

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JERRELL D. COBURN, VANESSA
DAMPEER, CASSANDRA HAYNES,
NATHAN MURRAY, ELAINE SIMS and
EDDIE TOBIAS, individually and on behalf of
themselves and all others similarly situated,

Plaintiffs,

v.

DAIMLERCHRYSLER SERVICES NORTH
AMERICA, L.L.C., d/b/a, CHRYSLER
FINANCIAL COMPANY, L.L.C.,

Defendant.

No.

**CLASS ACTION COMPLAINT FOR VIOLATION OF THE EQUAL CREDIT
OPPORTUNITY ACT, SECTIONS 1981 AND 1982 OF THE CIVIL RIGHTS ACT,
AND PENDENT STATE LAW CLAIMS**

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I. INTRODUCTION

1. Jerrell D. Coburn, Vanessa Dampeer, Cassandra Haynes, Nathan Murray, Elaine Sims, and Eddie Tobias bring this class action, individually and on behalf of themselves and all other similarly situated people of color, against DaimlerChrysler Services North America, L.L.C., d/b/a Chrysler Financial Company, L.L.C. (“Chrysler”). Plaintiffs bring this case individually and on behalf of a class all persons whose application for loan financing were rejected by Chrysler pursuant to the illegal financing policies described below.

2. This case is about people of color who applied for loan financing from Chrysler to buy one of Chrysler’s vehicles but were denied financing in a classic case of racial discrimination, forbidden by federal and state statutes, in which Chrysler rejected their applications because they were people of color or because they attempted to purchase their cars from dealerships located in “redlined” neighborhoods with a large proportion of people of color or ethnic or racial minorities.

3. Plaintiffs and members of the class were subjected to racist policies and practices by Chrysler’s Regional Headquarters in Lisle, Illinois that were tolerated and perpetuated by officers in DaimlerChrysler’s North America Headquarters outside Detroit, Michigan. In the process of implementing its redlining policy, evidencing its racially discriminatory intent, Chrysler’s management spoke about African-American customers in racist and derogatory terms, and the highest levels of Chrysler’s corporate hierarchy outside Detroit, Michigan tolerated such racist practices.

4. As a result of Chrysler’s racist policies and practices, Plaintiffs and members of the class were denied financing from Chrysler even though many of them met Chrysler’s standards of creditworthiness and were later able to obtain loans from commercial banks. In addition, plaintiffs and members of the class were refused special financing offers such as zero percent, 1.9 percent, and 2.9 percent financing by Chrysler despite the fact that special rate

financing was made available to white customers with similar or even less acceptable credit ratings.

5. Despite the fact that Chrysler paid for and approved widespread advertisements about the availability of financing to customers, Plaintiffs and members of the class in the class area, defined below, were unable to obtain financing under the same terms, conditions, and rates as white customers with similar credit records in violation of the federal Equal Credit Opportunity Act.

6. Plaintiffs and members of the class were misled and confused by Chrysler's nationwide advertising campaign touting the availability of financing that was not, in fact, available to certain customers because of their race in a classic case of racial discrimination prohibited by Sections 1981 and 1982 of the Civil Rights Act of 1866.

7. Chrysler offered financing to some people of color under worse terms, such as higher rates of interest and larger down payments, than those offered to white customers with similar levels of creditworthiness.

8. When 70 class members did obtain financing from Chrysler through a dealership in Chicago's "South Side" with the help of an African-American "insider" at Chrysler, Chrysler fired the "insider," renounced the properly-executed financing agreements as "nigger deals,"¹ and unlawfully repossessed 70 vehicles without so much as obtaining signed certificates of title, following proper procedures, or providing notices as required by the express terms of the "Retail Installment Contract" signed by each customer and Chrysler. Chrysler's unlawful repossession of vehicles was a criminal violation of the Illinois Motor Vehicle Retail Installment Sales Act, 815 I.L.C.S. 375/1, *et seq.*

9. Chrysler unlawfully threatened to cease all business with two dealerships in Chicago unless they cooperated with Chrysler's racist practices and policies by directly and

¹ In portions of this complaint, plaintiffs set forth the explicit, yet offensive, terms used by Chrysler officials. Plaintiffs are aware of Fed. R. Civ. P. 8 and 12(f). However, plaintiffs believe that the use of the exact terms used is imperative to convey the atmosphere and actions of defendant and its officers.

unlawfully harming, insulting, and humiliating people of color with acts that included, among other things, the rejection of creditworthy African-American applicants and the repossession of cars purchased in “nigger deals” despite properly-executed agreements and current payments by their owners.

10. This case is about Chrysler’s violation of federal and state laws, but it is also about the legal protection of individual dignity, liberty, and property rights for people of color as guaranteed by the Thirteenth Amendment to the U.S. Constitution, federal statutes, and Illinois law, which guarantee all people of color the same rights as white people to make and enforce contracts, purchase and hold property, and obtain loan financing. These rights have been abused by Chrysler’s policy and practice of discriminating against customers on the grounds of race.

11. Plaintiffs seek actual damages, nominal damages, injunctive relief, punitive damages, and attorneys’ fees and costs on behalf of themselves and the proposed class.

II. JURISDICTION AND VENUE

12. This Court has jurisdiction under 28 U.S.C. § 1331 which confers original jurisdiction upon this Court in a civil action arising under the laws of the United States.

13. This Court is the proper venue under 28 U.S.C. § 1391(b), because Chrysler resides in this District, a substantial part of events giving rise to these claims occurred in this District, and Chrysler is subject to the personal jurisdiction of this District.

III. PARTIES

14. As detailed below, Plaintiff Jerrell D. Coburn is an African-American who applied for zero-percent financing but was rejected by Chrysler. Subsequently, he was approved for financing by three different commercial banks. He purchased one of Chrysler’s vehicles at a higher rate of interest than should have been available through Chrysler.

15. As detailed below, Plaintiff Vanessa Dampeer is an African-American who applied for financing but was rejected by Chrysler. Subsequently, she obtained financing from

another institution and purchased one of Chrysler's vehicles at a higher rate of interest than should have been available through Chrysler.

16. As detailed below, Plaintiff Cassandra Haynes is an African-American who applied for financing but was rejected by Chrysler. Subsequently, she obtained financing from another institution and purchased one of Chrysler's vehicles at a higher rate of interest than should have been available through Chrysler.

17. As detailed below, Plaintiff Nathan Murray is an African-American who applied for financing but was rejected by Chrysler. Subsequently, he obtained financing and purchased one of Chrysler's vehicles at a higher rate of interest than should have been available through Chrysler.

18. As detailed below, Plaintiff Elaine Sims is an African-American who applied for financing but was rejected by Chrysler. Subsequently, Elaine obtained financing from another institution and purchased one of Chrysler's vehicles at a higher rate of interest than should have been available through Chrysler.

19. As detailed below, Plaintiff Eddie Tobias is an African-American who applied for financing but was rejected by Chrysler. Subsequently, he obtained financing from another institution and purchased one of Chrysler's vehicles at a higher rate of interest than should have been available through Chrysler.

20. Defendant DaimlerChrysler Services North America, L.L.C., d/b/a Chrysler Financial Company L.L.C., ("Chrysler") has its principal place of business in Farmington Hills, Michigan and at all relevant times was and is a corporation organized under the laws of the State of Delaware that was and is engaged in the business of providing brand-specific financing to retail consumers. Chrysler is qualified to do business in the State of Illinois.

IV. FACTUAL ALLEGATIONS

A. Chrysler Advertises the Availability of Its Financing, Invites Customers to Submit Applications, and Processes Them on the Basis of Objective Criteria

21. Chrysler sponsors nationwide advertising campaigns to inform the public about the availability of financing from Chrysler to purchase vehicles manufactured by Chrysler parent company DaimlerChrysler. The financing expertise of Chrysler is portrayed in these advertisements. Chrysler's advertisements are designed to encourage customers to visit dealerships selling Chrysler's vehicles and to apply for financing toward the purchase of one of Chrysler's vehicles.

22. Specifically, Chrysler sponsors advertisements on television, radio, and print to encourage customers to apply for zero percent financing. Since September 11, 2001, Chrysler has consistently advertised "zero percent financing for 60 months." As a result, customer perception has shifted so that many customers now believe zero percent financing is the normal, standard rate for car purchase financing. Chrysler's advertisements for zero percent financing regularly appear on television and radio, entreating viewers to "see your local dealer."

