

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

UNITED STATES OF AMERICA

Plaintiff,

v.

SANTANDER CONSUMER USA, INC. d/b/a
CHRYSLER CAPITAL

Defendant.

CIVIL ACTION NO.

COMPLAINT

Plaintiff, the United States of America, alleges as follows:

INTRODUCTION

1. The United States brings this action under the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. § 3901, *et seq.*, against Santander Consumer USA, Inc. d/b/a Chrysler Capital, for unlawfully rejecting early lease termination requests from qualified servicemembers who sought to terminate their motor vehicle leases pursuant to the SCRA. *See* 50 U.S.C. § 3955.
2. The purpose of the SCRA is “to provide for, strengthen, and expedite the national defense [by providing certain protections] to servicemembers of the United States to enable such persons to devote their entire energy to the defense needs of the Nation.” 50 U.S.C. § 3902(1). One of those protections is the right to terminate a

motor vehicle lease early without penalty upon entry into military service or upon receipt of military orders for deployment of 180 days or more, or for a permanent change of station from the Continental United States to a location outside the Continental United States or from Alaska or Hawaii to any location outside that state. 50 U.S.C. § 3955(b)(2).

3. By failing to grant early termination requests without penalty for motor vehicles leased by qualifying servicemembers who submitted qualifying military orders, Defendant denied those servicemembers their federally-protected rights under the SCRA.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action under 28 U.S.C. § 1331, 28 U.S.C § 1345, and 50 U.S.C § 4041.
5. Defendant is an Illinois corporation. Defendant's headquarters are located at 1601 Elm Street, Dallas, Texas, in the Northern District of Texas. It does business as Chrysler Capital, also headquartered at 1601 Elm Street, Dallas, Texas.
6. Venue is proper in this judicial district under 28 U.S.C. § 1391(b) because Defendant is headquartered and conducts business in the Northern District of Texas.

DEFENDANT

7. In February 2013, Santander Consumer USA Holdings Inc. entered into a ten-year agreement with Chrysler Group LLC ("Chrysler") whereby it originates private-label loans and leases under the Chrysler Capital brand to facilitate Chrysler

vehicle retail sales and leases. Defendant provides lease financing for Chrysler, Dodge, Jeep, Ram, SRT, and FIAT vehicles. In the First Quarter of 2020, Defendant originated \$2.0 billion in motor vehicle leases under the Chrysler Capital brand.

BACKGROUND

8. Leasing is a popular option for consumers seeking an automobile. When consumers lease automobiles, they are allowed use of the vehicle for a specified period of time, during which the consumer (or lessee) make monthly payments. The monthly lease payments include payment for possession and use of the vehicle, as well as any up-front costs that have been financed. At the conclusion of the lease period, the consumer usually has the option to return the vehicle to the dealership or to purchase the vehicle outright.
9. Typically, if a lessee wishes to terminate a motor vehicle lease prior to the completion of a lease term, the lessee is required to pay penalties, which can often be substantial.

US Army Captain Eric McDowell

10. On October 2, 2017, Army Captain Eric McDowell entered into a three-year lease with Defendant for a 2018 Jeep Grand Cherokee.
11. On May 14, 2019, McDowell contacted Defendant by phone, indicating that he needed to return his vehicle due to an upcoming military deployment. On August 14, 2019, McDowell sent in written notice of termination by e-mail and US Mail (return receipt requested). He attached a letter from his commanding officer,

which stated that McDowell was “currently a member of ... 1-10 ARB [Attack Reconnaissance Battalion], 10th Combat Aviation Brigade, 10th Mountain Division (Light Infantry), is scheduled to deploy during October 2019 for over 180 days.” The letter provided contact information for the commanding officer. Also on August 14, 2019, McDowell returned the vehicle to the dealership and hand-delivered a copy of the notification and commanding officer’s letter.

