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7

8 **BEFORE THE**
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **FOR THE BUREAU OF AUTOMOTIVE REPAIR**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. 77/11-50

13 **MAXRUN CORP,**
14 **dba AAMCO TRANSMISSIONS**
15 **JEONG HOON KIM,**
16 **aka MICHAEL KIM, PRES./SECTY/TREAS.**
17 **3580 Sonoma Boulevard**
18 **Vallejo, CA 94590**
19 **Automotive Repair Dealer Reg. No. ARD 255511,**

A C C U S A T I O N

20 **MAXRUN CORP,**
21 **dba AAMCO TRANSMISSIONS**
22 **JEONG HOON KIM,**
23 **aka MICHAEL KIM, PRES./SECTY/TREAS.**
24 **157 Tully Road**
25 **San Jose, CA 95111**
26 **Automotive Repair Dealer Reg. No. ARD 258207,**

27 **and**

28 **MAXRUN CORP,**
dba AAMCO TRANSMISSION
JEONG HOON KIM,
aka MICHAEL KIM, PRES./TREAS.
JING JG LEE, SECRETARY
75 S. Capital Avenue
San Jose, CA 95127
Automotive Repair Dealer Reg. No. ARD 248462

Respondents.

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1 Complainant alleges:

2 **PARTIES/LICENSE INFORMATION**

3 1. John Wallauch ("Complainant") brings this Accusation solely in his official capacity
4 as the Chief of the Bureau of Automotive Repair ("Bureau"), Department of Consumer Affairs.

5 2. On or about July 14, 2008, the Director of Consumer Affairs ("Director") issued
6 Automotive Repair Dealer Registration Number ARD 255511 to Maxrun Corp ("Respondent"),
7 doing business as Aamco Transmissions ("Vallejo facility"), with Jeong Hoon Kim, also known
8 as Michael Kim ("Kim"), as president, secretary, and treasurer. Respondent's automotive repair
9 dealer registration was in full force and effect at all times relevant to the charges brought herein
10 and will expire on July 31, 2012, unless renewed.

11 3. On or about May 26, 2009, the Director issued Automotive Repair Dealer
12 Registration Number ARD 258207 to Respondent, doing business as Aamco Transmissions, with
13 Kim as president, secretary, and treasurer. Respondent's automotive repair dealer registration
14 expired on April 30, 2010.

15 4. In or about 2006, the Director issued Automotive Repair Dealer Registration Number
16 ARD 248462 to Respondent, doing business as Aamco Transmission, with Kim as president and
17 treasurer and Jing JG Lee as Secretary. Respondent's automotive repair dealer registration will
18 expire on December 31, 2012, unless renewed.

19 **JURISDICTION**

20 5. Business and Professions Code ("Code") section 9884.7 provides that the Director
21 may revoke an automotive repair dealer registration.

22 6. Code section 9884.13 states, in pertinent part, that the expiration of a valid
23 registration shall not deprive the Director of jurisdiction to proceed with a disciplinary proceeding
24 against an automotive repair dealer or to render a decision temporarily or permanently
25 invalidating (suspending or revoking) a registration.

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1 consent or authorization for an increase in the original estimated price may be
2 provided by electronic mail or facsimile transmission from the customer. The bureau
3 may specify in regulation the procedures to be followed by an automotive repair
4 dealer when an authorization or consent for an increase in the original estimated price
5 is provided by electronic mail or facsimile transmission. If that consent is oral, the
6 dealer shall make a notation on the work order of the date, time, name of person
7 authorizing the additional repairs and telephone number called, if any, together with a
8 specification of the additional parts and labor . . .

10 10. Code section 22, subdivision (a), states:

11 "Board" as used in any provision of this Code, refers to the board in
12 which the administration of the provision is vested, and unless otherwise expressly
13 provided, shall include "bureau," "commission," "committee," "department,"
14 "division," "examining committee," "program," and "agency."

15 11. Code section 477, subdivision (b), states, in pertinent part, that a "license" includes
16 "registration" and "certificate."

17 **(Regulatory Provisions)**

18 12. California Code of Regulations, title 16, section ("Regulation") 3353, subdivision (d),
19 states, in pertinent part:

20 Estimated Price to Tear Down, Inspect, Report and Reassemble. For
21 purposes of this article, to tear down" shall mean to disassemble, and teardown" shall
22 mean the act of disassembly. If it is necessary to tear down a vehicle component in
23 order to prepare a written estimated price for required repair, the dealer shall first give
24 the customer a written estimated price for the teardown. This price shall include the
25 cost of reassembly of the component. The estimated price shall also include the cost
26 of parts and necessary labor to replace items such as gaskets, seals and O rings that
27 are normally destroyed by teardown of the component. If the act of teardown might
28 prevent the restoration of the component to its former condition, the dealer shall write
that information on the work order containing the teardown estimate before the work
order is signed by the customer.

The repair dealer shall notify the customer orally and conspicuously in
writing on the teardown estimate the maximum time it will take the repair dealer to
reassemble the vehicle or the vehicle component in the event the customer elects not
to proceed with the repair or maintenance of the vehicle and shall reassemble the
vehicle within that time period if the customer elects not to proceed with the repair or
maintenance. The maximum time shall be counted from the date of authorization of
teardown.