23. Upon information and belief, Chrysler signs a "Vehicle Financing Agreement" with each local dealership in which Chrysler agrees to buy "sales contracts" evidencing the sale of new and certain used vehicles from each dealership and, thereby, agrees to provide loan financing to a customer purchasing one of Chrysler's vehicles from the local dealership.

24. Specifically, Chrysler agrees to buy each dealership's sales contracts and to provide financing for those customers who meet Chrysler's requirements for creditworthiness.

25. Chrysler provides dealerships in all fifty states with standardized "Credit Application" and "Retail Installment Contract" forms that are presented to customers at each authorized dealership. In addition, Chrysler provides each dealership with a standardized "Forms Order Sheet", a toll-free phone number for reaching Chrysler, and a fax number for reaching Chrysler so that dealers in all fifty states can obtain finance application forms for their customers.

26. At the dealerships, customers obtain and fill out these standardized applications for financing to purchase one of Chrysler's vehicles. The completed applications are submitted by the dealerships to DaimlerChrysler's North America Headquarters outside Detroit for processing and assessment.

27. Chrysler has a computer program called "ACE," which it uses to assess a customer's creditworthiness. **"ACE" stands for "Automated Credit Evaluation."** The ACE program is designed, in theory, to blindly assess a customer's objective financial condition and credit history and to "grade" customers accordingly. Customers are graded using a traditional letter scale of "A" to "F." It is Chrysler's policy and practice to buy dealership contracts and to provide automobile purchase financing *at premium rates* for customers for whom the ACE program has assigned grades of "B" or higher.

28. Around or before May 2001, Chrysler made it mandatory for every Chrysler dealership to use the ACE System for processing applications for customer financing toward the purchase of a Chrysler vehicle.

29. The ACE System considers the following objective criteria: financial condition, credit history, payment to income ratio, debt ratio, monthly rental or mortgage obligations, bankruptcies, automobile repossessions, charge-offs, foreclosures, payment histories, deal factors, and other objective risk-related factors. After processing this objective data, the ACE System assigns a "grade" to each customer.

30. Customers are graded along a traditional letter scale from "A" to "F." The top-most score is "A++" or "Preferred." Chrysler's policy and practice is to provide vehicle purchase financing to customers for whom the ACE System has assigned a grade of "B" or higher.

31. Applications marked with a "B" or higher are automatically approved for financing by Chrysler's ACE System. The whole process is automated. The North America

Headquarters of Chrysler outside Detroit directly communicates approval for applications marked “B” or higher to the local dealership from which the application was submitted.

32. The ACE System also determines whether a customer will receive “special rate” financing based on objective criteria of creditworthiness. Customers with an “A++” grade on the ACE System automatically qualify for zero percent financing. Customers with a grade of “A+” or “A” automatically qualify for 1.9 percent or 2.9 percent financing. Customers with a grade lower than “A” can still qualify for a “special rate” if they make a down payment toward their purchase.

33. Customers with a grade of “B” or higher automatically qualify for “market value” financing. Chrysler’s policy and practice is to provide financing at “market value” to customers for whom the ACE System has assigned a grade above “B” and for whom “special rate” financing is not available.

34. Chrysler produces a chart titled “CFC–Market Value Pricing” with information on the market rate at which Chrysler will provide financing to customers, depending on the grade which the ACE System has assigned to their applications. The North America Headquarters of DaimlerChrysler faxes this chart every month to local dealerships for their use and reference of up-to-date information about the current “market value” available to their customers.

35. Those customers who are not approved for financing and whose contracts are not bought by Chrysler typically attempt to receive financing for their automobile purchases through commercial banks and other lending institutions and typically end up paying higher interest rates than are generally available through the manufacturer. Others customers who are not approved for financing by Chrysler end up either not buying a vehicle at all or end up going to different dealerships or manufacturers for their vehicle purchases. This is particularly true for customers seeking to take advantage of special, low-rate, factory-incentive financing offered by Chrysler.

36. Despite clear guidance from the ACE System and the “CFC—Market Value Pricing” chart, Chrysler regularly and consistently rejects customers in African-American

neighborhoods in the class area defined below who apply for financing at a “special rate,” the “market value,” or any other rate of interest because Chrysler’s racist practices and policies are to “redline” and reject such applications, as described below.

B. Chrysler Subjects People of Color to Extra Scrutiny Through an Unlawful Practice of “Redlining” that Exposes Them to Subjective Criteria and Racist Discrimination

37. Upon information and belief, Chrysler has modified the software that runs its ACE System with a “disabling switch” that is activated with an electronic signature card and, effectively, overrides the ACE System’s objective credit assessment whenever Chrysler receives applications for financing from dealerships that are located in neighborhoods with a large proportion of African-Americans or other minorities.

38. Specifically, the ACE System is designed to assess objective criteria about a customer and to assign a letter grade that determines whether or not the customer qualifies for financing and, if so, at what rate of interest. The ACE System is supposed to provide a colorblind assessment of a customer’s creditworthiness. When the “disabling switch” has been activated for a designated dealership, however, the ACE System automatically scores every application with a “Z” or automatically marks the application as “branch pending.”

39. An application marked “Z” or “branch pending” must be “qualified” by an employee in Chrysler’s Regional Headquarters before gaining final approval. This means that the application will be sent to the Regional Headquarters for an extra level of review from an individual Chrysler Financial employee who applies subjective criteria to the application.

40. In this way, Chrysler bypasses the unbiased and neutral design of the ACE System and “redlines” those loan applications that come from selected dealerships that are located in neighborhoods with large proportions of minorities. This “redlining” is directed not only at people of color but also at other ethnic persons who populate the “redlined” area.

41. “Redlining” is the process of drawing a red line around, or otherwise outlining, a geographic area in which lending is denied due to the demographic characteristics of the area.² The U.S. Department of Housing and Urban Development defines “redlining” to include: the requirement of larger down payments, higher closing costs, higher loan interest rates, and the refusal to lend to applicants over a certain age.³ Racial “redlining” does not rely on predictive factors but makes discriminatory assumptions that people of color, by nature of their race, are unable or unwilling to repay loans. Caucasians enjoy a general presumption of creditworthiness that does not extend to other racial groups.⁴

42. The process of “redlining” targets entire neighborhoods that are deemed high risk, regardless of the creditworthiness of individual loan applicants. These neighborhoods are frequently comprised of racial minorities, African-Americans, Latinos, and other people of color with good credit ratings. Pursuant to the redlining practices described herein, they are barred from “special rate,” “market value,” and other low rate financing by Chrysler. This practice violates the civil and constitutional rights of people of color, including their rights to due process and equal protection, as well as a number of federal and state statutes such as the Civil Rights Act of 1866, 42 U.S.C. §§ 1981 and 1982, the Equal Credit Opportunity Act, 15 U.S.C. § 1691, *et seq.*, and the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 Ill. Comp. Stat. 505/2.

43. Upon information and belief, Chrysler turned on the “disabling switch” in its ACE System for applications from the Marquette Chrysler Jeep Dealership (“Marquette Dealership”) located in a Chicago neighborhood where approximately 90 percent of the residents

² Warren L. Dennis & J. Stanley Pottinger, Federal Regulation of Banking: Redlining and Community Reinvestment ¶ 102, at 1-4 (1980).

³ U.S. Department of Housing and Urban Development, Redlining and Disinvestment as a Discriminatory Practice in Residential Mortgage Loans pt. II, at 4 (1977).

⁴ Joan Kane, The Constitutionality of Redlining: The Potential for Holding Banks Liable as State Actors, 2 Wm. & Mary Bill of Rts. J. 527, 530 (1993).

are African-American. Chrysler has unlawfully “redlined” customers at the Marquette Dealership since at least April 2001.

44. Upon information and belief, Chrysler has turned on the “disabling switch” in its ACE System for applications from the Dodge of Midlothian Dealership in Midlothian, Illinois (“Midlothian Dealership”) located in a neighborhood where approximately 30 percent of the residents are African-American.

