptive acts and practices

Violations of Vehicle Code provisions that prohibit sales of vehicles that fail to comply with Federal Motor Vehicle Safety Standards

Fraud

Anti-competitive practices that harm other dealers who do not engage in practices

### Among the possible sanctions:

Fines, restitution for victims, injunctive relief enjoining them from engaging in those practices in the future, and / or license suspension or revocation

settlement, Gunderson Chevrolet will pay \$900,000.00 in monetary settlement jointly to the DMV and the DA, pay restitution to consumers estimated at over \$1,000,000.00, close its sales department for six consecutive days, have its dealer license on probationary status for the next four years, remunerate DMV \$200,000.00 for investigative and legal costs, and be permanently enjoined from violating the laws alleged in the complaints.

The settlement agreement between the DMV and Gunderson Chevrolet is the result of administrative charges originally filed by the DMV alleging that between February 1999 and May 2000, Gunderson's sales staff subjected over 1,500 customers to fraud, deceit and misrepresentation in connection with the sale and lease of new and used vehicles.<sup>213</sup>

## Precedents

In 1995-1996, the California Department of Motor Vehicles brought a case against Chrysler over its practices regarding resales of defective "lemon" cars, which Chrysler had failed to brand as "lemons" or repair prior to selling them to used car buyers. An Administrative Law Judge issued an order calling for the DMV to suspend Chrysler's license to do business in the state for 60 days. The DMV reconsidered the penalty and decided to suspend Chrysler's license for 45 days. That decision was subsequently overturned by the New Motor Vehicle Board, which is comprised of a majority of car dealer members.

"In 2001, the DMV reached a settlement agreement with Gunderson Chevrolet. The DMV had also referred the consumer fraud case to the Los Angeles County District Attorney's office (DA) for civil and possible criminal prosecution. As part of a global

### CONSUMER INFO: Finding Recall Information For Your Car

To check if your vehicle has an open recall, visit [www.safercar.gov](http://www.safercar.gov). Click "search for recall by VIN" and then type in the VIN of your car. To fix an open recall on your vehicle, contact the customer service representative of the manufacturer of your car.

**Table 1: Full List of Vehicles for Sale at the Oxnard, CA, Location That Were Subject to a Federal Safety Recall, 20-21 May 2015<sup>10</sup>**

Year	Make	Model	Reason for Recall	Recall #
2012	Chevrolet	Cruze LT	Possible electric vacuum pump switch problem - may cause loss of braking assistance	13V360
2011	Chevrolet	Equinox LT	Possible loose bolt in front seat height adjuster - may cause sudden drop in seat height while driving.	14V447
2012	Chevrolet	Malibu LS	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2012	Chevrolet	Malibu LT	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2012	Chevrolet	Malibu LT	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2014	Chrysler	Town and Country Touring	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2014	Chrysler	Town and Country Touring L	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2013	Chrysler	Town and Country Touring L	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2014	Chrysler	Town and Country Touring L	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2012	Dodge	Challenger SXT	Alternator diodes may fail, causing a critical drop in voltage and disabling antilock braking systems, electronic stability control, electronic control module, and/or the central body controller. May also result in an underhood electrical fire.	14V634
2012	Dodge	Grand Caravan Crew	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2011	Dodge	Grand Caravan Crew	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2013	Dodge	Grand Caravan R/T	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2012	Dodge	Grand Caravan SXT	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2013	Dodge	Grand Caravan SXT	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V234
2014	Ford	Escape S	Possible software error that can result in delayed deployment of the side-curtain rollover airbag.	14V237000

2013	Ford	Escape Titanium	The restraint control module, which controls the airbag system, may experience an electrical short circuit. It may not function as intended in a crash. The short circuit could also affect stability control, which relies on data from the restraint control module.	14V597
2011	Ford	Fiesta S	The passenger side curtain air bag will not deploy in the event of a side impact collision when the front passenger seat is empty. Although the side curtain air bag system was designed to suppress the side curtain air bag under this scenario, that information is not explained in the owner's guide for these vehicles as required.	12V488000
2013	Ford	Fiesta S	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2013	Ford	Fiesta S	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2011	Ford	Fiesta SE	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2013	Ford	Fiesta SE	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2013	Ford	Fusion SE	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2008	Honda	Accord LX-P	Full nose masks can interfere with the hood latch, which can cause the hood to pop open while driving.	09E-063
2012	Honda	Civic EX	Driveshaft may separate, which can cause loss of drive power or cause the vehicle to roll away when parked without the parking brake being set.	12V-256
2012	Honda	Pilot EX	Some rivets that attach the airbag module to the airbag cover may be missing, which could alter airbag performance.	13V-016
2012	Hyundai	Sonata GLS	Transmission shift cable may detach from the shift lever, which may cause a mismatch between gear selected and gear indicated.	14V434000
2007	Hyundai	Tiburon GT	Brake lights may not illuminate when brake pedal is pressed, and cruise control may not be deactivated when brake pedal is pressed.	13V113000
2012	Jaguar	XK	Front side lights, when used as parking lamps, may extinguish in error after approximately 5 minutes.	15V-038
2014	Jeep	Grand Cherokee SUMMIT	The occupant restraint control module may suffer a short circuit, causing the airbag warning lamp to illuminate and potentially disable the passive restraint system (including airbags).	14V-643
2014	Kia	Soul +	Accelerate pedal may fracture if excessive force is applied.	15V-123
2014	Mazda	6i Touring	Low tire pressure warning lights may not illuminate.	14V-675
2009	Mercedes-Benz	C300	Tail lamps may dim or lose functionality entirely.	14V177