After the teardown has been performed, the dealer shall prepare a written
estimated price for labor and parts necessary for the required repair. All parts required
for such repair shall be listed on the estimate. The dealer shall then obtain the
customer's authorization for either repair or reassembly before any further work is
done . . .

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13. Regulation 3356 states, in pertinent part:

(a) All invoices for service and repair work performed, and parts supplied, as provided for in Section 9884.8 of the Business and Professions Code, shall comply with the following:

....

(2) The invoice shall separately list, describe and identify all of the following:

(A) All service and repair work performed, including all diagnostic and warranty work, and the price for each described service and repair.

(B) Each part supplied, in such a manner that the customer can understand what was purchased, and the price for each described part . . .

14. Regulation 3361.1 states, in pertinent part:

The following minimum requirements specifying accepted trade standards for good and workmanlike rebuilding of automatic transmissions are intended to define terms that have caused confusion to the public and unfair competition within the automotive repair industry. The term "automatic transmission" shall also apply to the automatic transmission portion of transaxles for the purposes of this regulation, unless both the automatic transmission portion and the differential portion of the transaxle share a common oil supply, in which case the term "automatic transmission" shall apply to both portions of the transaxle. These minimum requirements shall not be used to promote the sale of "rebuilt" automatic transmissions when a less extensive and/or less costly repair is desired by the customer . . . All automotive repair dealers engaged in the repair, sale, or installation of automatic transmissions in vehicles covered under the Act shall be subject to the following minimum requirements:

(a) Before an automatic transmission is removed from a motor vehicle for purposes of repair or rebuilding, it shall be inspected. Such inspection shall determine whether or not the replacement or adjustment of any external part or parts will correct the specific malfunction of the automatic transmission. In the case of an electronically controlled automatic transmission, this inspection shall include a diagnostic check, including the retrieval of any diagnostic trouble codes, of the electronic control module that controls the operation of the transmission. If minor service and/or replacement or adjustment of any external part or parts and/or of companion units can reasonably be expected to correct the specific malfunction of the automatic transmission, then prior to removal of the automatic transmission from the vehicle, the customer shall be informed of that fact as required by Section 3353 of these regulations. Before removing an automatic transmission from a motor vehicle, the dealer shall also comply with the provisions of section 3353(d), and disclose any applicable guarantee or warranty as provided in sections 3375, 3376 and 3377 of these regulations. If a diagnostic check of an electronic control module cannot be completed due to the condition of the transmission, the customer shall be informed of that fact and a notation shall be made on the estimate, in accordance with Section 3353 of these regulations . . .

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15. Regulation 3373 states:

No automotive repair dealer or individual in charge shall, in filling out an estimate, invoice, or work order, or record required to be maintained by section 3340.15(f) of this chapter, withhold therefrom or insert therein any statement or information which will cause any such document to be false or misleading, or where the tendency or effect thereby would be to mislead or deceive customers, prospective customers, or the public.

16. Regulation 3375 states, in pertinent part, that for the purposes of this Act (the Automotive Repair Act) and of these regulations the term “guarantee” and “warranty” have like meanings.

17. Regulation 3376 states, in pertinent part:

All guarantees shall be in writing and a legible copy thereof shall be delivered to the customer with the invoice itemizing the parts, components, and labor represented to be covered by such guarantee. A guarantee shall be deemed false and misleading unless it conspicuously and clearly discloses in writing the following:

(a) The nature and extent of the guarantee including a description of all parts, characteristics or properties covered by or excluded from the guarantee, the duration of the guarantee and what must be done by a claimant before the guarantor will fulfill his obligation (such as returning the product and paying service or labor charges).

(b) The manner in which the guarantor will perform. The guarantor shall state all conditions and limitations and exactly what the guarantor will do under the guarantee, such as repair, replacement or refund. If the guarantor or recipient of the guarantee has an option as to what may satisfy the guarantee, this must be clearly stated . . .

COST RECOVERY

18. Code section 125.3 provides, in pertinent part, that a Board may request the administrative law judge to direct a licentiate found to have committed a violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

CONSUMER COMPLAINT (FOUX): 2002 TOYOTA CAMRY SE

19. On or about March 13, 2010, Heather Foux (“Foux”) took her 2002 Toyota Camry SE to Pep Boys Manny Moe & Jack Store No. 815 (“Pep Boys”) because it was making a humming noise when the brakes were applied. Pep Boys inspected the brakes and told Foux that the brake rotors had “heat spots”, but the brake lining was “good”. On or about March 19, 2010, Foux took

1 the vehicle to Firestone Complete Auto Care (“Firestone”) for a second opinion. Firestone
2 performed a diagnosis of the vehicle and informed Foux that the humming noise was coming
3 from the transmission. Firestone recommended that Foux take the vehicle to a transmission shop
4 for further diagnosis.

