

**VIRGINIA:**

**IN THE CIRCUIT COURT FOR THE CITY OF RICHMOND  
JOHN MARSHALL COURTS BUILDING**

ZONYA JONES,	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
STATE FARM MUTUAL AUTOMOBILE	)	
INSURANCE COMPANY,	)	Case No: _____
SERVE: Lynn Dickerson	)	
Registered Agent	)	
1500 State Farm Boulevard	)	
Charlottesville, VA 22909	)	
	)	
Defendant.	)	

**CIVIL COMPLAINT**

**COME NOW** the Plaintiff, ZONYA JONES (“Ms. Jones”), by and through her attorney, and for Plaintiff’s cause of action against the Defendant State Farm Mutual Automobile Insurance Company (“State Farm”) alleges and states as follows:

**COUNT I**  
**ACTUAL AND CONSTRUCTIVE FRAUD**

**PARTIES**

1. Ms. Jones reside in Waynesboro, Virginia.
2. State Farm is a corporation engaged, inter alia, in the business of selling automobile insurance, as well as used vehicles it acquires in the insurance claims process, and regularly conducts a substantial amount of business in the City of Richmond, Virginia.

*State Farm “totals” the vehicle but violates the law by failing to have the title branded and instead obtains a “clean” title in order to make more money on the sale, as it did in thousands of other cases*

3. Ms. Jones agreed to purchase a 2000 Ford Windstar minivan, VIN: 2FMDA5245YBA71566, on or about April 10, 2002 from Drew Ford in La Mesa, California. A copy of the Retail Installment Sales Contract for this purchase is attached as **Exhibit 1**.

Upon information and belief, at no time prior to the agreement to purchase, did State Farm disclose or warn the Plaintiff that:

- a. the vehicle had been involved in a collision (which is believed to have occurred prior to this purchase;
- b. as a result of that collision, State Farm treated the vehicle as a salvage or total loss, but did not notify the California DMV that it had determined the vehicle to be a salvage or total loss, nor did State Farm obtain a salvage or branded title;
- c. upon information and belief, State Farm purchased the vehicle and by misrepresenting the extent of the repairs to the California DMV, intentionally sought and obtained a clear certificate of title even though it had declared this vehicle as a salvage/total loss;
- d. the motor vehicle’s Certificate of Title was not branded “salvage” or “rebuilt” prior to Plaintiff’s purchase of the vehicle;
- e. the existence of a clean title on a severely wrecked vehicle creates a financial motive for unscrupulous chop shops and rebuilders to purchase the vehicle, perform low cost cosmetic repairs, and thereafter place the vehicle back into the stream of commerce without disclosure in order to maximize profit;
- f. the vehicle has been the subject of inadequate, improper, incomplete and/or potentially dangerous repair work and/or that while repaired wreck damage is generally undetectable by consumers, these repairs are obvious to persons in the business of buying and selling used vehicles as such. To make matters worse, this is just one of thousands of times State Farm did this with other vehicles.
- g. the vehicle may not perform to the manufacturer’s crash worthiness specifications in a collision due to inadequate or improper repair work and, therefore, operating the vehicle could be life-threatening to the driver, the driver’s family or anyone who occupies the vehicle as a passenger;

h. the vehicle purchased by the Plaintiffs with a “salvage” or “rebuilt” Certificate of Title is worth a small fraction of the retail value of an unbranded, unwrecked similar vehicle;

i. with full and proper disclosure of the wreck damage and branded status of the vehicle that there is no market in which to resell the vehicle at retail price and, as a result, the customer is thereby trapped with a potentially unsafe and unreliable vehicle and may be subjected to disastrous financial loss;

j. the vehicle with a “salvage” or “rebuilt” title or a vehicle that has been subjected to improper, incomplete, unsafe, shoddy and/or dangerous repair work and with a laundered title does not, or may not, meet underwriting insurance guidelines, making the vehicle uninsurable or limiting the availability of insurance in the market, and in the event of a loss, insurance would pay less benefits due to the decreased value of the vehicle, in spite of the fact that the consumer paid a full premium coverage without consideration of the damage and/or salvage nature of the vehicle;

k. if Plaintiff makes any representations in connection with the purchase and financing of this vehicle to the financial institution that the Plaintiff would maintain full coverage insurance and failure to continuously maintain such coverage could constitute an event of default, subjecting the vehicle to repossession, sale, and Plaintiff being liable for a deficiency judgment;

4. For many years, State Farm has had a pattern and practice of declaring vehicles to be a total loss and returning such vehicles to the stream of commerce without obtaining the appropriate “salvage” or “scrap” title designation and in such a way as to permit such vehicles to be transferred to subsequent owners without disclosure of the vehicles’ true history.

