

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. 3:21-CV-2323-D

CONSENT ORDER

I. INTRODUCTION

1. This Consent Order resolves the allegations contained in the United States' Complaint that Defendant Santander Consumer USA, Inc. d/b/a Chrysler Capital ("Defendant") violated the Servicemembers Civil Relief Act ("SCRA"), 50 U.S.C. § 3901, *et seq.*, by unlawfully rejecting ten (10) requests from qualified servicemembers to terminate their motor vehicle leases early pursuant to the SCRA. See 50 U.S.C. § 3955.
2. Defendant is an Illinois corporation, with its headquarters 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.

3. Defendant disputes that it violated the SCRA and contends that its practices have complied with the SCRA at all relevant times.
4. Defendant has cooperated fully with the United States' investigation in this matter, and based on input from the United States has updated its policies and procedures related to Section 3955 of the SCRA.
5. This Order covers all denied requests for SCRA early lease terminations for leases entered into by, or assigned to, Defendant, or any subsidiaries, predecessors, acquired companies, or successor entities.
6. The United States and Defendant (collectively, the "Parties") agree that the Court has jurisdiction over the subject matter of this case pursuant to 28 U.S.C. § 1331, 28 U.S.C. § 1345, and 50 U.S.C. § 4041.
7. The Parties agree that, to avoid costly and protracted litigation, the claims against Defendant should be resolved without further proceedings or an evidentiary hearing. Therefore, as indicated by the signatures appearing below, the Parties agree to the entry of this Order. Defendant neither admits nor denies any of the allegations in the United States' Complaint.

8. The effective date of this Order will be the date on which it is approved and entered by the Court.

It is hereby ORDERED, ADJUDGED and DECREED:

II. INJUNCTIVE RELIEF¹

9. Defendant and its subsidiaries, officers, employees, agents, and representatives are hereby required to allow servicemembers who meet the requirements of 50 U.S.C. § 3955 to terminate their motor vehicle leases early without penalty and provide all benefits attendant thereto, including a refund of lease amounts paid in advance.

III. COMPLIANCE WITH THE SCRA AND SCRA POLICIES AND PROCEDURES

10. Defendant has provided to the United States revised SCRA policies and procedures for motor vehicle lease terminations in compliance with Section 3955 of the SCRA, 50 U.S.C. § 3955. These policies and procedures have been reviewed by the United States. No additional modifications to Defendant's SCRA policies are required by this Order. Defendants' SCRA policies and procedures include provisions:
- a. permitting servicemembers to terminate their motor vehicle leases where:

¹ Nothing in this Consent Order shall preclude Defendant from offering greater protections to servicemembers than those afforded by the Consent Order or the SCRA.

- i. the lease is 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), *see* 50 U.S.C. § 3955(b)(2)(A);
- ii. the lessee, while in military service, executes a lease and thereafter receives military orders for a permanent change of station from a location in the continental United States to a location outside the continental United States or from a location in a state outside the continental United States to any location outside that state, *see* 50 U.S.C. § 3955(b)(2)(B)(i);
- iii. the lessee, while in military service, executes a lease and thereafter receives military orders 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, *see* 50 U.S.C. § 3955(b)(2)(B)(ii); or

- iv. the lessee dies or incurs a catastrophic injury or illness (in this case, the spouse of the lessee may terminate the lease within one year after the death or catastrophic injury or illness), *see* 50 U.S.C. § 3955(a)(3)-(4);
- b. approving terminations of leases based on delivery to Defendant or Defendant's agent of written notice of termination and a copy of military orders², including by hand delivery, private business carrier, U.S. Mail, or electronic means reasonably calculated to ensure actual receipt of the communication by Defendant (including direct delivery by e-mail to an address designated by Defendant, posting on any website or other electronic repository of Defendant created or used to facilitate communication from the customer to Defendant regarding the customer's account, or other electronic means offered by Defendant to its customers);
- c. permitting eligible servicemembers to terminate their motor vehicle leases at any time after their entry into military service under the circumstances set forth in paragraph 10(a)(i), or the