5 20. On or about March 20, 2010, Foux took the vehicle to Respondent’s Vallejo facility
6 and informed manager, Chris Rannals (“Rannals”), of Pep Boys’ and Firestones’ findings.
7 Rannals told Foux that they would perform a full inspection and diagnosis of the vehicle. Later,
8 Foux was informed that the manual transmission needed to be rebuilt and the clutch replaced.
9 Foux authorized the repairs. About one week later, Foux returned to the facility to pick up the
10 vehicle and was given Invoice No. 105624 for \$2,445.56. Foux noticed that the noise was still
11 present and now, the first gear was “popping in and out of place”. Foux took the vehicle back to
12 the facility for warranty repairs. Later, the facility informed Foux that they repaired a “clamp”
13 that had “popped off”, replaced the front brake pads, and machined the brake rotors free of
14 charge. Foux was given a copy of Invoice No. 105690. Foux continued having problems with
15 the gear shifter and returned the vehicle again. Rannals told Foux that the operation of the gear
16 shifter was caused by an “over torque” and was normal. Later, Foux took the vehicle to a local
17 Toyota dealership for diagnosis. Foux was informed that there was an internal problem in the
18 transmission (excessive end play of the fifth gear). Foux took the vehicle back to Respondent’s
19 facility. The facility removed the transmission and installed a shim onto the fifth gear.

20 **FIRST CAUSE FOR DISCIPLINE**

21 **(Violations of the Code)**

22 21. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
23 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
24 that Code in the following material respects:

25 a. Respondent documented on Invoice No. 105624 that on March 24, 2010, Foux had
26 authorized \$2,309.89 in additional repairs on her 2002 Toyota Camry SE, but failed to specify the
27 repairs; i.e., the rebuilding of the manual transmission and replacement of the clutch. Further,

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1 Respondent stated that the repairs were authorized by phone, but failed to list the telephone
2 number called.

3 b. Respondent documented on Invoice No. 105690 that on April 1, 2010, Foux had
4 authorized additional repairs on the vehicle, but failed to specify the repairs. Further, Respondent
5 indicated that the repairs were authorized by phone, but failed to list the telephone number called.

6 **SECOND CAUSE FOR DISCIPLINE**

7 **(Violations of Regulations)**

8 22. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
9 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356, subdivision
10 (a)(2)(A), in a material respect, as follows: Respondent failed to list, describe or identify on
11 Invoice No. 105690 the "full" inspection and diagnostic work that were allegedly performed on
12 Foux's 2002 Toyota Camry SE, the results of the inspection and diagnosis, or any justification for
13 rebuilding the manual transmission on the vehicle.

14 **CONSUMER COMPLAINT (SPENCER): 2006 NISSAN ALTIMA**

15 23. On or about June 30, 2010, Andre Spencer ("Spencer") had his 2006 Nissan Altima
16 towed to Respondent's Vallejo facility for diagnosis because the transmission was "binding" and
17 "slipping" out of gear. After the diagnosis was performed, the facility informed Spencer that
18 there was an internal problem in the transmission and recommended an "internal diagnosis" at a
19 cost of \$680. Spencer authorized the work. Later, the facility recommended that the transmission
20 be rebuilt and obtained Spencer's authorization for the repair. Spencer was charged a total of
21 \$2,780.80 for the transmission rebuild and received a copy of Invoice No. 106059. While
22 Spencer was driving the vehicle home, the transmission began to bind and slip out of gear and the
23 "check engine" light and Supplemental Restraint System warning lamp both began flashing.
24 Spencer reported the problems to Rannals, and the vehicle was towed back to the facility for
25 diagnosis. Later, the facility told Spencer that the vehicle had an electrical problem, but they
26 were having difficulty pinpointing the problem. The facility sublet the vehicle to Vallejo Nissan
27 for diagnosis and repair. Later, Rannals informed Spencer that Vallejo Nissan had
28 "reprogrammed" the computer (electronic control module or "ECM"), which resolved the

1 electrical problem. Spencer retrieved the vehicle from Respondent's facility, but the transmission
2 immediately began binding and slipping, and the power windows, sunroof, and keyless entry
3 remote control were inoperative.

4 24. On or about July 9, 2010, Spencer filed a complaint with the Bureau.

5 25. On July 15, 2010, a representative of the Bureau made a field visit to Vallejo Nissan
6 and spoke with Assistant Service Manager, Steve Cuenca ("Cuenca"), about their diagnosis of the
7 vehicle. Cuenca told the representative that their diagnosis revealed a problem with the
8 Controller Area Network System ("CAN"; the CAN system allows the vehicle's various
9 computers to communicate with each other). Cuenca's technician found that two electrical
10 connectors had been crossed, which skewed the data communication line. Cuenca indicated that
11 it was possible the connectors were switched when the transmission was removed and reinstalled
12 for rebuilding. Cuenca's technician plugged the connectors into their proper locations and
13 retested the system to verify that their repairs resolved the problem with the vehicle.

14 26. That same day, the representative went to Respondent's facility and obtained copies
15 of their repair records on the vehicle, including Invoice No. 106111. The representative met with
16 Rannals and asked him about his technician's diagnosis of the vehicle. Rannals told the
17 representative that the vehicle would not move when it arrived at their facility, but he could not
18 state what their diagnosis revealed about the transmission. The representative asked Rannals
19 about the repairs performed by Vallejo Nissan. Rannals stated that he sublet the vehicle to
20 Vallejo Nissan for repair because Respondent's facility was not equipped to diagnose the
21 electrical problem. Rannals also stated that Vallejo Nissan reprogrammed the vehicle's computer.

