

COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
DIVISION 7
CIVIL ACTION NO. 17-CI-02788

COMMONWEALTH OF KENTUCKY *ex rel.*
ANDY BESHEAR, ATTORNEY GENERAL

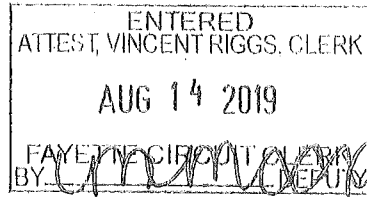
PLAINTIFF

v.

CONSENT JUDGMENT

THE UNITED GROUP, INC. a.k.a.
AUTO PLAZA USA a.k.a.
AUTO PLAZA, USA,
AMNEH KHATIB,
ADAM HASSAN

DEFENDANTS



This Consent Judgment is entered into by and between the Plaintiff, Commonwealth of Kentucky, *ex rel.* Andy Beshear, Attorney General (herein "Attorney General") and The United Group, Inc., a.k.a. Auto Plaza USA, Amneh Khatib, and Adam Hassan (hereinafter "Defendants"), and is intended as a compromise between these parties of the claims brought by the Attorney General against Defendants in this litigation styled *Commonwealth of Kentucky ex rel. Beshear v. The United Group, Inc., et al.* The parties enter into this Agreement as a compromise of any and all claims. The Defendants do not waive any rights not specifically waived hereunder, and reserve all rights to defend any future claims that may arise which are not specifically settled herein.

PARTIES AND JURISDICTION

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1. Andy Beshear is the Attorney General of the Commonwealth of Kentucky and is responsible for the enforcement and administration of Kentucky law, including the Consumer Protection Act, KRS 367.110 *et seq.*

2. The United Group, Inc. was a Kentucky for-profit corporation organized under the laws of the Commonwealth of Kentucky ("Commonwealth") that operated under the assumed name Auto Plaza USA, with its principal office located in Jessamine County, Kentucky. The United Auto Group was administratively dissolved on or about October 16, 2018, and is in bad standing with the Kentucky Secretary of State. The United Group Inc. a/k/a Auto Plaza USA (hereinafter, "Auto Plaza") operated a car dealership at 2000 Vince Road, Nicholasville, Kentucky from which it sold vehicles to Kentucky consumers and thereby engaged in the practice of trade or commerce as that term is used in KRS 367.170.

3. Defendant Amneh Khatib, an individual, is a resident of Fayette County, Kentucky, and was the sole owner and shareholder of The United Group Inc., a/k/a Auto Plaza, at all relevant times alleged in the Complaint.

4. Defendant Adam Hassan, an individual, is a resident of Fayette County, Kentucky, is the spouse of Amneh Khatib, and served as the General Manager of Defendant Auto Plaza at all relevant times alleged in the Complaint.

5. The Court has jurisdiction of this matter pursuant to KRS 367.190(1) because the Attorney General alleges, (1) that Defendants are using or have used methods, acts, or practices declared to be unlawful by the Kentucky Consumer Protection, Act, KRS 367.110, *et seq.*, and (2) that these proceedings are in the public interest. The parties further consent to the jurisdiction

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and venue of the Fayette Circuit Court for the purposes of this action, including but not limited to entering into this Consent Judgment and enforcement of this Consent Judgment.

6. Non-party, Kentucky Department of Revenue (hereinafter, "KDOR"), joins in this Consent Judgment only for purposes of compromising and accepting payment from Defendants of the sum and in the manner specified herein, to settle any and all tax obligations owed to KDOR by any consumer who received a Notice of Tax Delinquency directly related to this litigation as stated in the review of third-party documents maintained by Auto Plaza for the period of 2012-2016, and whose obligation to KDOR is still outstanding.

FINDINGS

7. The terms of this Judgment are in the public interest and reflects a negotiated agreement among the parties.

8. The parties have agreed to resolve the issues resulting from the Covered Conduct by entering into this Judgment.

9. All outstanding Discovery Deadlines and related Orders are suspended pending dismissal of this action and upon dismissal shall no longer be in effect.

10. The Attorney General has filed a Complaint for an injunction and other relief in this matter alleging the Defendants violated the Kentucky Consumer Protection Act, KRS 367.110, *et seq.*, ("KCPA") as stated in the Complaint and Amended Complaint in this Action.

11. "Covered Conduct" shall mean the conduct alleged in the Attorney General's Complaint and First Amended Complaint.