45. Upon information and belief, Chrysler has turned on the “disabling switch” in its ACE System, housed in a mainframe in the North America Headquarters outside Detroit, for financing applications submitted by dealerships in Illinois and part of Iowa that are located in neighborhoods with a large proportion of racial minorities. This unlawful practice of “redlining” has resulted in unlawful discrimination against people of color on the grounds of race.

46. When applications from a particular dealership are “redlined” so that the ACE System gives them a rating of “Z” or “branch pending,” Chrysler subjects those applications to an additional level of review by an individual employee in Chrysler’s Regional Headquarters who applies subjective criteria to the applications. The individual employees implement Chrysler’s racist policy and practice of denying financing to “niggers,” as such policy is described below, at the explicit direction of top-level managers assigned by Chrysler to supervise all financing applications in Illinois and part of Iowa.

47. Customers rejected by Chrysler for loan financing often seek financing from commercial banks, or other lending institutions, where they often pay higher interest rates to finance the purchase of one of Chrysler’s vehicles. This is particularly true during the class period, as defined below, as Chrysler was offering low or zero percent financing.

48. Many commercial banks, and other lending institutions, evaluate an applicant’s creditworthiness using a computer program called “EMPIRICA.” The Empirica program analyzes empirical data from the applicant, assesses the applicant’s financial condition and credit history, and scores the applicant along a numerical point system. A score of 800 is the maximum

and best possible score. Commercial banks, and other lending institutions, often consider applicant scores above 600 to be good, creditworthy scores.

49. Upon information and belief, Chrysler considers applicant scores above 600 on Empirica to be good, creditworthy scores. An Empirica score above 700 roughly corresponds to an “A++” or “Preferred” grade assigned by the ACE System. An Empirica score of 700 roughly corresponds to an “A+” grade. An Empirica score of 650 roughly corresponds to an “A-” grade. An Empirica score of 600 roughly corresponds to a “B” grade. An Empirica score of 575 roughly corresponds to a “B-” grade.

50. Upon information and belief, the ACE System automatically approves “special rate” financing of zero, 1.9, or 2.9 percent for applications with Empirica scores above 670. An Empirica score of 670 roughly corresponds with an “A” grade on the ACE System. However, none of these special rates are made available to applicants from “redlined” dealerships. Instead, Chrysler rejects applicants from “redlined” districts despite the fact that many of them have Empirica scores above 670.

51. Upon information and belief, Chrysler routinely approves “special rate” financing of zero, 1.9, or 2.9 percent for applications with Empirica scores between 650 and 670 when customers make down payments on their vehicle purchases. However, Chrysler does not inform applicants of “redlined” districts with Empirica scores of 650 to 670 that they have the option of making a down payment to obtain “special rate” financing. Instead, Chrysler denies them altogether, regardless of their creditworthiness and regardless of their willingness to make a down payment.

C. Chrysler Rejects Applications from “Redlined” Districts

52. Plaintiff Jerrell D. Coburn is an African-American who applied for loan financing from Chrysler through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler’s vehicles.

53. Mr. Coburn scored a 656 on the Empirica program which is, easily, a passing and creditworthy score with a corresponding grade of “A-” on the ACE System. Nevertheless, Chrysler rejected Mr. Coburn’s loan application and refused to provide loan financing for his vehicle purchase. Mr. Coburn never received a written notice from Chrysler stating the reasons for his rejection or informing him of his right to obtain a statement of reasons.

54. Mr. Coburn ultimately received loan financing from lending institution ICUL Service Corp. at an interest rate of 8.75 percent over a repayment period of 72 months. Mr. Coburn used this financing to purchase a Jeep Grand Cherokee from Chrysler on June 19, 2002 at an interest rate that was significantly higher than the rate for which he should have qualified under Chrysler.

55. Plaintiff Vanessa Dampeer is an African-American who applied for loan financing from Chrysler through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler’s vehicles.

56. Ms. Dampeer scored a 641 on the EMPIRICA program which is, easily, a passing and creditworthy score with a corresponding grade of “B+” on the ACE System. Nevertheless, Chrysler rejected her loan application and refused to provide any loan financing for her vehicle purchase. Ms. Dampeer never received a written notice from Chrysler stating the reasons for her rejection or informing her of her right to obtain a statement of reasons.

57. Ms. Dampeer ultimately received loan financing from lending institution ICUL Service Corp. at an interest rate of 11 percent over a repayment period of 72 months. She used this financing to purchase a Chrysler Sebring from Defendant on February 7, 2002 at an interest rate that was significantly higher than the rate for which she should have qualified under Chrysler.

58. Plaintiff Cassandra Haynes is an African-American who applied for loan financing from Chrysler through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler’s vehicles.

59. Ms. Haynes scored a 672 on the EMPIRICA program which is, easily, a passing and creditworthy score with a corresponding grade of “A” on the ACE System. Nevertheless, Chrysler rejected her loan application and refused to provide loan financing for her vehicle purchase.

60. Ms. Haynes ultimately received loan financing from lending institution ICUL Service Corp. at an interest rate of 10 percent over a repayment period of 72 months. She used this financing to purchase a Jeep Grand Cherokee from Chrysler on February 22, 2001 at an interest rate that was significantly higher than the rate for which she should have qualified under Chrysler.

61. Plaintiff Nathan Murray is an African-American who applied for loan financing from Chrysler Financial through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler’s vehicles.

62. Mr. Murray’s co-signer on the loan was his mother, Maimie L. Murray, who scored a 726 on the Empirica program which was, easily, a passing and creditworthy score with a corresponding grade of “A++” on the ACE System. Nevertheless, Chrysler rejected Nathan’s loan application and refused to provide loan financing for the vehicle purchase.

63. Mr. Murray ultimately received loan financing from Harris Bank with Maimie as the co-applicant on the loan at an interest rate of 9.95 percent over a repayment period of 72 months. He used this financing to purchase a Jeep Liberty from Chrysler on June 13, 2002 at an interest rate that was significantly higher than the rate for which he should have qualified under Chrysler.

64. Plaintiff Elaine Sims is an African-American who applied for loan financing from Chrysler Financial through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler’s vehicles.

65. Ms. Sims scored a 681 on the Empirica program which is, easily, a passing and creditworthy score with a corresponding grade of “A” on the ACE System. Nevertheless,

Chrysler rejected her loan application and refused to provide loan financing for her vehicle purchase.

66. Ms. Sims ultimately received loan financing from lending institution ICUL Service Corp. at an interest rate of 8.64 percent over a repayment period of 72 months. She used this financing to purchase a Chrysler 300M on November 8, 2001 at an interest rate that was significantly higher than the rate for which she should have qualified under Chrysler.

67. Plaintiff Eddie Tobias is an African-American who applied for loan financing from Chrysler through the Marquette Dealership, located in a neighborhood that is 90 percent African-American, to purchase one of Chrysler's vehicles.

68. Mr. Tobias scored a 682 on the Empirica program which is, easily, a passing and creditworthy score with a corresponding grade of "A" on the ACE System. Nevertheless, Chrysler rejected his loan application and refused to provide loan financing for his vehicle purchase. Mr. Tobias never received a written notice from Chrysler stating the reasons for his rejection or informing him of his right to obtain a statement of reasons.

69. Mr. Tobias ultimately received loan financing from lending institution Harris Bank at an interest rate of 12.25 percent over a repayment period of 72 months. He used this financing to purchase a Chrysler Sebring on June 30, 2001 at an interest rate that was significantly higher than the rate for which she should have qualified through Chrysler.

D. The Reasons for Redlining Stem From Racist Practices and Policies

70. Chrysler not only "redlines" applications by turning on the "disabling switch" in the ACE System, located in a mainframe in the North America Headquarters, for designated dealerships in North America but, in addition, Chrysler implements its racist practices and policies through various Regional Headquarters such as the one in Lisle, Illinois.

71. Specifically, Chrysler has implemented racist practices and policies in its Regional Headquarters in Lisle, Illinois where it employed Don Spaniak as Dealer Sales

Manager with responsibility for the “Chicago Zone” encompassing the entire state of Illinois and part of Iowa. Spaniak was number-two person in the Regional Headquarters of Chrysler.