² The term "military orders" in this Consent Order shall include any notification, certification, or verification from the servicemember's commanding officer, or other document prepared exclusively by a branch of the military or the Department of Defense demonstrating that the lessee is eligible for lease termination under 50 U.S.C. § 3955(b)(2).

date of their qualifying military orders as set forth in paragraph 10(a)(ii) and (a)(iii), *see* 50 U.S.C. § 3955(a)(1);

- d. setting the effective date of the lease termination as the date on which the servicemember has completed both (i) delivery of the notice of termination and a copy of the servicemember's qualifying military orders to Defendant or Defendant's agent; and (ii) return of the vehicle to Defendant or Defendant's agent, *see* 50 U.S.C. § 3955(d)(2);
- e. limiting any charges that must be paid upon termination to those permitted by Section 3955(e)(2) of the SCRA; and
- f. refunding, within 30 days after the effective date of termination, all lease amounts paid in advance for a period after the effective date of termination, *see* 50 U.S.C. § 3955(f).

Defendant has and shall continue to have a telephone number and designated electronic mail address at which servicemembers may reach a customer service representative who will address questions or concerns regarding the SCRA. Defendant also has and shall continue to have a page on its website detailing eligibility for, and relief provided by, the SCRA, and providing the telephone number and designated

electronic mail address to obtain SCRA relief or raise questions or concerns regarding such relief.

11. If, at any time during the term of this Order, Defendant proposes to materially change its SCRA policies and procedures, it shall first provide a copy of the proposed changes to counsel for the United States.³ If the United States does not deliver written objections to Defendant within forty-five (45) calendar days of receiving the proposed changes, the changes may be implemented. If the United States makes any objections to the proposed changes within the forty-five (45)-day period, the Parties shall confer to resolve their differences. If the Parties cannot resolve their differences after good faith efforts to do so, either Party may bring the dispute to this Court for resolution. The specific changes to which the United States objects shall not be implemented until the objections are resolved pursuant to the process described in this paragraph.

³ All notices and materials required by this Order to be sent to counsel for the United States shall be sent by private business carrier (non-USPS) delivery service addressed as follows: Chief, Housing & Civil Enforcement Section, Civil Rights Division, United States Department of Justice, 150 M Street, N.E., Washington, DC 20002, Attn: DJ 216-73-11, or as otherwise directed by the United States. Correspondence may also be sent via electronic mail to the U.S. Department of Justice, care of the undersigned counsel for the United States.

IV. TRAINING

12. Defendant has provided to the United States the curriculum, instructions, and any written materials included in the training required by Paragraphs 13 and 14. The United States has no objection to these materials.
13. Defendant shall provide SCRA compliance training to any employees who interact with customers regarding early lease termination benefits within ninety (90) calendar days after the effective date of this Order. Defendant shall provide to each covered employee: (a) training on the terms of the SCRA with respect to lease terminations; (b) training on Defendant's SCRA policies and procedures (both those described in Paragraph 10 and all others adopted by Defendant) specific to the employee's responsibilities associated with that employee's position; and (c) training on the terms of this Order. Defendant shall also follow these training procedures for any employee who subsequently becomes a covered employee within thirty (30) calendar days of his or her hiring, promotion, or transfer.
14. During the term of this Order, Defendant shall provide annual SCRA training, with the same content as described in Paragraph 12, to covered

employees with respect to their responsibilities and obligations under the SCRA, Defendant's SCRA policies and procedures, and this Order.

