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7
8 **BEFORE THE**
DEPARTMENT OF CONSUMER AFFAIRS
9 **FOR THE BUREAU OF AUTOMOTIVE REPAIR**
STATE OF CALIFORNIA

10 In the Matter of the Accusation Against:

Case No. 77115-19214

11 **CRC LUXURY MOTORS, LLC**
12 **dba MIDAS/SPEEDEE**
1797 Soscol Avenue
13 **Napa, CA 94559**
14 **CURTIS RICHARD CORRELL- Member**
15 **CATHIE SUSAN EVERARD- Member**

ACCUSATION

16 **Automotive Repair Dealer Registration No. ARD 281615**

17 **CRC LUXURY MOTORS, LLC**
18 **dba MIDAS/SPEEDEE 2**
5111 Old Redwood Hwy
19 **Petaluma, CA 94954**
Mailing Address
1797 Soscol Avenue
20 **Napa, CA 94559**
18 **CURTIS RICHARD CORRELL- Member**
19 **CATHIE SUSAN EVERARD- Member**

21 **Automotive Repair Dealer Registration No. ARD 281737**

22 **CRC LUXURY MOTORS, LLC**
23 **dba MIDAS/SPEEDEE 3**
1250 East Monte Vista
24 **Vacaville, CA 95688**
25 **CURTIS RICHARD CORRELL- Member**
26 **CATHIE SUSAN EVERARD- Member**

27 **Automotive Repair Dealer Registration No. ARD 282969**

Respondent.

1 Complainant alleges:

2 **PARTIES**

3 1. Patrick Dorais (Complainant) brings this Accusation solely in his official capacity as
4 the Chief of the Bureau of Automotive Repair, Department of Consumer Affairs.

5 2. On or about September 29, 2015, the Bureau of Automotive Repair issued
6 Automotive Repair Dealer Registration Number ARD 281615 to CRC Luxury Motors, LLC
7 (Respondent) dba Midas/Speedee. Curtis Richard Correll (Correll) and Cathie Susan Everard are
8 both members of Respondent. The Automotive Repair Dealer Registration was in full force and
9 effect at all times relevant to the charges brought herein and will expire on September 30, 2018,
10 unless renewed. This registered facility shall be referred to as Midas/Speedee 1.

11 3. On or about October 13, 2015, the Bureau of Automotive Repair issued Automotive
12 Repair Dealer Registration Number ARD 281737 to Respondent dba Midas/Speedee 2. The
13 Automotive Repair Dealer Registration was delinquent and not valid between October 31, 2016
14 and February 13, 2017. The Automotive Repair Dealer Registration will expire on October 31,
15 2018, unless renewed. This registered facility shall be referred to as Midas/Speedee 2.

16 4. On or about March 11, 2016, the Bureau of Automotive Repair issued Automotive
17 Repair Dealer Registration Number ARD 282969 to Respondent dba Midas/Speedee 3. The
18 Automotive Repair Dealer Registration was in full force and effect at all times relevant to the
19 charges brought herein and will expire on March 31, 2019, unless renewed. This registered
20 facility shall be referred to as Midas/Speedee 3.

21 **JURISDICTION**

22 5. This Accusation is brought before the Director of the Department of Consumer
23 Affairs (Director) for the Bureau of Automotive Repair, under the authority of the following laws.
24 All section references are to the Business and Professions Code unless otherwise indicated.

25 **STATUTORY PROVISIONS**

26 6. Section 118, subdivision (b), of the Code provides that the
27 suspension/expiration/surrender/cancellation of a license shall not deprive the

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1 Board/Registrar/Director of jurisdiction to proceed with a disciplinary action during the
2 period within which the license may be renewed, restored, reissued or reinstated.

3 7. Section **9884.6** of the Code states:

4 "(a) It is unlawful for any person to be an automotive repair dealer unless that person has
5 registered in accordance with this chapter [the Automotive Repair Act] and unless that
6 registration is currently valid.

7 "(b) A person who, for compensation, adjusts, installs, or tests retrofit systems for purposes
8 of Chapter 6 (commencing with Section 44200) of Part 5 of Division 26 of the Health and Safety
9 Code is an automotive repair dealer for purposes of this chapter."

10 8. Section **9884.7** of the Code states:

11 "(a) The director, where the automotive repair dealer cannot show there was a bona fide
12 error, may deny, suspend, revoke, or place on probation the registration of an automotive repair
13 dealer for any of the following acts or omissions related to the conduct of the business of the
14 automotive repair dealer, which are done by the automotive repair dealer or any automotive
15 technician, employee, partner, officer, or member of the automotive repair dealer.

16 (1) Making or authorizing in any manner or by any means whatever any statement written
17 or oral which is untrue or misleading, and which is known, or which by the exercise of reasonable
18 care should be known, to be untrue or misleading.

19 (2) Causing or allowing a customer to sign any work order that does not state the repairs
20 requested by the customer or the automobile's odometer reading at the time of repair.

21 (3) Failing or refusing to give to a customer a copy of any document requiring his or her
22 signature, as soon as the customer signs the document.

23 (4) Any other conduct which constitutes fraud.

24 (5) Conduct constituting gross negligence.

25 (6) Failure in any material respect to comply with the provisions of this chapter or
26 regulations adopted pursuant to it.

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1 (7) Any willful departure from or disregard of accepted trade standards for good and
2 workmanlike repair in any material respect, which is prejudicial to another without consent of the
3 owner or his or her duly authorized representative.

4 (8) Making false promises of a character likely to influence, persuade, or induce a customer
5 to authorize the repair, service, or maintenance of automobiles.

6 ...

7 "(c) Notwithstanding subdivision (b), the director may suspend, revoke, or place on
8 probation the registration for all places of business operated in this state by an automotive repair
9 dealer upon a finding that the automotive repair dealer has, or is, engaged in a course of repeated
10 and willful violations of this chapter, or regulations adopted pursuant to it."

11 9. Section **9884.8** of the Code states:

12 "All work done by an automotive repair dealer, including all warranty work, shall be
13 recorded on an invoice and shall describe all service work done and parts supplied. Service work
14 and parts shall be listed separately on the invoice, which shall also state separately the subtotal
15 prices for service work and for parts, not including sales tax, and shall state separately the sales
16 tax, if any, applicable to each. If any used, rebuilt, or reconditioned parts are supplied, the invoice
17 shall clearly state that fact. If a part of a component system is composed of new and used, rebuilt
18 or reconditioned parts, that invoice shall clearly state that fact. The invoice shall include a
19 statement indicating whether any crash parts are original equipment manufacturer crash parts or
20 nonoriginal equipment manufacturer aftermarket crash parts. One copy of the invoice shall be
21 given to the customer and one copy shall be retained by the automotive repair dealer."

22 10. Section **9884.9** of the Code states:

23 "(a) The automotive repair dealer shall give to the customer a written estimated price for
24 labor and parts necessary for a specific job. No work shall be done and no charges shall accrue
25 before authorization to proceed is obtained from the customer. No charge shall be made for work
26 done or parts supplied in excess of the estimated price without the oral or written consent of the
27 customer that shall be obtained at some time after it is determined that the estimated price is
28 insufficient and before the work not estimated is done or the parts not estimated are supplied.

1 Written consent or authorization for an increase in the original estimated price may be provided
2 by electronic mail or facsimile transmission from the customer. The bureau may specify in
3 regulation the procedures to be followed by an automotive repair dealer if an authorization or
4 consent for an increase in the original estimated price is provided by electronic mail or facsimile
5 transmission. If that consent is oral, the dealer shall make a notation on the work order of the date,
6 time, name of person authorizing the additional repairs and telephone number called, if any,
7 together with a specification of the additional parts and labor and the total additional cost, and
8 shall do either of the following:

9 "(1) Make a notation on the invoice of the same facts set forth in the notation on the work
10 order .