5. For example, on or about July 29, 1998, State Farm, entered into a Consent Judgment in a case in which the State Of Indiana brought suit against it, whereby State Farm agreed to a permanent injunction enjoining State Farm from failing to obtain salvage titles and providing for compensation to vehicle owners whose vehicles had not been properly designated with salvage titles “an amount equal to the purchase price paid by the owner and related expenses, including sales tax, finance charges and any other costs of credit or charges incurred as a consequence of the vehicle purchase.” State Farm further agreed to reimburse owners “for their

cost of any improvements or repairs which improve the condition and value of the vehicles.” For any owner who did not wish to sell his or her vehicle to State Farm, State Farm agreed to reimburse the owner the sum of \$2,500. (A copy of the Consent Judgment is attached as **Exhibit 2.**)

6. The practice continued and between 1997 and 2002 State Farm resold, nationwide, at least another 30,000 totaled vehicles without salvage titles.

7. In Virginia alone, violating the law like that could have cost State Farm \$2,500 per vehicle in government fines plus 12 months in jail alone for each such violation. Virginia Code §§46.2-1603, 1609. But in a private deal negotiated between State Farm and 49 state attorney generals offices, the company agreed to pay what is reported to average out to about \$1,300 to each consumer who would give up all their rights against the company, although industry standards and publications report a motor vehicle that has a salvage title is worth between 20% and 50% less than the value with a “clean” title<sup>1</sup>.

8. It is well known throughout the automobile industry that vehicles designated as “salvage” and rebuilt (“rebuilt wrecks”) are prone to serious defects and non-conformities that pose a danger to the vehicles’ occupants and others sharing the roadways with such vehicles. Common problems include frame damage, suspension damage, and other structural damage that affect the vehicles’ handling and structural integrity, electrical and mechanical problems affecting the vehicles’ reliability, and safety issues such as fake or non-working airbags and compromised seatbelts and restraint systems.

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<sup>1</sup> See **Exhibit C**, *In re State Farm Mutual Automobile Insurance Company*, Assurance of Voluntary Compliance, para. 44.

9. It is also well known throughout the industry that “rebuilt wrecks” have a fair market value that is substantially less (often 50% or more) than a non-wrecked vehicle, even where the vehicles are repaired properly.

10. The Defendant therefore benefitted from its failure to obtain a salvage title, in that it was able to sell, or otherwise dispose of, the subject vehicle for a substantially greater sum than would have been reasonably possible had the vehicle been properly titled as “salvage” or “scrap.”

11. On or about September 16, 2005 Plaintiff was notified for the first time by or on behalf of State Farm and the Virginia Attorney General’s Office that the subject vehicle had been previously declared a total loss by State Farm, that State Farm had failed to obtain a salvage title, and that the State of Virginia would be re-issuing a re-branded Virginia title designating it as “salvage” or “Rebuilt” or “Repaired” and requiring Plaintiff to have the vehicle re-certified in order to validate Plaintiff’s registration for purposes of operating the vehicle on public roadways. Virginia’s DMV has now notified the Plaintiff that her vehicle will have a “Rebuilt” or “Salvage” brand placed on its title, depending on what State Farm tells them to put on it.

12. Although Defendant State Farm knew or should have known for several years prior to September of 2005 that it had failed to obtain a salvage or branded title with respect to the subject vehicle, State Farm, for its own purposes and benefit, deliberately withheld this information from owners of “rebuilt wrecks,” including the Plaintiff, thereby exacerbating Plaintiff’s damages and prolonging Plaintiff’s exposure to the dangers associated with the vehicle.

13. Had Plaintiff been informed of the true history and condition of the subject vehicle, Plaintiff never would have agreed to purchase it.

14. Plaintiff believed, relied upon, expected, and intended that they were purchasing a vehicle that had never been seriously wrecked, had never been declared salvage or rebuilt, and had a clear, original or transfer title, did not require a rebuilt title, did not require a rebuilt vehicle safety inspection, was not the subject of improper and incomplete repairs and could be legally and safely operated with an original or transfer Certificate of Title.

15. Had Plaintiff known that State Farm had failed to obtain a salvage or rebuilt Certificate of Title or had failed to notify the South Carolina DMV about this salvage history, the Plaintiff would not have purchased the vehicle.

