

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,

Plaintiff,

v.

HYUNDAI MOTOR COMPANY;
HYUNDAI MOTOR AMERICA;
KIA MOTORS CORPORATION, INC.; and,
KIA MOTORS AMERICA, INC.,

Defendants.

CASE NO. _____

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

1. Plaintiff, the District of Columbia (“District”), by its Attorney General, brings this action against Defendants Hyundai Motor Corporation, Hyundai Motor America, Kia Motors Corporation, Inc. and Kia Motors America, Inc. (hereinafter collectively referred to as “Defendants”) for violating the District’s Consumer Protection Procedures Act (“CPPA”), D.C. Code § 28-3901, *et seq.*, as follows:

JURISDICTION

2. This Court has subject matter jurisdiction over this case pursuant to D.C. Code § 11-921 and § 28-3909. This Court has personal jurisdiction over Defendants pursuant to D.C. Code § 13-423(a).

PARTIES

3. Plaintiff the District, a municipal corporation empowered to sue and be sued, is the local government for the territory constituting the permanent seat of the government of the United States. The District has brought this action in connection with a multistate investigation of the Defendant conducted by the Attorneys General of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Maryland, Maine, Massachusetts, Missouri, Nebraska, New Jersey, New Mexico, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington, Wisconsin.

4. The Defendants are Hyundai Motor Company, Hyundai Motor America, Kia Motors Corporation, Inc., and Kia Motors America, Inc.

5. The Defendant Hyundai Motor Company is a multi-national corporation with its principal corporate headquarters in Seoul, South Korea.

6. The Defendant Hyundai Motor Company manufactures, offers and sells Hyundai vehicles in the United States through its wholly-owned subsidiary, Hyundai Motor America.

7. The Defendant Hyundai Motor America is a California corporation with a principal place of business in Fountain Valley, California.

8. The Defendant Kia Motors Corporation, Inc. is a multi-national corporation with its principal corporate headquarters in Seoul, South Korea.

9. The Defendant Kia Motors Corporation, Inc. manufactures, offers and sells Kia vehicles in the United States through its wholly-owned subsidiary, Kia Motors America, Inc.

10. Defendant, Kia Motors America, Inc. is a California corporation with a principal place of business in Irvine, California.

DEFENDANTS' UNLAWFUL TRADE PRACTICES

11. The CPPA defines a “merchant” to mean any

person, whether organized or operating for profit or for a nonprofit purpose, who in the ordinary course of business does or would sell, lease (to), or transfer, either directly or indirectly, consumer goods or services, or a person who in the ordinary course of business does or would supply the goods or services which are or would be the subject matter of a trade practice

D.C. Code § 28-3901(3).

12. The Defendants are merchants covered by the CPPA because they have manufactured, assembled, advertised, marketed, promoted, sold, and distributed millions of vehicles in the United States in general, and the District of Columbia in particular. For the model years (“MY”) 2011 through 2013, the Defendants offered and sold certain light duty passenger vehicles identified in Exhibit A, attached hereto (the “Subject Vehicles”). The Subject Vehicles were offered and sold during a period of very high gasoline prices in the United States, and the Defendants’ marketing efforts touted the Subject Vehicles allegedly superior fuel economy.

13. Before they could be offered for sale in the United States, however, the Subject Vehicles had to be certified by the United States Environmental Protection Agency (“EPA”) and the California Air Resources Board (“CARB”) as being in compliance with applicable emissions limits set forth in state and federal law.

14. The Defendants, like all other auto manufacturers, conducted their own testing of the Subject Vehicles and used the resulting data to support their applications for certificates of conformity.

15. In filing their applications, the Defendants expressly and impliedly represented that their testing complied in all material respects with the procedures mandated by EPA and CARB.

16. In truth and in fact, however, the Defendants deviated from the mandated testing protocols in numerous respects, thereby producing data that underestimated the road load forces for the Subject Vehicles and overstated the fuel efficiency estimates for the Subject Vehicles.

17. The Defendants thereafter incorporated the inflated and inaccurate data into the estimated mileage ratings displayed on hundreds of thousands of window stickers affixed to Subject Vehicles in dealerships across the nation.

18. The Defendants further sought to capitalize on the erroneous mileage estimates by prominently placing them in a variety of advertisements and other promotional campaigns, including, but not limited to:

- a. Representing, without limitation or qualification, that the Hyundai Elantra could travel roundtrip between Los Angeles and Las Vegas “WITHOUT STOPPING FOR GAS”. (Emphasis in the original). *See* Exhibit B hereto;
- b. Representing, without limitation or qualification, that the 2011 Hyundai Elantra could travel from Buffalo to Niagara Falls and back, a distance of 40 miles, on a single gallon of fuel. *See* Exhibit C hereto;
- c. Representing, without limitation or qualification, that five different Hyundai models were rated at 40 mpg. *See* Exhibit D hereto; and
- d. Utilizing the estimated mileage ratings for the Kia Sorrento EX in advertisements for the Kia Sorrento SX, a different model with a lower fuel economy rating.

