

STATE OF NORTH CAROLINA

File No. 16CV013259

WAKE County

In The General Court Of Justice
District Superior Court Division

Name And Address Of Plaintiff 1
State of North Carolina
ex. rel. Roy Cooper, Attorney General
N.C. Department of Justice, 114 West Edenton Street
Raleigh, NC 27603

FILED
OCT 27 A 10 08

GENERAL

CIVIL ACTION COVER SHEET

INITIAL FILING SUBSEQUENT FILING

Rule 5(b), General Rules of Practice For Superior and District Courts

Name And Address Of Plaintiff 2

Name And Address Of Attorney-Of-Party, If Not Represented (complete for initial appearance or change of address)

Torrey D. Dixon, Esq.
Asst. Attorney General, Consumer Protection Division
N.C. Department of Justice
114 West Edenton Street, Raleigh, NC 27603

VERSUS

Name Of Defendant 1
Hyundai Motor Company and Hyundai Motor America
10550 Talbert Avenue
Fountain Valley, CA 92708
Attn.: J. L. Flannery

Telephone No. 919-716-6030
Cellular Telephone No.
NC Attorney Bar No. 36176
Attorney E-Mail Address tdixon@ncdoj.gov

Summons Submitted Yes No

Initial Appearance in Case Change of Address

Name Of Defendant 2
Kia Motors Corporation and Kia Motors America
111 Peters Canyon Road
Irvine, CA 92606-1790
Attn.: J. Yoon

Name Of Firm
N.C. Department of Justice
FAX No. 919-716-6050

Summons Submitted Yes No

Counsel for
All Plaintiffs All Defendants Only (list party(ies) represented)

Jury Demanded In Pleading
Complex Litigation

State of North Carolina
Amount in controversy does not exceed \$15,000
Stipulate to arbitration

TYPE OF PLEADING

- (check all that apply)
Amend (AMND)
Amended Answer/Reply (AMND-Response)
Amended Complaint (AMND)
Assess Costs (COST)
Answer/Reply (ANSW-Response) (see Note)
Change Venue (CHVN)
Complaint (COMP)
Confession Of Judgment (CNJF)
Consent Order (CONS)
Consolidate (CNSL)
Contempt (CNTP)
Continue (CNTN)
Compel (CMPL)
Counterclaim (CTCL) Assess Court Costs
Crossclaim (list on back) (CRSS) Assess Court Costs
Dismiss (DISM) Assess Court Costs
Exempt/Waive Mediation (EXMD)
Extend Statute Of Limitations, Rule 9 (ESOL)
Extend Time For Complaint (EXCO)
Failure To Join Necessary Party (FJNP)

- (check all that apply)
Failure To State A Claim (FASC)
Implementation Of Wage Withholding In Non-IV-D Cases (OTHR)
Improper Venue/Division (IMVN)
Including Attorney's Fees (ATTY)
Intervene (INTR)
Interplead (OTHR)
Lack Of Jurisdiction (Person) (LJPN)
Lack Of Jurisdiction (Subject Matter) (LJSM)
Modification Of Child Support In IV-D Actions (MSUP)
Notice Of Dismissal With Or Without Prejudice (VOLD)
Petition To Sue As Indigent (OTHR)
Rule 12 Motion In Lieu Of Answer (MDLA)
Sanctions (SANC)
Set Aside (OTHR)
Show Cause (SHOW)
Transfer (TRFR)
Third Party Complaint (list Third Party Defendants on back) (TPCL)
Vacate/Modify Judgment (VCMD)
Withdraw As Counsel (WDCN)
Other (specify and list each separately)

NOTE: All filings in civil actions shall include as the first page of the filing a cover sheet summarizing the critical elements of the filing in a format prescribed by the Administrative Office of the Courts, and the Clerk of Superior Court shall require a party to refile a filing which does not include the required cover sheet. For subsequent filings in civil actions, the filing party must either include a General Civil (AOC-CV-751), Motion (AOC-CV-752), or Court Action (AOC-CV-753) cover sheet.

