

IN THE CIRCUIT COURT OF THE STATE OF OREGON  
FOR THE COUNTY OF MULTNOMAH

WAYNE WALLACE, an individual,

Plaintiff,

v.

CRAINIC AUTO GROUP, INC., dba  
GLADSTONE MITSUBISHI a domestic  
corporation; WESTERN SURETY  
COMPANY, a foreign insurance company,

Defendants.

Case No.: \_\_\_\_\_

**COMPLAINT**

(Unlawful Trade Practices: ORS 646.638;  
Bond Liability: ORS 822.030; Civil Abuse of  
Vulnerable Person: ORS 124.100)

Claim: \$1,000,756.32; Alternative Equitable  
Relief

Filing Fee: \$884 (ORS 21.160)

Not Subject to Mandatory Arbitration

Jury Trial Requested

1  
2 Plaintiff, by and through his attorneys, Matthew Kirkpatrick and Robert Le of Oregon  
3 Consumer Justice Law, P.C. and Young Walgenkim of Hanson & Walgenkim, LLC, and for his  
4 complaint alleges:

5 **NATURE OF THE CASE**

6 1.

7 This is a case about Gladstone Mitsubishi taking advantage of a vulnerable, illiterate,  
8 elderly man from Gresham, Oregon. Plaintiff Wayne Wallace is 81 years old. He had a stroke 5  
9 years ago and can no longer read. He can no longer understand financial or other detailed or  
10 complicated matters. It is obvious from talking with Plaintiff that he has these vulnerabilities.  
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2.

On November 9, 2023, Plaintiff went to Gladstone Mitsubishi because he wanted to purchase a 2015 Corvette that he had test driven a week or so earlier. A Gladstone Mitsubishi salesperson had Plaintiff sit at a table in the showroom and wait while Gladstone Mitsubishi prepared paperwork.

3.

On information and belief, Gladstone Mitsubishi quoted a monthly payment to Plaintiff but, because Plaintiff does not understand numbers or complicated matters very well, he did not understand the significance of the payments or know whether he could afford them. Plaintiff did not realize at the time that Gladstone Mitsubishi had added third party products that increased his monthly payments. Gladstone Mitsubishi did not give to Plaintiff an itemized printout of the prices with and without the third-party products.

4.

Eventually, the salesperson returned and said, "You're approved!" The salesperson took Plaintiff to another Gladstone Mitsubishi employee who had him sign a stack of papers. Plaintiff could not read them. The man did not explain the documents but showed Plaintiff where to sign and initial everything. Plaintiff was at Gladstone Mitsubishi for approximately two to three hours.

5.

Plaintiff's girlfriend read the documents that night and explained them to Plaintiff. Gladstone Mitsubishi had sold Plaintiff high-priced add-ons that he did not know about, want, or need, and could not afford, including a service contract for \$4,500. Gladstone Mitsubishi sold him the car for \$47,894.00, approximately \$3,500 over its value. It gave Plaintiff \$10,000 for his trade-in, approximately \$7,000 below its value. Gladstone Mitsubishi's salesperson took Plaintiff to his bank and had him empty his savings to get a cashier's check payable to Gladstone Mitsubishi for another \$9,000.00. Plaintiff is on social security and gets two small pension

1 payments. His income is \$1,374.42 per month. Gladstone Mitsubishi falsified his income on the  
2 credit application it had him sign; more than tripling his income to \$46,500 per year. The  
3 interest rate was 17.91%. The car payment, at \$772.02, was more than half Plaintiff's monthly  
4 income.

5 6.

6 Plaintiff was and is very upset and anxious when he learned the details of the sale and the  
7 loan because he can no longer pay rent due to the \$772.02 monthly car payment and, even  
8 without paying rent, no longer has money for other necessary expenses. The next day, Plaintiff  
9 told Gladstone Mitsubishi that he could not afford the car payment and return it. Gladstone  
10 Mitsubishi told him it was too late to get out of the deal, but said he could trade it in on a  
11 different car. Plaintiff later went back to Gladstone Mitsubishi and said they needed to take back  
12 the car because the payment was too high and they had falsified his income on the credit  
13 application. Gladstone Mitsubishi employees refused to take back the car and kicked him out of  
14 the showroom. One of Gladstone Mitsubishi's employees followed Plaintiff out to his car, stood  
15 in front of it, and shouted, "You're a liar!" as Plaintiff was trying to leave. Gladstone Mitsubishi  
16 later sold Plaintiff's trade-in.