72. In approximately mid-January 2001, Spaniak phoned the owner of the Marquette Dealership in “South Side” Chicago and indicated that there was a problem with certain sales contracts that had been sold to Chrysler by the Marquette Dealership. Spaniak said his supervisor, the Zone Manager, wanted to set up a meeting to discuss the problem.

73. The Zone Manager was Chrysler’s top representative in the entire region. He was employed in Chrysler’s Regional Headquarters in Lisle, Illinois and given primary responsibility for the “Chicago Zone” encompassing the entire state of Illinois and part of Iowa. He had been with Chrysler for 38 years.

74. A few days after Spaniak’s call to the Marquette Dealership, the Zone Manager arrived at the Marquette Dealership accompanied by Spaniak, Bob Hickey, and Dan Howard. Chrysler employed Bob Hickey and Dan Howard in its Regional Headquarters where they worked under the Zone Manager’s supervision. The owner of the Marquette Dealership, Gerald Gorman, received the four representatives into his office in the “South Side” of Chicago. Gerald’s Chief Financial Officer for the Marquette Dealership and the Midlothian Dealership, Shawn Temple, also attended the meeting.

75. The Zone Manager showed Gerald and Shawn paperwork on approximately 30 dealership sales contracts that had been recently purchased by Chrysler Financial from the Marquette Dealership. The Zone Manager claimed these sales contracts never should have been accepted, or purchased, by Chrysler and that they must have been “fraud deals.” The 30 sales contracts in question were, predominantly, contracts with African-American or other minority customers.

76. The Zone Manager then asked his employee, Dan Howard, an African-American, to leave the room. After Howard left the room, the Zone Manager stated that it was his opinion that these sales contracts had been accepted and bought by Chrysler because African-American

employees of Chrysler and the dealership were manipulating the computer system in order to get the deals approved.

77. Specifically, the Zone Manager stated:

“This happened because all these niggers are involved. We found out these ‘mulignons’ [a derogatory racial slur] were getting bought and approved by Chrysler when they should be standing on the bus. And if it weren’t for Rosa Parks those niggers would still be standing in the back of the bus. What’s more embarrassing is that one of our dumbest niggers, Dan Howard, caught this before anyone else. Our nigger, Bruce Johnson, was manipulating our computer system to get these niggers bought [meaning, to get their financing approved]. I’ve fired our nigger and I want you to fire your niggers that were involved.”

78. The Zone Manager explained these loans were now the dealers’ problem:

“It’s your problem because your niggers must be part of the scam. Do you really believe that these people really think that they should have a new car? These people shouldn’t be able to get financing for a Schwinn [bicycle]. Those niggers have never paid anyone. I hate computers. In the old days with the written logs I would have seen all these niggers getting bought [i.e. approved] and it would have never gotten this far. I still can’t believe that no one caught it earlier. My whole office knows that I don’t buy nigger paper [meaning, “I don’t approve financing for African-American customers”]. I might buy some niggers at a suburban store because at least they’re smart enough not to get shot while trying to buy a car in the ghetto.”

79. Gerald and Shawn then suggested that if there had been fraud on the part of one of Chrysler’s employees, then this was potentially a crime and that the proper authorities should be contacted. The Zone Manager refused, explaining, “Do you think you could put these niggers in front of a jury full of Cook County niggers and get a conviction? Are you out of your mind?”

80. Gerald and Shawn suggested that, if there was employee fraud, Chrysler could file an insurance claim. If it could be proven that there was employee fraud, Gerald and Shawn explained, then Chrysler might have coverage under the employee dishonesty provisions of its insurance policy to protect it from any loss. The Zone Manager refused this suggestion and explained that the insurer for the loss would be Chrysler Insurance Company and, thus, any claim would only shift the loss from Chrysler Financial to Chrysler Insurance. He further

explained that his “boss,” Thomas McAlear, was the head of both Chrysler Financial and Chrysler Insurance. Consequently, the Zone Manager said he was going to handle this “internally.”

81. While discussing Chrysler management, the Zone Manager explained his growing distaste for management ever since the merger between Chrysler and the German Daimler Corporation, this time using slurs directed toward people of the Jewish faith.

82. When the Zone Manager again demanded that Gerald fire his black employees, Gerald indicated that he had seen no proof that any of his employees had done anything wrong and insisted that he would not fire them. To this, the Zone Manager claimed, “your guys have to be involved and either they are paying for it or they are getting paid by the customers. Now let me talk to your ‘moolies.’”

83. The term “moolies” or “mulignons” is an offensive racial slur used in the Chicago area in derogatory reference to African-Americans. Upon information and belief, the term derives from the Italian word “mulignana” which means “eggplant” in southern Italy where it is, also, used as a derogatory term for people of color with the implication that they appear dark on the “outside” but they act as if they were white on the “inside.” This term was used by the Zone Manager in the shortened form of “moolies” that is used around Chicago.

84. At the Zone Manager’s request, Gerald brought in Bobby Strickland who was employed as the finance manager at Gerald’s Marquette Dealership. Bobby is African-American. The Zone Manager showed Bobby paperwork on the 50 “fraud deals” in question and asked, “how did you get these rats financed.” Bobby replied, “I’m a good finance guy and I sent them in [through Chrysler’s ACE System] and they were bought [approved for financing by Chrysler].” When the Zone Manager challenged him on this, Bobby again explained, “I just send them in [through the ACE System] and if they get bought, then they get bought and we sell them the car.”

85. Bobby was then excused from the room, at which time the Zone Manager stated, “who is that moolie kidding? That f_____ nigger is involved. Let me talk to your other nigger.”

86. Gerald then brought in Vino Smith who was employed as his sales manager for the Marquette Dealership. The Zone Manager showed Vino the paperwork on the 50 “fraud deals” in question and asked, “How did you sell all these new cars? What do you know or do that other managers can’t do to sell cars to these rats and to get them financed?” Vino answered that he did not appreciate the tone of the question and explained that, “it’s simple. We sent the deals in [thru the ACE System] and they got bought.”

87. The Zone Manager then asked Vino if he knew Bruce Johnson, the fired African-American employee of Chrysler Financial who the Zone Manager had earlier accused of manipulating the computer program in order to provide financing to black customers who should not have otherwise qualified. Vino answered that he knew the name and knew that he worked for Chrysler Financial in the Lisle Regional Headquarters. The Zone Manager asked Vino if he knew Bruce Johnson personally, whether they ever “hung out together” or whether they frequented the same bar. Vino answered that he had never met Bruce Johnson and that he did not know him personally. At this, the Zone Manager stated, “Well, I see there is no use in talking to you,” and excused Vino.

88. Vino then began to leave the room and was only just outside the door when the Zone Manager exclaimed with yet another racial slur, “that shine is lying.” Vino, overhearing this remark, became enraged and threatened to call his pastor as well as “Operation Push” to tell them that “the man at Chrysler Financial is a racist and a bigot.” Shawn took Vino into a different room and succeeded in calming him down. The Zone Manager then suggested that the meeting be reconvened at Chrysler’s Regional Headquarters in Lisle in a few days.

89. In February 2001, Gerald and Shawn met with the Zone Manager in his office at Chrysler’s Lisle, Illinois regional headquarters for Chrysler’s “Chicago Zone.” The Zone

Manager began by handing over a list of all the Marquette Dealership sales that the Zone Manager claimed were “frauds.” The list had grown from roughly 30 to around 58. All of these sales were originally sold by the Marquette Dealership on a “without recourse or payment obligation” basis. This means that in the event of a default on the part of the buying customer, Chrysler would carry the outstanding liability on the vehicle. At the end of the list was a demand calling for Gerald to sign full recourse on the roughly 58 sales and to pay off Chrysler’s end of the financing. This would, in effect, have changed the terms of the sales contract and made the Marquette Dealership liable to Chrysler for the remaining balance owed on the vehicles.

90. Gerald said that he could not sign for all these contracts, as it would be prohibitively expensive. To this, the Zone Manager stated, “well, you’ve got your niggers to thanks for that.” Gerald reminded the Zone Manager that it was the Zone Manager’s own employee, Bruce Johnson, who was fired and whom the Zone Manager had originally accused of manipulating the computer system, and that nothing had been proven regarding Gerald’s employees. The Zone Manager stated, “that’s why I’ll help you.”

