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The People of the State of California

[EXEMPT FROM FILING FEES
PURSUANT TO GOVERNMENT
CODE SECTION 6103]

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ORIGINAL FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

OCT 27 2016

Sherril R. Carter, Executive Officer/Clerk
By: Shaunya Bolden, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

HYUNDAI MOTOR COMPANY;
HYUNDAI MOTOR AMERICA;
KIA MOTORS CORPORATION, INC.;
KIA MOTORS AMERICA, INC.,

Defendants.

Case No. BC 638654

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
RESTITUTION, AND OTHER
EQUITABLE RELIEF**

(BUS. & PROF. CODE, § 17200 et seq.)

1 Plaintiff, the People of the State of California, by and through Kamala D. Harris, Attorney
2 General of the State of California, alleges the following on information and belief:

3 INTRODUCTION

4 1. Defendants Hyundai Motor Corporation, Hyundai Motor America, Kia Motors
5 Corporation, Inc., and Kia Motors America, Inc. (collectively, "Defendants") have violated
6 California's consumer protection provisions and caused harm to consumers and competitors by
7 misrepresenting the fuel economy of Defendants' 2011 through 2013 light duty passenger
8 vehicles. (Bus. & Prof. Code, § 17200 et seq.; *id.*, § 17500 et seq.) Defendants' conduct misled
9 consumers at a time when gasoline prices were extremely high and fuel economy was a
10 significant selling point for vehicles.

11 JURISDICTION AND VENUE

12 2. This Court has jurisdiction over Defendants because Defendants have transacted business
13 in the State of California, and have engaged in conduct that impacts the State of California at all
14 times that are relevant to this complaint.

15 3. Defendant Hyundai Motor America and Defendant Kia Motors America, Inc., are
16 California corporations with principal places of business within the state.

17 4. Venue for this action is proper because Defendants have transacted business in the County
18 of Los Angeles, and the violations of law described herein occurred in the County of Los Angeles
19 and elsewhere in the State of California.

20 PARTIES

21 5. Plaintiff, the People of the State of California ("the People"), brings this action in
22 connection with a multistate investigation of Defendants, which was conducted by the Attorneys
23 General of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia,
24 Delaware, Florida, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Maryland, Maine,
25 Massachusetts, Missouri, Nebraska, New Jersey, New Mexico, Nevada, North Carolina, Ohio,
26 Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington, and
27 Wisconsin.

1 6. Defendants are Hyundai Motor Company, Hyundai Motor America, Kia Motors
2 Corporation, Inc., and Kia Motors America, Inc.

3 7. Defendant, Hyundai Motor Company, is a multi-national corporation with its principal
4 corporate headquarters in Seoul, South Korea.

5 8. Defendant, Hyundai Motor Company, manufactures, offers, and sells Hyundai vehicles in
6 the United States through its wholly-owned subsidiary, Hyundai Motor America.

7 9. Defendant, Hyundai Motor America, is a California corporation with a principal place of
8 business in Fountain Valley, California.

9 10. Defendant, Kia Motors Corporation, Inc. is a multi-national corporation with its principal
10 corporate headquarters in Seoul, South Korea.

11 11. Defendant, Kia Motors Corporation, Inc. manufactures, offers, and sells Kia vehicles in
12 the United States through its wholly-owned subsidiary, Kia Motors America, Inc.

13 12. Defendant, Kia Motors America, Inc. is a California corporation with a principal place of
14 business in Irvine, California.

15 DEFENDANTS' BUSINESS PRACTICES

16 13. Defendants have manufactured, assembled, advertised, marketed, promoted, sold, and
17 distributed millions of vehicles in the United States, and particularly in the State of California.
18 For the model years 2011 through 2013, Defendants offered and sold certain light duty passenger
19 vehicles ("Subject Vehicles"). (See Exhibit A, identifying the Subject Vehicles.) The Subject
20 Vehicles were offered and sold during a period of very high gasoline prices in the United States,
21 and Defendants' marketing efforts touted, and indeed trumpeted, the Subject Vehicles' allegedly
22 superior fuel economy.

23 14. Before they could be offered for sale in the United States, the Subject Vehicles had to be
24 certified by the United States Environmental Protection Agency ("EPA") and by the California
25 Air Resources Board ("CARB") as being in compliance with applicable emissions limits set forth
26 in state and federal laws.