17 7.

18 On information and belief, Gladstone Mitsubishi knew Plaintiff was not qualified for the  
19 loan it had applied for and intended to use a "yo-yo" scheme to make Plaintiff bring the car back  
20 and force him to purchase a different car or agree to even more onerous loan terms. But, after  
21 Plaintiff himself asked to unwind the deal the next day and since it had not yet sold his trade-  
22 in—which are the main ways Gladstone Mitsubishi and other car dealerships use yo-yo schemes  
23 to manipulate car buyers—it turned out that (still based on its falsified income figure) Gladstone  
24 Mitsubishi was able to get Plaintiff qualified for the original loan terms after all. Discovery will  
25 tell whether Gladstone Mitsubishi did so by reducing or eliminating additional compensation it  
26 was secretly planning to receive from the lender, in violation of Oregon law.

1 **PARTIES AND VENUE**

2 8.

3 At all times material herein, Plaintiff was and is a resident of Multnomah County,  
4 Oregon.

5 9.

6 At all times material herein, defendant Crainic Auto Group, Inc., dba Gladstone  
7 Mitsubishi ( "Gladstone Mitsubishi") was and is an Oregon corporation.

8 10.

9 Gladstone Mitsubishi is an automobile dealership (Dealer Number: DL0770) located at  
10 18500 Southeast Mcloughlin Boulevard in Milwaukie, Oregon.

11 11.

12 Defendant Western Surety Company (Western) is the bond company for Gladstone  
13 Mitsubishi (Bond Number: 64758491), with headquarters located at 151 North Franklin Street,  
14 12 Floor, in Chicago, Illinois. Plaintiff has a right of action under ORS 822.030 against the  
15 surety on Gladstone Mitsubishi's bond.

16 12.

17 Venue is proper in Multnomah County because Western conducts regular, sustained  
18 business activity in Multnomah County and, on information and belief, Gladstone Mitsubishi  
19 also conducts regular and sustained business activities in Multnomah County, Oregon.

20 13.

21 On November 9, 2023, plaintiff purchased a 2015 Chevrolet Corvette (the "Corvette"),  
22 VIN 1G1YA2D79F5121343, from Gladstone Mitsubishi for \$47,894.00 plus \$5,779.47 in add-  
23 ons and other charges.

24 14.

25 Plaintiff purchased the Corvette for personal or household use.  
26

1 **FIRST CLAIM FOR RELIEF: UNLAWFUL TRADE PRACTICES (ORS 646.638)**

2 15.

3 Plaintiff re-alleges the above paragraphs, and incorporates the same herein.

4 16.

5 ORS 646.608(1)(k): In the course of its business, Gladstone Mitsubishi:

- 6 a. Failed to disclose that it was completing a credit application that falsely stated  
7 Plaintiff's annual salary was \$46,500.00 when his monthly income was actually  
8 \$1,374.42;
- 9 b. Failed to disclose that the car loan payment would be \$772.02, more than half  
10 Plaintiff's monthly income;
- 11 c. Failed to disclose that it had included expensive, unwanted add-ons that Plaintiff  
12 did not need, did not want, and could not afford;
- 13 d. Failing to disclose what the monthly payments would be without the add-ons;
- 14 e. Failed to disclose that, on information and belief, Gladstone Mitsubishi would  
15 receive additional compensation from the lender if the loan for which it was  
16 applying were approved;
- 17 f. Failed to disclose that, on information and belief, the credit application it was  
18 submitting was likely to be denied and that it intended to use a yo-yo scheme to  
19 extract even more onerous terms on the Corvette or a different vehicle; and
- 20 g. Failed to disclose that Plaintiff could apply for additional financing rather than  
21 withdraw all of his savings to make an additional downpayment; and
- 22 h. Falsely stated that Plaintiff owed sales tax and charged him \$195.97 for a sales  
23 tax he did not owe.

24 17.

25 Plaintiff would not and/or could not have entered into the transaction or obligation absent  
26 Gladstone Mitsubishi's false representations.  
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18.

ORS 646.608(1)(s): In the course of its business, Gladstone Mitsubishi made false or misleading representations of fact concerning the offering price of, or the person’s cost for real estate, goods or services.

19.

ORS 646.608(1)(u), OAR 137-020-0020(3)(j): In the course of its business, and during negotiations for the sale of the Corvette, Gladstone Mitsubishi quoted to Plaintiff a monthly payment or total price for the Corvette that included additional goods, accessories, services, products, or insurance. Gladstone Mitsubishi failed to ensure Plaintiff’s actual knowledge of and written consent to the add-ons.