**Table 1 (cont'd.)**

2013	Nissan	Altima S	Secondary hood latch may not function properly, which may result in the hood opening while driving if the primary hood latch is not engaged.	14V-565
2014	Nissan	Pathfinder S	Secondary hood latch may not function properly, which may result in the hood opening while driving if the primary hood latch is not engaged.	15V-033
2013	Nissan	Pathfinder SL	Secondary hood latch may not function properly, which may result in the hood opening while driving if the primary hood latch is not engaged.	15V-033
2012	Toyota	Camry SE Limited Edition	Air conditioning drain hose may become clogged, causing water to accumulate and leak onto air bag control module, causing a short circuit and failure of the system.	13V442
2008	Toyota	FJ Cruiser	The front upper beam headlamps plus the auxiliary lamps exceed the maximum light output allowed for an upper beam headlamp.	13V163
2007	Toyota	Prius Touring	Steering assembly component may fail over time, resulting in loss of steering ability.	12V537
2008	Toyota	Prius	Coil wires could corrode and cause a short circuit, creating a stall-like condition in the car's hybrid system.	12V536
2008	Toyota	RAV4 Sport	Driver's air bag could become deactivated.	14V168
2011	Toyota	Sienna Limited	Vehicles do not meet requirement for displaying correct vehicle capacity weight, which could cause overloading.	11V560
2012	Volkswagen	Jetta S	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656
2011	Volkswagen	Jetta SEL	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656
2013	Volkswagen	Jetta TDI	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656
2011	Volkswagen	Jetta	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656

**Table 2: Full List of Vehicles for Sale at the South Sacramento, CA, Location That Were Subject to a Federal Safety Recall, 26-27 May 2015**

Year	Make	Model	Subject to Recall?	Reason for Recall	Recall #
2011	BMW	535 XI	Y	The bolts that secure the housing for the variable camshaft timing adjustment (VANOS) unit can loosen over time and may possibly break. If the bolts loosen or break, the engine may have reduced power or stall.	14V176
2011	Chevrolet	Malibu LS	Y	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2012	Chevrolet	Malibu LS	Y	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2012	Chevrolet	Malibu LT	Y	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2012	Chevrolet	Malibu LT	Y	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2011	Chevrolet	Malibu LT	Y	Seat belt steel cable can fatigue and separate over time as a result of occupant movement in the seat, reducing effectiveness of seat belt in an accident.	15V269
2013	Chrysler	Town and Country Touring	Y	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V-234
2014	Dodge	Grand Caravan SXT	Y	Rear quarter vent window switch may overheat if exposed to moisture, which may cause a burning odor, smoke or fire.	14V-234
2011	Dodge	Ram 2500 Laramie	Y	The diesel fuel heater electrical connector may overheat and cause a fuel leak, which can cause underhood smoke and/or engine fire.	14V-635
2008	Ford	Escape Hybrid	Y	The motor electronics coolant pump may wear out and fail, which may cause the vehicle to experience a sudden partial or full loss of power while driving.	14V526

**Table 2 (cont'd.)**

2013	Ford	Fiesta S	Y	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2013	Ford	Fiesta SE	Y	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2012	Ford	Fiesta SE	Y	Broken door latch component means that, should the door be successfully latched, it may unlatch without warning while driving.	15V246
2013	Ford	Fusion Energi Titanium	Y	Restraint control modules may experience a short circuit. Depending on the location of the short circuit, the air bags may then not function as intended in a crash.	14F597
2012	Ford	Fusion Hybrid	Y	Vehicle may suffer loss of power steering assist.	AWAITING# from NHTSA; Manufacturer recall number 15S18
2012	Honda	Fit	Y	Flaws in the electronic stability control system.	13V-157
2009	Hyundai	Sonata GLS	Y	The brake lights may not illuminate when the brake pedal is pressed. Additionally, the cruise control may not deactivate when the brake pedal is pressed.	13V113000
2014	Infiniti	Q50	Y	Car computer may improperly classify the passenger seat as empty even when occupied, deactivating the airbag.	14V-138
2012	Jeep	Liberty Limited	Y	Active head restraints may not deploy during a rear end collision.	13V-282
2013	Jeep	Wrangler Sport	Y	Potential corrosion in the heater mirror electrical system could lead to an electrical fire.	14V-631
2012	Jeep	Wrangler Unlimited Sport	Y	Potential corrosion in the heater mirror electrical system could lead to an electrical fire.	14V-631
2011	Kia	Sorento LX	Y	The brake lights may not illuminate when the brake pedal is pressed. Additionally, the cruise control may not deactivate when the brake pedal is pressed.	13V114000