CLAIMS FOR RELIEF

- | | | |
|--|---|---|
| <input type="checkbox"/> Administrative Appeal (ADMA) | <input type="checkbox"/> Limited Driving Privilege - Out-Of-State
Convictions (PLDP) | <input type="checkbox"/> Product Liability (PROD) |
| <input type="checkbox"/> Appointment Of Receiver (APRC) | <input type="checkbox"/> Medical Malpractice (MDML) | <input type="checkbox"/> Real Property (RLPR) |
| <input type="checkbox"/> Attachment/Garnishment (ATTC) | <input type="checkbox"/> Minor Settlement (MSTL) | <input type="checkbox"/> Specific Performance (SPPR) |
| <input type="checkbox"/> Claim And Delivery (CLMD) | <input type="checkbox"/> Money Owed (MNYO) | <input checked="" type="checkbox"/> Other (<i>specify and list each separately</i>) |
| <input type="checkbox"/> Collection On Account (ACCT) | <input type="checkbox"/> Negligence - Motor Vehicle (MVNG) | Civil judgment, restitution, civil penalties and court costs |
| <input type="checkbox"/> Condemnation (CNDM) | <input type="checkbox"/> Negligence - Other (NEGO) | |
| <input type="checkbox"/> Contract (CNTR) | <input type="checkbox"/> Motor Vehicle Lien G.S. 44A (MVLN) | |
| <input type="checkbox"/> Discovery Scheduling Order (DSCH) | <input type="checkbox"/> Possession Of Personal Property (POPP) | |
| <input type="checkbox"/> Injunction (INJU) | | |

Date

October 27, 2016

Signature Of Attorney/Party



FEES IN G.S. 7A-308 APPLY

Assert Right Of Access (ARAS)
Substitution Of Trustee (Judicial Foreclosure) (RSOT)
Supplemental Procedures (SUPR)

PRO HAC VICE FEES APPLY

Motion For Out-Of-State Attorney To Appear In NC Courts In A Civil Or Criminal Matter (Out-Of-State Attorney/Pro Hac Vice Fee)

No.	<input type="checkbox"/> Additional Plaintiff(s)

No.	<input type="checkbox"/> Additional Defendant(s)	<input type="checkbox"/> Third Party Defendant(s)	Summons Submitted
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No

Plaintiff(s) Against Whom Counterclaim Asserted

Defendant(s) Against Whom Crossclaim Asserted

16CV013259

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
NO. _____

FILED

2016 OCT 27 A 10:08

STATE OF NORTH CAROLINA, *ex rel.*)
Roy Cooper, Attorney General, WAKE CO., N.C.)

Plaintiff, BY )

COMPLAINT

v.)

HYUNDAI MOTOR COMPANY;)
HYUNDAI MOTOR AMERICA;)
KIA MOTORS CORPORATION;)
KIA MOTORS AMERICA;)

Defendants.)

INTRODUCTION

1. Plaintiff State of North Carolina, *ex rel.* Roy Cooper, Attorney General (the “State” or “Plaintiff”) having reasonable cause to believe that violations of North Carolina’s consumer protection laws have occurred, brings this action in the public interest and on behalf of the State of North Carolina against Defendants Hyundai Motor Corporation, Hyundai Motor America, Kia Motors Corporation, and Kia Motors America (hereinafter collectively referred to as “Defendants” or “Hyundai”).

2. As shown more fully below, the State alleges that Defendants manufactured, assembled, advertised, marketed, promoted, sold, and distributed motor vehicles in violation of N.C. Gen. Stat. § 75-1.1.

I. VENUE & JURISDICTION

3. This Court has jurisdiction over the parties and the subject matter of this litigation. The transactions complained of herein, and out of which this action arose, either occurred within or impacted the State of North Carolina at all times relevant to this Complaint.

4. Venue for this action properly lies in Wake County pursuant to N.C. Gen Stat. 75-14.

II. PARTIES

5. The Plaintiff is the State of North Carolina, acting on the relation of Roy Cooper, Attorney General, pursuant to authority granted by Chapters 75 and 114 of the General Statutes of North Carolina. Plaintiff has brought this action in connection with a multi-state investigation of the Defendant conducted by the Attorneys General of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Iowa, Illinois, Indiana, Kansas, Kentucky, Maryland, Maine, Massachusetts, Missouri, Nebraska, New Jersey, New Mexico, Nevada, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington, and Wisconsin (hereinafter collectively referred to as the "Attorneys General").

6. The Defendant, Hyundai Motor Company, is a multi-national corporation with its principal corporate headquarters in Seoul, South Korea.

7. The Defendant, Hyundai Motor Company, manufactures, offers, and sells Hyundai vehicles in the United States through its wholly-owned subsidiary, Hyundai Motor America.

8. The Defendant, Hyundai Motor America, is a California corporation with a principal place of business in Fountain Valley, California.

9. The Defendant, Kia Motors Corporation, is a multi-national corporation with its principal corporate headquarters in Seoul, South Korea.

10. The Defendant, Kia Motors Corporation, manufactures, offers and sells Kia vehicles in the United States through its wholly-owned subsidiary, Kia Motors America.