22 **THIRD CAUSE FOR DISCIPLINE**

23 **(Untrue or Misleading Statements)**

24 27. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
25 subdivision (a)(1), in that Respondent made or authorized statements which it knew or in the
26 exercise of reasonable care should have known to be untrue or misleading, as follows:

27 a. Respondent's manager, Rannals, represented to Spencer and the Bureau representative
28 that Vallejo Nissan resolved the electrical problem on Spencer's 2006 Nissan Altima by

1 reprogramming the vehicle's computer. In fact, Vallejo Nissan's technician found during his
2 diagnosis of the vehicle that two electrical connectors in the CAN system had been crossed,
3 possibly during Respondent's removal and reinstallation of the transmission for rebuilding, and
4 repaired the problem by plugging the electrical connectors into their proper locations.

5 b. Respondent falsely represented on Invoice No. 106111 that the computer on
6 Spencer's 2006 Nissan Altima had been reprogrammed. In fact, that repair had not been
7 performed on the vehicle, as set forth in subparagraph (a) above.

8 **FOURTH CAUSE FOR DISCIPLINE**

9 **(Departure from Trade Standards)**

10 28. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
11 subdivision (a)(7), in that Respondent willfully departed from or disregarded accepted trade
12 standards for good and workmanlike repair without the consent of the owner or the owner's duly
13 authorized representative, in the following material respects: Respondent failed to perform a
14 proper or comprehensive inspection of the transmission on Spencer's 2006 Nissan Altima before
15 removing it from the vehicle for rebuilding. Further, Respondent failed to state on Invoice No.
16 106059 whether any diagnostic trouble codes were retrieved from the vehicle's ECM or list,
17 identify or describe the diagnostic work that was allegedly performed on the vehicle, the results
18 of the diagnosis, or any justification for rebuilding the transmission.

19 **FIFTH CAUSE FOR DISCIPLINE**

20 **(Violations of the Code)**

21 29. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
22 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
23 that Code in the following material respects:

24 a. Respondent failed to provide Spencer with a written estimate for parts and labor
25 necessary for a specific job at the time Spencer's 2006 Nissan Altima was towed back to
26 Respondent's facility for warranty repairs.

27 b. Respondent failed to obtain or document on Invoice No. 106111 Spencer's
28 authorization for the sublet repairs on his 2006 Nissan Altima.

1 **CONSUMER COMPLAINT (DISMUKE): 2000 DODGE RAM 1500 PICKUP**

2 30. On or about March 27, 2009, Robert Paul Dismuke ("Dismuke") took his 2000 Dodge
3 Ram 1500 pickup to Respondent's Vallejo facility for diagnosis of a transmission problem
4 (Dismuke reported that the transmission was "slipping and winding out with no power to move").
5 The facility performed the diagnosis and recommended rebuilding the transmission. Dismuke
6 authorized the repairs and was charged a total of \$2,941.79. Approximately two days later, the
7 transmission started "slipping" again. About 10 days later, Dismuke returned the vehicle to the
8 facility for another diagnosis. One of the facility's mechanics told Dismuke that the transmission
9 needed time to "work itself out" and advised Dismuke to drive the vehicle slowly for several
10 hundred miles. Dismuke returned the vehicle to the facility on at least three other occasions
11 because the transmission continued "slipping". The facility performed various repairs on the
12 vehicle, which did not resolve the problem. The facility's owner suggested that Dismuke take the
13 vehicle to another repair shop for diagnosis. On or about May 20, 2010, Dismuke took the
14 vehicle to a local automotive repair dealer, who recommended replacing the governor pressure
15 sensor. Dismuke had Respondent's facility replace the sensor, but the transmission continued
16 slipping. On or about July 15, 2010, Dismuke filed a complaint with the Bureau.

17 31. On August 11, 2010, a representative of the Bureau obtained copies of Respondent's
18 repair records on the vehicle, including Invoice Nos. 104322, 105488, 105663, and 105886 dated
19 March 27, 2009, February 15, 2010, March 31, 2010, and May 27, 2010, respectively, and work
20 orders/estimates dated March 27, 2009, February 15, 2010, March 31, 2010, and May 27, 2010,
21 which were signed by Dismuke.

22 **SIXTH CAUSE FOR DISCIPLINE**

23 **(Failure to Record Repairs Requested by Customer)**

24 32. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
25 subdivision (a)(2), in that Respondent caused or allowed Dismuke to sign the above work
26 orders/estimates which did not state the repairs requested by Dismuke; i.e., the diagnosis of the
27 transmission problem on his 2000 Dodge Ram 1500 pickup.

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1 **SEVENTH CAUSE FOR DISCIPLINE**

2 **(Violations of Regulations)**

3 33. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
4 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356 in the following
5 material respects:

6 a. **Subdivision (a)(2)(A):**

7 1. Respondent documented on Invoice No. 104322 that the transmission on
8 Dismuke's 2000 Dodge Ram 1500 pickup was slipping after third gear and that "a computer scan"
9 revealed a diagnostic trouble code ("code") relating to a speed sensor. Respondent failed to
10 provide an explanation or diagnosis of the code, and failed to list, describe or identify the specific
11 malfunction of the transmission or any justification for rebuilding the transmission.