**Table 2 (cont'd.)**

2012	Lincoln	MKS	Y	Door may unlatch during a side-impact crash, increasing the risk of injury.	AWAITING# from NHTSA; Manufacturer recall number 15S02
2012	Mazda	Mazda6 I	Y	Door latch mechanism may not engage, which may cause the door to open while the vehicle is in motion.	13V425000
2015	Mazda	Mazda6 I Sport	Y	Low tire pressure warning lights may not illuminate.	14V-675
2012	Mercedes-Benz	C300 Sport	Y	Tail lamps may dim or lose functionality entirely.	14V177
2013	Mercedes-Benz	E350 Sport	Y	A rubber seal in the engine compartment may not be secured properly, with the risk of it coming into contact with parts of the exhaust system and causing a fire risk.	15V088
2012	Nissan	Sentra	Y	Potential for a voltage drop that could lead to a stall or damage the engine control module.	11V-579
2012	Toyota	Camry LE	Y	Air conditioning drain hose may become clogged, causing water to accumulate and leak onto air bag control module, causing a short circuit and failure of the system.	13V442
2014	Toyota	Rav4 EV	Y	The vehicle may shift to neutral due to a software issue, leading to total loss of drive power.	15V143
2011	Toyota	Sienna XLE	Y	Vehicles do not meet requirement for displaying correct vehicle capacity weight, which could cause overloading.	11V560
2010	Toyota	Tacoma PreRunner	Y	Springs in the suspension system could fracture due to stress and corrosion, move out of position, and ultimately puncture the fuel tank.	14V604
2012	Volkswagen	Jetta S	Y	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656
2013	Volkswagen	Jetta SE	Y	If prior damage to the rear axle was sustained and improperly repaired, the durability of the vehicle's suspension ("trailing arms") could be reduced. This could lead to a sudden fracture of the trailing arms.	14V656

# Appendix 1: Methodology for Analysis

Data were collected for every car available at CarMax’s Oxnard, CA, location over the course of 20-21 May 2015. To return a list of every vehicle for sale on that lot, Oxnard was selected as the “home store” before searching for “all cars.” Each car was viewed individually online and its identifying features recorded, including year, make, model and Vehicle Identification Number (VIN). At the time of research, there were 455 cars for sale at the Oxnard CarMax location.

Data were collected for every car available at CarMax’s Sacramento, CA, location (known as “Sacramento South” on the CarMax website) over the course of 26-27 May 2015. To return a list of every vehicle for sale on that lot, Sacramento South was selected as the “home store” before searching for “all cars.” Each car was viewed individually

online and its identifying features recorded, including year, make, model and Vehicle Identification Number (VIN). Our data collection returned a list of 386 cars for sale at the Sacramento CarMax location.<sup>11</sup>

To identify which of these vehicles were subject to a federal safety recall, we used a tool available via the CarMax website. On every car’s page, a link leads to a safety recall look-up tool on [www.safercar.gov](http://www.safercar.gov), a website supported by the NHTSA. After entering the car’s VIN, the tool reports “incomplete” or unrepaired safety recalls are pending for that specific vehicle and the relevant details, including a NHTSA recall identification number, the date of the recall was issued, and a description of the problem. All of this information was recorded for every vehicle subject to a safety recall.<sup>12</sup>

## Appendix 2: CarMax Advertising Gives Consumers A False Sense of Security

CarMax’s ads are designed to appeal to consumers, particularly women, who dislike the hassle of negotiating with a car dealer, and fear being stuck with a used car that has major problems. Here is how CarMax lures car buyers onto its lots—directly quoted from their own website:

“CarMax selects the *best* to make your search for the *perfect* car easy.”

“We search coast to coast for the *very best* cars.”

“We won’t sell flood- or frame-damaged vehicles.”

“We’re experienced—we’ve evaluated millions of cars.”

“All of our used cars are CarMax Quality Certified, which means every used car at CarMax must pass a Certified Quality Inspection and comes with a 5-Day Money-Back Guarantee, as well as a Limited 30-Day Warranty (60-Day in CT and MN, 90-Day in MA and NY).”

“2 out of 3 cars we see don’t meet our standards for reasons that include:

- Flood damage—it can destroy or cause malfunctions in electronics, airbags, and anti-lock brakes
- Frame damage—because the frame is a crucial safety feature designed to help absorb crashes
- Unknown mileage or salvage history
- Excessive wear and tear
- Excessive cost to repair”

“Only 1 in 3 cars we evaluate can become a CarMax car.

