



OFFICE OF NAVAJO NATION HUMAN RIGHTS COMMISSION

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IMMEDIATE RELEASE:

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The Federal Trade Commission files a Complaint against Tates Auto in U.S. District Court of Arizona.

St. Michaels, Navajo Nation (ARIZ) –The Navajo Nation Human Rights Commission (“Commission”), through its public hearings and written complaints filed by elderly Navajo consumers, collected and analyzed data regarding automobile purchases made on the Navajo Nation and at dealerships located in border towns. The data suggest that border town automobile dealers, in particular, Tates Auto had the majority of the complaints, were alleged to commit unlawful and unfair business practices. “Many of our elderly Navajo consumers were taken advantage of and were put into positions where they were not able to afford to buy a used car or new vehicle” said Varvara Phillips, Navajo Nation Human Rights Investigator.

In 2014, the Commission forwarded the collected data and presented the findings to the Federal Trade Commission (“FTC”) for review. During the investigation Phillips played a significant role in providing information with the FTC regarding Commission cases that were filed against Tates and other dealerships surrounding the Navajo Nation.

On July 31, 2018, the FTC filed a complaint with U.S. District Court of Arizona against Tates Auto on falsifying consumer information on financing documents. The complaint states “Tates Auto increased consumer’s monthly income and inflated amount of down payment when filling out consumers loan documents.”

Phillips states “This is excellent news for our Navajo consumers. Though the process to get a complaint filed by FTC was lengthy, it was worth the wait. If it were not for our Navajo citizens who came forward to share their automobile purchases experience through public hearings and/or written complaints with Commission we would not have the data. Clearly the data collected was very important and helpful for FTC to pursue a formal complaint against Tates auto. These unlawful and unfair business practices by border town automobile dealers have gone on for too long. I hope the FTC complaint against Tates auto sends a message to other border town automobile dealers they need to comply with local, state and federal laws.”

Leonard Gorman, Navajo Nation Human Rights Commission Executive Director, states “It is important to note that Navajo consumers in all areas of good and services are unfortunately preyed upon by border town businesses. That includes offering high interest rates, selling defective goods and falsifying information about Navajo consumers, all in the name of free

enterprise. It is important for business to also protect and respect Navajo consumer human rights, which may include explaining the goods and services in the Navajo language.”

For more information contact the Navajo Nation Human Rights Commission at 928-871-7436.

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See attach full press release from the Federal Trade Commission.



Federal Trade Commission News

Office of Public Affairs - Press Release

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FOR RELEASE: 8/1/2018

FTC Charges Auto Dealerships in Arizona and New Mexico with Falsifying Consumers' Information on Financing Documents

The Federal Trade Commission has charged a group of four auto dealers [**web team, link to complaint**] operating in Arizona and New Mexico, near the border of the Navajo Nation, with a range of illegal activities, including falsifying consumers' income and down payment information on vehicle financing applications and misrepresenting important financial terms in vehicle advertisements.

This is the FTC's first action alleging income falsification by auto dealers. The complaint also names the dealerships' owner and manager, Richard Berry, as a defendant, and owner and president, Linda Tate, as a relief defendant.

"Buying a car is one of the biggest purchases consumers make. When consumers tell an auto dealer how much they make and how much they can pay upfront, the dealer can't turn those facts into fiction," said Andrew Smith, Director of the FTC's Bureau of Consumer Protection. "The FTC expects auto dealers to be honest with consumers from the first advertisement to the final purchase."

Corporate Defendants

According to the complaint, since at least 2014, Tate's Auto has sought to increase its sales by falsifying consumers' monthly income and down payments on financing applications and contracts submitted to third-party financing companies. The four dealerships named in the complaint are Tate's Auto Center of Winslow, Tate's Automotive, Tate Ford-Lincoln-Mercury, and Tate's Auto Center of Gallup.

The FTC charges that, during the sales process, Tate's Auto asked consumers to provide personal information—including their name, address, and monthly income—and told consumers they would submit the information to financing companies. According to the complaint, however, instead of using consumers' actual information, in many cases Tate's Auto falsely inflated the numbers, making it appear that consumers had higher monthly incomes than they really did. Tate's Auto often inflated the amount of a consumer's down payment as well, according to the complaint.

The complaint also alleges that Tate's Auto representatives often prevented consumers from reviewing the income and down payment information on the forms, such as by rushing consumers through the process of reviewing and signing the financing applications, having consumers fill out the forms over the phone, and failing to give them the income and down payment portion of the application before they signed.

In other cases, Tate's Auto allegedly altered financing documents after consumers signed them, without their knowledge. Such consumers, the FTC alleges, often were approved for financing based on the false information Tate's Auto provided. As a result, financing companies extended credit to consumers who defaulted at a higher rate than qualified buyers. Many of the affected consumers are members of the Navajo Nation.

The complaint also alleges that Tate's Auto's advertising deceived consumers about the nature and terms of financing or leasing offers. For example, Tate's Auto allegedly advertised discounts and incentives to consumers without adequately disclosing limitations or restrictions that would prevent many customers from qualifying for them.

Finally, the FTC alleges that Tate's Auto's social media ads violated federal law by failing to disclose required terms. The complaint charges Tate's Auto with violating the FTC Act, the Truth in Lending Act (TILA), and the Consumer Leasing Act (CLA). The FTC is seeking an injunction barring the defendants from such practices in the future.

Individual Defendants

The complaint also names Richard Barry as a defendant and Linda Tate as a relief defendant. According to the FTC, acting as owner of the four dealerships, Barry formulated, directed, controlled, had the authority to control, or participated in Tate's Auto's allegedly illegal conduct. The FTC charges that Tate has received hundreds of thousands of dollars from the other defendants, including funds directly connected to the alleged unlawful conduct.

The Commission vote authorizing the staff to file the complaint was 5-0. The complaint was filed in the U.S. District Court for the District of Arizona. The FTC wishes to acknowledge the valuable assistance of the Navajo Nation Human Rights Commission during the investigation of this case.

NOTE: The Commission files a complaint when it has "reason to believe" that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The Federal Trade Commission works to promote competition, and [protect, and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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