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NEWS FOR IMMEDIATE RELEASE

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AG Kaul, DATCP Announce Settlement With Direct-Mail Marketer of Extended Vehicle Warranty Products

MADISON, Wis. – The Wisconsin Department of Justice (DOJ), acting on a referral from the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) has entered into a settlement with Missouri-based US Automotive Protection Services, LLC (USAPS) resolving the State’s claims against the company for violations of Wisconsin direct-mail marketing laws in the promotion of vehicle service plans to automobile owners in Wisconsin.

“We are committed to protecting Wisconsinites’ pocketbooks,” said Attorney General Josh Kaul. “Thank you to those at DOJ and DATCP who are working to ensure that our consumer protections laws are enforced.”

“USAPS misled consumers into believing they must take immediate action to keep their vehicle’s warranty. The mailers it sent to Wisconsin homes were dishonest, claiming they were ‘official business’ and implying recipients were existing customers to lend legitimacy and urgency to their sales offers,” said DATCP Secretary Randy Romanski. “This consent judgment affirms that Wisconsin takes deceptive marketing of auto warranties seriously. Deceptive marketing is a major source of complaints to DATCP, and we are committed to continuing our efforts to protect Wisconsin consumers from predatory marketers.”

This matter involves allegations that USAPS violated Wisconsin direct-mail marketing laws when promoting vehicle service plans (sometimes called extended auto warranties) to Wisconsin consumers. In its complaint, the State alleges that USAPS’s mail solicitations failed to identify the name of the principal seller and that

the solicitations were designed to mislead consumers to think that USAPS was the provider of their existing vehicle warranty or was somehow affiliated with that provider. The state further alleges that USAPS's mail solicitations were designed to create a false sense of urgency, misleading consumers to think that their existing warranty coverage was about to expire or that the sales offer was about to expire.

The settlement takes the form of a consent judgment and includes a permanent injunction, civil forfeitures, and reimbursement of the state's costs. Under the consent judgment, USAPS is prohibited from using certain words and phrases that the company heretofore used to create the misleading and deceptive impressions described above. It further requires USAPS to fully identify itself in any future mail solicitations and to affirmatively inform recipients that USAPS is not affiliated with any auto dealer or manufacturer.

The consent judgment includes a judgment for civil forfeitures and mandatory court surcharges and assessments of \$200,000. USAPS is required to pay \$75,000 of that amount over three months following entry of the consent judgment. The remaining \$125,000 will be stayed for three years. If the State proves to the Court that USAPS violated the injunction during the three-year period, then the judgment provides the additional \$125,000 will become due.

In addition, US Auto will separately pay \$4,000 to reimburse DOJ and DATCP's costs and attorney's fees.