20.

ORS 646.608(1)(u), OAR 137-020-0020(3)(m): On information and belief, in the course of its business, and during negotiations for the sale of the Corvette, Gladstone Mitsubishi quoted to plaintiff a monthly payment or total price for the Corvette that included additional goods, accessories, services, products, or insurance.

21.

Gladstone Mitsubishi failed to disclose in writing the itemization of each of the additional goods, accessories, services, products, or insurance prior to the execution of the purchase agreement.

22.

Gladstone Mitsubishi failed to disclose in writing the total cost and the monthly payment without the additional goods, accessories, services, products, or insurance prior to the execution of the purchase agreement.

23.

ORS 646.608(1)(u), OAR 137-020-0020(3)(p): In the course of its business, and in conjunction with the sale of the Corvette, Gladstone Mitsubishi made representations, through assertion by words or conduct, including a failure to disclose a fact, to Plaintiff about the Corvette. The representations made include but are not limited to:

- a. Failing to disclose that it was completing a credit application that falsely stated Plaintiff's annual salary was \$46,500.00 when his monthly income was actually \$1,374.42;
- b. Failing to disclose that the car loan payment would be \$772.02, more than half Plaintiff's monthly income;
- c. Failing to disclose that it had included expensive, unwanted add-ons that Plaintiff did not need, did not want, and could not afford;
- d. Failing to disclose what the monthly payments would be without the add-ons;
- e. Failing to disclose that, on information and belief, Gladstone Mitsubishi would receive additional compensation from the lender if the loan for which it was applying were approved;
- f. Failing to disclose that, on information and belief, the credit application it was submitting was likely to be denied and that it intended to use a yo-yo scheme to extract even more onerous terms on the Corvette or a different vehicle;
- g. Failing to disclose that Plaintiff could apply for additional financing rather than withdraw all of his savings to make an additional downpayment; and
- h. Falsely stating that Plaintiff owed sales tax and charging him \$195.97 for a sales tax he did not owe.

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24.

Gladstone Mitsubishi's representations were false, incomplete, or Gladstone Mitsubishi did not have sufficient information upon which a reasonable belief in the truth of the representation could be based.

25.

ORS 646.608(1)(u), OAR 137-020-0020(3)(s): In the course of its business, and in conjunction with the sale of the Corvette, Gladstone Mitsubishi knowingly prepared and submitted a false, misleading, or deceptive credit application. Plaintiff could not have purchased the Corvette without the false credit application.

26.

ORS 646.608(1)(u), OAR 137-020-0020(3)(u): On information and belief, in the course of its business, and in conjunction with the sale of the Corvette, Gladstone Mitsubishi failed clearly and conspicuously to disclose in writing, prior to Plaintiff applying for credit or executing a purchase order, lease agreement or retail installment contract, that Gladstone Mitsubishi may receive additional compensation from Plaintiff for arranging the sale of the retail installment contract, which may be in the form of a fee or additional loan points, and that the interest rates quoted by Gladstone Mitsubishi may be negotiable.

27.

ORS 646.608(1)(u), OAR 137-020-0020(3)(v): On information and belief, in the course of its business, and in conjunction with the sale of the Corvette, Gladstone Mitsubishi represented or implied that the service contract and/or the theft protection plan was required for the purchase of the Corvette.

28.

ORS 646.608(1)(u), OAR 137-020-0020(3)(x): In the course of its business, and in conjunction with the sale of the Corvette, Gladstone Mitsubishi delivered the Corvette to Plaintiff on the spot, without a reasonable basis to believe that it would either keep the retail



1 installment contract or be able to sell the retail installment contract to a financial organization at  
2 the exact terms quoted to or agreed to by the consumer at the time of delivery.

3 29.

4 Therefore, Gladstone Mitsubishi violated the following provisions of the UTPA:

- 5 a. ORS 646.608(1)(k): Misrepresentation of the nature of the transaction or the  
6 obligation incurred;
- 7 b. ORS 646.608(1)(s): Misrepresentations concerning the offering price or cost of  
8 goods and services;
- 9 c. ORS 646.608(1)(u), OAR 137-020-0020(3)(j): Undisclosed price packing;
- 10 d. ORS 646.608(1)(u), OAR 137-020-0020(3)(m): Payment price packing;
- 11 e. ORS 646.608(1)(u), OAR 137-020-0020(3)(p): False representations;
- 12 f. ORS 646.608(1)(u), OAR 137-020-0020(3)(s): False credit applications;
- 13 g. ORS 646.608(1)(u), OAR 137-020-0020(3)(u): Undisclosed yield spread  
14 premium;
- 15 h. ORS 646.608(1)(u), OAR 137-020-0020(3)(v): Tying requirements;
- 16 i. ORS 646.608(1)(u), OAR 137-020-0020(3)(x): Yo-yo financing.

