

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL



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LANSING, MICHIGAN 48909

DANA NESSEL  
ATTORNEY GENERAL

January 25, 2019

**VIA US MAIL AND  
ELECTRONIC MAIL**

Executive Car Rental  
c/o Steven Haney  
Haney Law Group PLLC  
3000 Town Ctr. Ste. 2570  
Southfield, MI 48075

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**Re: Executive Car Rental Investigation and Notice of Intended Action**

Dear Executive Car Rental:

This letter is to give you notice of intended action in accordance with MCL 445.905(2), and to give you an opportunity to immediately cease and desist from engaging in the unlawful business practices described below.

As background, this Office is responsible for enforcement of the Michigan Consumer Protection Act, MCL 445.901 *et seq.* Over the past several months, our Consumer Protection Division has received more than fifty complaints against Executive Car Rental from consumers throughout the country (and one from Germany). Our Office has been reviewing these complaints, and Executive Car Rental's responses to them. We have also interviewed several of the complainants and have been obtaining supplemental documentation from them.

Based on this information, the Attorney General believes Executive Car Rental is engaging in a pattern of unfair trade practices. Many of our concerns surround the collection of security deposits on vehicle rentals. These deposits are often \$250 or more. Evidence demonstrates that Executive Car Rental has been slow to refund these deposits and has failed to do so in some situations. In addition, we have obtained information raising the following concerns:

- For consumers reserving vehicles through Priceline, Executive Car Rental provides terms and conditions that are different from those the

consumer is presented with in the template contract given to the customer upon arriving to pick up the reserved vehicle;

- Although the terms and conditions available through Priceline state that a \$250 deposit will be required for vehicles reserved using a credit card, we have documented at least one instance where the customer was charged a \$500 credit card deposit;
- Although the terms and conditions with the template contract state that "Late Fees: Are assessed once the Vehicle is not returned or extended by 3 p.m.," some customers appear to have been charged additional daily rental rates even when the rented vehicle was returned before 3:00 p.m.;
- At the time of vehicle rental, some customers have been told a hold would be put on the credit or debit card for the security deposit, only to find the card was actually charged the purported hold amount;
- Some consumers who were aware the credit or debit card would be charged for the damage deposit were verbally informed the deposit would be returned in 3-7 days, which commitment was not met;
- Customers reserving vehicles through Priceline were advised through the terms and conditions there that the security deposit would be returned within fourteen days, which is a commitment that was not always kept;
- Upon returning vehicles, multiple customers received receipts purporting to show the costs of the transaction, but which did not show the security deposit that had, in fact, been charged to the credit or debit card;
- Upon complaining to Executive Car Rental about unrefunded deposits, some customers were sent receipts purporting to show the deposit had been refunded, only to learn from their credit or debit card companies that the refund was not effectuated;
- Some consumers have sustained inappropriate charges for damage to the rented vehicle that may have been pre-existing, or which constitutes ordinary wear under the rental agreement, and/or which is in excess of the actual repair costs (for which documentation has not been provided);

The above practices violate the following provisions of the Michigan Consumer Protection Act:

(n) Causing a probability of confusion or of misunderstanding as to the legal rights, obligations, or remedies of a party to a transaction.

(s) Failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer.

(u) Failing, in a consumer transaction that is rescinded, canceled, or otherwise terminated in accordance with the terms of an agreement, advertisement, representation, or provision of law, to promptly restore to the person or persons entitled to it a deposit, down payment, or other payment, or in the case of property traded in but not available, the greater of the agreed value or the fair market value of the property, or to cancel within a specified time or an otherwise reasonable time an acquired security interest.

(y) Gross discrepancies between the oral representations of the seller and the written agreement covering the same transaction or failure of the other party to the transaction to provide the promised benefits.

(bb) Making a representation of fact or statement of fact material to the transaction such that a person reasonably believes the represented or suggested state of affairs to be other than it actually is.

With respect to the refunding of deposits, be advised that this Office does not regard the fourteen days anticipated in the terms and conditions available through Priceline as sufficient to meet the requirement this be done "promptly." MCL 445.903(1)(u). Further, in quoting rental prices through Priceline, on its website, or in counter transactions where consumers have not been advised of the deposit charge, Executive Car Rental has violated MCL 445.903h, which states:

(1) At the time a car rental company provides a consumer with a price quote or estimate for a vehicle rental transaction, and in the rental agreement, the car rental company shall do either of the following:

(a) Provide an estimated total price for the vehicle rental transaction.

(b) Disclose the existence of any vehicle license cost recovery fee and any other separately stated mandatory fee.

MCL 445.903h(1).

January 25, 2019

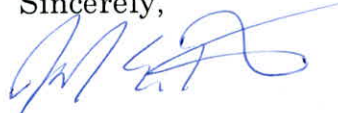
You should immediately cease and desist these unlawful business practices. Executive Car Rental is hereby given notice that the Attorney General may commence a lawsuit on or after February 6, 2019. This lawsuit would seek equitable relief under MCL 445.905, and money damages on behalf of affected consumers pursuant to MCL 445.910.

So there is no misunderstanding, this suit will seek relief both on behalf of Michigan residents and visitors to our State. The MCPA protects consumers "residing in or injured in" Michigan. MCL 445.910(1). Further, the Attorney General will seek to protect business travelers by including in this litigation claims for statutory and common law conversion. The complaints to this Office, as well as those available on websites such as that hosted by the Better Business Bureau, make clear Executive Car Rental's proximity to Michigan's largest airport means many people from out-of-State are being affected by its unfair trade practices. The potential, negative impact on the sector of this State's economy catering to tourists and business travelers only compounds the intolerable treatment of Michigan residents.

We are hopeful that a lawsuit can be avoided through agreement on an assurance of voluntary compliance. In response to a recent consumer complaint, one of your employees stated "from here on, we will take only the authorization instead of a direct charge of the deposit." A binding commitment to this policy change would be an example of a good starting point for such assurances. But any agreement will require Executive Car Rental to address all of the above concerns, including a mechanism to ensure appropriate reimbursements are made to all customers affected by the identified unfair trade practices.

We are available to meet with you in person or by telephone regarding this matter and look forward to your response.

Sincerely,



for

Darrin F. Fowler

Ashlee N. Lynn

Assistant Attorneys General

Corporate Oversight Division

DFE/cms