11. Defendant, Kia Motors America is a California corporation with a principal place of business in Irvine, California.

III. FACTUAL ALLEGATIONS

12. Defendants have manufactured, assembled, advertised, marketed, promoted, sold, and distributed millions of vehicles in the United States in general, and the State of North Carolina in particular. For the model years (“MY”) 2011 through 2013, the Defendants offered and sold certain light duty passenger vehicles identified in Exhibit A, attached hereto (the “Subject Vehicles”). The Subject Vehicles were offered and sold during a period of very high gasoline prices in the United States, and the Defendants’ marketing efforts touted, indeed trumpeted, the Subject Vehicles allegedly superior fuel economy.

13. Before they could be offered for sale in the United States, however, the Subject Vehicles had to be certified by the United States Environmental Protection Agency (“EPA”) and the California Air Resources Board (“CARB”) as being in compliance with applicable emissions limits set forth in state and federal law.

14. Defendants, like all other auto manufacturers, conducted their own testing of the Subject Vehicles and used the resulting data to support their applications for certificates of conformity.

15. In filing their applications, the Defendants expressly and impliedly represented that their testing complied in all material respects with the procedures mandated by EPA and CARB.

16. In truth and in fact, however, the Defendants deviated from the mandated testing protocols in numerous respects, thereby producing data that underestimated the road load forces for the Subject Vehicles and overstated the fuel efficiency estimates for the Subject Vehicles.

17. Defendants thereafter incorporated the inflated and inaccurate data into the estimated mileage ratings displayed on hundreds of thousands of Monroney (or window) stickers affixed to Subject Vehicles in dealerships across the nation.

18. Defendants further sought to capitalize on the erroneous mileage estimates by placing them front and center in a variety of advertisements and other promotional campaigns, including, but not limited to:

- a. representing, without limitation or qualification, that the Hyundai Elantra could travel roundtrip between Los Angeles and Las Vegas “WITHOUT STOPPING FOR GAS.” (Emphasis in the original). See Exhibit B hereto;
- b. representing, without limitation or qualification, that the 2011 Hyundai Elantra could travel from Buffalo to Niagara Falls and back, a distance of 40 miles, on a single gallon of fuel. See Exhibit C hereto;
- c. representing, without limitation or qualification, that five different Hyundai models were rated at 40 mpg. See Exhibit D hereto; and
- d. utilizing the estimated mileage ratings for the Kia Sorrento EX in advertisements for the Kia Sorrento SX, a different model with a lower fuel economy rating.

19. On November 12, 2012, the Defendants announced that they were adjusting and restating the fuel economy ratings for all of the Subject Vehicles. Defendants took this action after an investigation by EPA and CARB uncovered Defendants' deviations from the mandated testing protocols, which resulted in the mileage overstatements.

20. By engaging in the aforesaid acts, practices, representations and omissions, the Defendants made deceptive or misleading statements to government agencies and to consumers regarding the features, performance, and characteristics of the Subject Vehicles, including but not limited to:

- e. misrepresenting, falsely certifying or falsely warranting the Subject Vehicles' compliance with applicable certification or other regulatory requirements;
- f. failing to state material facts in connection with their sale and marketing of the Subject Vehicles, the omission of which deceived or tended to deceive consumers; and
- g. misrepresenting or deceptively advertising, promoting and warranting the Subject Vehicles' fuel economy and performance.

21. Defendants' misrepresentations to regulators enabled them to secure the requisite legal authorizations to sell the Subject Vehicles in the United States, and more particularly in North Carolina.

22. Defendants' acts and practices, as described herein, were likely to mislead consumers acting reasonably under the circumstances.

23. Defendants' acts or practices, as described here, were material to consumers' decisions to purchase the Subject Vehicles during a time of high gasoline prices.

24. Defendants' acts or practices, as described herein, caused substantial injury to consumers in that consumers purchased Subject Vehicles that were improperly certified for sale, and which were offered for sale using inaccurate and deceptive mileage ratings.

25. Defendants' acts or practices, as described herein, amount to commerce as defined by N.C. Gen. Stat. § 75-1.1(b).

26. Defendants' acts or practices, as described herein, therefore constitute unfair or deceptive acts or practices, in violation of N.C. Gen. Stat. § 75-1.1 et seq.

IV. PLAINTIFF'S CAUSES OF ACTION:

27. Plaintiff incorporates, by reference, as if completely rewritten herein, the allegations set forth in all of the above paragraphs.