“We’ll buy any car you’ll sell, but *only the best* used cars become CarMax cars.”

“Cars that do meet our standards are thoroughly inspected and reconditioned before going on our lot.”

“Our 125+ point inspection\* checks the core systems of every car.

- Engine
- Transmission
- Cooling system
- Fuel system

\* CarMax does not guarantee a recall-free vehicle.”

“Our 125+ point inspection\* checks the systems that connect you to the road.

- Brakes
- Suspension
- Steering
- Drive axles

\* CarMax does not guarantee a recall-free vehicle.

“Our 125+ point inspection\* checks the systems that get you there in comfort.

- Lighting
- Electrical
- Heating
- Air conditioning”

\* CarMax does not guarantee a recall-free vehicle.

“Our 125+ point inspection\* makes sure everything works as good as it looks—inside and out.

- Body
- Interior
- Instruments and controls”

\* CarMax does not guarantee a recall-free vehicle.

“CarMax RENEWS and inspects to our own high standards.

- We put every car through a 125+ point inspection\*.
- We spend 12 hours (on average) reconditioning every car.
- Multiple inspections ensure our commitment to quality.”

\* CarMax does not guarantee a recall-free vehicle.

“CarMax PROTECTS your investment so you can choose with confidence.

5-Day Money-Back Guarantee

30-Day Limited Warranty (60-Day in CT, MN and RI, 90-Day in MA, NJ and NY)

Free Vehicle History Report & Clean Title Guarantee

Available MaxCare® Extended Service Plan”

Note: CarMax omits the term “SAFETY” recall, which could alarm potential car buyers. Plus all the other claims they make, which are significantly more prominent, downplay the significance of the comment in fine print, with an asterisk, which appears to be intended to reduce CarMax’s potential legal liability, rather than to protect car buyers. The lists of specific components also raises the question: how does CarMax conduct an inspection of a component that is subject to a federal safety recall, and decide that the defective, unsafe component passes their inspection?

# Appendix 3: FTC Petition and Response

**Consumers for Auto Reliability and Safety  
Center for Auto Safety  
Consumer Action  
Consumer Federation of America  
Consumers Union  
Courage Campaign  
National Association of Consumer Advocates  
National Consumer Law Center<sup>1</sup>  
National Consumers League  
Trauma Foundation  
U.S. Public Interest Research Group**

June 23, 2014

Edith Ramirez, Chairwoman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

**Re: PETITION Seeking FTC Enforcement Action vs. CarMax, Inc.**

Dear Chairwoman Ramirez:

The non-profit consumer organizations listed above submit this petition, seeking enforcement action by the Federal Trade Commission, to curb CarMax's deceptive advertising and sales practices, which endanger the lives of their customers, their families, other passengers, and everyone who shares the roads.

CarMax is the nation's largest retailer of used vehicles. According to CarMax, it has sold more than 4 million cars. CarMax advertises on its website, on television, in newspapers, and at its dealerships that each of the used vehicles it offers for sale are "CarMax Quality Certified" and has undergone a rigorous, "125+ point inspection."

However, CarMax fails to ensure that safety recalls are performed prior to selling used cars to consumers. The *New York Times* recently reported that "CarMax, the nation's largest seller of used cars, offers a "Certified Quality Inspection," **which does not include fixing [safety] recalls.**"<sup>2</sup>

It is inherently deceptive for an auto dealer to represent that its vehicles have passed a rigorous inspection, while failing to take even the most basic step of checking the vehicle's safety recall status in order to identify known safety defects that have triggered a federal safety recall, and ensuring that the safety recall repairs have been performed, prior to selling the vehicle to a consumer.

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<sup>1</sup> On behalf of its low-income clients.

<sup>2</sup> "Recalled Used Cars Roam Roads as Legislation Stalls," *New York Times*, front page, May 9, 2014, by Rachel Adams and Christopher Jensen. (Emphasis added.)

CarMax's claims clearly go beyond mere puffery, and would very likely mislead even sophisticated car buyers into believing that they do not need to have the vehicles inspected by an independent automotive technician of their choice, or check them out themselves. The company even lists dozens of specific vehicle components that it supposedly checks prior to offering vehicles for sale, without revealing that they may be so defective, they are subject to a safety recall. It also claims that each car has been "renewed" prior to sale.

For example, CarMax advertises on its Website:

***125+ point inspection***

*Experienced technicians put every vehicle through a rigorous Certified Quality Inspection—over 125 points must check out before it meets our high standards.*

***Every used car is renewed***

*CarMax cars undergo (on average) 12 hours of renewing—sandwiched between two meticulous inspections—for a car that doesn't look or feel used.*

***No cars with flood or frame damage***

*Not every car that looks good is good. We're confident in the safety and reliability of our vehicles because our technicians are trained to detect those with hidden damage.*

Such claims are dangerously deceptive, since they tend to lull car buyers into a false sense of security regarding the safety of used vehicles CarMax is offering for sale to consumers.