12. Defendants Hassan and Khatib have previously stipulated that they would admit and accept all legal liability for any and all Damages determined to be due from The United

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Group a/k/a Auto Plaza or any other named Defendant currently in the litigation and join this Consent Agreement to fulfill that stipulation. Defendants Hassan and Khatib maintain that they undertook best efforts to comply with the proper calculations of usage taxes.

13. The Defendants are willing to enter into this Judgment regarding the Covered Conduct solely in order to resolve the Commonwealth of Kentucky's allegations under the Kentucky Consumer Protection Act, KRS 367.110 et seq., as to the matters addressed in this Judgment and thereby avoid unnecessary expense, inconvenience, and uncertainty. Defendants are entering into this Judgment solely for the purpose of settlement of the instant Action and do not admit any violation of the Consumer Protection Act that was or could have been alleged by the Commonwealth of Kentucky before the date of the Judgment, nor shall this Judgment be deemed an admission of any fact.

14. This Judgment does not create a waiver or limit Defendants' legal rights, remedies, or defenses in any other action by the Commonwealth of Kentucky, and does not waive or limit Defendants' right to defend themselves from, or make argument in, any other matter, claim, or suit, including, but not limited to, any investigation or litigation relating to the subject matter or terms of this Judgment. Nothing in this Judgment shall waive, release, or otherwise affect any claims, defenses, or positions Defendants may have in connection with any investigations, claims, or other matters the Commonwealth of Kentucky is not releasing hereunder. Notwithstanding the foregoing, the Commonwealth of Kentucky may file an action to enforce the terms of this Judgment.

ASSURANCES AND AGREEMENTS



15. Defendants, directly or through any corporation, partnership, subsidiary, division, trade name, device, affiliate, or other entity, and its officers, employees, agents, successors, and assigns and all persons in active concert or participation, as well as Individual Defendants Khatib and Hassan, agree as follows:

- a. The individuals signing this Consent Judgment on behalf of Defendants state that they are under no disability, have read and knowingly consent and agree to this Consent Judgment, and have authority to sign and enter into this Consent Judgment on behalf of all corporate Defendants. The signatories acknowledge that this Consent Judgment is binding on all of Defendants' officers and employees in their official capacity, successors, parent companies, subsidiaries, or assigns.
- b. The individuals signing this Consent Judgment in their individual capacities each state that they are under no disability, have read and knowingly consent and agree to this Consent Judgment, and have had full and fair opportunity to consult with an attorney of their choice regarding this Judgment.
- c. This Consent Judgment applies to Defendants and to its principals, officers, agents and directors, assigns and successors, and the Individual Defendants. Defendants agree to notify its agents, employees, representatives, successors, and assigns of the execution of this Consent Judgment and inform them regarding the requirements thereof.
- d. The Individual Defendants Khatib and Hassan are permanently enjoined from representing to any consumer in any vehicle sales transaction that all governmental fees and taxes incidental to the consumer's purchase of the vehicle



are included in the final amount owed for the vehicle, unless such a representation is true and accurate to the best of their knowledge.

- e. The Individual Defendants Khatib and Hassan are permanently enjoined from disclaiming any portion of liability for governmental fees and taxes unless such a disclaimer appears on the front of a document signed by the consumer, and the disclaimer appears **IN ALL CAPITAL LETTERS IN BOLD TYPE in a font no smaller than the largest font appearing on the face of that document.**

16. In further consideration for the settlement of this matter, Defendants agree to the following terms:

- a. Defendants shall pay to the Kentucky State Treasurer c/o Office of the Attorney General the sum of **Four Hundred Sixty Four Thousand, Nine Hundred Forty-six Dollars and Fifty-six Cents (\$464,946.56)** in the following increments: **Payment of \$100,000.00 and execution of this Consent Judgment on or before Monday, August 12, 2019; with the remaining balance of \$364,946.56 to be paid on or before Monday, August 26, 2019.** Upon receipt of payment in full, an Agreed Order of Dismissal shall be tendered to the Court within 3 business days, and these monies shall be distributed by the Office of the Attorney General ["OAG"] as follows:

- i. **Two Hundred Fourteen Thousand, Nine Hundred Forty-six Dollars and Fifty-six Cents (\$214,946.56)** to be utilized for approximately seven hundred (700) individual restitution checks to be issued by the Kentucky State Treasurer upon the instructions to be provided by the Office of the