12. On September 23, 2019, Defendant sent McDowell a letter rejecting his lease termination request and indicating that additional documentation was needed. The letter did not indicate why McDowell’s documentation was deficient. Instead, it was a form letter generated and sent to any lessee when Defendant was rejecting a request to terminate a motor vehicle lease under the SCRA.
13. Defendant’s internal customer service notes indicate that McDowell’s submission was deficient because the “[m]emo does not indicate if servicemember is deploying with a military unit or in support of a military operation.” Defendant’s representative also stated to McDowell that the letter was deficient because it did not indicate when he was scheduled to return from his deployment. Defendant’s notes dated November 8, 2019 further claim that the termination request was denied because “no additional documents received for review.”
14. Defendant processed Captain McDowell’s vehicle turn-in as an early termination not subject to the SCRA. As such, on November 26, 2019, Defendant issued a notice of early termination liability of \$1,981.62 to Captain McDowell, which included a \$495 “Vehicle Return Fee” and an additional \$1,486.62 based on the

difference between the remaining lease balance and the value of the vehicle at termination. Captain McDowell was also not credited for lease amounts he had paid in advance.

15. On February 14, 2020, six months after Captain McDowell returned his vehicle to the dealership and after being informed that it was under investigation by the United States Department of Justice for possible SCRA violations, Defendant agreed to grant Captain McDowell's SCRA early lease termination request, cancelled the early termination liability, and refunded lease amounts he paid in advance.
16. Defendant's refusal for six months to grant his request to terminate his auto lease under the SCRA caused Captain McDowell significant stress during his deployment to Afghanistan. He faced a liability of \$1,981.62 and a risk of negative financial consequences due to non-payment. Additionally, he was delayed for many months in receiving his refund of lease amounts he had paid in advance.

Defendant's Conduct

17. On February 25, 2015, the United States filed a lawsuit in this Court alleging SCRA violations by Santander Consumer USA, Inc. Specifically, the Complaint alleged that Santander Consumer USA, Inc. violated the SCRA by repossessing motor vehicles owned by protected servicemembers without obtaining the required court orders. On February 26, 2015, this Court entered a Consent Order between

the United States and Santander Consumer USA, Inc., resolving the allegations in the United States' lawsuit; the Consent Order expired on February 26, 2020.

18. Between June 2017 and September 2019, Defendant wrongfully denied SCRA early termination requests from Capt. McDowell and nine other servicemembers. Defendant refused to permit these lease terminations even though the servicemembers had provided notice and copies of their military orders in compliance with the SCRA. For example, among the servicemembers whose early termination requests were denied, were:
 - a. A servicemember sent in permanent change of station orders to Japan, but Defendant denied the termination request because the servicemember did not provide additional documentation of his military service.
 - b. A servicemember sent in a letter from the commanding officer of his unit indicating that the servicemember was active duty, was a member of the unit, and would be deploying aboard a Navy ship, but Defendant denied the termination because the letter "does not indicate servicemember will be deployed with unit or in support of ops."
19. As a result of being denied early lease terminations, these ten servicemembers faced significant negative consequences. Financially, they faced significant expenses, either by continuing to pay hundreds of dollars a month for a vehicle they no longer wanted or by being charged large early termination penalties if they returned the vehicle. Additionally, some faced the stress and distraction of having to make additional requests for lease termination while being deployed or moving

overseas. Some faced the stress of having to manage storage or use of their vehicle while they were away.

DEFENDANT’S SERVICEMEMBER CIVIL RELIEF ACT VIOLATIONS

20. The SCRA provides that “[t]he lessee on a [motor vehicle] lease . . . may, at the lessee’s option, terminate the lease at any time after . . . the date of the lessee’s military orders” 50 U.S.C. § 3955(a)(1). This option applies to servicemembers who “while in military service, execute[] the lease and thereafter receive[] military orders – (i) for a permanent change of station– (I) from a location in the continental United States to a location outside the continental United States; or (II) from a location in a State outside the continental United States to any location outside that State; or (ii) to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 180 days.” 50 U.S.C. § 3955(b)(2). The same option also applies to leases “executed by or on behalf of a person who thereafter and during the term of the lease enters military service under a call or order specifying a period of not less than 180 days (or who enters military service under a call or order specifying a period of 180 days or less and who, without a break in service, receives orders extending the period of military service to a period of not less than 180 days).” *Id.*
21. In order to invoke the right to terminate a motor vehicle lease, the servicemember must deliver “written notice of such termination, and a copy of the servicemember’s military orders, to the lessor” and “return...the motor

vehicle...not later than 15 days after the date of the delivery of written notice....”