17 30.

18 Gladstone Mitsubishi's violations were willful in that Gladstone Mitsubishi knew or  
19 should have known it had committed those violations. Gladstone Mitsubishi knew or should have  
20 known that its above representations were untrue or deceptive.

21 **Damages**

22 31.

23 As a result of Gladstone Mitsubishi's violations of the UTPA, Plaintiff suffered  
24 ascertainable loss and economic damages of \$83,585.44 to date.

1 32.

2 Due to the extent of damages incurred, Plaintiff requests rescission of the contract as  
3 equitable relief under ORS 646.638(1). Plaintiff also requests incidental and consequential  
4 damages along with rescission.

5 33.

6 In the alternative, Plaintiff requests as actual damages the purchase price of the vehicle as  
7 well as incidental and consequential damages.

8 34.

9 Therefore, Plaintiff is entitled to equitable relief, actual economic damages, reasonable  
10 attorney fees, and costs pursuant to ORS 646.638.

11 35.

12 Plaintiff is entitled to pre-judgment interest on the above amounts at the statutory rate of  
13 9% per annum.

14 **Liability of Western**

15 36.

16 Gladstone Mitsubishi's violations of the UTPA were due to Gladstone Mitsubishi's  
17 fraudulent representations.

18 37.

19 Plaintiff suffered loss because of Gladstone Mitsubishi's fraudulent representations.

20 38.

21 Western is jointly and severally liable as the bond company for Gladstone Mitsubishi  
22 under ORS 822.030, not to exceed \$50,000.

23 39.

24 Proof of loss is filed with Western with the service of this Complaint. If Plaintiff's  
25 recovery exceeds the amount of any tender made by Western within six months of the proof of  
26 loss, Plaintiff is entitled to attorney fees against Western under ORS 742.061(1).

1 40.

2 Plaintiff is entitled to pre-judgment interest on the above amounts at the statutory rate of  
3 9% per annum.  
4

5 **SECOND CLAIM FOR RELIEF: FINANCIAL ELDER ABUSE (ORS 124.100)**

6 41.

7 Plaintiff re-alleges the above paragraphs, and incorporates the same herein.

8 42.

9 At all relevant times, by Plaintiff has been a “elderly person” as defined by ORS  
10 124.100(1)(b).

11 43.

12 Gladstone Mitsubishi wrongfully took or appropriated money or property of Plaintiff  
13 through the violation of the above alleged statutes and regulations.

14 44.

15 In addition, Gladstone Mitsubishi wrongfully took or appropriated money or property of  
16 Plaintiff through knowingly taking advantage of Plaintiff’s illiteracy, infirmity, ignorance,  
17 confusion, and/or inability to understand the terms of the sale and/or the language of the  
18 agreement.

19 45.

20 Gladstone Mitsubishi also wrongfully took or appropriated money or property of Plaintiff  
21 through permitting Plaintiff to enter into a transaction with knowledge that there was no  
22 reasonable probability of payment of the attendant financial obligation in full by Plaintiff when  
23 due.

24 46.

25 Gladstone Mitsubishi employed unconscionable tactics in connection with selling the  
26 Corvette to Plaintiff.

1 47.

2 Gladstone Mitsubishi also committed financial elder abuse by refusing to return  
3 Plaintiff's money or property or by failing to take reasonable steps to make the money or  
4 property readily available upon request by Plaintiff.

5 48.

6 In addition, Gladstone Mitsubishi is liable for permitting financial elder abuse by  
7 knowingly acting or failing to act under circumstances in which a reasonable person would have  
8 known of the financial elder abuse.

9 49.

10 Due to Gladstone Mitsubishi's above actions, Plaintiff has suffered economic damages of  
11 \$83,585.44 to date, and is entitled to three times that amount, \$250,756.32 to date, pursuant to  
12 ORS 124.100(2)(a).

13 50.