27 15. Defendants, like all other automobile manufacturers, conducted their own testing of the
28

1 Subject Vehicles and used the resulting data to support their applications for certificates of
2 conformity.

3 16. In filing their applications, Defendants expressly and impliedly represented that their
4 testing complied in all material respects with the procedures mandated by EPA and CARB.

5 17. In truth and in fact, however, Defendants deviated from the mandated testing protocols in
6 numerous respects, producing data that underestimated the road load forces for the Subject
7 Vehicles, and overstated the fuel efficiency estimates for the Subject Vehicles.

8 18. Defendants incorporated this inflated and inaccurate data into the estimated mileage
9 ratings displayed on hundreds of thousands of Monroney (or window) stickers affixed to Subject
10 Vehicles in dealerships across the nation.

11 19. Defendants further sought to capitalize on the erroneous mileage estimates by placing
12 them front and center in a variety of advertisements and other promotional campaigns, including,
13 but not limited to:

- 14 a. Representing, without limitation or qualification, that the Hyundai Elantra could
15 travel roundtrip between Los Angeles and Las Vegas “WITHOUT STOPPING
16 FOR GAS” (emphasis in the original) (See Exhibit B);
- 17 b. Representing, without limitation or qualification, that the 2011 Hyundai Elantra
18 could travel from Buffalo to Niagara Falls and back, a distance of 40 miles, on a
19 single gallon of fuel (See Exhibit C);
- 20 c. Representing, without limitation or qualification, that five different Hyundai
21 models were rated at 40 mpg (See Exhibit D); and
- 22 d. Utilizing the estimated mileage ratings for the Kia Sorrento EX in advertisements
23 for the Kia Sorrento SX, a different model with a lower fuel economy rating.

24 20. On November 2, 2012, Defendants announced that they were adjusting and restating the
25 fuel economy ratings for all of the Subject Vehicles. Defendants took this action after an
26 investigation by EPA and CARB uncovered Defendants’ deviations from the mandated testing
27 protocols, which resulted in mileage overstatements.

1 21. Defendants' misrepresentations to regulators enabled them to secure the requisite legal
2 authorizations to sell the Subject Vehicles in the United States, and particularly, in the State of
3 California.

4 22. Defendants' acts or practices, as alleged in this complaint, were likely to mislead
5 consumers acting reasonably under the circumstances, and were material to consumers' decisions
6 to purchase the Subject Vehicles during a time of high gasoline prices.

7 23. Defendants' acts or practices, as alleged in this complaint, caused substantial injury to
8 consumers in that consumers purchased Subject Vehicles that were improperly certified for sale,
9 and which were offered for sale using inaccurate and deceptive mileage ratings.

10 FIRST CAUSE OF ACTION

11 VIOLATIONS OF BUSINESS AND PROFESSIONS CODE

12 SECTION 17500 ET SEQ.

13 (False or Misleading Statements)

14 24. The People reallege and incorporate by reference each of the paragraphs above as though
15 fully set forth herein.

16 25. Defendants violated Business and Professions Code section 17500 et seq. by making,
17 disseminating, or causing to be made or disseminated, false or misleading statements, with the
18 intent to induce consumers to purchase the Subject Vehicles when Defendants knew, or by the
19 exercise of reasonable care should have known, that the statements were false or misleading.

20 26. By engaging in the aforementioned acts, practices, representations and omissions,
21 Defendants made deceptive or misleading statements to government agencies and to consumers
22 regarding the features, performance and characteristics of the Subject Vehicles, including but not
23 limited to:

- 24 a. Misrepresenting, falsely certifying, or falsely warranting the Subject Vehicles'
25 compliance with applicable certification or other regulatory requirements;

- 1 b. Failing to state material facts in connection with Defendants' sale and marketing
2 of the Subject Vehicles, the omission of which deceived or tended to deceive
3 consumers; and
4 c. Misrepresenting or deceptively advertising, promoting, and warranting the Subject
5 Vehicles' fuel economy and performance.

6 **SECOND CAUSE OF ACTION**

7 **VIOLATIONS OF BUSINESS AND PROFESSIONS CODE**

8 **SECTION 17200 ET SEQ.**

9 (Fraudulent Business Practices and Untrue or Misleading Advertising)

10 27. The People reallege and incorporate by reference each of the paragraphs above as though
11 fully set forth herein.