11 "(2) Upon completion of the repairs, obtain the customer's signature or initials to an
12 acknowledgment of notice and consent, if there is an oral consent of the customer to additional
13 repairs, in the following language:

14 "I acknowledge notice and oral approval of an increase in the original estimated price.

15 _____
16 (signature or initials)"

17 "Nothing in this section shall be construed as requiring an automotive repair dealer to give a
18 written estimated price if the dealer does not agree to perform the requested repair.

19 ...

20 11. Section **9884.11** of the Code states that "[e]ach automotive repair dealer shall
21 maintain any records that are required by regulations adopted to carry out this chapter [the
22 Automotive Repair Act]. Those records shall be open for reasonable inspection by the chief or
23 other law enforcement officials. All of those records shall be maintained for at least three years."

24 12. Section **9884.13** of the Code provides, in pertinent part, that the expiration of a valid
25 registration shall not deprive the director or chief of jurisdiction to proceed with a disciplinary
26 proceeding against an automotive repair dealer or to render a decision invalidating a registration
27 temporarily or permanently.

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1 **REGULATORY PROVISIONS**

2 13. California Code of Regulations, title 16, section 3353, states:

3 "No work for compensation shall be commenced and no charges shall accrue without
4 specific authorization from the customer in accordance with the following requirements:

5 "(a) Estimate for Parts and Labor. Every dealer shall give to each customer a written
6 estimated price for labor and parts for a specific job.

7 ...

8 "(c) Additional Authorization. The dealer shall obtain the customer's authorization before
9 any additional work not estimated is done or parts not estimated are supplied. This authorization
10 shall be in written, oral, or electronic form, and shall describe additional repairs, parts, labor and
11 the total additional cost.

12 "(1) If the authorization from the customer for additional repairs, parts, or labor in excess
13 of the written estimated price is obtained orally, the dealer shall also make a notation on the work
14 order and on the invoice of the date, time, name of the person authorizing the additional repairs,
15 and the telephone number called, if any, together with the specification of the additional repairs,
16 parts, labor and the total additional costs.

17 ...

18 "(4) The additional repairs, parts, labor, total additional cost, and a statement that the
19 additional repairs were authorized either orally, or by fax, or by e-mail shall be recorded on the
20 final invoice to Section 9884.9 of the Business and Professions Code. All documentation must be
21 retained pursuant to Section 9884.11 of the Business and Professions Code.

22 "(d) Estimated Price to Tear Down, Inspect, Report and Reassemble. For purposes of this
23 article, to "tear down" shall mean to disassemble, and "teardown" shall mean the act of
24 disassembly. If it is necessary to tear down a vehicle component in order to prepare a written
25 estimated price for required repair, the dealer shall first give the customer a written estimated
26 price for the teardown. This price shall include the cost of reassembly of the component. The
27 estimated price shall also include the cost of parts and necessary labor to replace items such as
28 gaskets, seals and O rings that are normally destroyed by teardown of the component. If the act of

1 teardown might prevent the restoration of the component to its former condition, the dealer shall
2 write that information on the work order containing the teardown estimate before the work order
3 is signed by the customer.

4 "The repair dealer shall notify the customer orally and conspicuously in writing on the
5 teardown estimate the maximum time it will take the repair dealer to reassemble the vehicle or the
6 vehicle component in the event the customer elects not to proceed with the repair or maintenance
7 of the vehicle and shall reassemble the vehicle within that time period if the customer elects not to
8 proceed with the repair or maintenance. The maximum time shall be counted from the date of
9 authorization of teardown.

10 "After the teardown has been performed, the dealer shall prepare a written estimated price
11 for labor and parts necessary for the required repair. All parts required for such repair shall be
12 listed on the estimate. The dealer shall then obtain the customer's authorization for either repair or
13 reassembly before any further work is done.

14 "(e) Revising an Itemized Work Order. If the customer has authorized repairs according to
15 a work order on which parts and labor are itemized, the dealer shall not change the method of
16 repair or parts supplied without the written, oral, electronic authorization of the customer. The
17 authorization shall be obtained from the customer as provided in subsection (c) and Section
18 9884.9 of the Business and Professions Code.

19 ...

20 "(g) Definitions. As used in this section, "written " shall mean the communication of
21 information or information in writing, other than by electronic means; "oral" shall mean the oral
22 communication of information either in person or telephonically; "electronic" shall mean the
23 communication of information by facsimile transmission (fax) or electronic mail (e-mail)."

24 14. California Code of Regulations, title 16, section 3356, states:

25 "(a) All invoices for service and repair work performed, and parts supplied, as provided for
26 in Section 9884.8 of the Business and Professions Code, shall comply with the following:

27 (1) The invoice shall show the automotive repair dealer's registration number and the
28 corresponding business name and address as shown in the Bureau's records. If the automotive

1 repair dealer's telephone number is shown, it shall comply with the requirements of subsection (b)
2 of Section 3371 of this chapter.

3 (2) The invoice shall separately list, describe and identify all of the following:

4 (A) All service and repair work performed, including all diagnostic and warranty work, and
5 the price for each described service and repair.

6 (B) Each part supplied, in such a manner that the customer can understand what was
7 purchased, and the price for each described part. The description of each part shall state whether
8 the part was new, used, reconditioned, rebuilt, or an OEM crash part, or a non-OEM aftermarket
9 crash part.

10 (C) The subtotal price for all service and repair work performed.

11 (D) The subtotal price for all parts supplied, not including sales tax.

12 (E) The applicable sales tax, if any.

13 "(b) If a customer is to be charged for a part, that part shall be specifically listed as an item
14 in the invoice, as provided in subparagraph (B) of paragraph (2) of subsection (a) above. If that-
15 item is not listed in the invoice, it shall not be regarded as a part, and a separate charge may not be
16 made for it.

17 "(c) Separate billing in an invoice for items generically noted as shop supplies,
18 miscellaneous parts, or the like, is prohibited.

19 "(d) The automotive repair dealer shall give the customer a legible copy of the invoice and
20 shall retain a legible copy as part of the automotive repair dealer's records pursuant to Section
21 9884.11 of the Business and Professions Code and Section 3358 of this article."

22 15. California Code of Regulations, title 16, section 3371, states:

23 "No dealer shall publish, utter, or make or cause to be published, uttered, or made any false
24 or misleading statement or advertisement which is known to be false or misleading, or which by
25 the exercise of reasonable care should be known to be false or misleading. Advertisements and
26 advertising signs shall clearly show the following:

27 ...

28 16. California Code of Regulations, title 16, section 3373, states:

1 "No automotive repair dealer or individual in charge shall, in filling out an estimate,
2 invoice, or work order, or record required to be maintained by section 3340.15(f) of this chapter,
3 withhold therefrom or insert therein any statement or information which will cause any such
4 document to be false or misleading, or where the tendency or effect thereby would be to mislead
5 or deceive customers, prospective customers, or the public."

6 **COSTS**

7 17. Section 125.3 of the Code provides, in pertinent part, that a Board (including the
8 Bureau of Automotive Repair) may request the administrative law judge to direct a licentiate
9 found to have committed a violation or violations of the licensing act to pay a sum not to exceed
10 the reasonable costs of the investigation and enforcement of the case, with failure of the licentiate
11 to comply subjecting the license to not being renewed or reinstated. If a case settles, recovery of
12 investigation and enforcement costs may be included in a stipulated settlement.