16. Pursuant to state law, State Farm was required to obtain a salvage certificate of title or other branded title, or notify the titleholder or the appropriate state agency to do so.

17. By obtaining a salvage certificate of title or providing notice as required by state law, State Farm would have caused to be disclosed to all purchasers in the chain of title that the vehicle had been involved in a serious collision.

18. Defendant State Farm placed the vehicle ultimately purchased by the Plaintiff into the stream of commerce and did not warn or disclose the facts alleged above and, in fact, deliberately suppressed and concealed these material facts.

19. La Mesa Ford sold the vehicle to the Plaintiff without making any of the disclosures or warnings about the vehicle's accident history. Further, La Mesa misrepresented the actual condition and history of the vehicle.

20. State Farm had a duty to disclose and a duty to warn of the material facts alleged above.

21. Plaintiff purchased the vehicle relying on the belief that the vehicle did not have any accident history, an assumption State Farm knew or reasonably should have known that purchasers from the dealer it sold the vehicle to, prospective purchasers of the vehicle would rely upon the belief that the vehicle had not been in a wreck or had an accident history unless the title had been properly branded or disclosure of the accident history was made by it, yet it deliberately obtained a “clean” non-branded title in order to sell the vehicle for a higher price and make greater profit.

22. State Farm suppressed and concealed material facts with the intention that they would be acted upon by subsequent purchasers, including Plaintiff, to their detriment, causing actual damages and justifying an award of punitive damages.

23. Plaintiff did not discover the prior wreck and salvage history of the vehicle until she was notified of this fact by the Virginia Attorney General’s Office on September 15, 2005 or later

24. The clean Certificate of Title bargained for and obtained by Plaintiff contained a representation of the safety, condition, and value of the vehicle purchased by Plaintiff.

25. The Plaintiff relied, to her detriment, upon the representation of State Farm in purchasing this vehicle and thereby causing the Plaintiff to sustain harm.

26. State Farm’s actions have wrongfully caused “rebuilt” branded titles to be issued by the Virginia ‘s DMV to these vehicles owners.

27. State Farm has a history of minimizing losses and thereby maximizing profits through its business practice of concealing the salvage/total loss history of vehicles and has previously made representations to government authorities that it would use proper practices to obtain salvage titles.

28. The acts and omissions of State Farm constitute fraud, actual or constructive, breach of warranty at the title, and negligence per se.

29. As a direct result of Defendant's wrongful acts and omissions described herein, the Plaintiff has suffered harm and damages including, but not limited to, loss of value of the vehicle not only due to its title being branded, but the vehicle itself was repaired in a substandard manner, making it unsafe to drive or be an occupant in, and the Plaintiff has been inconvenienced, embarrassed, upset, distressed, and suffered other financial losses.

30. The acts described above constitute actual fraud or in the alternative constructive fraud, they constitute deliberate concealment, and were done with malice, or were so reckless as to evince a conscious disregard of Plaintiff's rights, entitling her to punitive damages.

31. State Farm sold the vehicle without disclosing that the vehicle is a rebuilt vehicle, in violation of Section 46.2-1602 of the Code of Virginia.

32. State Farm's misrepresentations, silence, and concealment of the status of the vehicle being rebuilt were intentional and material, were intended to mislead, and to induce the Plaintiff or people like her to purchase the vehicle, or State Farm should have reasonably known its misrepresentations, silence, and concealment were material, would mislead, and would be likely to induce such action by the Plaintiff or people like her, as such were unconscionable, constituted actual malice, or a reckless and conscious disregard of the Plaintiff's rights, and therefore was actual fraud, or were done negligently and therefore was constructive fraud.

**COUNT II**  
**BREACH OF THE VIRGINIA CONSUMER PROTECTION ACT**

33. Plaintiff incorporate the allegations of paragraphs 1 through 32 as if alleged herein.

34. The sale of the vehicle by State Farm, and its purchase by the Haskins was a "consumer transaction" as defined in Section 59.1-198 of the Code of Virginia; the vehicle constitutes "goods" as defined in Section 59.1-198 of the Code of Virginia; State Farm is a "supplier" as defined in Section 59.1-198 of the Code of Virginia; and Ms. Jones is a "person" as defined in Section 59.1-198 of the Code of Virginia.

