



Weil Quaranta sues Porsche, alleging illegal trade-in practice

Miami federal suit part of greater effort to expose dealership deceptions. Law firm urges car owners to check contracts.

MIAMI, FLORIDA, UNITED STATES, November 3, 2016 /EINPresswire.com/ -- MIAMI -- November 3, 2016 -- The Miami and Los Angeles law firm [Weil Quaranta](#), P.A., has filed a [federal class action filed in South Florida](#), blowing the whistle on a common deception car dealerships commit upon customers trading in their car to buy or lease another vehicle.

That deception is known as “swallowing a trade-in vehicle.” A dealer “swallows” a trade-in by failing to disclose in writing the trade-in’s value or how that value is applied to the purchase or lease transaction. As a result of this sleight of hand, the dealer avoids applying the value of the customer’s trade in to reduce the capitalized cost of the new car.

This abuse costs customers thousands of dollars in unwarranted interest and extra sales tax on their trade ins -- essentially money they have already paid -- allowing the dealer to surreptitiously pad its bottom line.

According to the 40-page class action complaint filed in U.S. District Court, Porsche unabashedly permits its dealers nationwide to “swallow” their customers’ trade ins, thereby violating federal and state consumer protection laws.

Steven Michael Cox v. Porsche Financial Services Inc., et al, U.S. District Court, Southern District of Florida, Case No. 1:16-cv-23409

The practice was exposed this week in [an investigation on South Florida’s NBC-Channel 6](#).

“If you traded in your car to lease or buy a Porsche—or any other car—it is easy to uncover if the dealer ‘swallowed’ your trade-in,” says Mark Schweikert of Weil Quaranta P.A. “Check your lease agreement. If your trade-in had positive equity yet the lease agreement shows that the ‘Net Trade-In Allowance’ is blank or marked ‘N/A,’ your car was likely ‘swallowed,’ you got a bad deal, and the dealer probably violated the law. With this suit, we are taking on an industry practice we believe is widespread.”

Schweikert and Weil Quaranta partner Ronald Weil represent Steven Cox of Naples. In March 2015, Cox, then a 63-year-old retired UPS driver who had created and sold an education software business, traded in his paid-for 2015 Hyundai Genesis for a 2015 Porsche Cayman at Porsche of Fort Myers.

Mr. Cox made a one-time total payment of \$36,539.30 for a three-year lease, at approximately \$1,014.98 per month. Although the dealer gave him a trade in credit of \$25,000 towards the total cost of the lease, it did not disclose that trade-in credit in the lease agreement.

By omitting that \$25,000 deduction from the capitalized cost of the leased car, Cox unwitting paid thousands of dollars more in interest and sales tax than if his trade-in had been properly credited to

the transaction.

Says Cox: “They were charging interest on the money I already put down. I was paying rent on my own money and they weren’t disclosing it. That’s the outrage here and the basis for the suit.”

The nine-count suit accuses Porsche and its affiliated financial, leasing, and dealership entities of violating the federal Consumer Leasing Act, the Florida Deceptive and Unfair Trade Practices Act, and Florida common law.

According to the suit: “Defendants and the Porsche dealers essentially force these customers to finance more money than is necessary, to pay a higher rent charge, and to pay more sales tax than is lawfully due, resulting in a higher total lease price that pads Defendants’ bottom line. This practice, therefore, is not only deceptive, but also unfair to consumers.”

This willful “swallowing of a trade-in,” the suit says, deprives customers of the opportunity to make a properly informed leasing decision, while simultaneously enabling the Porsche entities “to manipulate the Adjusted Capitalized Cost of their customers’ leased vehicles to keep them as high as possible—all at the expense of unwitting consumers, including senior citizens and other vulnerable members of society.”

Ron Weil says he suspects this predatory practice is common yet likely goes unnoticed, given many consumers’ unfamiliarity with complex lease calculations and the high-pressure sales tactics that typically accompany a visit to a dealership.

“This is a good time for anyone with an existing lease or recent purchase to look at how their dealer applied their trade-in to the transaction,” Weil says. “Anyone considering a lease or purchase should ensure the dealer is following state and federal consumer protection laws.

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