12 2. Respondent failed to state on Invoice No. 105488 the repair work that was
13 performed on Dismuke's 2000 Dodge Ram 1500 pickup relating to the governor transducer listed
14 on the invoice. Further, Respondent failed to list, describe, or identify the diagnostic work that
15 was performed on the vehicle.

16 3. Respondent failed to list, describe or identify on Invoice No. 105663 the
17 diagnostic work that was performed on Dismuke's 2000 Dodge Ram 1500 pickup.

18 4. Respondent documented on Invoice No. 105886 that a valve body
19 programming kit was installed on Dismuke's 2000 Dodge Ram 1500 pickup, but failed to list,
20 describe or identify the diagnostic work that was performed on the vehicle.

21 b. **Subdivision (a)(2)(B):** Respondent failed to list on Invoice No. 105886 the valve
22 body repair kit that was supplied on Dismuke's 2000 Dodge Ram 1500 pickup.

23 **CONSUMER COMPLAINT (ROSAS): 2001 VOLKSWAGEN PASSAT**

24 34. On or about April 12, 2010, Ray Rosas ("Rosas") took his 2001 Volkswagen Passat to
25 Respondent's Vallejo facility and requested a diagnosis of the transmission (Rosas reported that
26 the "service engine soon" lamp was illuminated and the transmission was in "limp" or safe mode).
27 The facility performed the diagnosis and recommended replacing the #4 transmission pressure
28 control solenoid. Rosas authorized the repair at a cost of \$808.97. The repair did not resolve the

1 problem on the vehicle. Respondent's technician diagnosed the problem further, and found that
2 the transmission control module ("TCM") was "wet" and that the moisture had compromised the
3 TCM's internal circuitry. The technician gave Rosas a verbal estimate of \$1,800 to replace the
4 TCM. Rosas declined the repair, paid the facility \$808.97, and received a copy of Invoice No.
5 105688. Later, Rosas purchased a used TCM for \$140 and installed it on the vehicle himself.

6 **EIGHTH CAUSE FOR DISCIPLINE**

7 **(Violations of the Code)**

8 35. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
9 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
10 that Code in a material respect, as follows: Respondent documented on Invoice No. 105688 that
11 on April 12, 2010, Rosas had authorized \$765 in additional repairs on his 2001 Volkswagen
12 Passat, but failed to specify the nature of the repairs; i.e., the replacement of the #4 transmission
13 pressure control solenoid. Further, Respondent stated that the repairs were authorized by phone,
14 but failed to list the telephone number called.

15 **NINTH CAUSE FOR DISCIPLINE**

16 **(Violations of Regulations)**

17 36. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
18 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356 in the following
19 material respects:

20 a. **Subdivision (a)(2)(A)**: Respondent documented on Invoice No. 105688 that "a
21 computer scan" was performed on Rosas' 2001 Volkswagen Passat, revealing a code relating to
22 the #4 pressure control solenoid, but failed to provide an explanation or diagnosis of the code or a
23 description of the specific malfunction on the vehicle. Further, Respondent stated that an
24 "internal service" was performed on the vehicle, but failed to list, describe, or identify what was
25 included in the internal service.

26 b. **Subdivision (a)(2)(B)**: Respondent failed to list, identify, or describe on Invoice No.
27 105688 all parts supplied on Rosas' 2001 Volkswagen Passat, specifically, the #4 pressure control
28 solenoid.

1 UNDERCOVER OPERATION #1: 1996 TOYOTA CAMRY

2 37. On November 2, 2010, an undercover operator of the Bureau ("operator") took the
3 Bureau's 1996 Toyota Camry to Respondent's Vallejo facility. The No. 2 shift solenoid (also
4 known as the B shift solenoid) on the Bureau-documented vehicle was defective. The operator
5 met with an unidentified male and informed him that the "check engine" light was illuminated
6 and the transmission was not shifting properly. The operator requested a diagnosis of the vehicle.
7 The unidentified male had the operator sign an estimate, but did not provide her with a copy. The
8 operator left the facility.

9 38. At approximately 1107 hours that same day, the operator called the facility and spoke
10 with Respondent's employee, "Chris". Chris told the operator that they had performed the
11 diagnosis and found that the transmission was "missing second gear". Chris stated that the
12 transmission fluid was clean, but there was "a lot of metal in the pan". Chris told the operator that
13 the transmission needed to be removed and disassembled for inspection and that the cost would
14 be \$80, which would be applied towards any repairs. The operator authorized the work.

15 39. At approximately 1630 hours, Chris called the operator and told her that they had
16 removed and disassembled the transmission and had found debris in the pan. Chris also stated
17 that they would need to replace the A and B solenoids (No. 1 and 2 shift solenoids) and clean the
18 transmission, and that the total repair costs on the vehicle would be \$656.20. The operator
19 authorized the additional work.

20 40. On November 4, 2010, the operator returned to the facility to retrieve the vehicle and
21 met with Chris. The operator asked Chris to explain the transmission repairs that were performed
22 on the vehicle. Chris told the operator that they removed and disassembled the transmission,
23 cleaned the debris from the pan, and replaced the A and B solenoids. The operator paid Chris
24 \$656.20 and received a copy of Invoice No. 106568. The invoice stated that the repairs were
25 covered by a 90 day warranty.