15. The covered employees may undergo the training required by Paragraphs 13 and 14 via live training, computer-based training, web-based training, or interactive digital media. If the training is conducted in any format other than live training, Defendant shall ensure that covered employees have the opportunity to have their questions answered by a company contact that Defendant identifies as having SCRA expertise within two (2) business days of the training. Any expenses associated with the training program required by Paragraphs 13 and 14 shall be borne by Defendant.
16. Defendant shall secure a signed or acknowledged statement in the form attached as Exhibit A from each covered employee at the training required by Paragraphs 13 and 14 acknowledging that he or she has received, read, and understands the Order and Defendant's SCRA policies and procedures specific to the employee's responsibilities associated with the loan being serviced, has had the opportunity to have his or her questions about these documents answered, and agrees to abide by them. For the duration of this Order, copies of those signed statements shall be provided to the United States upon request.

Defendant shall also certify in writing to counsel for the United States that the covered employees successfully completed the training required by Paragraphs 13 and 14.

V. COMPENSATION

17. Defendant and the United States have reviewed accounts for which Defendant denied early lease termination pursuant to the SCRA from November 5, 2014 to the present. Based on this review, the United States has identified ten (10) instances where it believes Defendant wrongfully denied SCRA early termination requests and has provided a list of those instances to Defendant.
18. Defendant shall compensate the lessees identified pursuant to Paragraph 17 as follows:
 - a. The amount of any lease payments and other charges (other than taxes, summonses, title and registration fees, or other obligations and liabilities of the lessee in accordance with the terms of the lease, including reasonable charges to the lessee for excess wear or use and mileage, that are due and unpaid at the time of termination) paid by the servicemember after the earliest of (i) the date the lessee returned the vehicle; (ii) the date Defendant denied the request for early termination; or (iii) fifteen (15) days

after submission of written notice of termination and a copy of the servicemember's military orders;

- b. Lease amounts paid in advance (including eligible capitalized cost reduction amounts) for a period after the earliest of (i) the date the lessee returned the vehicle; (ii) the date Defendant denied the request for early termination; or (iii) fifteen (15) days after submission of written notice of termination and a copy of the servicemember's military orders; and
- c. An additional payment of \$5,000 for any servicemembers identified pursuant to Paragraph 17 who returned their vehicles.

The compensation described in subparagraphs (a) and (b) shall be distributed equally among the lessees (including non-servicemember co-lessees) named on the lease. The compensation described in subparagraph (c) shall be paid entirely to the servicemember. The United States has provided to Defendant the names of and amounts owed under this paragraph to the ten (10) servicemembers whose early termination requests it believes were wrongfully denied. In cases where Defendant has already taken remedial actions with respect to a lease termination, the United States has considered such remedial actions and adjusted the compensation awarded to the servicemember or co-lessee.

19. Within fourteen (14) days of the effective date of this Order, Defendant shall deposit \$94,282.62 into an escrow account for the purpose of fulfilling its obligations under Paragraph 18. Defendant shall provide written verification of the deposit to the United States within three (3) business days of depositing the funds described in this Paragraph. Any taxes, costs, or other fees incurred on the escrow funds shall be paid by Defendant. Defendant shall add funds to the escrow account as necessary to meet its obligations under this Consent Order.
20. Defendant must deliver payment to each servicemember and co-lessee, except for those servicemembers and co-lessees currently residing in Oregon, in the amount calculated pursuant to Paragraph 18 within forty-five (45) days of the effective date of this Order.
21. All compensation checks may include the phrase “Settlement in Full” in the memorandum section. All compensation checks shall be accompanied by a copy of a letter (the form of which is to be approved in advance by DOJ) explaining that cashing or endorsing the check releases all claims related to the SCRA Section 3955 violations alleged in the complaint.
22. For servicemembers and co-lessees currently residing in Oregon, Defendant shall send a Release in the form attached as Exhibit B within

forty-five (45) days of the effective date of this Order. Within thirty (30) days of receiving a properly executed copy of the Release at Exhibit B, Defendant shall issue and mail a compensation check to the servicemember or co-lessee in the amount calculated pursuant to Paragraph 18.