12 28. Defendants engaged in fraudulent acts or practices, and put forth untrue or misleading
13 advertisements regarding the fuel economy of the Subject Vehicles. Such conduct constitutes
14 unfair competition within the meaning of Business and Professions Code section 17200 et seq.
15 Defendants' acts and practices include, but are not limited to, the following:

- 16 a. Defendants violated Business and Professions Code section 17500, as alleged
17 above in the First Cause of Action.
18 b. Defendants engaged in fraudulent conduct that deceived members of the public
19 and presented untrue or misleading advertising regarding the fuel economy and performance of
20 the Subject Vehicles.

21 **PRAYER FOR RELIEF**

22 WHEREFORE, Plaintiff prays for judgment as follows:

- 23 1. Pursuant to Business and Professions Code section 17535, that Defendants be
24 permanently enjoined from making any false or misleading statements in violation of Business
25 and Professions Code section 17500, as alleged in this complaint;
26 2. Pursuant to Business and Professions Code section 17203, that Defendants be
27 permanently enjoined from committing any acts of unfair competition in violation of Business
28

1 and Professions Code section 17200, as alleged in this complaint;

2 3. Pursuant to Business and Professions Code section 17536, that the Court assess a civil
3 penalty of \$2,500 for each violation of Business and Professions Code section 17500, as proved at
4 trial;

5 4. Pursuant to Business and Professions Code section 17206, that the Court assess a civil
6 penalty of \$2,500 for each violation of Business and Professions Code section 17200, as proved at
7 trial;

8 5. That Defendants be ordered to make restitution of any money or other property that may
9 have been acquired by Defendants' violations of Business and Professions Code section 17200, as
10 proved at trial;

11 6. That Plaintiff recover its costs of suit, including costs of investigation; and

12 7. For such other and further relief that the Court deems just and proper.

13
14 Dated: October 27, 2016

Respectfully Submitted,

15 KAMALA D. HARRIS
16 Attorney General of California
17 NICKLAS A. AKERS
18 Senior Assistant Attorney General
19 DANIEL A. OLIVAS
20 Supervising Deputy Attorney General

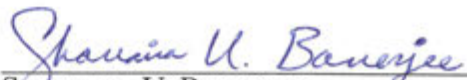
21 
22 SHANIRA U. BANERJEE
23 Deputy Attorney General
24 *Attorneys for Plaintiff*
25 *The People of the State of California*

EXHIBIT A

HYUNDAI VEHICLES

2013 Model Year

2013 Accent (automatic transmission; 1.6 liter engine)
2013 Accent (manual transmission; 1.6 liter engine)
2013 Azera (automatic transmission; 3.3 liter engine)
2013 Elantra (automatic transmission; 1.8 liter engine)
2013 Elantra (manual transmission; 1.8 liter engine)
2013 Elantra Coupe (automatic transmission; 1.8 liter engine)
2013 Elantra Coupe (manual transmission; 1.8 liter engine)
2013 Elantra GT (automatic transmission; 1.8 liter engine)
2013 Elantra GT (manual transmission; 1.8 liter engine)
2013 Genesis (automatic transmission; 3.8 liter engine)
2013 Genesis R-Spec (automatic transmission; 5.0 liter engine)
2013 Santa Fe Sport 2WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 2WD (automatic transmission; 2.4 liter engine)
2013 Santa Fe Sport 4WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 4WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (automatic transmission; 2.0 liter engine)
2013 Tucson 2WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (manual transmission; 2.0 liter engine)
2013 Tucson 4WD (automatic transmission; 2.4 liter engine)
2013 Veloster Turbo (automatic transmission; 1.6 liter engine)
2013 Veloster (automatic transmission; 1.6 liter engine)
2013 Veloster (manual transmission; 1.6 liter engine)

KIA VEHICLES

2013 Model Year

2013 Rio 2WD (automatic transmission; 1.6 liter engine)
2013 Rio 2WD (manual transmission; 1.6 liter engine)
2013 Rio 2WD (automatic (Eco) transmission; 1.6 liter engine)
2013 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2013 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))
2013 Soul 2WD (automatic transmission; 1.6 liter engine)
2013 Soul 2WD (manual transmission; 1.6 liter engine)
2013 Soul 2WD (automatic transmission; 2.0 liter engine)
2013 Soul 2WD (manual transmission; 2.0 liter engine)
2013 Soul ECO 2WD (automatic transmission; 1.6 liter engine)
2013 Soul ECO 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.4 liter engine)
2013 Sportage 2WD (manual transmission; 2.4 liter engine)
2013 Sportage 4WD (automatic transmission; 2.0 liter engine)
2013 Sportage 4WD (automatic transmission; 2.4 liter engine)
2013 Sportage 4WD (manual transmission; 2.4 liter engine)

2012 Model Year

2012 Rio 2WD (automatic transmission; 1.6 liter engine)
2012 Rio 2WD (manual transmission; 1.6 liter engine)
2012 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2012 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))

EXHIBIT B

7007.9135



DO THE HYUNDAI

- STEP 1** Grab Your Gas Receipt and See the Savings
- STEP 2** Raise Your Hands in the Air
- STEP 3** Cross Them to Complete the "H"
- STEP 4** Celebrate. Smile. Repeat.