13 **FACTUAL SUMMARY**

14 18. The Bureau performed seven undercover runs at Respondent's three automotive
15 repair facilities: Midas/Speedee 1, Midas/Speedee 2 and Midas/Speedee 3. Respondent committed
16 numerous violations of the Automotive Repair Act and its regulations during these undercover
17 runs.

18 **UNDERCOVER OPERATION 1 (MIDAS/SPEEDEE 1)**

19 19. On or about February 9, 2015, a Bureau Representative initiated documentation of
20 a 2000 Chevrolet Malibu (Malibu), for an undercover operation. The Bureau Representative
21 introduced a malfunction into the engine's number six (6) fuel injector. This resulted in a number
22 six (6) cylinder misfire. This malfunction was immediately detected by the vehicle's Powertrain
23 Control Module (PCM) which caused the Malfunction Indicator Lamp (MIL) to illuminate. Two
24 (2) Diagnostic Trouble Codes (DTC) had been stored in the PCM memory, DTC P0300 (Engine
25 Misfire Detected) and DTC P0206 (Injector Six (6) Control Circuit). The only repair needed to
26 restore the engine to proper operation would be to replace the defective number six (6) fuel
27 injector.

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1 20. On or about December 21, 2015, an undercover operator took the Malibu to
2 Midas/Speedee 1. The operator informed an employee of Respondent who identified himself as
3 "Shawn" that the MIL light was on and the vehicle lacked power. The operator requested a price
4 to diagnose the engine problem, and to do an oil change and inspection. The operator gave
5 Shawn a Midas "Oil Change Plus!" coupon that advertised an "engine oil and filter change,"
6 "rotate and inspect four (4) tires," and "courtesy check including visual brake check" for \$19.99.
7 The employee told the operator the coupon was not valid because the Malibu used synthetic oil
8 only. This statement was false as the Malibu uses conventional oil. Shaun informed the operator
9 it would cost \$59.00 for the oil change but he would discount ten-dollars.

10 21. Shaun gave the operator a price of \$180.00 to diagnose the engine problem plus \$3.99
11 for a cleaner they use to clean the surface of the engine. The operator authorized the diagnosis of
12 the engine problem and the engine cleaner but declined the engine oil change. Shaun provided the
13 operator with a repair order which contained an estimated price of \$134.31 that included "CARB
14 Tire Pressure Regulation requirement" for \$3.99 (for parts, no labor) and "Engine Diagnosis
15 Check" for \$129.99 (for labor, no parts). The order mentioned "AZP CLEANER" with a charge
16 of \$3.99 under parts and charge of \$3.99 under labor. However, these charges for the AZP cleaner
17 were not included in the subtotal or in the amount due. The order also stated "CUSTOMER
18 REQUESTS OIL CHANGE."

19 22. Later on December 21, 2015, Shaun called the operator about the status of the Malibu.
20 During a phone call, Shaun informed the operator the engine plenum would need to be removed
21 so they could access the fuel injectors for additional diagnosis of the fuel injectors. Shaun told the
22 operator it would cost \$79.99 to replace the plenum gasket and told the operator it would take
23 three hours of labor to remove and reinstall the gasket. The total price would be \$610.87. The
24 operator told Shaun she would need to talk to her aunt about the repairs. The operator called
25 Shaun back and authorized the additional diagnosis and requested an oil change for \$59.99.

26 23. On December 22, 2015, The operator called Shaun and was told one of the fuel
27 injectors was defective and needed to be replaced, but if they only replaced one, it would be a
28 "patch job." The operator was told there would be a "trickle-down effect" and it was highly likely

1 the other five fuel injectors would fail. Shaun informed the operator that in his experience all fuel
2 injectors have a similar lifetime. He told the operator she could save the cost of future labor if she
3 had all of the injectors replaced at once. The operator was quoted a price of \$219.99 for one fuel
4 injector, \$1,319.94 for all six fuel injectors, and an additional \$103.71 for the labor to replace
5 them.

6 24. The operator authorized the replacement of only one fuel injector. The operator was
7 informed the total parts and labor cost for all the work on the Malibu would be \$1,353.55. On
8 December 24, 2015, the operator returned to Midas/Speedee 1 and paid \$1,353.55 for the repairs.
9 The operator was given an invoice and four repair orders.

10 25. The vehicle was re-inspected by a Bureau Representative. A sealing O-ring on fuel
11 injector number three had been damaged and raw gasoline was leaking onto the engine creating a
12 hazardous condition. The intake plenum gaskets had not been replaced as invoiced.

13 **FIRST CAUSE FOR DISCIPLINE**

14 (Fraud)

15 26. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
16 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent
17 committed fraud. Respondent claimed it replaced the plenum gasket during undercover operation
18 one. Respondent charged the under cover operator \$79.99 for parts and 389.97 for labor to
19 replace the plenum gasket. Respondent did not replace the plenum gasket. Respondent quoted a
20 price of \$103.71 for labor to replace a fuel injector but then then charged \$454.97 for labor to
21 replace it. The circumstances are more fully described in paragraphs 19-25, above.

22 **SECOND CAUSE FOR DISCIPLINE**

23 (False or Misleading Statements)

24 27. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
25 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made
26 false or misleading statements during undercover operation one, as described in paragraphs 19-25,
27 above, that it knew or should have known were false or misleading. Respondent made the
28 following false of misleading statements:

1 a. Respondent noted on the original repair order that the operator requested an oil
2 change when in fact the operator initially declined the oil change.

3 b. Respondent stated synthetic engine oil was required for the Malibu when it was not.

4 c. Respondent recorded on the repair order and invoice that additional repairs were
5 authorized in person when in fact the repairs were authorized by telephone.

6 d. Respondent quoted a price of \$103.71 for labor to replace a fuel injector and then
7 charged \$454.97 to replace it.

8 e. Respondent stated on the invoice it replaced the plenum gasket when in fact it had not.

9 f. Respondent listed the wrong ARD number on the invoice and repair orders.

10 **THIRD CAUSE FOR DISCIPLINE**

11 (Gross Negligence)

12 28. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
13 subject to disciplinary action under section 9884.7, subdivision (a)(5), in that Respondent
14 committed gross negligence during undercover operation one. Respondent installed a damaged
15 sealing O-ring on fuel injector number three on the Malibu. This condition caused gasoline to
16 leak in the engine. Respondent returned the Malibu to the undercover operator in this condition.
17 The circumstances are more fully described in paragraphs 19-25, above.

18 **FOURTH CAUSE FOR DISCIPLINE**

19 (Willful Departure from Trade Standards)

20 29. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
21 subject to disciplinary action under section 9884.7, subdivision (a)(5), in that Respondent
22 willfully departed from trade standards by not replacing the plenum gasket and installing a
23 damaged sealing O-Ring on fuel injector number three on the Malibu. The circumstances are
24 more fully described in paragraphs 19-25, above.

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1 **FIFTH CAUSE FOR DISCIPLINE**

2 (Violation of Laws and Regulations)

3 30. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
4 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
5 the following laws and regulations during undercover operation number one, as described in
6 paragraphs 19-25, above:

7 a. Respondent violated Code section 9884.8 by failing to separately record all service
8 work and parts on the invoice provided to the undercover operator. Respondent charged a total of
9 \$3.99 for "CARB Tire Pressure Regulation." Respondent also separated mentioned \$3.99 under
10 both labor and service under "CARB Tire Pressure Regulation." It was unclear if this charge was
11 for a service provided or a part or both. Respondent also failed to describe on the invoice the
12 replacement of a single fuel injector.