26 41. On November 9, 2010, the Bureau inspected the vehicle and found that the facility
27 performed unnecessary repairs. The total estimated value of the unnecessary repairs that were
28 performed on the vehicle is \$479.65.

1 **TENTH CAUSE FOR DISCIPLINE**

2 **(Untrue or Misleading Statements)**

3 42. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
4 subdivision (a)(1), in that Respondent made or authorized statements which it knew or in the
5 exercise of reasonable care should have known to be untrue or misleading, as follows:

6 a. Respondent's employee, Chris, represented to the operator that there was "a lot of
7 metal" in the transmission pan on the Bureau's 1996 Toyota Camry and that the transmission
8 needed to be removed and disassembled for inspection. In fact, the only repair needed on the
9 vehicle was the replacement of the defective No. 2 shift solenoid, which is readily accessible once
10 the transmission pan has been removed. Further, there were no abnormalities present in the
11 transmission pan at the time the vehicle was taken to Respondent's facility.

12 b. Respondent's employee, Chris, represented to the operator that the A solenoid (No. 1
13 shift solenoid) on the Bureau's 1996 Toyota Camry was in need of replacement. In fact, the No. 1
14 shift solenoid was not in need of replacement at the time the vehicle was taken to Respondent's
15 facility.

16 c. Respondent represented on the invoice that the transmission repairs were covered by
17 a 90 day warranty, but failed to disclose the full nature and extent of the warranty, a description
18 of all parts, characteristics, or properties covered by or excluded from the warranty, the manner in
19 which Respondent would perform under the warranty, and/or all conditions and limitations on the
20 warranty, as required by Regulation 3376.

21 **ELEVENTH CAUSE FOR DISCIPLINE**

22 **(Failure to Provide Customer with Copy of Signed Document)**

23 43. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
24 subdivision (a)(3), in that Respondent's employee failed to provide the operator with a copy of the
25 written estimate, as set forth in paragraph 37 above.

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1 **TWELFTH CAUSE FOR DISCIPLINE**

2 **(Fraud)**

3 44. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
4 subdivision (a)(4), in that Respondent committed acts constituting fraud, as follows:
5 Respondent's employee, Chris, made false or misleading statements to the operator regarding the
6 condition of the Bureau's 1996 Toyota Camry, as set forth in subparagraphs 42 (a) and (b) above,
7 in order to induce the operator to purchase unnecessary transmission repairs on the vehicle, then
8 sold the operator unnecessary repairs, including the removal and disassembly of the transmission
9 and the replacement of the No. 1 shift solenoid.

10 **THIRTEENTH CAUSE FOR DISCIPLINE**

11 **(Departure from Trade Standards)**

12 45. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
13 subdivision (a)(7), in that Respondent willfully departed from or disregarded accepted trade
14 standards for good and workmanlike repair without the consent of the owner or the owner's duly
15 authorized representative, in a material respect, as follows: Respondent failed to provide the
16 operator with a written estimate for the teardown, inspection, and reassembly of the transmission
17 before removing the component from the Bureau's 1996 Toyota Camry, in violation of Regulation
18 3353, subdivision (d).

19 **FOURTEENTH CAUSE FOR DISCIPLINE**

20 **(Violations of the Code)**

21 46. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
22 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
23 that Code in a material respect, as follows: Respondent's employee failed to provide the operator
24 with a written estimate for the diagnosis of the Bureau's 1996 Toyota Camry.

25 **FIFTEENTH CAUSE FOR DISCIPLINE**

26 **(Violations of Regulations)**

27 47. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
28 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356, subdivision

1 (a)(2)(A) in a material respect, as follows: Respondent failed to list, describe, or identify on the
2 invoice the diagnostic work that was performed on the Bureau's 1996 Toyota Camry and/or the
3 results of the diagnosis.

4 **UNDERCOVER OPERATION #2:**

5 **1999 CHEVROLET SILVERADO 1500 PICKUP TRUCK**

6 48. On February 23, 2011, an undercover operator of the Bureau ("operator") took the
7 Bureau's 1999 Chevrolet Silverado 1500 pickup truck to Respondent's Vallejo facility. An open
8 circuit had been created in the power supply to the transmission solenoids at the internal
9 transmission wiring harness connector on the Bureau-documented vehicle. The operator met with
10 Respondent's employee, Chris, and told him that the vehicle's transmission was not shifting and
11 the "check engine" light was illuminated on the dashboard. The operator asked Chris how much
12 it would cost to diagnose the vehicle. Chris told the operator that there was no charge for the
13 diagnosis. Chris had the operator sign a written estimate, but did not provide him with a copy.
14 The operator left the facility.

15 49. At approximately 1157 hours that same day, the operator called the facility and spoke
16 with Chris. Chris told the operator that they checked the vehicle and that there might be an
17 electrical problem because "when they cleared the codes, the codes came right back". Chris told
18 the operator that it would cost \$120 to "trace a short in the wiring" and that the \$120 would be
19 credited towards the cost of the repairs. The operator authorized the work. At approximately
20 1526 hours, the operator called Chris regarding the status of the vehicle. Chris told the operator
21 that they were "pretty sure" the problem was with a switch and that the part was ordered from a
22 local Chevrolet dealership.

23 50. On February 24, 2011, Chris called the operator and told him that they had installed
24 the switch, but the vehicle was "still doing the same thing". Chris stated that they would continue
25 their testing and call the operator the following day.