It is all the more important for the FTC to act, and exercise its authority under the FTC Act to address false or deceptive advertising, since the National Highway Traffic Safety Administration (NHTSA) currently lacks authority over new and used car dealers, regarding sales of used cars that are subject to auto safety recalls. According to the U.S. Government Accountability Office (GAO), in its 2011 report to Congress:

"NHTSA cannot require used-car dealers, or franchised dealerships that sell used vehicles, to get the defect remedied prior to sale....With over 35 million used cars sold by used and franchised dealerships in the United States in 2009 alone, this could pose a significant risk to the safety of millions of vehicle drivers, and may have a negative impact on recall completion rates."<sup>3</sup>

While the U.S. Department of Transportation recently recommended to Congress, as part of its proposal regarding the GROW America Act, that Congress include a provision to prohibit dealers from selling recalled used cars to the public without fixing them first, that provision is likely to face stiff auto dealer opposition. In addition, CarMax, the California New Car Dealers Association, and independent auto dealers are opposing first-in-the-nation

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<sup>3</sup> United States Government Accountability Office: *Auto Safety: NHTSA Has Options to Improve the Safety Defect Recall Process*, Issued June 2011, page 40 (emphasis added).

legislation currently pending in California, SB 686, authored by California State Senator Hannah-Beth Jackson, that would prohibit auto dealers from selling used vehicles with unrepaired safety recalls to consumers.

Under the National Traffic and Motor Vehicle Safety Act, auto manufacturers are mandated to recall vehicles that either 1) fail to meet a Federal Motor Vehicle Safety Standard, or 2) otherwise pose an "unreasonable risk" to safety. Most safety recalls fall within the second category. According to NHTSA, examples of defects that lead to safety recalls include faulty steering, brakes that fail, components that catch on fire, air bags that fail to inflate when needed in a crash, accelerators that stick, stalling in traffic, wheels that fall off, or axles that break.

Federal safety recalls are aimed at addressing serious safety defects, not defects unrelated to safety, "service campaigns," or emissions recalls. If a manufacturer believes that a recall is not justified, it can petition NHTSA not to require a recall or contest the issue in court. Typically, the manufacturers agree with NHTSA that the vehicles are unsafe and should be recalled, and "voluntarily" comply with the federal mandate.

According to the National Highway Traffic Safety Administration, which oversees vehicle safety recalls:

***"All safety recalls resulting from defects present an unreasonable risk to safety and we believe it is inappropriate to suggest that some defects are not risky enough to require repair. For the safety of the motoring public, all recalled vehicles should be fixed promptly." -- NHTSA Official Statement, issued April 4, 2011.***

Therefore, we urge the FTC to investigate CarMax's advertising and sales practices and take all appropriate and necessary action in order to curb CarMax from selling unsafe, recalled used cars to the public. In addition to any other remedies or penalties that may be appropriate, we also urge the FTC to:

- Obtain VIN-specific information regarding the safety recall status of vehicles CarMax has already sold to the public, and release that information to the public
- Notify the owners of vehicles sold by CarMax that had safety recalls pending at the time of sale
- Enjoin CarMax from engaging in such irresponsible and reckless practices in the future

It is also important to note that under the National Traffic and Motor Vehicle Safety Act, auto manufacturers are required to provide safety recall repairs for FREE. It is also easy for dealers such as CarMax to check the safety recall status of used vehicles online, simply by checking the manufacturer's website, calling the manufacturer's toll-free number, or contacting a local dealer and providing the Vehicle Identification Number.

Last August 14, the National Highway Traffic Safety Administration issued a final rule that requires all auto manufacturers who produce more than 25,000 vehicles a year to provide safety recall data on their own Websites, searchable by VIN and updated at least every 7 days. That rule takes full effect this August 14, 2014.

Bottom line: there is absolutely no excuse for CarMax or other auto dealers not to

ensure that the used vehicles they sell to consumers are not ticking time-bomb cars with unrepaired safety recalls.

Thank you for your consideration of this petition. We hope that the FTC will act expeditiously, considering the serious threat CarMax's practices pose to public safety. Should you or the FTC's staff have any questions regarding this petition, please contact:

Rosemary Shahan  
President  
Consumers for Auto Reliability and Safety  
1303 J Street, Suite 270  
Sacramento, CA 95814

Respectfully submitted,

**Consumers for Auto Reliability and Safety  
Center for Auto Safety  
Consumers Union  
Consumer Action  
Consumer Federation of America  
Courage Campaign  
National Association of Consumer Advocates  
National Consumer Law Center<sup>4</sup>  
National Consumers League  
Trauma Foundation  
U.S. Public Interest Research Group**

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<sup>4</sup> On behalf of its low-income clients.



UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

August 26, 2014

Consumers for Auto Reliability and Safety  
Center for Auto Safety  
Consumer Action  
Consumer Federation of America  
Consumers Union  
Courage Campaign  
National Association of Consumer Advocates  
National Consumer Law Center  
National Consumers League  
Trauma Foundation  
U.S. Public Interest Research Group

Dear Consumers for Auto Reliability, et al.:

Thank you for your letter of June 23, 2014, to Chairwoman Ramirez regarding potentially deceptive conduct by CarMax in the sale of automobiles subject to recall for safety-related defects. The Chairwoman's office has forwarded your letter to the Division of Financial Practices, which leads the FTC's regulatory and law enforcement efforts with respect to the practices of motor vehicle dealers.

I take very seriously the concerns you detailed in your letter. For many consumers, the purchase, financing, or leasing of a motor vehicle is one of the most expensive and complicated financial transactions they will ever complete. Thus, protecting these consumers is a high priority for the FTC, and we are actively engaged in enforcement and policy efforts in this area. This letter discusses some of the public actions the FTC has taken, and responds more specifically to the concerns about CarMax's conduct that you have raised.

As you know, the FTC has significant authority over automobile dealers under several statutes and regulations. Most broadly, Section 5 of the FTC Act, 15 U.S.C. § 45, prohibits unfair or deceptive acts or practices in or affecting commerce. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act),<sup>1</sup> enacted in 2010, preserved the FTC's law enforcement authority in this area and authorized the agency to promulgate rules prohibiting

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<sup>1</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376 (July 21, 2010) (Dodd-Frank Act).

unfair or deceptive acts or practices by motor vehicle dealers under the Administrative Procedure Act (APA).<sup>2</sup>

Since enactment of the Dodd-Frank Act, the FTC has dedicated substantial additional resources to enforcement and other initiatives aimed at protecting consumers in motor vehicle-related transactions. On the enforcement front, the agency has brought more than twenty actions. For example, in January 2014, the FTC announced a nationwide sweep against ten auto dealers involving deceptive advertising.<sup>3</sup> The dealers agreed to settle charges that they made a variety of misrepresentations in print, Internet, and video advertisements, falsely leading consumers to believe they could purchase vehicles for low prices, finance vehicles with low monthly payments, or make no upfront payment to lease vehicles. Our other auto enforcement actions in the last few years include seven cases involving deceptive claims by auto dealers,<sup>4</sup> two cases against scams that promised to reduce consumers' monthly payments but took the money upfront and failed to deliver on their promises,<sup>5</sup> and an action against an auto dealer involving data security issues.<sup>6</sup>

Additionally, on the education front, we provide numerous consumer and business education materials, including a webpage on "Buying & Owning a Car," which has more than a dozen articles for consumers.<sup>7</sup> Among other things, an article on "Buying a Used Car" advises consumers to inquire about recalls and directs consumers to the U.S. Department of Transportation's Vehicle Safety Hotline and website to find more information,<sup>8</sup> including the ability to search for a vehicle's recall by VIN and by car make and model.<sup>9</sup> In addition, the

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<sup>2</sup> See Dodd-Frank Act, Section 1029, 12 U.S.C. § 5519. Absent such a grant of authority from Congress, the FTC can only issue rules using the more complex process set forth in Section 18 of the FTC Act. See 15 U.S.C. § 57a.

<sup>3</sup> See Press Release, FTC Announces Sweep Against 10 Auto Dealers, January 9, 2014, available at <http://www.ftc.gov/news-events/press-releases/2014/01/ftc-announces-sweep-against-10-auto-dealers>.

<sup>4</sup> See Press Release, FTC Approves Final Order Settling Charges Involving Two Auto Dealers' Deceptive Ads, February 11, 2014, available at <http://www.ftc.gov/news-events/press-releases/2014/02/ftc-approves-final-order-settling-charges-involving-two-auto>; see also Press Release, FTC Takes Action to Stop Deceptive Car Dealership Ads, March 14, 2012, available at <http://www.ftc.gov/news-events/press-releases/2012/03/ftc-takes-action-stop-deceptive-car-dealership-ads>.

<sup>5</sup> See Press Release, FTC Charges that Auto Loan Schemes Falsely Promised They Could Stop Consumers' Cars from Being Repossessed, April 4, 2012, available at <http://www.ftc.gov/news-events/press-releases/2012/04/ftc-charges-auto-loan-schemes-falsely-promised-they-could-stop>.

<sup>6</sup> See Press Release, FTC Charges Businesses Exposed Sensitive Information on Peer-to-Peer Sharing Networks, Putting Thousands of Consumers at Risk, June 7, 2012, available at <http://www.ftc.gov/news-events/press-releases/2012/06/ftc-charges-businesses-exposed-sensitive-information-peer-peer>.