13 b. Respondent violated Code section 9884.9, subdivision (a), by failing to properly
14 record oral authorizations on its repair order estimates. The authorizations were orally made by
15 telephone yet the estimates state they were made in person. Respondent failed to indicate the
16 undercover operator's authorization for replacement of a single fuel injector on any of the repair
17 orders. Respondent failed to obtain proper authorization for replacement of the fuel injector.
18 Respondent obtained authorization to replace the fuel injector at a price of \$103.71 (for labor).
19 However, Respondent charged \$454.97 for labor to replace the fuel injector. The operator never
20 authorized the additional cost for labor.

21 c. Respondent violated California Code of Regulations, Title 16, Section 3353,
22 subdivision (a) and/or (c), by failing to give an accurate estimate for the cost of replacing the fuel
23 injector.

24 d. Respondent violated California Code of Regulations, Title 16, Section 3356,
25 subdivision (a)(1), by not having its Automotive Repair Dealer registration number on the
26 invoice. The Automotive Repair Dealer registration number on the invoice was wrong.

27 e. Respondent violated California Code of Regulations, Title 16, Section 3356,
28 subdivision (a)(2)(A) and/or (a)(2)(B), by failing to explicitly state on its invoice that it replaced

1 fuel injector number 6 only. The invoice did not state whether the part replaced was new, used,
2 reconditioned, rebuilt, or an OEM crash part, or a non-OEM aftermarket crash part.

3 f. Respondent violated California Code of Regulations, Title 16, Section 3371, by
4 making false or misleading statements that it knew or should have known were false or
5 misleading. The statements are described in paragraph 27, above.

6 g. Respondent violated California Code of Regulations, Title 16, Section 3373, by
7 making false or misleading statements on invoices and repair orders that it knew or should have
8 known were false or misleading as follows:

9 i. Respondent noted on the original repair order that the operator requested an oil
10 change when in fact the operator initially declined the oil change.

11 ii. Respondent recorded on the repair order and invoice that additional repairs were
12 authorized in person when in fact the repairs were authorized by telephone.

13 iii. Respondent stated on the invoice it replaced the plenum gasket when, in fact, it had
14 not.

15 iv. Respondent listed the wrong ARD number on the invoice and repair orders.

16 **UNDERCOVER OPERATION 2 (MIDAS/SPEEDEE 1)**

17 31. Beginning or about April 5, 2016, a Bureau Representative documented a 1996
18 Chevrolet Corsica (Corsica), for an undercover operation. The Bureau Representative introduced
19 a malfunction into the Electronic Engine Control system by creating an open electrical circuit in
20 the Bank 1 Sensor 1 Oxygen Sensor (B1S1O2). This resulted in excessive tailpipe emissions,
21 illumination of the MIL, and DTC P0134 (O2S Circuit Insufficient Activity Sensor I)
22 to be stored in the Electronic Control Module's (ECM) memory. The only repair necessary to
23 correct the introduced malfunction was replacement of the B1S1O2 sensor.

24 32. The 1996 Chevrolet Corsica was taken to have a smog check. The 1996 Chevrolet
25 Corsica failed the smog inspection. On or about June 23, 2018, an undercover operator then took
26 the 1996 Chevrolet Corsica to Midas/Speedee 1 and was attended to by an individual identified as
27 "Juan." The operator asked Juan if Respondent could diagnose the reason the MIL was
28 illuminated, why it failed the Smog Check Inspection, and to perform a general inspection. The

1 operator gave Juan a copy of the Vehicle Inspection Report for the failed smog inspection. Juan
2 quoted the operator a price of \$129.99 for the diagnosis and inspection. The operator authorized
3 the diagnosis and inspection.

4 33. On or about June 23, 2018, the operator received a phone call from Juan. The
5 operator was informed that "sensor number two" was malfunctioning and would need to be
6 replaced at a cost of \$599.00. The operator authorized the repairs. When the repairs were
7 completed the operator paid respondent \$599.95. Respondent gave the operator a three-page
8 invoice and an inspection sheet. The invoice stated that the operator was charged \$129.99 to
9 "clean throttle body." However, the operator never authorized this repair. In addition, Respondent
10 had not cleaned the throttle body, nor was cleaning of the throttle body necessary.

11 34. The invoice also stated "FOUND IDLE TO BE A BIT ROUGH AND SUGGESTS
12 PERFORM MAJOR TUN UP FOR MAINTENANCE PARTS AND LABOR 369.99." The
13 Corsica did not idle rough and no additional service was necessary.

14 **SIXTH CAUSE FOR DISCIPLINE**

15 (Fraud)

16 35. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
17 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent
18 committed fraud. Respondent charged the operator \$129.99 to "clean throttle body." Respondent
19 did not clean the throttle body on the Corsica. Respondent included the price of this repair in its
20 estimate. However, Respondent did not inform the customer that this repair was unnecessary to
21 replace the B1S1O2 sensor. The circumstances are more fully described in paragraphs 31-34,
22 above.

23 **SEVENTH CAUSE FOR DISCIPLINE**

24 (False or Misleading Statements)

25 36. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
26 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made
27 false or misleading statements during undercover operation two, as described in paragraphs 31-34,
28

1 above, that it knew or should have known were false or misleading. Respondent made the
2 following false of misleading statements:

3 a. The invoice stated "FOUND IDLE TO BE A BIT ROUGH AND SUGGESTS
4 PERFORM MAJOR TUN UP FOR MAINTENANCE PARTS AND LABOR 369.99." The
5 Corsica did not idle rough and this service was not necessary.

6 b. Respondent listed the wrong ARD number on the invoice and repair orders.

7 c. The invoice stated that the operator was charged \$129.99 to "clean throttle body."
8 Respondent did not clean the throttle body.

9 **EIGHTH CAUSE FOR DISCIPLINE**

10 (Violation of Laws and Regulations)

11 37. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
12 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
13 the following laws and regulations during undercover operation number two, as described in
14 paragraphs 31-34, above:

15 a. Respondent violated Code section 9884.8 by failing to separately record all service
16 work and parts on the invoice provided to the undercover operator. Respondent charged a total of
17 \$3.99 for "CARB Tire Pressure Regulation." Respondent also separately mentioned \$3.99 under
18 both labor and service under "CARB Tire Pressure Regulation." It was unclear if this charge was
19 for a service provided or a part or both.

20 b. Respondent violated California Code of Regulations, Title 16, Section 3356,
21 subdivision (a)(1), by not having its Automotive Repair Dealer registration number on the
22 invoice. The Automotive Repair Dealer registration number on the invoice was wrong.

23 c. Respondent violated California Code of Regulations Title 16 Section 3371, by
24 making false or misleading statements that it knew or should have known were false or
25 misleading. The statements are described in paragraph 36, above.

26 d. Respondent violated California Code of Regulations, Title 16, Section 3373, by
27 making false or misleading statements on an invoice that it knew or should have known were
28 false or misleading. The invoice stated "FOUND IDLE TO BE A BIT ROUGH AND

1 SUGGESTS PERFORM MAJOR TUN UP FOR MAINTENANCE PARTS AND LABOR
2 369.99.” The Corsica did not idle rough and this service was not necessary.

3 **UNDERCOVER OPERATION 3 (MIDAS/SPEEDEE 1)**

4 38. From July 21, 2016, through August 9, 2016, a Bureau Representative documented a
5 2001 GMC Jimmy (Jimmy), for use in an undercover operation. The Bureau Representative
6 documented the emission control, fuel, ignition, and engine oil systems. As part of the
7 documentation the Bureau Representative documented the emission control's Secondary Air
8 Injection (AIR) system. The Bureau Representative tested the AIR system components according
9 to manufacturer's specifications to verify they were functioning properly and not in need of
10 replacement. The Bureau Representative then introduced a malfunction into the AIR system by
11 rendering the AIR shut off valve inoperative. This caused DTC P0410 (AIR system fault) to be
12 stored in the PCM and the MIL to illuminate. The only repair necessary to repair the AIR system
13 was to replace the defective AIR shut off valve.