23. Defendant shall promptly skip trace and redeliver or reissue any payment or notification that is returned as undeliverable, or that is not deposited, cashed, or returned within six (6) months of the date the initial payment is sent pursuant to Paragraphs 20-22.
24. Servicemembers and co-lessees shall have six (6) months after issuance to cash or deposit their compensation checks. During the term of this Order, Defendant shall, upon the request of a servicemember or co-lessee entitled to compensation, or upon the request of the counsel for the United States, reissue any checks that are not cashed or deposited prior to their expiration.
25. Six (6) months after the mailing of notices to those who are entitled to compensation, Defendant shall provide the DOJ with an accounting of all releases received, checks issued, checks cashed or deposited (including check copies), credit entries updated, and notifications without responses or that were returned as undeliverable. Defendant

shall provide updated information upon request of the United States during the term of this Order.

26. Any amounts in the escrow account required by Paragraph 19 that have not been distributed to aggrieved persons within eighteen (18) months of the date of this Order shall be paid to the United States Treasury in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.
27. No individual may obtain review by the Parties of the identifications made, and payments disbursed (including the amounts thereof), pursuant to Paragraphs 17-26.

VI. OTHER RELIEF

28. Within thirty (30) days following the effective date of this Order, Defendant must request that all the credit bureaus to which it reports remove negative entries for the servicemember(s) and any co-lessee(s) attributable to non-payment of any amounts that would not have been owed if Defendant had permitted early termination under the SCRA.
29. Within sixty (60) days after completion of its obligations in Paragraph 28, Defendant shall provide the United States with an accounting of all credit entries addressed pursuant to the terms of the preceding paragraph.

VII. CIVIL PENALTY

30. Within thirty (30) calendar days of the effective date of this Order, Defendant shall pay a total of \$40,000 to the United States Treasury as a civil penalty pursuant to 50 U.S.C. § 4041(b)(3) and 28 C.F.R. 85.5, to vindicate the public interest. The payment shall be in the form of an electronic funds transfer pursuant to written instructions to be provided by the United States.

VIII. ADDITIONAL REPORTING AND RECORD-KEEPING REQUIREMENTS

31. For the duration of this Order, Defendant shall retain all records relating to its obligations hereunder, including its records with respect to all leases for which a servicemember has sought a lease termination and all records relating to compliance activities as set forth herein. The United States shall have the right to review and copy any such records, including electronic data, upon reasonable request during the term of this Order.
32. During the term of this Order, Defendant shall notify counsel for the United States in writing every six (6) months of receipt of any complaints related to rights protected by the SCRA. Defendant shall provide a copy of any written complaints with the notifications. Whether regarding a written or oral SCRA complaint, the notification to

the United States shall include the full details of the complaint, including the complainant's name, address, and telephone number, and the full details of all actions Defendant took to resolve the complaint. Defendant shall also promptly provide the United States all information it may request concerning any such complaint. If the United States raises any objections to Defendant's actions, the parties shall meet and confer to consider appropriate steps to address the concerns raised by the United States' review. If the parties are unable to come to an agreement regarding such objections or concerns, either Party may bring the dispute to this Court for resolution.

IX. SCOPE OF CONSENT ORDER

33. The provisions of this Order shall apply to Defendant and any of its subsidiaries, predecessors, acquired companies, or successor entities. It shall also apply to the officers, employees, agents, representatives, assigns, successors-in-interest, and all persons and entities in active concert or participation with all of those entities, including with respect to any leases they serviced from November 5, 2014 to the effective date of this Order.
34. In the event that Defendant is acquired by or merges with another entity, Defendant shall, as a condition of such acquisition or merger,

obtain the written agreement of the acquiring or surviving entity to be bound by any obligations remaining under this Order for the remaining term of this Order.