26 51. On February 25, 2011, the operator called the facility and spoke with Chris. Chris
27 told the operator that there was a "loose wire in the transmission case" and that the total cost of
28 the repairs would be \$651.81.

1 of all parts, characteristics, or properties covered by or excluded from the warranty, the manner in
2 which Respondent would perform under the warranty, and/or all conditions and limitations on the
3 warranty, as required by Regulation 3376.

4 **SEVENTEENTH CAUSE FOR DISCIPLINE**

5 **(Failure to Provide Customer with Copy of Signed Document)**

6 55. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
7 subdivision (a)(3), in that Respondent's employee, Chris, failed to provide the operator with a
8 copy of the written estimate, as set forth in paragraph 48 above.

9 **EIGHTEENTH CAUSE FOR DISCIPLINE**

10 **(Fraud)**

11 56. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
12 subdivision (a)(4), in that Respondent committed an act constituting fraud, as follows:
13 Respondent charged the operator twice for the replacement of the TCC solenoid on the Bureau's
14 1999 Chevrolet Silverado 1500 pickup truck, as set forth in paragraph 53 above.

15 **NINETEENTH CAUSE FOR DISCIPLINE**

16 **(Violations of the Code)**

17 57. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
18 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
19 that Code in the following material respects:

- 20 a. Respondent's employee, Chris, failed to provide the operator with a written estimate
21 for the diagnosis of the Bureau's 1999 Chevrolet Silverado 1500 pickup truck.
- 22 b. Respondent replaced the 1-2 and 2-3 shift solenoids on the vehicle without the
23 operator's knowledge or authorization.
- 24 c. Respondent documented on the invoice that on February 25, 2011, the operator had
25 authorized \$624.62 in additional repairs on the vehicle by phone, but failed to specify the repairs.
26 Further, Respondent failed to list the telephone number called.

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1 **TWENTIETH CAUSE FOR DISCIPLINE**

2 **(Violations of Regulations)**

3 58. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
4 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356, subdivision
5 (a)(2)(A) in a material respect, as follows: Respondent failed to list, describe, or identify on the
6 invoice the diagnostic work that was performed on the Bureau's 1999 Chevrolet Silverado 1500
7 pickup truck or the results of the diagnosis.

8 **UNDERCOVER OPERATION #3: 2001 CHEVROLET MONTE CARLO**

9 59. On July 18, 2011, an undercover operator of the Bureau ("operator") took the
10 Bureau's 2001 Chevrolet Monte Carlo to Respondent's Vallejo facility. An open circuit had been
11 created in the power supply to the transmission solenoids at the internal transmission wiring
12 harness on the Bureau-documented vehicle. The operator met with Respondent's employee,
13 Chris, and told him that the vehicle was sluggish when starting from stops and the "check engine"
14 light was illuminated. The operator asked Chris how much it would cost to diagnose the problem
15 with the vehicle. Chris told the operator that the diagnosis would be free of charge. Chris had the
16 operator sign a written estimate, but did not give him a copy. Chris gave the operator his business
17 card, identifying him as Chris Rannals, and told the operator that he could call him later with the
18 results of the diagnosis. The operator left the facility.

19 60. At approximately 1200 hours that same day, the operator called the facility and spoke
20 with Chris. Chris told the operator that the transmission fluid looked clean, but had a burnt odor.
21 Chris asked the operator if he would authorize an additional hour of diagnostic work on the
22 vehicle. Chris explained that there were three transmission trouble codes stored in the vehicle's
23 computer and that they needed to check the fuses to see if it was an electrical or mechanical
24 problem. Chris told the operator that he would credit the cost of the diagnosis towards the
25 teardown of the transmission. The operator authorized the work.

26 61. At approximately 1500 hours, the operator called the facility and spoke with Chris.
27 Chris told the operator that the electrical system tested well, but they would need to remove and

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1 "open the transmission" to test the shift solenoids. Chris requested the operator's authorization to
2 perform a teardown of the transmission for \$680. The operator authorized the work.

3 62. On July 19, 2011, at approximately 1407 hours, Chris called the operator and left him
4 a voice mail message, stating that the wiring harness inside the transmission had a broken metal
5 prong, which prevented it from locking in place. At approximately 1413 hours, the operator
6 called Chris and asked him if the harness could be repaired. Chris told the operator that the
7 harness was broken and would need to be replaced along with the valve body gaskets and
8 transmission fluid. Chris stated that the total repair costs on the vehicle would be \$990.65.

9 63. On July 22, 2011, the operator returned to the facility to retrieve the vehicle, paid
10 Chris \$990.65, and received a copy of an invoice. The invoice stated that the repairs were
11 covered by a 90 day warranty. The operator asked Chris what repairs were performed on the
12 vehicle. Chris told the operator that they replaced the transmission wiring harness and gaskets.

13 64. On September 6, 2011, the Bureau inspected the vehicle and found that Respondent's
14 facility had replaced the wiring harness assembly as invoiced, but had also replaced the
15 transmission case and several transmission hard parts, none of which were in need of
16 replacement. The total estimated value of the unnecessary repairs that were performed on the
17 vehicle is \$863.