Attorney General, and then mailed by the Office of the Attorney General to consumers. The amount of restitution shall be based on the amount paid by a consumer to the Kentucky Department of Revenue related to a Notice of Tax Delinquency the consumer received from the KDOR following the review of the records of Auto Plaza for the period of 2012 – 2016. These individual refunds shall be based on the records compiled, maintained and supplied to the parties by KDOR. Excluded from this amount is the amount of any refund previously received by a consumer directly from Defendants. Upon the mailing by the Office of the Attorney General of refund checks and resolution of any returned mail, OAG shall provide to the Defendants a list of the names of consumers, corresponding VINs, and amount of each refund.

ii. **One Hundred Seventy-Five Thousand Dollars (\$175,000.00) to be directed by the Office of the Attorney General to the Kentucky Department of Revenue (KDOR)** in full satisfaction of any and all outstanding usage taxes and related interest, fees and penalties still due from approximately seven hundred (700) consumers as a result of the review of the records of Auto Plaza for the period of 2012–2016 by KDOR. KDOR and the Defendants acknowledge their independent negotiations and acceptance by KDOR of this amount, and KDOR represents that payment of this amount shall cause KDOR to release each consumer from his, her, or its delinquent usage taxes and related costs incurred as a result of the Covered Conduct. The amount(s) of tax liability to be released by KDOR on behalf of an individual



consumer shall be based on the records compiled, maintained and supplied to the parties by KDOR. Nothing herein is intended or shall be construed to release any taxpayer from any other tax obligation he or she may now have or have in the future to the Commonwealth of Kentucky or any other taxing authority. Upon KDOR's release of the tax obligations specified herein, KDOR shall timely provide to the OAG and Defendants a list of the names of the consumers, corresponding VINs and amount of each release.

iii. **Seventy-Five Thousand Dollars (\$75,000.00)** shall be retained by the Office of the Attorney General pursuant to KRS 48.005(4). This Court finds this amount to constitute reasonable costs of litigation, including, but not limited to, the OAG's obligation to administer and effectuate the terms of this Judgment, which includes the costs associated with a variety of communications with consumers regarding their specific refund or release from tax liability, related postage and other costs.

- b. The Office of the Attorney General acknowledges that Defendants have documented through the production of cancelled checks to OAG and OAG has verified that Defendants provided, pursuant to the Consent Decree with the Kentucky Motor Vehicle Commission, and certain consumers accepted, refunds totaling Sixty-six Thousand Four Hundred and Eight Dollars (\$66,408.00) prior to the filing or during the pendency of this litigation. These prior refund amounts are therefore not included in the amount of restitution reflected in Paragraph



10(a)(i) above, and will be deducted from the amount of any refund paid to consumers identified as having previously received a refund from Defendants.

17. This Consent Judgment constitutes a full and complete settlement and release by the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, of any and all claims and causes of action against Defendants arising out of or connected or related to the **Covered Conduct** which were or could have been asserted by the Commonwealth of Kentucky under the Kentucky Consumer Protection Act or its common law authority up to and including the Effective Date of this Consent Judgment, and the Commonwealth of Kentucky covenants not to commence any proceeding of any kind with respect to the Covered Conduct hereby released.

18. The acceptance of this Consent Judgment by the Office of the Attorney General shall not be deemed approval by the Attorney General of any of Defendants' business practices. Further, neither Defendants nor anyone acting on its behalf shall state or imply that the Attorney General has approved, condoned, or sanctioned any portion or aspect of Defendants' business operations.

19. If the Attorney General believes that Defendants have violated any obligation under this Consent Judgment, the Attorney General shall, prior to initiating any court proceeding, notify Defendants in writing of any alleged violation of the Consent Judgment and request that Defendants take action to correct the alleged violation. With the exception of conditions or practices that pose an immediate and serious threat to the life, health, or safety of Kentucky consumers, Defendants shall have ten (10) business days from the date of such written notice to respond to the Attorney General in writing by denying that a violation has occurred, or by accepting (without necessarily admitting) the allegation of violation and proposing steps that



Defendants will take to cure the violation. If Defendants fail to respond within ten (10) business days or deny that a violation has occurred, the Attorney General may seek appropriate legal remedies.

20. Nothing in this Consent Judgment shall be construed to affect or deprive any right of action that any consumer, person, or entity may have, or any right of action that any local, state, federal or other governmental entity may hold, against Defendants except as otherwise provided by law or stated herein.