 HYUNDAI

ELANTRA

40
MPG
HWY

America's Best Warranty
10-Year/100,000-Mile
Powertrain Limited Warranty

 Assurance

Drive from Las Vegas to L.A. and Back WITHOUT STOPPING FOR GAS

2012 EPA fuel economy: City 24, Highway 34, City 41, Highway 49 mpg. Combined from Las Vegas to L.A. back to Las Vegas is 372 miles according to Google Maps. Some vehicles have a maximum of 302 miles on a single tank of gas. EPA estimates to compare with a 2012 Toyota Camry Hybrid SE with options, driving conditions, driving habits and vehicle condition, wheels, accessories, load and distribution. See dealer for EPA fuel economy. Hyundai is a registered trademark of Hyundai Motor Company. All rights reserved. ©2012 Hyundai Motor America.

EXHIBIT C

The falls and back
on a gallon.

BuffaloHyundaiDealers.com



2011 Elantra, 40 MPG standard.

 **HYUNDAI**

INNOCEAN WORLDWIDE

Project Title: **Eastern Region Elantra OOH - Buffalo Market 10x30**

File Name: H11-MD-2107_H-11-00176Buff(10X30) | Date: 5-11-2011 4:37 PM | Purbs: None

Job#: H11-MD-2107 | Ad#: H-11-00176 | Insertion Date: 5/30/2011

Client: HDAA	Product: Elantra	Bleed: 8" x 3"	Round: F
Region: Eastern	Element/Media: Print OOH	Trim/Die: 7.75" x 2.75"	
Dealer Tag: None	Material Due Date: 5/13/11	Let: 7.25" x 2.25"	
Advertiser Code: None	Vendor: H-Res	Feloid Size: None	
Advantage #: None			

Colors Used: ■ Cyan, ■ Magenta, ■ Yellow, ■ Black

LIVE **GUTTER FOLD** **TRIM** **BLEED** INDICATES AREA DESIGNATION AND DOES NOT PRINT.

Placed Images
120x120_Floor_RGB_5.psd (RGB, 173 ppk, 86.48%)
MY11_MD_LTD_0057_v1.psd (CMYK, 752 col, 35.82%)
Hyundai Logo_wht.ai (81.31%)

Fonts Used
Helvetica Neue (65 Medium, 57 Condensed)

Creative Director:	Ed Miller
Associate CD:	Tyson Brown
Art Director:	Tracy Stephens
Copywriter:	Molly McLaughlin
Proofreader:	Chris Richards
Account Executive:	Julie Guentini
Product:	Taj Tashembe
Print Production:	Patricia Marquez
Traffic:	Suzanne Cheng
Client:	HDAA
Studio:	Vanessa Valente

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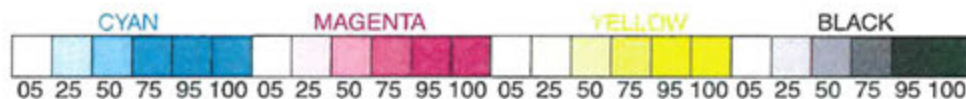


EXHIBIT D

**40 NEVER
LOOKED
SO GOOD
5 MODELS.
40MPG.**

7006.8880



ACCENT 5-DOOR

- 5 Door versatility
- Best in Class Cargo Space
- Up to 456 Miles on a single tank of gas



ACCENT 4-DOOR

- Hands Free Bluetooth
- Best in Class Horsepower
- Up to 456 Miles on a single tank of gas



ELANTRA

- 1.8L 4 Cylinder GWT Engine
- More interior space than Civic or Corolla
- Up to 512 Miles on a single tank of gas



VELOSTER

- Standard 7" Touch Screen
- Blue Link®
- Up to 526 Miles on a single tank of gas



SONATA HYBRID

- 5 Star Safety Rated
- Solar Controlled glass
- Up to 688 miles on a single tank of gas

America's Best Warranty
5 Year/100,000 Mile
Powertrain Limited Warranty

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