14 Due to Gladstone Mitsubishi's above actions, Plaintiff has also suffered non-economic  
15 damages including stress, anxiety, embarrassment, nervousness, anger, humiliation, frustration,  
16 and emotional distress, which are estimated at \$250,000.00 to date. Plaintiff is entitled to three  
17 times that amount, \$750,000.00 to date, pursuant to ORS 124.100(2)(b).

18 51.

19 Plaintiff is entitled to reasonable attorney fees pursuant to ORS 124.100(2)(c).

20 52.

21 Plaintiff is entitled to pre-judgment interest on the above amounts at the statutory rate of  
22 9% per annum.

23 **Liability of Western**

24 53.

25 Gladstone Mitsubishi committed financial elder abuse through fraudulent representations.  
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54.

Plaintiff suffered loss because of Gladstone Mitsubishi's fraudulent representations.

55.

Western is jointly and severally liable as the bond company for Gladstone Mitsubishi under ORS 822.030, not to exceed \$50,000.

56.

Proof of loss is filed with Western with the service of this Complaint. If Plaintiff's recovery exceeds the amount of any tender made by Western within six months of the proof of loss, Plaintiff is entitled to attorney fees against Western under ORS 742.061(1).

57.

Plaintiff is entitled to pre-judgment interest on the above amounts at the statutory rate of 9% per annum.

**THIRD CLAIM FOR RELIEF: LIABILITY OF THE BOND (ORS 822.030)**

58.

Plaintiff re-alleges the above paragraphs, and incorporates the same herein.

59.

Gladstone Mitsubishi sold the vehicle to Plaintiff through the use of fraudulent representations and violations of the vehicle code.

60.

Those representations were material to Plaintiff in that he relied upon them in making the contract and to Plaintiff's lender in approving his loan.

61.

Plaintiff has been damaged by Gladstone Mitsubishi's misrepresentations and violations in the amount of \$333,585.44 to date.

1 62.

2 Plaintiff has also been damaged for reasonable attorney fees in the amount to be determined  
3 by the court.

4 63.

5 Defendants Gladstone Mitsubishi and Western are jointly and severally liable for these  
6 damages pursuant to ORS 822.030 and the DMV-required bond.

7 64.

8 Proof of loss is filed with Western with the service of this Complaint. If Plaintiff's  
9 recovery exceeds the amount of any tender made by Western within six months of the proof of  
10 loss, Plaintiff is entitled to attorney fees against Western under ORS 742.061(1).

11 65.

12 Plaintiff is entitled to pre-judgment interest on the above amounts at the statutory rate of  
13 9% per annum.

14 **PUNITIVE DAMAGES**

15 66.

16 Plaintiff reserves the right to move for punitive damages against defendant Gladstone  
17 Mitsubishi because it acted with malice or showed a reckless and outrageous indifference to a  
18 highly unreasonable risk of harm and acted with a conscious indifference to the health, safety  
19 and welfare of others based on the conduct alleged above and additional misconduct Plaintiff  
20 discovers during this lawsuit.

21 **JURY REQUEST**

22 67.

23 Plaintiff requests trial by jury.  
24  
25  
26

1 **PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiff prays judgment be entered against Defendants for:

- 3 a) An order rescinding the contract, or in the alternative, an award of economic damages in  
4 an amount to be determined by the jury at trial but currently not expected to exceed  
5 \$83,585.44 to date;
- 6 b) An award of non-economic damages in an amount to be determined by the jury at trial  
7 but currently not expected to exceed \$250,000.00 to date;
- 8 c) Treble damages on \$83,585.44 in economic and \$250,000.00 in non-economic damages,  
9 under ORS 124.100;
- 10 d) An order finding Western jointly and severally liable up to the bond limit;
- 11 e) 9% pre-judgment interest;
- 12 f) An award of reasonable attorney fees and costs; and
- 13 g) Any and all other relief the court deems just and equitable.
- 14

15 DATED: December 31, 2023

OREGON CONSUMER JUSTICE LAW, P.C.

/s/ Robert Le

Robert Le, OSB #094167  
850 SE 3<sup>rd</sup> Ave., Ste. 302  
Portland, OR 97214  
Tel. (503) 751-2249  
Fax (503) 832-0178  
rl@ocjlaw.com

Young Walgenkim OSB #124900  
Hanson & Walgenkim, LLC  
838 Commercial St NE  
Salem, OR 97301  
Tel. (503) 383-1496  
Fax (503) 766-6477  
young@hansonwalgenkim.com

*Of Attorneys for Plaintiff*