14 39. On or about August 18, 2016, an undercover operator took the Jimmy to
15 Midas/Speedee 1 and asked Correll to diagnose why the MIL came on. Correll prepared an
16 estimate for \$134.31 and asked the operator to sign it. Correll said it would include the diagnostic
17 fee and tire pressure regulation requirement. Correll told the operator they would provide a
18 separate sheet with a list of all the things they found and that Respondent would contact the
19 operator before Respondent did anything else.

20 40. On or about August 20, 2016, the operator spoke with Correll by telephone. Correll
21 told the operator the electric air-injection pump was working "intermittently." Correll quoted a
22 price of \$724.97 for parts and labor to replace it. Correll stated that after they fixed the pump they
23 would erase the MIL, perform a drive cycle test to clear the information, and would make sure the
24 MIL did not come back on. The operator told Correll he need to check his finances.

25 41. Later on or about August 20, 2016, the operator telephoned Correll, authorized the
26 repairs, and asked Corell if he thought everything would be fine after the repairs. Correll told the
27 operator that with these types of things they replace what the "flow chart" shows them to replace.
28 Correll told the operator that the air-injection pump was not putting enough air into the system,

1 and that they would conduct a drive cycle test to confirm it had passed. Correll told the operator
2 that the total charge would now be \$892.28, which included the diagnostic check, parts and labor
3 for the pump, and the tax.

4 42. On August 24, 2016, the operator telephoned Correll. Correll said the Jimmy had
5 passed all the "readiness monitor tests" and was ready for pickup. The undercover operator went
6 to Midas/Speedee 1. Correll told the operator they had not yet completed the Courtesy Check and
7 asked him to wait. The operator was able to see the employees working on the Jimmy. Correll
8 went down a list of fourteen (14) items he said needed repair. The operator declined the
9 additional repairs. Correll completed the paperwork. The operator paid \$892.28, and received
10 copies of the documents from Correll. The documents included an invoice.

11 43. A Program Representative re-inspected the Jimmy. During the re-inspection, he
12 performed two road tests. During the second road test DTC P04140 reset and the MIL came back
13 on. The AIR injection system defect had not been corrected by Respondent.

14 44. Respondent's invoice stated that Respondent had performed drive cycle tests and the
15 readiness monitors were "reset." However, the readiness monitors were not all completed nor
16 "reset" as invoiced. This included the AIR system monitor.

17 45. The re-inspection revealed that Respondent removed the AIR vacuum check valve
18 and reinstalled it backwards.

19 46. The re-inspection revealed that Respondent removed the AIR pump as invoiced.
20 However, the AIR pump had been in good working condition and was not in need of replacement.
21 The defective AIR shut off valve had not been replaced. The only repair necessary to correct DTC
22 P0410 and the illumination of the MIL was replacement of the AIR shut off valve.

23 47. Respondent recommended replacing the air filter on the Jimmy. The air filter was not
24 in need of replacement.

25 48. Respondent recommended replacing both left and right side inner tie rods. Neither
26 was in need of replacement.

27 49. Respondent recommended replacing both left and right front suspension lower ball
28 joints. Neither the left or right front suspension lower ball joints were in need of replacement.

1 **NINTH CAUSE FOR DISCIPLINE**

2 (Fraud)

3 50. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
4 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent
5 committed fraud during undercover operation number three, as described in paragraphs 38-49,
6 above. Respondent committed fraud by charging \$892.28 to replace an AIR pump on the Jimmy
7 that was not in need of replacement. The defective AIR shut off valve had not been replaced.
8 Respondent failed to correct the actual problem on the Jimmy. Respondent recommended
9 unnecessary work as described in paragraphs 47-49, above.

10 **TENTH CAUSE FOR DISCIPLINE**

11 (False or Misleading Statements)

12 51. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
13 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made
14 false or misleading statements during undercover operation three as described in paragraphs 38-
15 49, above, that it knew or should have known were false or misleading. Respondent made the
16 following false or misleading statements:

17 a. Respondent stated the AIR pump on the Jimmy stopped working and needed
18 replacing. It did not.

19 b. Respondent stated on the invoice and repair orders that the "AIR INJECTION
20 SYSTEM WAS INSTALLED BACKWARDS" when it was not.

21 c. Respondent recommended replacing the air filter on the Jimmy. The air filter was
22 not in need of replacement.

23 d. Respondent recommended replacing both left and right side inner tie rods. Neither
24 was in need of replacement.

25 e. Respondent recommended replacing both left and right front suspension lower ball
26 joints. Neither the left or right front suspension lower ball joints were in need of replacement.

27 f. Respondent listed the wrong ARD number on the invoice and repair orders.

28 ///

1 **ELEVENTH CAUSE FOR DISCIPLINE**

2 (Violation of Laws and Regulations)

3 52. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
4 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
5 the following laws and regulations during undercover operation number three, as described in
6 paragraphs 38-49, above:

7 a. Respondent violated Code section 9884.8 by failing to separately record all service
8 work and parts on the invoice provided to the undercover operator. Respondent charged a total of
9 \$3.99 for "CARB Tire Pressure Regulation." Respondent also separately mentioned \$3.99 under
10 both labor and service under "CARB Tire Pressure Regulation." It was unclear if this charge was
11 for a service provided or a part or both.

12 b. Respondent violated California Code of Regulations Title 16 Section 3356,
13 subdivision (a)(1), by not having its Automotive Repair Dealer registration number on the
14 invoice. The number on the invoice was wrong.

15 c. Respondent violated California Code of Regulations Title 16 Section 3371, by
16 making false or misleading statements that it knew or should have known were false or
17 misleading. The statements are described in paragraph 51, above.

18 d. Respondent violated California Code of Regulations Title 16 Section 3373, by
19 making false or misleading statements on its invoice and estimates that it knew or should have
20 known were false or misleading as follows:

21 i. Respondent stated on the invoice and repair orders that the "AIR INJECTION
22 SYSTEM WAS INSTALLED BACKWARDS" when it was not.

23 ii. Respondent listed the wrong ARD number on the invoice and repair orders.

24 **TWELFTH CAUSE FOR DISCIPLINE**

25 (Willful Departure from Trade Standards)

26 53. Respondent's Automotive Repair Dealership registration for Midas/Speedee 1 is
27 subject to disciplinary action under section 9884.7, subdivision (a)(5), in that Respondent
28 willfully departed from trade standards during undercover operation number three, as described in

1 paragraphs 38-49, above, by not fixing the Air Injection System on the Jimmy. Respondent
2 charged \$892.28 for repairs that were unnecessary. Respondent installed the AIR injection check
3 valve backwards.

4 **UNDERCOVER OPERATION 4 (MIDAS/SPEEDEE 2)**

5 54. From September 13, 2016, through September 29, 2016, a Bureau Representative
6 documented a 2000 Honda Civic (Civic) for an undercover operation. The representative
7 introduced a malfunction into the engine control system which caused the Vehicle's MIL to
8 illuminate.

9 55. On November 9, 2016, an undercover operator took the Civic to Midas/Speedee 2 and
10 requested a diagnosis and repair of the MIL. An employee, who identified himself as "Bob,"
11 indicated Midas/Speedee 2 could perform a diagnosis for \$99.99 for the diagnosis. The operator
12 authorized the diagnosis.