91. Gerald again suggested that he simply make an insurance claim on his policy with Chrysler Insurance to cover any losses associated with the “nigger deals,” as Chrysler management called them. The Zone Manager again indicated that he did not think an insurance claim would solve the problem but said he would check on that possibility right away. He then left the room and returned about ten minutes later with Jim O’Brien, a Chrysler Insurance representative, whose office was also located in the Lisle Regional Headquarters. As O’Brien explained, “I don’t think you’d be covered under your policy because it was one of Chrysler’s own employees on the inside who manipulated the computer to get these deals approved.”

92. Gerald then suggested filing a claim on Chrysler’s policy for employee dishonesty, but O’Brien stated that would not help because Chrysler would be essentially “self-insured” for the loss. As the Zone Manager then explained, “what, do you think we have

insurance for nigger fraud? The bottom line is you just can't trust these guys and that's why I don't buy nigger paper."

93. The Zone Manager then explained how the full recourse agreement would work and how he would "help." According to this agreement, Chrysler would provide notice to Gerald if and when the customers from the Marquette Dealership "fraud deals" became either 30, 60, 90, and/or 120 days late with their payments. This was to allow Gerald and his staff to help with the collection of payments. If the customer became more than 120 days late with a payment, Chrysler was to repossess the cars and turn them back over to Gerald's Midlothian Dealership to become part of that dealership's floor plan for invoice.

94. The Zone Manager promised to support Gerald with the buying of sales contracts and the financing of customers at the Midlothian Dealership (where the percentage of African-American customers was much lower than at the Marquette Dealership) but stated: "now you can see why I don't buy [financing for] mulignons."

95. By way of threats to close down the dealership, coercion, and intimidation, the Zone Manager ultimately forced Gerald to sign a full recourse agreement in which Gerald agreed to assume the majority of financial losses associated with the Marquette Dealership "fraud deals."

E. Chrysler Unlawfully Repossesses Automobiles Without Giving Owners Notice or a Chance to Repurchase Their Cars

96. Several days after coercing Gerald Gorman to sign a "full recourse" agreement, Chrysler began repossessing vehicles purchased by African-Americans and others from the Marquette Dealership. The number of vehicles targeted for unlawful repossession eventually grew to approximately 70. Chrysler dropped off repossessed vehicles at the Marquette Dealership. Contrary to the agreement signed with the Zone Manager, Gerald was never provided any notice that customers from the Marquette Dealership were late in making their payments and he was never provided with the opportunity to help collect on those payments.

97. Gerald came to learn that many of these vehicles were repossessed from customers who either never missed a payment or were only marginally late with a payment.

98. Additionally, Gerald came to learn that none of his customers were ever given written notice that their cars had been repossessed and that they had the option of redeeming their vehicles by coming current with payments. Gerald never received any copies of such notices. This action by Chrysler was not only illegal and a violation of the Illinois Motor Vehicle Retail Installment Sales Act, as shown below, but it also violated the terms of the Vehicle Financing Agreement between Chrysler and Gerald's dealerships which required notice to be sent to the customers and copies of the notice to be sent to Gerald.

99. Indeed, Chrysler failed to provide owners of the repossessed vehicles with (a) written notice that they were late in making payments, (b) written notice that their vehicles would be repossessed, (c) written notice that they had the legal right to redeem their vehicles, or (d) an affidavit of defense. Chrysler's conduct violates the terms of "Retail Installment Contract" forms signed by each customer. In addition, Chrysler's violates the criminal provisions of the Illinois Motor Vehicle Retail Installment Sales Act, 815 Ill. Comp. Stat. 375/2.4 and 375/17.1; 625 Ill. Comp. Stat 5/3-114(f-5)(1) and (2); and 625 Ill. Comp. Stat. 5/3-114(f-7)(1).

100. Many vehicles were repossessed from owners who never missed a payment or were only marginally late with a payment. Chrysler must have accelerated the maturity of their debt without reasonable cause, in violation of Chrysler's contractual obligations under the "Retail Installment Contract" and in criminal violation of the Illinois Motor Retail Installment Sales Act, 815 Ill. Comp. Stat. 375/2.4.

101. In early March, Gerald and Shawn went to see the Zone Manager at Chrysler's Regional Headquarters in Lisle to complain about Chrysler's improper repossession of customers' vehicles and its failure to abide by the full recourse agreement that they had forced upon the Marquette Dealership.

102. Also at this meeting, Gerald complained to the Zone Manager that he was not supporting Gerald with financing for customers at the Midlothian Dealership, as the Zone Manager had promised at their prior meeting. The Zone Manager stated, “well, I told you I was not going to buy rats or ‘moolies’ anywhere.” Gerald suggested that perhaps there needed to be better communication between the dealerships and Chrysler’s Regional Headquarters in Lisle. It was then agreed to schedule another meeting to include other employees from Chrysler’s Regional Headquarters as well as the sales and finance managers of the Marquette and Midlothian Dealerships to facilitate better communication.

F. Business as Usual: Chrysler Might Finance Suburban African-Americans, But It Refuses to Finance “the Nigger” Shopping in the South Side “Ghetto” of Chicago

103. About 10 days later, in mid-March 2001, a meeting was held in a conference room at Chrysler’s Regional Headquarters in Lisle. Present at the meeting were the following employees from Chrysler’s Regional Headquarters: (a) the number-one person in the Regional Headquarters, the Zone Manager, (b) the number-two person in the Regional Headquarters, Don Spaniak, (c) Bob Hickey, and (d) Jim Shultz. The following personnel from Gerald’s local dealerships were present: Gerald Gorman, CFO Shawn Temple, General Manager Joe St. Germaine, and Finance Managers Mike Keys and Mike Miller.

104. The Zone Manager began the meeting by explaining in graphic, profane and racially derogatory terms the fact that Chrysler did not want to finance deals from the Midlothian area.

105. Joe St. Germaine, General Manager for the two dealerships, then asked the Zone Manager why Chrysler was willing to buy sales contracts and provide financing to minorities at a nearby and competing suburban Chrysler dealership, when those suburban customers’ credit was no better than the customers’ credit at the “South Side” Marquette Dealership. To this, the Zone Manager replied, “well, you’ve got to give the nigger a little credit for shopping in the suburbs where the washrooms are cleaner and he has a better chance of getting off the lot with his new ride without getting killed.”

106. Joe St. Germaine pointed out that Chrysler has a better record of financing minority customers at Elmhurst Dodge, another suburban dealership. Again, the Zone Manager replied, “a higher class suburban ‘shine’ is better than those dog a [expletive deleted] south side ghetto pieces of s __ _ t. If we are lucky enough to find a shine with a job who could prove it and who met all the other requirements, then maybe we would take a look at him. But don’t think I’ll buy a f _ _ _ _ _ g dog ass at Marquette just because Midlothian sells me good paper from good customers. To be honest with you, I’d prefer that you not send me one f _ _ _ _ _ g customer from the ghetto. I got f _ _ _ _ _ d at Harvey Chrysler Plymouth [for financing minorities] and I’m not going to take the heat from Detroit for getting f _ _ _ _ _ d again. We just put ninety cars on the streets as gifts to those pieces of shit and they’re f _ _ _ _ _ g us already.”

107. The Zone Manager stated at this meeting that the he would not even buy contracts for African-Americans from another Chrysler dealership on the “south side” of Chicago, which was owned by one of the Zone Manger’s “best friends,” because this dealership was also located in “the ghetto.”

108. Also during this meeting, the Zone Manager said he wished to avoid “taking heat from Detroit” over losing money on financing for African-Americans.

109. At this point, and on several other occasions during the course of this meeting, the Zone Manager’s own employee, Don Spaniak, attempted to interrupt the Zone Manager and to change the course of the conversation. Each time, the Zone Manager would cut him off, explaining, for example, “Don gets really nervous when I talk this way but I don’t care who hears me. Everyone knows how I feel about them, including Detroit. And that’s why my losses are lower than everyone else’s and why I run the most profitable zone in the country—because I don’t buy nigger paper.”