28. Plaintiff alleges that Defendants' above alleged acts, practices, representations, and omissions constitute a continuing pattern and practice of multiple violations of the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*

V. PRAYER FOR RELIEF

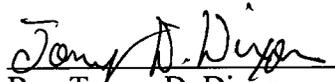
WHEREFORE, Plaintiff respectfully prays that this Court:

- A. ISSUE A JUDGMENT finding that the above alleged acts, practices, representations, and omissions violate the Unfair and Deceptive Trade Practices Act;
- B. ORDER Defendants, pursuant to N.C. Gen. Stat. § 75-15.1, to pay restitution to all consumers who suffered injury due to Defendants' unlawful acts and practices;
- C. IMPOSE civil penalties of Five Thousand Dollars (\$5,000.00) for each separate advertisement distributed in violation of N.C. Gen. Stat. § 75-1.1, pursuant to N.C. Gen. Stat. § 75-15.2;
- D. GRANT the North Carolina Attorney General his costs in bringing this action;

- E. ORDER Defendants to pay all court costs;
- F. GRANT such other relief as the Court deems to be just, equitable and appropriate.

Respectfully submitted, this the 27th day of October, 2016.

ROY COOPER
Attorney General



By: Torrey D. Dixon
NC Bar No. 36176
Assistant Attorney General
Consumer Protection Division
North Carolina Department of Justice
114 W. Edenton Street
Raleigh, NC 27603
Phone: (919) 716-6030
Fax: (919) 716-6050

EXHIBIT A

HYUNDAI VEHICLES

2013 Model Year

2013 Accent (automatic transmission; 1.6 liter engine)
2013 Accent (manual transmission; 1.6 liter engine)
2013 Azera (automatic transmission; 3.3 liter engine)
2013 Elantra (automatic transmission; 1.8 liter engine)
2013 Elantra (manual transmission; 1.8 liter engine)
2013 Elantra Coupe (automatic transmission; 1.8 liter engine)
2013 Elantra Coupe (manual transmission; 1.8 liter engine)
2013 Elantra GT (automatic transmission; 1.8 liter engine)
2013 Elantra GT (manual transmission; 1.8 liter engine)
2013 Genesis (automatic transmission; 3.8 liter engine)
2013 Genesis R-Spec (automatic transmission; 5.0 liter engine)
2013 Santa Fe Sport 2WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 2WD (automatic transmission; 2.4 liter engine)
2013 Santa Fe Sport 4WD Turbo (automatic transmission; 2.0 liter engine)
2013 Santa Fe Sport 4WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (automatic transmission; 2.0 liter engine)
2013 Tucson 2WD (automatic transmission; 2.4 liter engine)
2013 Tucson 2WD (manual transmission; 2.0 liter engine)
2013 Tucson 4WD (automatic transmission; 2.4 liter engine)
2013 Veloster Turbo (automatic transmission; 1.6 liter engine)
2013 Veloster (automatic transmission; 1.6 liter engine)
2013 Veloster (manual transmission; 1.6 liter engine)

KIA VEHICLES

2013 Model Year

2013 Rio 2WD (automatic transmission; 1.6 liter engine)
2013 Rio 2WD (manual transmission; 1.6 liter engine)
2013 Rio 2WD (automatic (Eco) transmission; 1.6 liter engine)
2013 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2013 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))
2013 Soul 2WD (automatic transmission; 1.6 liter engine)
2013 Soul 2WD (manual transmission; 1.6 liter engine)
2013 Soul 2WD (automatic transmission; 2.0 liter engine)
2013 Soul 2WD (manual transmission; 2.0 liter engine)
2013 Soul ECO 2WD (automatic transmission; 1.6 liter engine)
2013 Soul ECO 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.0 liter engine)
2013 Sportage 2WD (automatic transmission; 2.4 liter engine)
2013 Sportage 2WD (manual transmission; 2.4 liter engine)
2013 Sportage 4WD (automatic transmission; 2.0 liter engine)
2013 Sportage 4WD (automatic transmission; 2.4 liter engine)
2013 Sportage 4WD (manual transmission; 2.4 liter engine)

2012 Model Year

2012 Rio 2WD (automatic transmission; 1.6 liter engine)
2012 Rio 2WD (manual transmission; 1.6 liter engine)
2012 Sorento 2WD (automatic transmission; 2.4 liter engine (GDI))
2012 Sorento 4WD (automatic transmission; 2.4 liter engine (GDI))