GENERAL PROVISIONS

21. This Consent Judgment is governed by the laws of the Commonwealth of Kentucky, and the Attorney General and Defendants agree that this Consent Judgment is subject to court approval and the parties hereby agree to seek court approval of this Consent Judgment.

22. Defendants represent and warrant that they are represented by legal counsel and have been fully advised of their legal rights in this matter.

23. This Consent Judgment contains the entire agreement between Defendants and the Attorney General and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Consent Judgment, which are not fully expressed herein. This Consent Judgment may only be enforced by the Commonwealth, the Defendants, and this Court.

24. The titles and headers to each section of this Consent Judgment are for convenience purposes only and are not intended by the parties to lend meaning to the actual terms of this Consent Judgment.



25. Nothing in this Consent Judgment shall limit the Plaintiff's right to obtain information, records, or testimony from Defendants reasonably necessary to determine compliance with the injunctive provisions of this Consent Judgment. Any dispute as to reasonableness shall be determined by this Court. Defendants agree to execute and deliver all documents and instruments, which are necessary to carry out the terms of this Consent Judgment.

26. If any clause, provision, or section of this Consent Judgment shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this Consent Judgment, and this Consent Judgment shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or provision had not been contained herein. Nothing in this Consent Judgment shall be construed as relieving Defendants of their obligation to comply with all state and federal laws and regulations, and no term of this Consent Judgment shall be deemed to grant Defendants permission to engage in any acts or practices prohibited by such laws and regulations.

27. Any failure by a party to this Consent Judgment to insist upon performance by any other party of any of the provisions of this Consent Judgment shall not be deemed a waiver of any of the provisions of this Consent Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any provisions of this Consent Judgment and the imposition of any applicable sanctions and penalties, including but not limited to, contempt, civil penalties, and payment of costs and attorney fees.

28. Time shall be of the essence with respect to each provision of this Consent Judgment that requires action to be taken by a party within a stated time period or upon a



specified date. This Consent Judgment shall be binding and effective as of the date of its entry by the Clerk.

29. Defendants waive service of process and any notice for the filing, approval, and entry of this Consent Judgment.



ORDER AND JUDGMENT

The Court, having been well and sufficiently advised in the parties' agreement and having determined that it has jurisdiction and venue over this matter pursuant to KRS 367.190,

IT IS HEREBY ORDERED AND ADJUDGED that the Consent Judgment is entered of record; and this is a final judgment and there is no just reason for delay.

Date: Aug 14, 2019



ERNESTO SCORSONE, JUDGE
FAYETTE CIRCUIT COURT
DIVISION 7

Tendered By:
ANDY BESHEAR, ATTORNEY GENERAL

By: Maryellen B Mynear Date: 8/12/19

Maryellen B. Mynear
Assistant Deputy Attorney General
Leah Boggs
Charlie Rowland
Assistant Attorneys General
Office of the Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Counsel for Plaintiff

THE UNITED GROUP, INC. a/k/a AUTO PLAZA USA

By: Amneh Khatib Date: 8-12-19
Amneh Khatib, Owner



AMNEH KHATIB, Individually

Amneh Khatib

Date: 8-12-19

ADAM HASSAN, Individually

Adam Hassan

Date: 8-12-19

HAVE SEEN AND AGREED TO ENTRY:

Andre Regard
Andre Regard
Counsel for Defendants

Date 8/12/2019

Richard A. Getty
Richard A. Getty
Counsel for Defendants

Date: August 12, 2019

Dan P. Bork
Dan P. Bork, Commissioner
Kentucky Department of Revenue
Non-Party Signatory
Consent for Purposes of Settlement Only

Date: 8-13-2019

CLERK'S CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Consent Judgment was mailed, first-class mail, postage prepaid, on this AUG 13 day of August, 2019 to:

Maryellen B. Myneer, Assistant Deputy Attorney General
Leah Boggs, Assistant Attorney General
Consumer Protection Division
Office of the Attorney General

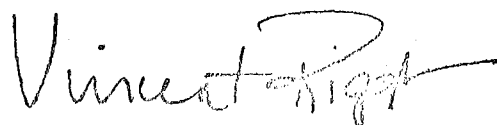
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Clinton S. Combs
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Kentucky Finance and Administration Cabinet
PO Box 423
Frankfort, KY 40602



FAYETTE CIRCUIT CLERK



Clerk/Deputy Clerk, Fayette Circuit Court