<sup>7</sup> See Buying & Owning a Car, FTC Consumer Information, available at <http://www.consumer.ftc.gov/topics/buying-owning-car>.

<sup>8</sup> See Buying a Used Car, FTC Consumer Information, August 2014, available at <http://www.consumer.ftc.gov/articles/0055-buying-used-car>.

<sup>9</sup> [www.safercar.gov/vinlookup](http://www.safercar.gov/vinlookup).

article recommends that consumers ask the dealer for information showing the vehicle was repaired, and corrected, for the recall issues.<sup>10</sup>

Your letter expressed specific concern that CarMax is selling cars subject to recall for safety-related defects, while at the same time representing to consumers that those used vehicles have passed rigorous safety inspections. While I cannot reveal information regarding any non-public investigations, I can offer general insight into how the Commission would examine these issues.

As you know, the FTC generally evaluates consumer protection issues using its authority under Section 5 of the FTC Act, which prohibits deceptive and unfair acts or practices. Under Section 5, a representation or omission is deceptive if it is material and would likely mislead consumers acting reasonably under the circumstances.<sup>11</sup> An act or practice is unfair if it causes or is likely to cause substantial injury to consumers that is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or competition.<sup>12</sup> In evaluating whether CarMax is engaged in deceptive or unfair conduct, the Commission would apply these principles. In this context, for example, we would consider whether CarMax's statements regarding safety inspections of a vehicle would materially mislead consumers to believe that the vehicle is not subject to any recalls or that any issues relating to recalls have been resolved prior to the sale of the vehicle. If the Commission were to pursue an action, the agency would seek equitable relief, which, as you noted, could include an injunction barring the deceptive or unfair conduct and, where appropriate, monetary relief such as consumer redress.

The FTC is committed to protecting consumers in their purchasing of motor vehicles, and we appreciate your interest in these issues. As noted above, we have substantially expanded our enforcement and policy activities in this area following enactment of the Dodd-Frank Act. And we will continue these efforts, including by monitoring the marketplace for illegal conduct associated with the practices you detailed.

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<sup>10</sup> See *Buying a Used Car*, FTC Consumer Information, August 2014, available at <http://www.consumer.ftc.gov/articles/0055-buying-used-car>.

<sup>11</sup> See *In re Cliffdale Assocs. Inc.*, 103 F.T.C. 110, 164-44 (1984), citing Commission letter on deception to Hon. John D. Dingell, Chairman, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, October 14, 1983 (commonly known as the FTC's "Deception Statement"); see also *FTC v. Gill*, 265 F.3d 944, 950 (9<sup>th</sup> Cir. 2001); *FTC v. Pantron I Corp.*, 33 F.3d 1088, 1095 (9<sup>th</sup> Cir. 1994) (citing *In re Cliffdale Assocs., Inc.*, 103 F.T.C. 110, 164-65 (1984)). To be material, a claim must convey information that is important to consumers and thus be likely to affect their choice of a product. See *FTC v. Cyberspace.com, LLC*, 453 F.3d 1196, 1201 (9<sup>th</sup> Cir. 2006).

<sup>12</sup> FTC Act § 5(n), 15 U.S.C. §45(n).

Consumers for Auto Reliability and Safety, et al.  
August 26, 2014  
Page 4

I hope that this information is helpful. If you or your staff have additional questions or comments, please feel free to contact Teresa Kosmidis, an attorney in my Division at (202) 326-3216.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Reilly Dolan".

James Reilly Dolan  
Associate Director for Financial Practices

# Appendix 4: Existing California Laws Protecting Car Buyers

## **Unfair and Deceptive Acts and Practices**

### CIVIL CODE

1770. (a) The following unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer are unlawful:

(7) Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another.

(9) Advertising goods or services with intent not to sell them as advertised.

(19) Inserting an unconscionable provision in the contract.

## **Fraud**

### CIVIL CODE

1571. Fraud is either actual or constructive.

1572. Actual fraud, within the meaning of this Chapter, consists in any of the

following acts, committed by a party to the contract, or with his connivance, with intent to deceive another party thereto, or to induce him to enter into the contract:

1. The suggestion, as a fact, of that which is not true, by one who does not believe it to be true;

2. The positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;

3. The suppression of that which is true, by one having knowledge or belief of the fact;

4. A promise made without any intention of performing it; or,

5. Any other act fitted to deceive.

1573. Constructive fraud consists:

1. In any breach of duty which, without an actually fraudulent intent, gains an advantage to the person in fault, or any one claiming under him, by misleading another to his prejudice, or to the prejudice of any one claiming under him; or, 2. In any such act or omission as the law specially declares

to be fraudulent, without respect to actual fraud.

1574. Actual fraud is always a question of fact.

### **Failure to comply with a federal motor vehicle safety standard**

#### VEHICLE CODE

24007. (a) (1) No dealer or person holding a retail seller's permit shall sell a new or used vehicle that is not in compliance with this code and departmental regulations adopted pursuant to this code, unless the vehicle is sold to another dealer, sold for the purpose of being legally wrecked or dismantled, or sold exclusively for off-highway use.