110. At this meeting, the Zone Manager commented on the fact that beginning around December 2000, Chrysler had been making buyout offers to many employees in an effort to downsize and reduce costs. He mentioned that he had previously been offered such a buyout but

that Chrysler was so happy with the job he was doing in the Chicago Zone that they talked him out of taking the buyout and convinced him to stay on for one more year to help “groom” his successor. Chrysler also wanted to pass on the racist practices and policies that the Zone Manager, in his own words, credited for his success in running the most profitable zone in the country.

111. Indeed, the Zone Manager bragged that he ran the most profitable Chrysler Zone in the country precisely because of his racist practices and policies. As he explained to Gerald, “these f_____g Germans build these cars for you to sell but we have to finance them and the f_____g niggers don’t pay. Everyone [at Chrysler] knows they don’t pay and we’ve got the statistics to prove it.”

G. Chrysler’s North America Headquarters Knew About Widespread Racial Discrimination But Did Nothing About It

112. Brad Norman is a Vice-President for Chrysler Financial who works in Chrysler’s North America Headquarters outside Detroit, Michigan.

113. In June 2002, Chrysler Vice-President Norman came to Chicago to meet with Gerald and Shawn. The following personnel from Regional Headquarters in Lisle accompanied Norman to the meeting: new Zone Manager Ben Boggs, Supervisor Matt Van Soync, and Sales Manager John Means. The meeting had been called to discuss (a) the “fraud deals” in which Chrysler insider Bruce Johnson helped African-Americans obtain financing, (b) a series of new loan documents that Chrysler wanted Gerald to sign, and (c) Gerald’s financial statement for the Midlothian Dealership.

114. Gerald explained the history behind the forced agreements that he was unlawfully forced to sign prior to Chrysler’s unlawful repossession of numerous vehicles. He spoke about the losses he suffered as a result of Chrysler’s charges for the “fraud deals,” and he spoke about Chrysler’s unwillingness to finance his African-American customer base at the Marquette Dealership, despite the fact that many of them were creditworthy. Gerald explained that these severe financial losses might require him to seek legal counsel.

115. After listening to Gerald, Chrysler's Vice-President from Detroit, Brad Norman, simply suggested that it would be best to let "the lawyers" handle issues surrounding the African-American contracts purchased by insider African-American Bruce Johnson and the subsequent and unlawful repossessions by Chrysler of vehicles purchased with the approval of Chrysler insider Bruce Johnson.

116. During the course of the meeting, Boggs's cell phone rang and he left the room to take a call. When he returned after ten minutes, he looked around the room and asked, "Well guys, what did we decide to do with Gerry's nigger deals? Ha-ha." At this, everyone else in the meeting, with the exception of Norman, the Chrysler Vice-President from Detroit, stared at each other in shock at the glib use of such abhorrent language, especially in such a sensitive setting and in the presence of a senior executive from Chrysler's North American Headquarters. Everyone also appeared surprised that Norman appeared to be completely unmoved by this comment and did not react to it in any fashion whatsoever. Norman never spoke against this remark. Instead, he left the meeting without suggesting any change in Chrysler's discriminatory practices, the derogatory name-calling of senior management in the Regional Headquarters, or the coercive conduct towards Gerald.

117. Norman returned to Detroit after the Chicago meeting and never mentioned anything about the blatant racist discrimination practiced in the "Chicago Zone" to his colleagues or supervisors in North America Headquarters.

118. A few months later, on September 18, 2002, Gerald spoke with two Chrysler Vice-Presidents, Jerry Beverman and Thomas McAlear, working in the North America Headquarters outside Detroit. McAlear was one of Chrysler's top Vice-Presidents in the United States and Chrysler Financial's Chief Operating Officer. Both vice-presidents claimed they never heard anything from Vice-President Norman about his meeting in Chicago with Gerald. It appears that Norman was not alarmed by the racist policies and practices of the Regional Headquarters. He did not bother to report to the home office on what he heard in the Chicago

meeting, including the history of racial discrimination, profiling, and redlining practiced in the “Chicago Zone” or the blatantly racist and offensive remarks made by Boggs.

119. A few weeks later, Chrysler’s top Vice-President in the United States and its Chief Operating Officer, Thomas McAlear, agreed to come to Chicago to meet with Gerald to discuss the situation. This meeting took place on or about November 1, 2002 at the Hyatt Hotel at Chicago’s O’Hare International Airport. Present at the meeting were Thomas McAlear, Gerald Gorman, Shawn Temple, and another local Chrysler dealership owner. McAlear began by simply saying, “Gerry, so we have some current and former Chrysler people who like to throw around the ‘n-word.’ Where does that leave us? How does that hurt you?”

120. Even before Vice-President Norman’s meeting in Chicago with the owner of the Midlothian and Marquette Dealerships, Chrysler knew or should have known about racist language, practices, and policies in the “Chicago Zone.”

121. Specifically, Chrysler knew or should have known about racist language, practices, and policies because of its own conduct in constructing, maintaining, and tolerating such practices and policies throughout the “Chicago Zone.”

122. Specifically, Chrysler knew or should have known about racist language, practices, and policies, because Chrysler maintains a computer mainframe housing the ACE System in its North America Headquarters where the “disabling switch” is set to “redline” designated neighborhoods.

123. Specifically, Chrysler knew or should have known about racist language, practices, and policies because Chrysler was previously sued in New Jersey for charging higher rates of interest on loan financing to African-Americans than to white customers with similar creditworthiness, *Smith v. Chrysler Financial Co.*, Civ. Act. No. 00-6003 (D.N.J. Dec. 8, 2000).

124. Specifically, Chrysler knew or should have known about racist language, practices, and policies because similar discrimination was the subject of a high-profile investigation by the U.S. Department of Justice in 1995 against Chrysler for charging higher

rates of interest to African-American customers in violation of federal lending discrimination laws. Bloomberg News, *Chrysler Also Asked for Details on Loan Practices*, Mar. 19, 1995.

125. Despite the fact that Chrysler's North America Headquarters was prompted or should have been prompted to investigate its own racist language, practices, and policies by numerous external events — an inquiry of the U.S. Department of Justice, widespread litigation and controversy over similar misconduct by competitors, and stories in the popular media — Chrysler took no steps to remedy its own discriminatory language, practices and policies.

126. Despite the fact that Chrysler's North America Headquarters was prompted or should have been prompted to investigate its own racist language, practices, and policies by numerous internal events — misconduct in Regional Headquarters, Vice-President Norman's meeting in Chicago, the self-proclaimed racism of Zone Managers in North Carolina and Illinois, and other events — Chrysler took no steps to remedy its own discriminatory language, practices, and policies.

127. Chrysler knew or should have known about its own racist language, policies, and practices, but it refused to make any changes. The simplest explanation of why Chrysler refused to change is the one given by its own Zone Manager as the reason for his success in running the most profitable zone in the country. In short, Chrysler thought it was profitable to discriminate.

H. Chrysler Refuses to Finance African-American Customers at the Marquette and Midlothian Dealerships in Chicago

128. Beginning around September of 2002, Chrysler stopped financing all African-American customers at the Marquette Dealership, regardless of their creditworthiness. In addition, Chrysler slowed financing for African-American customers at the Midlothian Dealership, regardless of their creditworthiness. Upon information and belief, Chrysler had stopped financing African-American customers at other "redlined" dealerships.

129. Around September 2002, and ever since October 2001, Chrysler had an ongoing nationwide factory-incentive financing program in place for all U.S. dealerships in which Chrysler offered to sell cars with no money down and at factory-incentive financing rates of zero

percent, 1.9 percent, or 2.9 percent. However, Plaintiffs were unable to purchase vehicles through this nationwide program despite their interest and creditworthiness.

130. Chrysler refused to finance African-American customers at the Marquette Dealership despite the fact that many African-American customers, including Plaintiffs, had satisfactory credit records and satisfactory financial conditions that, ordinarily, would have guaranteed automatic approval through the ACE System if the applicants had been white or if the applicants had submitted their forms through dealerships located in neighborhoods that were not unlawfully “redlined” by Chrysler.

131. Many customers at the Marquette Dealership, the Midlothian Dealership, and other local dealerships who were turned down by Chrysler ended up financing their purchases through independent banks and other lending institutions that approved these customers for financing, albeit at a typically higher rate of interest than the rates for which the customers should have qualified through Chrysler.