13 56. On November 11, 2016, the operator telephoned Respondent to inquire about the
14 status of the repairs. Bob told the operator their diagnosis revealed a number of diagnostic trouble
15 codes related to the speed sensor, oxygen sensor, and electric load sensor. Bob said the problems
16 were being caused by an electrical short somewhere in the Vehicle's wiring. He said they could
17 not diagnose it any further and recommended that the operator take the Vehicle to a Honda
18 specialist. On November 14, 2016, the operator returned to Midas/Speedee 2 and paid \$99.99 for
19 the diagnosis.

20 57. The Automotive Repair Dealer registration for Midas/Speedee 2 was delinquent and
21 not valid for the entire month of November 2016.

22 **THIRTEENTH CAUSE FOR DISCIPLINE**

23 (Violation of Laws and Regulations)

24 58. Respondent's Automotive Repair Dealership registration for Midas/Speedee 2 is
25 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
26 the following laws and regulations during undercover operation number four, as described in
27 paragraphs 54-57, above:

28 ///

1 a. Respondent violated Code section 9884.6, subdivision (a), in that Respondent acted in
2 the capacity of an automotive repair dealer without being registered as such.

3 b. Respondent violated California Code of Regulations, Title 16, Section 3356,
4 subdivision (a)(1), by not having its Automotive Repair Dealer registration number on the
5 invoice. The number on the invoice was wrong.

6 c. Respondent violated California Code of Regulations, Title 16, Section 3371 by
7 making untrue or misleading statements. Respondent listed the wrong ARD number on the
8 invoice and repair orders.

9 d. Respondent violated California Code of Regulations, Title 16, Section 3373 by
10 making untrue or misleading statements on invoices and repair orders. Respondent listed the
11 wrong ARD number on the invoice and repair orders.

12 **UNDERCOVER OPERATION 5 (MIDAS/SPEEDEE 3)**

13 59. From November 24, 2015, through February 25, 2016, a Bureau Representative
14 documented the brake system on a 2005 Honda Accord Coupe (Accord). The only repair
15 necessary on the Accord was replacement of the front brake pads. All of the brake rotors on the
16 Accord were in good working order and not in need of replacement.

17 60. On April 5, 2016, an undercover operator drove the Accord to Midas/Speedee 3 and
18 requested an oil change, tire rotation, and brake inspection. An unidentified employee prepared a
19 written estimate for \$24.89. The operator signed the estimate but did not receive a copy. The
20 operator waited in the customer waiting room while the service was performed.

21 61. Approximately 45 minutes later, the employee informed the operator the front brake
22 pads and rotors needed to be replaced. The employee informed the operator the total cost would
23 for the brake repair and oil change would be \$338.96. The operator authorized the brake repair
24 and oil change. The employee requested the operator sign the revised work order and informed the
25 operator the repair would take a couple of hours to complete.

26 62. On April 5, 2016, the operator returned to Midas/Speedee 3 to pick up the Accord.
27 The operator was informed that the final bill was \$357.02. The operator paid Respondent. The
28 operator was given two copies of Repair Order #1024280; the original single page repair order he

1 signed for the oil change and a second two-page copy that contained a revised amount for the
2 brake repairs. The operator also received a "Co-Brand Visual Courtesy Check" inspection sheet,
3 Invoice [REDACTED] and three pages containing "Factory Scheduled Maintenance"
4 recommendations.

5 63. On May 11, 2016, using Subject Facility's invoice [REDACTED] and the "Co Brand
6 Visual Courtesy Check" inspection sheet as a guide, a Bureau Representative began the re-
7 inspection of the Accord. The representative found the following:

- 8 a. The front brake rotors and the front brake pads had been replaced as invoiced.
- 9 b. The front brake rotors did not require replacement.
- 10 c. The front inner brake pads had been installed incorrectly.
- 11 d. Invoice [REDACTED] stated Respondent had charged twice for the waste oil disposal and
12 had documented that the front brake rotors "have hard spots tech suggest replacement of the front
13 rotors and pads."
- 14 e. The price listed for the front brake pads, parts only (the only needed repair), was
15 \$84.99.
- 16 f. The "Co-Brand Visual Courtesy Check" inspection sheet #783474 had a box checked
17 that indicated the front brakes required service, but made no mention of any "hard spots."

18 **FOURTEENTH CAUSE FOR DISCIPLINE**

19 (Fraud)

20 64. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
21 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent
22 committed fraud by recommending and charging for unnecessary repairs on the Accord. In
23 addition, Respondent charged the operator twice for oil disposal. The circumstances are more
24 fully described in paragraphs 59-63, above.

25 **FIFTEENTH CAUSE FOR DISCIPLINE**

26 (False or Misleading Statements)

27 65. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
28 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made

1 false or misleading statements during undercover operation five, as described in paragraphs 59-
2 63, above, that it knew or should have known were false or misleading. Respondent told the
3 operator the front brake rotors on the Accord needed to be replaced. This statement was false.

4 **SIXTEENTH CAUSE FOR DISCIPLINE**

5 (Violation of Laws and Regulations)

6 66. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
7 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
8 the following laws and regulations during undercover operation number five, as described in
9 paragraphs 59-63, above:

10 a. Respondent violated California Code of Regulations, Title 16, Section 3371, by
11 making false or misleading statements that it knew or should have known were false or
12 misleading. The statements are described in paragraph 65, above.

13 b. Respondent violated California Code of Regulations, Title 16, Section 3373, by
14 giving the operator an invoice that contained false or misleading statements. Invoice [REDACTED]
15 stated the front brake rotors "have hard spots tech suggest replacement of the front rotors and
16 pads." The rotors on the Accord were in good working condition and not in need of replacement.
17 The rotors were free of abnormalities.

18 **SEVENTEENTH CAUSE FOR DISCIPLINE**

19 (Willful Departure from Trade Standards)

20 67. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
21 subject to disciplinary action under section 9884.7, subdivision (a)(5), in that Respondent
22 willfully departed from trade standards during undercover operation number five by performing
23 unnecessary repairs and installing the brake pads incorrectly. The circumstances are fully
24 described in paragraphs 59-63 above.

25 **EIGHTEENTH CAUSE FOR DISCIPLINE**

26 (Failure to Provide Copy of the Signed Estimate)

27 68. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
28 subject to disciplinary action under section 9884.7, subdivision (a)(3), in that Respondent failed to

1 give the operator a copy of the estimate immediately after the operator signed the estimate during
2 undercover operation number five, as described in paragraphs 59-63, above.

3 **UNDERCOVER OPERATION 6 (MIDAS/SPEEDEE 3)**

4 69. From July 17, 2016, through August 26, 2016, a Bureau Representative documented
5 a 2005 Pontiac Grand Prix (Grand Prix) for use in an undercover operation. The representative
6 inspected the Grand Prix's system components and installed front disc brake pads that were in
7 need of replacement. The only repair necessary to repair the Grand Prix's brakes was replacement
8 of the front brake pads. The rear brake pads were not in need of replacement. All brake rotors on
9 the Grad Prix were in good working order and not in need of machining or replacement.

10 70. On September 13, 2016, an undercover operator took the Grand Prix to
11 Midas/Speedee 3 and requested an oil change, tire rotation, and brake inspection. The operator
12 was attended to by an employee identified as "Shirlee."

13 71. After the inspection the operator was informed front and rear brakes needed to be
14 serviced "but could go a little longer." The operator was told the brake rotors needed to be
15 replaced because the front brake rotors were too thin to be resurfaced and the rear brake rotors
16 were pitted. These statements were false and/or misleading. The operator was informed the
17 repairs would cost \$1,013.00. The operator declined brake repairs and paid for the oil change and
18 inspection. The operator informed Shirlee he would need to check his finances regarding the
19 brake repairs.