24011. Whenever a federal motor vehicle safety standard is established under federal law (49 U.S.C. Sec. 30101 et seq.), no dealer shall sell or offer for sale a vehicle to which the standard is applicable, and no person shall sell or offer for sale for use upon a vehicle an item of equipment to which the standard is applicable, unless:

(a) The vehicle or equipment conforms to the applicable federal standard.

(b) The vehicle or equipment bears thereon a certification by the manufacturer or distributor that it complies with the applicable federal standards. The certification may be in the form of a symbol prescribed in the federal standards or, if there is no federal symbol, by a symbol acceptable to the department.

### **Prohibition against operating vehicles that are in an unsafe condition**

#### VEHICLE CODE

24002. (a) It is unlawful to operate any vehicle or combination of vehicles which is in

an unsafe condition, or which is not safely loaded, and which presents an immediate safety hazard.

(b) It is unlawful to operate any vehicle or combination of vehicles which is not equipped as provided in this code.

### **Vehicle Equipment — Minimum Standards**

Several Vehicle Code Sections establish minimum requirements for motor vehicle equipment, aimed at ensuring safe operation, such as Sections 27450, 24250, and 26452, regarding lighting, tires, and brakes.

### **Express Warranties**

#### COMMERCIAL CODE

2313. (1) Express warranties by the seller are created as follows:

(a) Any affirmation of fact or promise made by the seller to the buyer which relates to the goods and becomes part of the basis of the bargain creates an express warranty that the goods shall conform to the affirmation or promise.

(b) Any description of the goods which is made part of the basis of the bargain creates an express warranty that the goods shall conform to the description.

(c) Any sample or model which is made part of the basis of the bargain creates an express warranty that the whole of the goods shall conform to the sample or model.

(2) It is not necessary to the creation of an express warranty that the seller use formal words such as "warrant" or "guarantee" or that he have a specific intention to make a warranty, but an affirmation merely of the value of the goods or a statement

purporting to be merely the seller's opinion or commendation of the goods does not create a warranty.

## Implied Warranties

### COMMERCIAL CODE

2314. (1) Unless excluded or modified (Section 2316), a warranty that the goods shall be merchantable is implied in a contract for their sale if the seller is a merchant with respect to goods of that kind. Under this section the serving for value of food or drink to be consumed either on the premises or elsewhere is a sale.

(2) Goods to be merchantable must be at least such as

(a) Pass without objection in the trade under the contract description; and

(b) In the case of fungible goods, are of fair average quality within the description; and

(c) Are fit for the ordinary purposes for which such goods are used; and

(d) Run, within the variations permitted by the agreement, of even kind, quality and quantity within each unit and among all units involved; and

(e) Are adequately contained, packaged, and labeled as the agreement may require; and

(f) Conform to the promises or affirmations of fact made on the container or label if any.

(3) Unless excluded or modified (Section 2316) other implied warranties may arise from course of dealing or usage of trade.

2315. Where the seller at the time of contracting has reason to know any particular purpose for which the goods are required and that the buyer is relying on the seller's skill or judgment to select or furnish suitable goods, there is unless excluded or modified under the next section an implied warranty that the goods shall be fit for such purpose.

# Notes

1 “Statewide Integrated Traffic Records System” (SWITRS), California Highway Patrol, 2012. (This is the most recent year for which the CHP provides complete data.)

2 <https://www.transportation.gov/fastlane/heavy-toll-motor-vehicle-crashes>

3 See Appendix 1 for research methodology

4 <http://www.carmax.com>

5 See Appendix 2 for more details.

6 See Appendix 3 for copy of the FTC petition.

7 See Table 1 for the full list of vehicles with safety defects.

8 See Table 2 for the full list of vehicles with safety defects.

9 See Appendix 4 for list of relevant California state laws.

10 Seven of these vehicles were subject to more than one safety recall. Details on those additional safety recalls are not included in this table due to page size constraints.

11 CarMax inventory turns over rapidly and its website is frequently updated. Though we made every effort to be comprehensive, collecting data over the course of two business days meant that some vehicles may have been added to the list that we missed during the process of data collection.

12 At the time of data collection, news broke that faulty airbag inflators manufactured by Takata may be present in millions more vehicles than previously thought, which led to a doubling of the size of the associated recall. As of 19 May 2015, NHTSA was waiting for automakers to supply a full list of affected vehicles and explained that it would update its database when possible. It advised consumers to check the VIN search tool periodically because it can take “several weeks after a recall is first announced” for systems to be fully updated to reflect the latest information, per National Highways Traffic Safety Administration, Recalls.

13 “DMV announces settlement terms with Gunderson Chevrolet,” The Auto Channel, April 20, 2001.