132. Many customers simply walked away from purchases altogether, discouraged by their rejection, or looked to other dealerships or manufacturers for their vehicle purchases. This is especially true for customers who sought to take advantage of, and who should have been approved for, Chrysler’s nationwide factory-incentive financing at zero percent, 1.9 percent, and 2.9 percent.

133. Chrysler’s refusal to finance creditworthy African-American customers at the Marquette Dealership, the Midlothian Dealership, and other dealerships in “redlined” neighborhoods was discriminatory in nature and violated the civil rights and constitutional rights of people of color to make and enforce contracts, hold and purchase property, and be treated the same as white and/or suburban customers.

I. Chrysler’s “Redlining” Practices Are Confirmed By Chrysler’s Own Employees

134. In late September 2002, Chrysler conducted a “Retail Competitive Analysis,” also known as a “Retail Credit Analysis” (“RCA”), on the Midlothian Dealership owned by Gerald

Gorman. Matt Van Scyoc was employed as a “Dealer Relations Manager” by Chrysler. He performed the RCA on the Midlothian Dealership. Van Scyoc had previously attended the June 2002 meeting between Gerald, Boggs, and Vice-President Norman.

135. The results of this RCA were provided to Gerald on September 30, 2002. Van Scyoc’s summary indicates that the RCA was conducted to provide “a review of a dealership’s retail finance and reserve relationship with its finance sources.” One of the express purposes of the RCA is to show dealers how they can make additional profit and improve their “bottom line” by arranging more customer financing through Chrysler.

136. Specifically, the RCA compared Midlothian Dealership sales financed through Chrysler with sales financed through banks and alternative lending institutions during the months of August and September 2002. The results unequivocally and independently showed that Chrysler was not financing all the sales from Midlothian that it should have been financing and that many well-qualified customers were being sent to banks and other lending institutions after having been turned down by Chrysler.

137. Gerald discussed the results of the RCA with Van Scyoc. Van Scyoc verbally confirmed that the results of the RCA clearly showed that Chrysler was not financing all the sales that it should have been financing and that many well-qualified customers were being sent to banks and alternative lending institutions after Chrysler turned them down. Van Scyoc stated: “I have to apologize to you, Gerry. You have been complaining about Chrysler not supporting you with your buying and you were right. We definitely missed some of these deals and there is no question that we should have been buying them.”

138. Upon information and belief, Chrysler rejected financing applications from creditworthy customers at the Midlothian Dealership because the dealership was located in a “redlined” neighborhood.

J. Plaintiffs' Damages

139. As a result of Chrysler's racial discrimination, Plaintiffs have sustained financial damages to the extent they were forced to obtain financing from commercial banks and other lending institutions at higher rates of interest than those for which they should have qualified through Chrysler.

140. Plaintiffs are entitled to actual damages, nominal damages, injunctive relief, punitive damages, and attorney's fees and costs.

V. CLASS ALLEGATIONS

141. All of the preceding paragraphs are incorporated herein by reference.

142. Plaintiffs bring their claims on their own behalf and on behalf of a class of people of color nationwide who applied for loan financing from Chrysler in Illinois and Iowa and who were rejected despite their creditworthiness, received loan financing from other lending institutions, and subsequently purchased vehicles from Chrysler or another manufacturer at a higher rate of interest than should have been available through Chrysler.

143. The requirements of Fed. R. Civ. P. 23(a), (b)(2), and (b)(3) are satisfied as alleged below.

144. The class satisfies Fed. R. Civ. P. 23(a)(1) requiring each class to be "so numerous that joinder of all members is impracticable." The exact number of class members is subject to the exclusive control of Chrysler. Plaintiffs believe there are no less than three hundred and as many as several thousand members of the class. The members in the class are so numerous that joinder of all members is impracticable.

145. The class satisfies Fed. R. Civ. P. 23(a)(2) requiring "questions of law or fact common to the class." In addition to common questions within the class, as described in the definitions below, the following questions of law and fact are common to the class:

- a. Whether Chrysler conducted an advertising campaign to promote the availability of financing and to inform the public about its expertise in financing;

- b. Whether Chrysler provided standardized “Credit Application” and “Retail Installment Contract” forms to local dealerships to help them obtain loan financing applications for submission to Chrysler;
- c. Whether local dealerships sent loan applications to the North America Headquarters of Chrysler for processing in the ACE System;
- d. Whether the ACE System is housed in a mainframe in the North America Headquarters of Chrysler;
- e. Whether the ACE System gives an automatic mark of “Z” or “branch pending” to applications from designated local dealerships;
- f. Whether Chrysler engaged in a corporate policy of “redlining” at a nationwide or regional level;
- g. Whether Chrysler rejected applications from people of color, regardless of the creditworthiness of the applicants;
- h. Whether statements and/or conduct of high-level managers at Chrysler created a policy and/or practice of racial discrimination;
- i. Whether Chrysler notified each applicant that his/her financing application was rejected in the following manner: (i) with a written message (ii) sent within thirty days after Chrysler’s receipt of the completed application (iii) that provides the rejected applicant with either (A) a specific statement of reasons for the rejection or (B) information about his/her right to a specific statement of reasons and the name of a person from whom such a statement might be obtained, all of which is required by the Equal Credit Opportunity Act, 15 U.S.C. § 1691(d).
- j. Whether Chrysler knew or should have known about racial discrimination in financing as the result of prior litigation against itself and other automobile manufacturers, an investigation by the U.S. Department of Justice, high-profile news stories, and its own inquiries;
- k. How long Chrysler has maintained racist practices and policies and implemented them in any Regional Headquarters;
- l. Whether Chrysler’s North America Headquarters knew or should have known about racist practices and policies of the Regional Headquarters in Lisle, Illinois;

- m. Whether Chrysler's discriminatory practices and policies violated Plaintiffs' civil rights including the right to make and enforce contracts, as enumerated in the Civil Rights Act, 15 U.S.C. § 1981;
- n. Whether Chrysler's discriminatory practices and policies violated Plaintiffs' civil rights including the right to purchase and hold property, as enumerated in the Civil Rights Act, 15 U.S.C. § 1982;
- o. Whether any discriminatory practices or policies of Chrysler violated Plaintiffs' and class members' rights under the Equal Credit Opportunity Act, 15 U.S.C. § 1691, *et seq.*;
- p. Whether Chrysler's false promises and misleading advertisements for low-interest financing, with an intent not to sell the low-interest financing as advertised, violated Plaintiffs' rights under the Illinois Consumer Fraud Act, 815 I.L.C.S. 510/2, *et seq.*;
- q. Whether injunctive relief is appropriate as a remedy for Chrysler's past and future discrimination;
- r. Whether Plaintiffs have suffered emotional harm, mental distress, or humiliation as a result of Chrysler's policies and practices of racial discrimination.

146. The class satisfies Fed. R. Civ. P. 23(a)(3) requiring representative parties to have claims or defenses that are "typical of the claims or defenses of the class." Plaintiffs have claims that are typical of the claims of members of the class, as described in the definition below.

147. The class satisfies Fed. R. Civ. P. 23(a)(4) requiring that "the representative parties will fairly and adequately protect the interests of the class." Plaintiffs and their counsel will fairly and adequately protect the interests of the class. Plaintiffs' counsel has been involved in major class action litigation with successful results.

148. Chrysler has acted or refused to act and is acting, or refusing to act, on grounds generally applicable to the class, thereby making appropriate final injunctive or declaratory relief with respect to the class under Fed. R. Civ. P. 23(b)(2).

149. Common questions of law and fact predominate over questions affecting only individual members, thereby making appropriate monetary relief with respect to members of the

class under Fed. R. Civ. P. 23(b)(3). Any such relief would be easily calculated as the difference between the higher interest rate used to purchase a vehicle and the lower rate that should have been available through Chrysler.

150. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

151. There are no unusual difficulties likely to be encountered in the management of this litigation as a class action.

152. Notice to the class may be accomplished inexpensively, efficiently, and in a manner that best protects the due process rights of all class members by means of written notice, as described in the class definitions below.