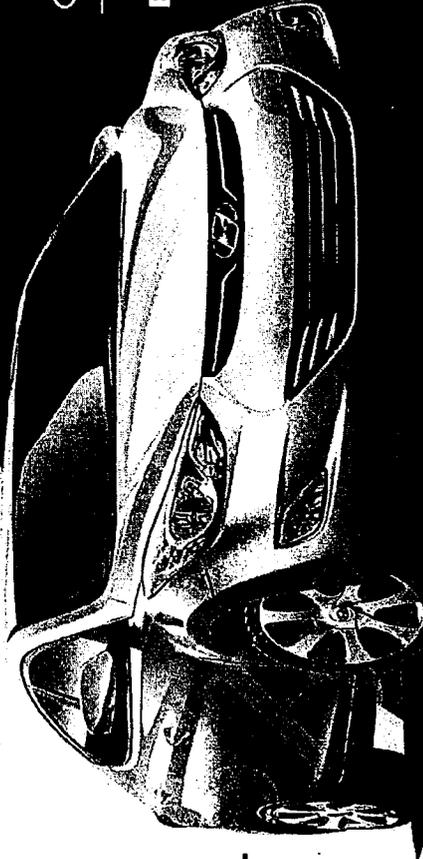
XXXXX
DO THE HYUNDAI

7007.9135

HYUNDAI

ELANTRA

40
MPG
HWY



America's Best Warranty
10-Year/100,000-Mile
Powertrain Limited Warranty
HYUNDAI
ASSURANCE

- STEP 1 Grab Your Gas Receipt and See the Savings
- STEP 2 Raise Your Hands in the Air
- STEP 3 Cross Them to Complete the "H"
- STEP 4 Celebrate. Smile. Repeat.

Drive from Las Vegas to L.A. and Back WITHOUT STOPPING FOR GAS

HMA0026271

The falls and back
on a gallon.



BuffaloHyundaiDealers.com

2011 Elantra, 40 MPG standard.

 HYUNDAI

INNOCEAN WORLDWIDE

Project Title: Eastern Region Elantra OOH - Buffalo Market 10x30

File Name: H11-MD-2107_H-11-00176Buff(10X30). | Date: 5-11-2011 4:37 PM | Pubs: None

Job#: H11-MD-2107 | Ad#: H-11-00176 | Insertion Date: 5/30/2011

Client: HDAA Region: Eastern Dealer Tag: None AdSend Code: None Advance #: None	Product: Elantra Element/Media: Print OOH Material Due Date: 5/13/11 Vendor: Hi-Res	Bleed: 6" x 3" Trim/Die: 7.75" x 2.75" Live: 7.25" x 2.25" Folded Size: None	Round: F
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Colors Used: Cyan, Magenta, Yellow, Black

LIVE **GUTTER/FOLD** **TRIM** **BLEED** INDICATES AREA DESIGNATION AND DOES NOT PRINT.

Placed Images
120x120_Floor_RGB_5.psd (RGB; 173 ppi; 26.45%)
MY11_MD_LTD_0057_v2.psd (CMYK; 752 ppi;
39.88%), Hyundai Logo_wht.ai (81.51%)

Fonts Used
Helvetica Neue (65 Medium, 57 Condensed)

Creative Director: Ed Miller			
Associate CD: Tyson Brown			
Art Director: Tracy Stephens			
Copywriter: Molly McLaughlin			
Proofreader: Chris Richards			
Account Executive: Julie Guernini			
Product: Taj Tashembe			
Print Production: Patricia Marquez			
Traffic: Suzanne Cheng			
Client: HDAA			
Studio: Vanessa Volante			

180 5th Street Suite 200 • Huntington Beach, CA 92648 714.861.5200

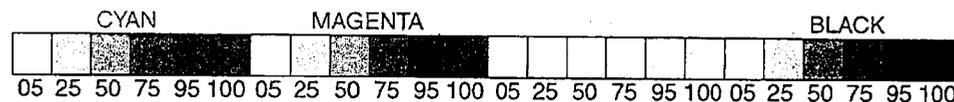
FILES BUILT AT 144 TO 1 R. PRINT-OUT IS AT NONE. THIS PRINT-OUT IS NOT FOR COLOR.



graphicindustries

phone 949 231 1452

JOB #	16327-2	Innocean	East Hyundai Elantra 10x30	LS: 175	Rnd: 1.0
Time:	10:39 AM	Date:	5/12/11	QC:	PUBLICATION: 00176Buff



HMA0027920

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5 MODELS.
40MPG.**



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- Blue Link®
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ACCENT 4-DOOR

- Hands Free Bluetooth
- Best in Class Horsepower
- Up to 456 Miles on a single tank of gas



ELANTRA

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- More interior space than Civic or Corolla
- Up to 512 Miles on a single tank of gas



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- 5 Star Safety Rated
- Solar Controlled glass
- Up to 688 miles on a single tank of gas

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24-Hour Roadside Assistance



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PacificNWHyundai.com

HMA0000179