20 72. The operator was given a final invoice [REDACTED] and a "Midas Touch Visual
21 Courtesy Check" sheet.

22 73. On September 14, 2016, the operator returned to Midas/Speedee 3 to have the brakes
23 repaired. Respondent informed the operator that it would be able to perform the brake repairs for
24 a lower price than originally quoted, but did not give a specific price or a written estimate.

25 74. On September 14, 2016, The operator returned to Midas/Speedee 3 to pick up the
26 Grand Prix. The operator paid \$866.13 for the brake repairs and received a copy of invoice

27 [REDACTED]

1 75. On September 26, 2016, using copies of invoices received as reference, a Bureau
2 Representative began a re-inspection of the Grand Prix. The inspection revealed the following:

3 a. Both the front and rear disc brake pads and disc brake rotors had been replaced as
4 invoiced. However, the front and rear brake rotors and the rear brake pads did not require
5 replacement.

6 b. Respondent's Invoice [REDACTED], from September 13, 2016, indicated the front brake
7 pads were worn to "2 MM" and the "rotors grooved." It also indicated the rear brake pads were
8 worn to "3 MM" and the "rotors grooved."

9 c. The "Midas Touch Visual Courtesy Check" indicated the front brake pads were worn
10 to "1 mm" and the rear brake pads were worn to "3 mm". There were no notes or comments about
11 the condition of the front or rear brake rotors.

12 d. Respondent's Invoice [REDACTED], from September 14, 2016, indicated both the front
13 and rear brake pads and rotors did "not meet specifications" but failed to indicate how. It also lists
14 the wrong odometer reading of the Grand Prix.

15 e. The price listed for the front brake pads, parts only (the only needed repair), was
16 \$98.99.

17 **NINETEENTH CAUSE FOR DISCIPLINE**

18 (Fraud)

19 76. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
20 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent
21 committed fraud during undercover operation number six. Respondent committed fraud by
22 performing unnecessary work on the Grand Prix. The circumstances are more fully described in
23 paragraphs 69-75, above.

24 **TWENTIETH CAUSE FOR DISCIPLINE**

25 (False or Misleading Statements)

26 77. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
27 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made
28 false or misleading statements during undercover operation six, as described in paragraphs 69-75,

1 above, that it knew or should have known were false or misleading. Respondent made the
2 following false of misleading statements:

3 a. Respondent stated the brake rotors on the Grand Prix needed to be replaced
4 because the front brake rotors were too thin to be resurfaced and the rear brake rotors were pitted.
5 These statements were false and the brake rotors were in good working order and did not need to
6 be replaced.

7 b. Respondent's Invoice [REDACTED], from September 13, 2016, indicated the front brake
8 pads were worn to "2 MM" and the "rotors grooved." The invoice indicated the rear brake pads
9 were worn to "3 MM" and the "rotors grooved." The rotors were not grooved. The front brake
10 pads were 1 millimeter in thickness. The rear brake pads were 4.5 millimeters in thickness.

11 c. Respondent's Invoice [REDACTED] stated the rear brake pads, front rotors, and rear
12 rotors needed to be replaced because "B REQD DOES NOT MEET SPECIFICATIONS." The
13 rear brake pads and both sets of rotors met manufacturer specifications.

14 **TWENTY-FIRST CAUSE FOR DISCIPLINE**

15 (Violation of Laws and Regulations)

16 78. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
17 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
18 the following laws and regulations during undercover operation number six, as described in
19 paragraphs 69-75, above:

20 a. Respondent violated code section 9884.9, subdivision (a), by failing to give the
21 operator a written estimate for the brake repairs.

22 b. Respondent violated California Code of Regulations, Title 16, Section 3371, by
23 making false or misleading statements that it knew or should have known were false or
24 misleading. The statements are described in paragraph 77, above.

25 c. Respondent violated California Code of Regulations, Title 16, Section 3373, by
26 giving the operator invoices that contained false or misleading statements. Respondent's Invoice
27 [REDACTED], from September 13, 2016, indicated the front brake pads were worn to "2 MM" and
28 the "rotors grooved." The invoice indicated the rear brake pads were worn to "3 MM" and the

1 "rotors grooved." The rotors were not grooved. The front brake pads were 1 millimeter in
2 thickness. The rear brake pads were 4.5 millimeters in thickness. Respondent's Invoice [REDACTED]
3 stated the rear brake pads, front rotors, and rear rotors needed to be replaced because "B REQD
4 DOES NOT MEET SPECIFICATIONS." The rear brake pads and both sets of rotors met
5 manufacturer specifications.

6 **TWENTY-SECOND CAUSE FOR DISCIPLINE**

7 (Willful Departure from Trade Standards)

8 79. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
9 subject to disciplinary action under section 9884.7, subdivision (a)(7), in that Respondent
10 willfully departed from trade standards during undercover operation number six as described in
11 paragraphs 69-75, above, by performing unnecessary repairs on the Grand Prix, failing to
12 properly measure the brake pads and rotors, and failing to meet manufacturer's and industry repair
13 specifications for the proper repair of brake systems.

14 **UNDERCOVER OPERATION 7 (MIDAS/SPEEDEE 3)**

15 80. From October 20, 2016, through November 4, 2016, a Bureau Representative,
16 documented a Bureau's 2007 Chevrolet Tahoe (Tahoe) for use in an undercover run. The
17 representative inspected the Tahoe's brake system components and installed front disc brake pads
18 that were in need of replacement. The Tahoe was documented so that the only repair necessary
19 was replacement of the front disc brake pads. The rear brake pads were not in need of
20 replacement. The front and rear rotors were in good working order and not in need of machining
21 or replacement.

22 81. On November 15, 2016, an undercover operator took the Tahoe to Midas/Speedee 3
23 and requested they check the condition of the engine oil, perform a tire rotation, and perform a
24 brake inspection.

25 82. The operator was informed the oil was contaminated, and recommended a "high
26 mileage oil change." The operator was informed the front brake pads were worn out and the front
27 brake rotors were "tempered and discolored." The operator was told that respondent would not
28

1 recommend cutting into the rotors because the front brake rotors were at "220" and near the
2 minimum thickness of "218." Respondent also recommended brake fluid and coolant flushes.

3 83. The operator authorized replacement of the front brake pads and rotors, but declined
4 the brake fluid and coolant flushes. The operator paid \$749.51 for the oil change and brake
5 service, and received a copy of invoice [REDACTED] and a "Co-Brand Visual Courtesy Check"
6 inspection sheet. The "Co-Brand Visual Courtesy Check" indicated that the coolant and brake
7 fluid "required" maintenance.

8 84. On December 1, 2016, using a copy of invoice [REDACTED] and the inspection sheet as a
9 reference, a Bureau Representative began the re-inspection of the Tahoe. The inspection revealed
10 following:

11 a. The front brake pads and brake rotors had been replaced as invoiced. The front brake
12 rotors did not require replacement.

13 b. The recommended, but declined, brake fluid flush and coolant exchange
14 were not needed.

15 c. Invoice [REDACTED] stated the front brake pads and rotors "no longer performs
16 function."

17 d. The "Co-Brand Visual Courtesy Check" inspection sheet #0976161 indicated the
18 coolant was "required" as was the brake fluid. There was brake fluid box chart on the "Co-Brand
19 Visual Courtesy Check" where Respondent circled "200" for "Copper ppm." It did not explain
20 what that meant other than indicating it was "required." The notes for the "brake symptoms
21 observed" indicated there was a pulsation and a noise and had a red box checked for the visual
22 inspection of the front brakes.