50 U.S.C. § 3955(c)(1).

22. The SCRA defines “military orders” for purposes of Section 3955 to mean “official military orders, or any notification, certification, or verification from the servicemember’s commanding officer, with respect to the servicemember’s current or future military duty status.” 50 U.S.C. § 3955(i)(1).
23. Termination of a servicemember’s motor vehicle lease “is effective on the day on which the requirements of [50 U.S.C. § 3955(c)] are met for such termination.” 50 U.S.C. § 3955(d).
24. In ten instances since June 2017, Defendant violated the SCRA by refusing to allow qualifying servicemembers to terminate their leases. These violations included instances where servicemembers had submitted permanent change of station orders, deployment orders (both to overseas locations and Navy ships), and commanding officer letters. In some instances, the servicemembers returned the vehicles early despite Defendant’s denial of SCRA early termination benefits; in other instances, the servicemembers did not return the vehicles early because any attempt to claim SCRA early termination benefits would have been futile due to Defendant’s prior denials.
25. The servicemembers whose lease termination requests were improperly rejected by Defendant had either, after executing the lease:
 - a. entered military service under a call or order specifying service for a period of at least 180 days; or

- b. received military orders (i) for a qualifying permanent change of station (*see* 50 U.S.C. § 3955(b)(2)(B)(i)), or (ii) to deploy for a period of at least 180 days.
26. Defendant's violations of Section 3955 of the SCRA raise issues of significant public importance. Defendant's unlawful denials of early termination requests have caused unnecessary stress for servicemembers who were forced to continue attending to their vehicle and lease obligations while serving their country, in many cases overseas and in combat zones. Defendant's denials have also caused servicemembers significant financial stress that could have interfered with their morale and ability to focus on their military missions.
27. The servicemembers who sought early termination and submitted SCRA-compliant military orders, but for whom Defendant refused to allow early lease termination, are "person[s] aggrieved" pursuant to 50 U.S.C. § 4041(b)(2) and have suffered damages as a result of Defendant's conduct.

RELIEF REQUESTED

WHEREFORE, the United States requests that the Court enter an ORDER that:

1. Declares that Defendant's conduct violated the SCRA;
2. Enjoins Defendant, its agents, employees, and successors, and all other persons and entities in active concert or participation with it, from:
 - a. refusing to grant servicemembers' requests for early lease termination when those servicemembers submit written notice of termination and provide

- qualifying military orders (as defined by 50 U.S.C. § 3955(i)(1)), in violation of the SCRA, 50 U.S.C. § 3955;
- b. failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, each identifiable victim of Defendant's illegal conduct to the position he or she would have been in but for that illegal conduct; and
 - c. failing or refusing to take such affirmative steps as may be necessary to prevent the recurrence of any illegal conduct in the future and to eliminate, to the extent practicable, the effects of Defendant's illegal conduct;
3. Awards appropriate monetary damages to each identifiable victim of Defendant's violations of the SCRA, pursuant to 50 U.S.C. § 4041(b)(2); and
 4. Assesses civil penalties against Defendant in order to vindicate the public interest, pursuant to 50 U.S.C. § 4041(b)(3).

The United States prays for such additional relief as the interests of justice may require.

Respectfully submitted,

DATED: September 30, 2021

PRERAK SHAH
Acting United States Attorney

/s/ Clay Mahaffey
CLAY MAHAFFEY
Assistant U.S. Attorney

MERRICK GARLAND
Attorney General

KRISTEN CLARKE
Assistant Attorney General
Civil Rights Division

/s/ Alan A. Martinson
SAMEENA SHINA MAJEED
Chief

United States Attorney's Office
Northern District of Texas
Burnett Plaza Suite 1700
801 Cherry Street, Unit #4
Fort Worth, Texas 76102
Telephone: (817) 872-9127
Fax: (214) 659-8806
Email: clay.mahaffey@usdoj.gov

ELIZABETH A. SINGER
Director, U.S. Attorneys' Fair
Housing Program
ALAN A. MARTINSON
Trial Attorney
Civil Rights Division
U.S. Department of Justice
Civil Rights Division
Housing and Civil Enforcement Section
4 Constitution Square
150 M Street, NE
Washington, D.C. 20530
Telephone: (202) 616-2191
Fax: (202) 514-1116
Email: alan.martinson@usdoj.gov