19. On November 12, 2012, the Defendants announced that they were adjusting and restating the fuel economy ratings for all of the Subject Vehicles. The Defendants took this action after an investigation by EPA and CARB uncovered the Defendants’ deviations from the mandated testing protocols, which deviations resulted in the mileage overstatements.

20. By engaging in the aforesaid acts, practices, representations and omissions, the Defendants made deceptive or misleading statements to government agencies and to consumers regarding the features, performance and characteristics of the Subject Vehicles, including but not limited to:

- a. Misrepresenting, falsely certifying or falsely warranting the Subject Vehicles' compliance with applicable certification or other regulatory requirements;
- b. Failing to state material facts in connection with their sale and marketing of the Subject Vehicles, the omission of which deceived or tended to deceive consumers; and
- c. Misrepresenting or deceptively advertising, promoting and warranting the Subject Vehicles' fuel economy and performance.

21. The Defendants' misrepresentations to regulators enabled them to secure the requisite legal authorizations to sell the Subject Vehicles in the United States, and more particularly in the District of Columbia or to District of Columbia consumers.

22. The Defendants' acts and practices, as described herein, were likely to mislead consumers acting reasonably under the circumstances.

23. The Defendants' acts or practices, as described here, were material to consumers' decisions to purchase the Subject Vehicles during a time of high gasoline prices.

24. The Defendants' acts or practices, as described herein, caused substantial injury to consumers in that consumers purchased Subject Vehicles that were improperly certified for sale, and which were offered for sale using inaccurate and deceptive mileage ratings.

25. The Defendants' acts or practices, as described herein, therefore constitute unlawful trade practiced, in violation of the CPPA, D.C. Code § 28-3904.

Wherefore, Plaintiff the District of Columbia, pursuant to D.C. Code § 28-3909, and as authorized by the Court's own equitable powers, requests that the Court:

A. Enter a permanent injunction to prevent future violations of the CPPA by Defendants;

B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the CPPA, including awarding restitution for harm caused to consumers by Defendants' unlawful conduct;

C. Award civil penalties in an amount up to \$1,000 per violation of the CPPA pursuant to D.C. Code § 28-3909(b); and

D. Award Plaintiffs the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated: October 27, 2016

KARL A. RACINE
Attorney General for the District of Columbia

/s/ Philip Ziperman
PHILIP ZIPERMAN [429484]
Director, Office of Consumer Protection

/s/ Jimmy Rock
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EXHIBIT A

EXHIBIT A

HYUNDAI VEHICLES

2013 Model Year

2013 Accent (automatic transmission; 1.6 liter engine)
2013 Accent (manual transmission; 1.6 liter engine)
2013 Azera (automatic transmission; 3.3 liter engine)
2013 Elantra (automatic transmission; 1.8 liter engine)
2013 Elantra (manual transmission; 1.8 liter engine)
2013 Elantra Coupe (automatic transmission; 1.8 liter engine)
2013 Elantra Coupe (manual transmission; 1.8 liter engine)
2013 Elantra GT (automatic transmission; 1.8 liter engine)
2013 Elantra GT (manual transmission; 1.8 liter engine)
2013 Genesis (automatic transmission; 3.8 liter engine)
2013 Genesis R-Spec (automatic transmission; 5.0 liter engine)
2013 Santa Fe Sport 2WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 2WD (automatic transmission; 2.4 liter engine)
2013 Santa Fe Sport 4WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 4WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (automatic transmission; 2.0 liter engine)
2013 Tucson 2WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (manual transmission; 2.0 liter engine)
2013 Tucson 4WD (automatic transmission; 2.4 liter engine)
2013 Veloster Turbo (automatic transmission; 1.6 liter engine)
2013 Veloster (automatic transmission; 1.6 liter engine)
2013 Veloster (manual transmission; 1.6 liter engine)

KIA VEHICLES

2013 Model Year

2013 Rio 2WD (automatic transmission; 1.6 liter engine)
2013 Rio 2WD (manual transmission; 1.6 liter engine)
2013 Rio 2WD (automatic (Eco) transmission; 1.6 liter engine)
2013 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2013 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))
2013 Soul 2WD (automatic transmission; 1.6 liter engine)
2013 Soul 2WD (manual transmission; 1.6 liter engine)
2013 Soul 2WD (automatic transmission; 2.0 liter engine)
2013 Soul 2WD (manual transmission; 2.0 liter engine)
2013 Soul ECO 2WD (automatic transmission; 1.6 liter engine)
2013 Soul ECO 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.4 liter engine)
2013 Sportage 2WD (manual transmission; 2.4 liter engine)
2013 Sportage 4WD (automatic transmission; 2.0 liter engine)
2013 Sportage 4WD (automatic transmission; 2.4 liter engine)
2013 Sportage 4WD (manual transmission; 2.4 liter engine)

2012 Model Year

2012 Rio 2WD (automatic transmission; 1.6 liter engine)
2012 Rio 2WD (manual transmission; 1.6 liter engine)
2012 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2012 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))

EXHIBIT B

DO THE HYUNDAI

- STEP 1** Grab Your Gas Receipt and See the Savings
- STEP 2** Raise Your Hands in the Air
- STEP 3** Cross Them to Complete the "H"
- STEP 4** Celebrate. Smile. Repeat.



