

ASSURANCE OF VOLUNTARY COMPLIANCE

In the matter of

Midas Auto Systems Experts Inc.

Respondent.

The Office of the Iowa Attorney General ("Attorney General") and Midas Auto Systems Experts Inc. ("Respondent") hereby agree as follows:

1. The Attorney General enters into this Assurance of Voluntary Compliance ("AVC") with Respondent to resolve the Attorney General's concerns regarding Respondent's failure to follow the process required by Iowa Code §§ 577.2 and 554.7308 for enforcing artisan's liens.

2. Respondent is a corporation organized under the laws of the State of Iowa with its home office located at 4537 Brady Street, Davenport, IA 52806.

3. The Attorney General alleges Respondent violated Iowa law, including the the Iowa Consumer Fraud Act, Iowa Code § 714.16 ("CFA") by failing to follow the process required by Iowa Code §§ 577.2 and 554.7308 for enforcing artisan's liens. Specifically, the Attorney General alleges Respondent falsely claimed to sell vehicles to itself for zero dollars prior to obtaining title when in fact no sale occurred. The Attorney General also claims these alleged sales by Respondent were not commercially reasonable and Respondent failed to send out appropriate notice of the sale to all persons known to claim an interest in the vehicle. Respondent denies these allegations.

4. It is therefore agreed this AVC constitutes a complete settlement and release by the Attorney General of any and all known claims against Respondent for the alleged violations of the Iowa Code § 577.2, Iowa Code § 554.7308, and the CFA that occurred or may have

occurred prior to the effective date of this AVC for Respondent's failure to follow the correct process for enforcing artisan's liens.

5. Nothing contained herein may be taken as or construed to be an admission or concession of any violation of law or of any other matter of fact or law, or of any liability or wrongdoing, all of which Respondent expressly denies. No part of this AVC constitutes or shall be deemed to be an admission by Respondent that it has ever engaged in any conduct proscribed by this AVC or failed to comply with any federal or state statute or regulation or the common law, and no payment required by this AVC shall be deemed a penalty.

6. It is further agreed that nothing herein shall be interpreted to create any private right of action for consumers that would not otherwise exist, nor to diminish any rights or remedial options available to consumers that would otherwise exist except. Nothing contained in this AVC shall be construed to waive any individual right of action by a consumer or a local, state, federal or other governmental entity.

7. Respondent agrees that Respondent and Respondent's employees, successors, and assigns shall immediately comply with Iowa Code § 577.2, Iowa Code § 554.7308, and the CFA by following the process required by Iowa Code §§ 577.2 and 554.7308 for enforcing an artisan's lien. In the future, if a consumer fails to pay Respondent for the agreed upon compensation for the provision of materials or services provided by Respondent in the making, repairing, improving, or enhancing of value of a vehicle, then Respondent may enforce its artisan's lien through a sale of the vehicle according to the process outlined in Iowa Code § 554.7308. Respondent agrees it must send notice to any person known to claim an interest in the vehicle. The notification must state the amount due, the nature of the proposed sale, and the time and place of any public sale. Respondent must keep records of these notices. Any person

claiming a right in the vehicle may pay the amount necessary to satisfy the artisan's lien before the vehicle is sold. If not one satisfies the artisan's lien, Respondent may then sell the vehicle in a commercially reasonable manner. Respondent may satisfy its artisan's lien with the proceeds from the sale but must hold the balance, if any, for delivery to any person to which the Respondent would have been bound to deliver the vehicle. Respondent agrees that after this process is followed it will then submit an Affidavit of Sale to Satisfy Artisan's Lien along with an Application for Certificate of Title to the County Treasurer to transfer ownership of the vehicle to the purchaser.

8. Respondent has represented to the Attorney General that it has acquired the title to three vehicles that remain at the shop, which it has not yet sold. The VIN numbers for these vehicles are [REDACTED] [REDACTED] [REDACTED]. Since Respondent has already acquired title to these vehicles, Respondent agrees that before it sells any of these vehicles it will first provide notice as detailed in Iowa Code § 554.7308 to anyone who would have been entitled to notice prior to Respondent acquiring title. Respondent agrees to give any person claiming a right in the vehicle the opportunity to purchase the vehicle for the value of the artisan's lien Respondent claimed prior to acquiring title. If no one claiming an interest in the vehicle attempts to purchase it during this period, Respondent may then sell the vehicle in a commercially reasonable manner to anyone else. Respondent agrees that it will only keep an amount of the proceeds from the sale equal to the value of its artisan's lien on the vehicle prior to acquiring title to it. Any balance, if any, must be held for delivery to any person to which the repair shop would have been bound to deliver the vehicle prior to acquiring title.

9. Respondent further agrees that Respondent will pay to the Attorney General \$2,350. Please make the check payable to the State of Iowa and mail it to the Attorney General's

Office, Consumer Protection Division, 1305 E Walnut Street, Des Moines, IA 50319. The Attorney General will then attempt to provide the refund to [REDACTED] [REDACTED] and [REDACTED] [REDACTED]. If the Attorney General cannot locate the consumers after six months, the money shall be deposited into the Consumer Education and Litigation Fund established by Iowa Code § 714.16(c).

10. Respondent further agrees that it shall respond fully and promptly to reasonable requests from the Attorney General for information or materials relating to compliance with this AVC; however, this cooperation requirement shall not limit the Attorney General's investigative or other powers under the law.

11. It is further agreed that this AVC shall be binding upon the parties their officers, employees, agents, and assignees. It is further agreed that a violation of this AVC is deemed a violation of the CFA for purposes of enforcement by the Attorney General, and that in any enforcement action in an Iowa district court in which one or more violations of this AVC are established by the Attorney General by a preponderance of the evidence, the Court shall apply the remedies provided in the CFA, in addition to any other remedies provided by law including, but not limited to, civil penalties.

12. It is further agreed that all payment obligations imposed by this AVC are contingent upon no actions or suits or further claims, debts, liabilities, obligations, judgments, or damages being brought or imposed by the Attorney General arising out of or relating in any way to Respondent's alleged failure to comply with Iowa Code § 577.2, Iowa Code § 554.7308, and the CFA prior to the effective date (collectively, "Claim"). If a Claim is brought or imposed against the Respondent during the term of this AVC, all remaining obligations pursuant to this AVC shall be terminated and the parties shall be restored to their pre-AVC positions as to the

payment and release and settlement provisions. Respondent shall notify the Director of the Consumer Protection Division of the Iowa Attorney General's Office in writing of the actual notice of any such Claim within thirty (30) business days of receipt of notice.

13. The effective date of this AVC is the date of the last signature to it.

The undersigned, who have the authority to consent and sign on behalf of Respondent and the Attorney General of Iowa, hereby consent to the form and contents of this AVC.

Date: 1/20/20

Susan Blasor
Print Name:
Title: Sr VP of Finance
(Agent on behalf of Midas Auto
Systems Experts Inc.)

Date: 1/24/2020

Joe Nehring
Joe Nehring
Assistant Iowa Attorney General