VI. APPLICABLE LAW

153. Plaintiffs bring their claims under the Equal Credit Opportunity Act, 15 U.S.C. § 1691; the Civil Rights Act, 15 U.S.C. §§ 1981 and 1982; and the Illinois Consumer Fraud and Deceptive Practices Act, 815 Ill. Comp. Stat. 510/1, *et seq.*

VII. CLAIMS FOR RELIEF

COUNT I

(Violation of the Equal Credit Opportunity Act)

154. Plaintiffs incorporate by reference each preceding paragraph.

155. Chrysler is a “creditor” as defined in the Equal Credit Opportunity Act (“ECOA”). Chrysler Financial acted as a “creditor” and unlawfully discriminated on the grounds of race by “redlining” certain neighborhoods, rejecting applications from people of color, failing to notify people of color about “special rates” available with a down payment, and forcing more burdensome terms upon people of color than upon white applicants with similar levels of creditworthiness, all in violation of the ECOA, 15 U.S.C. § 1691(a).

156. Chrysler failed to (a) notify applicants within 30 days of adverse credit decisions, (b) provide a statement of reasons for the applicant’s rejection or a notice identifying the person

or office from whom a statement of reasons would be available, and (c) provide specific reasons for the rejection, all in violation of the ECOA, 15 U.S.C. § 1691(d).

157. As a result of Chrysler's illegal acts, members of the class were deprived of their rights to be treated the same as white people under the ECOA. Plaintiffs have suffered nominal and actual damages.

158. Because of Chrysler's deliberate and long-term policies and practices of denying financing to people of color, "redlining" neighborhoods with sophisticated software and antiquated prejudices, and repossessing vehicles sold to people of color, punitive damages are appropriate and should be awarded to punish Chrysler's deliberate behavior and to deter future misconduct.

COUNT II

(Violation of the Right to Make and Enforce Contracts, 42 U.S.C.S. § 1981)

159. Plaintiffs incorporate by reference each preceding paragraph.

160. Chrysler has engaged in practices and policies that amount to a classic case of racial discrimination in violation of 42 U.S.C.S. § 1981 by prohibiting people of color from making and enforcing contracts. Chrysler "redlined" neighborhoods with large proportions of people of color, rejected financing applications on the grounds of race, and blatantly denied applications submitted through dealerships in "redlined" districts.

161. As a result of Chrysler's illegal acts, members of the class were deprived of their rights to be treated the same as white people under Section 1981 of the Civil Rights Act of 1866, and they have suffered nominal and actual damages including higher interest rates on loan financing.

162. The racist language, policies, and practices of Chrysler were constructed, maintained, implemented, and tolerated at the highest levels of corporate hierarchy in the Regional Headquarters in Lisle and in the North America Headquarters outside Detroit.

Consequently, punitive damages are appropriate and should be awarded to both classes for deliberate and egregious violations of federal civil rights.

COUNT III

(Violation of the Right to Purchase and Hold Personal Property, 42 U.S.C.S. § 1982)

163. Plaintiffs incorporate by reference each preceding paragraph.

164. Chrysler has engaged in practices and policies that amount to a classic case of racial discrimination in violation of 42 U.S.C.S. § 1982 by prohibiting people of color from purchasing and holding personal property on account of their race. Chrysler rejected applications for financing from people of color and, thereby, interfered with rights of members of the class to purchase personal property.

165. As a result of Chrysler's racist policies and practices, members of the class have suffered nominal damages as well as actual damages in the form of higher interest rates than they should have received through Chrysler.

166. The racist language, policies, and practices of Chrysler were constructed, maintained, implemented, and tolerated at the highest levels of the corporate hierarchy in the Regional Headquarters in Lisle and in the North America Headquarters outside Detroit. Consequently, punitive damages are appropriate and should be awarded to both classes for deliberate and egregious violations of federal civil rights.

COUNT IV

(Violation of Illinois Consumer Fraud and Deceptive Business Practices Act, 815 I.L.C.S. 505/1, et seq.)

167. Plaintiffs incorporate by reference each preceding paragraph.

168. Chrysler has employed false pretenses, false promises, misrepresentation and concealment of material facts, suppression and omission of material facts, and misleading advertisements on television and radio with the intent of inducing Plaintiffs to rely upon Chrysler's nationwide advertisements which promoted "zero percent" financing, "special rate"

financing, and Chrysler's expertise at providing financing. Contrary to the plain meaning of these nationwide advertisements, "zero percent" financing, "special rate" financing, and other types of financing were not made available to people of color. This was done in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 I.L.C.S. § 505/1, *et seq.*

169. As a result of Chrysler's conduct, members of the class submitted applications for financing which Chrysler had no intention of approving and, consequently, members of the class suffered nominal and actual damages.

170. Chrysler is guilty of deliberately misleading customers by sponsoring a sustained nationwide advertising campaign to promote the availability of "zero percent" financing, "special rate" financing, and Chrysler's own expertise when, in fact, Chrysler had no intention of providing these services to people of color in the class area. Despite nationwide advertisements on television and radio over the course of thirteen or more months, Chrysler purposefully withheld financing from people of color to increase its profitability, as the Zone Manager had stated, and to implement Chrysler's racist practices and policies.

171. Punitive damages are appropriate and should be awarded to the class for deliberate and egregious violations of the Illinois Consumer Fraud and Deceptive Business Practices Act.

VIII. PUNITIVE DAMAGES

172. Chrysler's acts were willful, wanton, reckless, and malicious in that their conduct was carried on with utter indifference to, and conscious disregard for, the welfare and federal and state rights of Plaintiffs. Chrysler's construction, maintenance, implementation, and tolerance of racist language, policies, and practices constitute a classic case of racial discrimination that warrants the imposition of punitive damages.

173. Chrysler knew or should have known about its own racist practices and policies since at least 1995 when the U.S. Department of Justice investigated Chrysler similar misconduct similar to the misconduct alleged by Plaintiffs. Indeed, Chrysler knew or should

have known about its own racist practices and policies many years before 1995. The Zone Manager in Chrysler's Regional Headquarters in Lisle told Chrysler employees and dealers that he had been successfully "redlining" for many years until the credit assessment system was computerized into the "ACE" System and, even then, he continued to "redline" even though it was more difficult to accomplish. Chrysler's racist practices and policies have been sustained for many years and, unfortunately, they are still ongoing.

174. Chrysler's unconscionable conduct warrants an assessment of punitive damages in an amount that is appropriate to punish Chrysler and set an example to deter similar misconduct in violation of federal and state law and in contravention of Plaintiffs' fundamental liberties under the U.S. Constitution.

IX. JURY DEMAND

175. Plaintiffs demand trial by jury on all issues so triable.

X. PRAYER

WHEREFORE, Plaintiffs, in their respective capacities as members of the class, pray for judgment against Chrysler as follows:

A. For actual damages including, but not limited to, the difference between the high interest rate obtained by Plaintiffs from other lending institutions and the lower interest rate that should have been available through Chrysler in an amount to be proven at time of trial;

B. For nominal damages;

C. For punitive damages in an amount to be proven at the time of trial and sufficient to punish Chrysler, set an example, and deter Chrysler and other lending institutions from repeating the injurious and discriminatory misconduct alleged above;

D. For pre-judgment and post-judgment interest on the above damages;

E. For injunctive relief in the form of orders requiring Chrysler to (a) immediately cease its "redlining" policies, (b) treat customers of color the same as white customers,

(c) immediately take steps to make financing available to customers of color, and (d) cease all discriminatory practices and policies, as deemed appropriate by the Court;

F. For all other relief that this Court deems just and proper; and

G. For costs of this suit and attorneys' fees.

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Respectfully submitted,

EDWARD R. VRDOLYAK, LTD.

By _____
Edward R. Vrdolyak
Nicholas Geanopoulos
741 North Dearborn Street
Chicago, IL 60610
(312) 482-8200

HAGENS BERMAN LLP
Steve W. Berman
Steven C. Mitchell
Christopher A. O'Hara
1301 Fifth Avenue, Suite 2900
Seattle, WA 98101
(206) 623-7292

HOOKS LAW OFFICES, PC
William Hooks
29 S. LaSalle, Ste. 333
Chicago, IL 60603
(312) 553-5252

R. EUGENE PINCHAM, PC
Eugene Pincham
9316 S. Michigan Ave.
Chicago, IL 60619
(773) 568-7927

Attorneys for Plaintiffs