35. In the course of the transactions involving the vehicle, State Farm has engaged in the unfair and/or deceptive practices as described above, in violation of Virginia Code § 59.1-200A. of the Code of Virginia, including:

- a. Misrepresenting the source, sponsorship, approval, or certification of the vehicle or its title, in violation of Virginia Code §§ 59.1-200 A. (2);
- b. State Farm misrepresented and caused misrepresentations about the vehicle's characteristics, uses or benefits, in violation of § 59.1-200 A.(5).
- c. State Farm misrepresented or caused misrepresentations that the vehicle was of a certain standard, quality, or grade, in violation of § 59.1-200 A.(6).
- d. State Farm offered the vehicle for sale, which had a defective title, without clearly and unequivocally indicating in the offer for sale that the vehicle had a defective title, and thus the vehicle was "defective, or a "second", in violation of § 59.1-200 A. (7).
- e. State Farm violated the prohibition under Va. Code § 59.1-200 A.(14) against using any deception, fraud, false pretense, false promise, or misrepresentation by its above stated actions.

36. The above-described actions were committed by State Farm willfully, wantonly and with reckless disregard of the rights of the Plaintiff, and as such violate Virginia Code §§59.1-200A. (2),( 5), (6)., (7), (14), and entitle the Plaintiff to seek recovery of three times the actual damages, plus attorney fees and court costs, pursuant to §59.1-204 of the Code of Virginia.

### COUNT III

#### **NEGLIGENCE *PER SE***

37. The allegations of all other paragraphs and claims in this pleading are incorporated as if fully rewritten herein.

38. This claim is against State Farm for negligence per se.

39. Virginia law imposes a duty upon State Farm to warrant good and marketable title, disclose total loss and salvage histories on motor vehicles, obtain salvage titles where required by law and to conduct its business in a fair and non-deceptive manner. These duties extend to indirect purchasers.

40. State Farm, in violation of Virginia law, breached these duties.

41. State Farm, in breaching these duties, violated the Virginia Uniform Commercial Code, the Virginia Consumer Protection Act, the common law and Virginia public safety laws. The duties imposed by these statutes and the common law are intended for the safety and protection of others.

42. The Plaintiff is the current owner of the vehicle and is within the class of persons sought to be protected by these Virginia laws.

43. The type of harm suffered by the Plaintiff is the type against which these Virginia Laws sought to protect.

44. State Farm's failure to comply with these Virginia laws constitutes negligence *per se*.

45. It was foreseeable that State Farm's title laundering scheme would result in the ultimate purchase of a concealed "total loss" or salvage vehicle by unwitting Virginia consumers like the Plaintiff.

46. The Plaintiff has suffered damages as a direct and proximate result of State Farm's negligence.

47. The damages suffered by the Plaintiff were foreseeable to State Farm.

#### COUNT IV

#### **BREACH OF WARRANTY OF TITLE**

48. The allegations of all other paragraphs and claims in this pleading are incorporated as if fully rewritten herein.

49. This claim is against State Farm for breach of warranty of title. Va. Code §8.2-312(1).

50. As a result of the above facts, *inter alia*, State Farm breached its express and/or implied and/or statutory warranties and representations with respect to the vehicle and knew or should have known that such breach would "flow" with the title to all subsequent purchasers and that includes the Plaintiff.

51. State Farm had notices of the breaches of its warranty of title and the condition of the subject motor vehicle's title at the time of the breach and, alternatively, knew or should have known of its breaches at the time of the breach.

52. Plaintiff suffered and shall continue to suffer actual, incidental and consequential damages as a direct and proximate result of the actions and omissions and breaches by State Farm.

53. State Farm breached its warranty of title to John Doe Rebuilder that rebuilt the vehicle after its wreck and sale to him, and John Doe Rebuilder breached its warranty of title to the Plaintiff. State Farm and John Doe Rebuilder each knew or should have known, and therefore it was reasonably foreseeable, that the subject vehicle would continue beyond them in

the stream of commerce, where they each placed it, and would ultimately be acquired by a consumer who would be damaged and injured by the breach of warranty of title by each of them, just as Plaintiff has been.

**WHEREFORE**, Plaintiff, Zonya Jones, respectfully pray for judgment against State Farm Mutual Automobile Insurance Company for its actual and /or constructive fraud, its violations of the Virginia Consumer Protection Act, its Breach of warranty of title, and its negligence *per se*, as follows:

- A. For actual damages in an amount of \$25,000;
- B. For punitive damages in the amount of \$350,000.00;
- C. For treble damages;
- D. For pre and post trial interest and costs;
- E. Attorneys' fees; and
- F. For such other relief as this Court deems just and proper.

**JURY TRIAL DEMANDED**

**ZONYA JONES,**

By \_\_\_\_\_

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