7007.9135



HYUNDAI

ELANTRA

40
MPG
HWY

American's Best Warranty
10-Year/100,000-Mile
Powertrain Limited Warranty
Hyundai
Assurance

Drive from Las Vegas to L.A. and Back WITHOUT STOPPING FOR GAS

2012 EPA fuel economy guide: 20.12 gallons per mile. City 46, Hwy 51 mpg. *Based on a 100-mile round-trip from Las Vegas to Los Angeles and back. Actual mileage may vary. ©2012 Hyundai Motor America. All rights reserved. 7007.9135. Hyundai is a registered trademark of Hyundai Motor Company. All rights reserved. ©2012 Hyundai Motor America.

EXHIBIT C

The falls and back on a gallon.

BuffaloHyundaiDealers.com



 **HYUNDAI**

2011 Elantra, 40 MPG standard.

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INNOCEAN WORLDWIDE

Project Title: Eastern Region Elantra OOH - Buffalo Market 10X30

File Name: H11-MD-2107_H-11-00176Buff(10X30). | **Date: 5-11-2011 4:37 PM** | **Pubst: None**

Job#: H11-MD-2107 | **Ad#: H-11-00176** | **Insertion Date: 5/30/2011**

Client: HDAA | **Product: Elantra** | **Bleed: 8" x 3"** | **Round: F**
Region: Eastern | **Element/Media: Print OOH** | **Trim/Die: 7.75" x 2.75"**
Dealer Tag: None | **Material Due Date: 5/13/11** | **Live: 7.25" x 2.25"**
Adsend Code: None | **Vendor: Hi-Res** | **Folded Size: None**

Colors Used: ■ Cyan, ■ Magenta, ■ Yellow, ■ Black

LIVE **CUTTERFOLD** **TRIM** **BLEED** **INDICATES AREA DESIGNATION AND DOES NOT PRINT.**

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Placed Images
 120x120 Floor_RGB_5.psd (RGB: 172 ppi: 86.48%),
 H111_MID_LTD_0057_v2.psd (CMYK: 752 ppi:
 39.888%), Hyundai Logo_vf1ca1 (81.51%)

Fonts Used
 Helvetica Neue (65 Medium, 57 Condensed)

FILE IS BUILT AT 1/4 In = 1 ft, PRINT-OUT IS AT None, THIS PRINT-OUT IS NOT FOR COLOR.

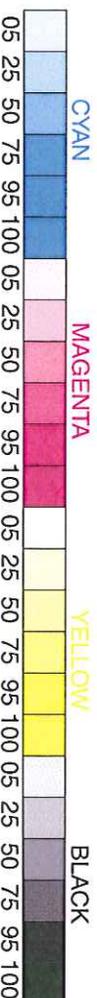
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Associate CD:	Tyson Brown	DATE	W/C
Art Director:	Tracy Stephens	DATE	W/C
Copywriter:	Molly McLaughlin	DATE	W/C
Proofreader:	Chris Richards	DATE	W/C
Account Executive:	Julie Guerrini	DATE	W/C
Product:	Taj Tashombe	DATE	W/C
Print Production:	Patricia Marquez	DATE	W/C
Traffice:	Suzanne Cheng	DATE	W/C
Client:	HDAA	DATE	W/C
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JOB #	16327-2	Innocen	QC:	QC:	Publication: 00176Buff
Time: 10:39 AM	Date: 5/12/11	East Hyundai Elantra 10x30	LS: 175	Rnd: 1.0	



HMAA0027920

EXHIBIT D

40 NEVER LOOKED SO GOOD 5 MODELS. 40MPG.

7006.8880



ACCENT 5-DOOR

- 5 Door versatility
- Best in Class Cargo Space
- Up to 456 Miles on a single tank of gas



ACCENT 4-DOOR

- Hands Free Bluetooth
- Best in Class Horsepower
- Up to 456 Miles on a single tank of gas



ELANTRA

- 1.8L 4 Cylinder CVT Engine
- More interior space than Civic or Corolla
- Up to 512 Miles on a single tank of gas



SONATA HYBRID

- 5 Star Safety Rated
- Solar Controlled glass
- Up to 688 miles on a single tank of gas



VELOSTER

- Standard 7" Touch Screen
- Blue Link®
- Up to 528 Miles on a single tank of gas

America's Best Warranty™
12-Month/100,000-Mile
Powertrain Limited Warranty

Hyundai
Assurance



FIND YOUR CLOSEST DEALER ONLINE AT
PacificNWHyundai.com

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