18 TWENTY-FIRST CAUSE FOR DISCIPLINE

19 (Untrue or Misleading Statements)

20 65. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
21 subdivision (a)(1), in that Respondent made or authorized statements which it knew or in the
22 exercise of reasonable care should have known to be untrue or misleading, as follows:

23 a. Respondent's employee, Chris, falsely represented to the operator that the
24 transmission fluid on the Bureau's 2001 Chevrolet Monte Carlo had a burnt odor.

25 b. Respondent's employee, Chris, represented to the operator that the only repairs
26 performed on the Bureau's 2001 Chevrolet Monte Carlo were the replacement of the transmission
27 wiring harness and gaskets. In fact, the facility also replaced the valve body gaskets, channel
28 plate gasket, transmission case, transmission fluid temperature sensor, drive sprocket support,

1 differential/final driver carrier assembly, differential pinion and side gears, final drive sun gear,
2 final drive internal gear, output shaft, 2-1 manual band servo assembly, 1-2, 2-3 accumulator
3 assembly, forward band servo assembly, and reverse band servo assembly on the vehicle.
4 Further, all of the above parts were new or in good condition, were within manufacturer's
5 specifications, and were not in need of replacement.

6 c. Respondent falsely represented on the invoice that the transmission fluid on the
7 Bureau's 2001 Chevrolet Monte Carlo had a burnt odor.

8 d. Respondent represented on the invoice that the transmission repairs were covered by
9 a 90 day warranty, but failed to disclose the full nature and extent of the warranty, a description
10 of all parts, characteristics, or properties covered by or excluded from the warranty, the manner in
11 which Respondent would perform under the warranty, and/or all conditions and limitations on the
12 warranty, as required by Regulation 3376.

13 **TWENTY-SECOND CAUSE FOR DISCIPLINE**

14 **(Failure to Provide Customer with Copy of Signed Document)**

15 66. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
16 subdivision (a)(3), in that Respondent's employee, Chris, failed to provide the operator with a
17 copy of the written estimate, as set forth in paragraph 59 above.

18 **TWENTY-THIRD CAUSE FOR DISCIPLINE**

19 **(Departure from Trade Standards)**

20 67. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
21 subdivision (a)(7), in that Respondent willfully departed from or disregarded accepted trade
22 standards for good and workmanlike repair without the consent of the owner or the owner's duly
23 authorized representative, in a material respect, as follows: Respondent failed to provide the
24 operator with a written estimate for the teardown of the transmission before removing the
25 component from the Bureau's 2001 Chevrolet Monte Carlo, in violation of Regulation 3353,
26 subdivision (d).

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1 **TWENTY-FOURTH CAUSE FOR DISCIPLINE**

2 **(Violations of the Code)**

3 68. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
4 subdivision (a)(6), in that Respondent failed to comply with section 9884.9, subdivision (a), of
5 that Code in the following material respects:

6 a. Respondent's employee, Chris, failed to provide the operator with a written estimate
7 for the diagnosis of the Bureau's 2001 Chevrolet Monte Carlo.

8 b. Respondent replaced the transmission case and transmission hard parts, identified in
9 subparagraph 65 (b) above, without the operator's knowledge or authorization.

10 **TWENTY-FIFTH CAUSE FOR DISCIPLINE**

11 **(Violations of Regulations)**

12 69. Respondent is subject to disciplinary action pursuant to Code section 9884.7,
13 subdivision (a)(6), in that Respondent failed to comply with Regulation 3356 in the following
14 material respects:

15 a. **Subdivision (a)(2)(A):** Respondent failed to list, describe, or identify on the invoice
16 the diagnostic work that was performed on the Bureau's 2001 Chevrolet Monte Carlo, or the
17 results of the diagnosis.

18 b. **Subdivisions (a)(2)(A) and (B):** Respondent failed to list, describe, or identify on
19 the invoice the repairs performed and parts supplied on the Bureau's 2001 Chevrolet Monte Carlo,
20 identified in subparagraph 65 (b) above.

21 **OTHER MATTERS**

22 70. Pursuant to Code section 9884.7, subdivision (c), the Director may suspend, revoke,
23 or place on probation the registration for all places of business operated in this state by
24 Respondent Maxrun Corp, including, but not limited to, Automotive Repair Dealer Registration
25 Numbers ARD 258207 and ARD 248462, upon a finding that Respondent has, or is, engaged in a
26 course of repeated and willful violations of the laws and regulations pertaining to an automotive
27 repair dealer.

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PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the Director of Consumer Affairs issue a decision:

- 1. Revoking or suspending Automotive Repair Dealer Registration Number ARD 255511, issued to Maxrun Corp, doing business as Aamco Transmissions;
- 2. Revoking or suspending any other automotive repair dealer registration issued in the name of Maxrun Corp, including, but not limited to, Automotive Repair Dealer Registration Numbers ARD 258207 and ARD 248462;
- 3. Ordering Maxrun Corp, dba Aamco Transmissions, to pay the Bureau of Automotive Repair the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 125.3;
- 4. Taking such other and further action as deemed necessary and proper.

DATED: 2/22/12

John Wallauch by *Doug Balant*,
 JOHN WALLAUCH
 Chief
 Bureau of Automotive Repair
 Department of Consumer Affairs
 State of California
 Complainant
Doug Balant, Assiant. Chief