35. This Order does not release claims for practices not addressed in the Complaint's allegations, and it does not resolve and release claims other than claims for violations of Section 3955 of the SCRA related to denials of early motor vehicle lease terminations. This Order does not release any claims that may be held or are currently under investigation by any federal agency against Defendant or any of its affiliated entities.
36. Nothing in this Order will excuse Defendant's compliance with any currently or subsequently effective provision of law or order of a regulator with authority over Defendant that imposes additional obligations on it.
37. The parties agree that, as of the effective date of this Order, litigation is not "reasonably foreseeable" concerning the matters described above. To the extent that either party previously implemented a litigation hold to preserve documents, electronically stored information (ESI), or things related to the matters described above, the party is no longer required to maintain such litigation hold. Nothing in this Paragraph relieves either party of any other obligations imposed by this Order.

X. MODIFICATIONS, ATTORNEY'S FEES AND COSTS, AND REMEDIES FOR NON-COMPLIANCE

38. Any time limits for performance imposed by this Order may be extended by the mutual written agreement of the parties.
39. The parties shall be responsible for their own attorney's fees and court costs, except as provided for in Paragraph 40.
40. The parties shall endeavor in good faith to resolve informally any differences regarding the interpretation of and compliance with this Order prior to bringing such matters to the Court for resolution. However, in the event the United States contends that there has been a failure by Defendant, whether willful or otherwise, to perform in a timely manner any act required by this Order or otherwise comply with any provision thereof, the United States may move the Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring the performance of such act or deeming such act to have been performed, and an award of any damages, costs, and attorney's fees which may have been occasioned by Defendant's violation or failure to perform.

XI. RETENTION OF JURISDICTION

41. This Order shall be in effect for a period of eighteen (18) months from its date of entry. The Court shall retain jurisdiction for the duration of

this Order to enforce its terms, after which time this case shall be dismissed with prejudice. The United States may move the Court to extend the duration of this Order in the interests of justice.

SO ORDERED, this ___ day of _____, ____.

UNITED STATES DISTRICT JUDGE

The undersigned hereby apply for and consent to the entry of the Order:

For the United States of America:

Dated: September 30, 2021

PRERAK SHAH
Acting United States Attorney

KRISTEN CLARKE
Assistant Attorney General
Civil Rights Division

/s/ Clay Mahaffey
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EXHIBIT A

EMPLOYEE ACKNOWLEDGMENT

I acknowledge that on [INSERT DATE], I was provided training regarding Servicemembers Civil Relief Act (SCRA) compliance, a copy of the Consent Order resolving the United States' allegations in *United States v. Santander Consumer USA, Inc. d/b/a Chrysler Capital*, Case No. 3:21-CV-2323-D (N.D. Tex.), and copies of Santander Consumer USA, Inc.'s policies and procedures applicable to my duties. I have read and understand these documents and have had my questions about these documents and the SCRA answered. I understand my legal responsibilities and shall comply with those responsibilities.

[PRINT NAME]

[SIGNATURE]

[JOB TITLE]

EXHIBIT B

RELEASE (for Oregon residents)

Pursuant to the Consent Order resolving the United States' allegations in *United States v. United States v. Santander Consumer USA, Inc. d/b/a Chrysler Capital*, Case No. 3:21-CV-2323-D (N.D. Tex.), that Santander Consumer USA, Inc. d/b/a Chrysler Capital ("Chrysler Capital") violated the Servicemembers Civil Relief Act, and in consideration of Chrysler Capital's payment to me of \$ [AMOUNT], I, [LESSEE'S NAME], hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above and related to the alleged violation of Section 3955 of the Servicemembers Civil Relief Act, that I may have against Chrysler Capital and all related entities, parents, predecessors, successors, subsidiaries, and affiliates and all of its past and present directors, officers, agents, managers, supervisors, shareholders, and employees and its heirs, executors, administrators, successors or assigns.

Executed this _____ day of _____, 202_.

SIGNATURE: _____

PRINT NAME: _____