23 e. The price listed for the front brake pads, pads only (the only needed
24 repair), was \$78.99.

25 **TWENTY-THIRD CAUSE FOR DISCIPLINE**

26 (Fraud)

27 85. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
28 subject to disciplinary action under section 9884.7, subdivision (a)(4), in that Respondent

1 committed fraud during undercover operation number seven. Respondent committed fraud by
2 performing and recommending unnecessary work on the Tahoe. The circumstances are more
3 fully described in paragraphs 80-84, above.

4 **TWENTY-FOURTH CAUSE FOR DISCIPLINE**

5 (False or Misleading Statements)

6 86. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
7 subject to disciplinary action under section 9884.7, subdivision (a)(1), in that Respondent made
8 false or misleading statements during undercover operation seven as described in paragraphs 80-
9 84, above, that it knew or should have known were false or misleading. Respondent made the
10 following false of misleading statements:

11 a. Respondent informed the operator the front brake pads on the Tahoe were worn
12 out and the front brake rotors were "tempered and discolored." The operator was told that
13 respondent would not recommend cutting into the rotors because the front brake rotors were at
14 "220" and near the minimum thickness of "218." These statements were false or misleading as
15 the front rotors were in good working order and not in need of replacement.

16 b. Respondent recommended brake fluid and coolant flushes. The "Co-Brand Visual
17 Courtesy Check" indicated that the coolant and brake fluid "required" maintenance. The Tahoe
18 did not need brake fluid and coolant flushes.

19 c. Respondent's Invoice [REDACTED] under front brake rotors stated "A REQD NO
20 LONGER PERFORMS FUNCTION." The front brake rotors on the Tahoe were in good working
21 order.

22 **TWENTY-FIFTH CAUSE FOR DISCIPLINE**

23 (Violation of Laws and Regulations)

24 87. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
25 subject to disciplinary action under section 9884.7, subdivision (a)(6), in that Respondent violated
26 the following laws and regulations during undercover operation number seven, described in
27 paragraphs 80-84, above:

1 a. Respondent violated California Code of Regulations, Title 16, Section 3353,
2 subdivision (a), by failing to record the undercover operator's oral authorization for
3 additional repairs on the repair order.

4 b. Respondent violated California Code of Regulations, Title 16, Section 3371, by
5 making false or misleading statements that it knew or should have known were false or
6 misleading. The statements are described in paragraph 86, above.

7 c. Respondent violated California Code of Regulations, Title 16, Section 3373, by
8 giving the operator invoices that contained statements or information which caused the invoice to
9 be false or misleading, or which had the tendency or effect to mislead or deceive customers,
10 prospective customers, or the public. Respondent's Invoice # [REDACTED] under front brake rotors
11 stated "A REQD NO LONGER PERFORMS FUNCTION." The front brake rotors on the Tahoe
12 were in good working order.

13 TWENTY-SIXTH CAUSE FOR DISCIPLINE

14 (Willful Departure from Trade Standards)

15 88. Respondent's Automotive Repair Dealership registration for Midas/Speedee 3 is
16 subject to disciplinary action under section 9884.7, subdivision (a)(5), in that Respondent
17 willfully departed from trade standards during undercover operation number seven by performing
18 unnecessary repairs on the Tahoe as described in paragraphs 80-84, above.

19 DISCIPLINARY CONSIDERATIONS

20 89. In order to determine the degree of discipline against respondent, Complainant alleges
21 the following:

22 90. Midas/Speedee 1 operating at 1797 Soscol Ave. Napa, CA 94559, was previously
23 owned by a Limited Liability Company operating under the name of Soscol Auto Repair, doing
24 business as Midas/Speedee LLC. That Automotive Repair Dealer registration was issued in
25 February of 2012, and was canceled on September 30, 2015. Curtis Richard Correll and Cathie
26 Susan Everard were the only members of Soscol Auto Repair. Curtis Richard Correll and Cathie
27 Susan Everard are the only members of Respondent. During the time the business was operating
28 under Soscol Auto Repair, the Bureau received numerous complaints alleging oversell, false and

1 misleading statements, unfair business practices and fraud. As a result of the complaints received
2 against that facility and its management, an investigation was initiated and undercover operations
3 were conducted. During those operations, the same pattern of illegal business practices as alleged
4 in many of the consumer complaints were confirmed. As a result of the complaints and the
5 undercover operations, multiple Office Conferences were conducted with Richard Correll and
6 Respondent's attorney. In spite of the conferences, the Bureau continued to receive complaints
7 filed against the facility and the same type of business practices were found to be transpiring.
8 Several more conferences were conducted following additional consumer complaints.
9 Conferences were held on February 19, 2014; August 12, 2014; February 11, 2015; and August
10 25, 2015.

11 91. Following transfer of the business from Soscol Auto Repair to Respondent the Bureau
12 continued to receive multiple consumer complaints alleging the same pattern of illegal business
13 practices. Respondent used the ARD number issued to Soscol Auto Repair, doing business as
14 Midas/Speedee LLC after the business was transferred.

15 92. Midas/Speedee 2 operating at 5111 Old Redwood Hwy. Petaluma, CA 94954, was
16 previously owned by a Limited Liability Company, operating under the name of Soscol Auto
17 Repair doing business as Midas/Speedee LLC. Curtis Richard Correll and Cathie Susan Everard
18 were the only members of Soscol Auto Repair. That Automotive Repair Dealer registration was
19 valid from October 10, 2014, through October 31, 2016. The business was transferred to
20 Respondent that was issued its current Registration on October 13, 2015. The Bureau has
21 received multiple consumer complaints against the Midas/Speedee businesses located at 5111 Old
22 Redwood Hwy. Petaluma, CA 94954. The complaints allege the same pattern of illegal business
23 practices. Respondent used the ARD number issued to Soscol Auto Repair, doing business as
24 Midas/Speedee LLC after the business was transferred.

25 OTHER MATTERS

26 93. Pursuant to Code section 9884.7, subdivision (c), the Director may suspend, revoke,
27 or place on probation the registration for all places of business operated in this state by
28 Respondent, upon a finding that Respondent has, or is, engaged in a course of repeated and willful

1 violations of the laws and regulations pertaining to an automotive repair dealer. Respondent has,
2 or is, engaged in a course of repeated and willful violations of the laws and regulations pertaining
3 to an automotive repair dealer.

4 **PRAYER**

5 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
6 and that following the hearing, the Director of Consumer Affairs issue a decision:

7 1. Revoking or suspending Automotive Repair Dealer Registration Number ARD
8 281615, issued to CRC Luxury Motors, LLC dba Midas/Speedee;

9 2. Revoking or suspending Automotive Repair Dealer Registration Number ARD
10 281737, issued to CRC Luxury Motors, LLC dba Midas/Speedee 2;

11 3. Revoking or suspending Automotive Repair Dealer Registration Number ARD
12 282969, issued to CRC Luxury Motors, LLC dba Midas/Speedee 3;

13 4. Revoking or suspending any additional Automotive Repair Dealer Registrations
14 issued to CRC Luxury Motors, LLC;

15 5. Ordering CRC Luxury Motors, LLC to pay the Bureau of Automotive Repair the
16 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
17 Professions Code section 125.3; and,

18 6. Taking such other and further action as deemed necessary and proper.

19
20
21
22 DATED:

June 25, 2018



PATRICK DORAIS
Chief
Bureau of Automotive Repair
Department of Consumer Affairs
State of California
Complainant

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