UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

IGLI DAUTI and ALIJCA DAUTI,	:	
Plaintiffs,	:	
	:	CIVIL ACTION NO.
v.	:	3-99-CV-994 (JCH)
	:	
HARTFORD AUTO PLAZA, LTD.	:	
d/b/a HARTFORD TOYOTA	:	
SUPERSTORE,	:	
Defendant.	:	FEBRUARY 16, 2001

RULING ON DEFENDANTS' MOTION
FOR SUMMARY JUDGMENT [DKT. NO. 28]

This is a cause of action for damages alleging that the defendant, Hartford Auto Plaza, Ltd. d/b/a Hartford Toyota Superstore ("Hartford Toyota"), failed to accurately disclose the amount payable at lease consummation before entering into a lease with the plaintiffs, Igli and Alijca Dauti ("Dautis"). The claim is brought pursuant to the Consumer Leasing Act ("CLA"). 15 U.S.C. §§ 1667-1667f. The action also includes various state law claims for violation of the Connecticut Truth in Lending Act, breach of contract, fraud, and violation of Connecticut's Unfair Trade Practices Act, Conn. Gen. Stat. §§ 42-110a-42-110q. Hartford Toyota has filed a motion for summary judgment . The issue raised in defendant's motion for summary judgment is whether the Consumer Leasing Act ("CLA") is inapplicable to

Hartford Toyota as a matter of law because Hartford Toyota did not sign the lease agreement and because the Dautis failed to secure financing for the lease.

I. FACTUAL BACKGROUND

Based on the complaint and the parties' statements pursuant to Local Rule 9(c), the following facts are undisputed unless otherwise indicated. Hartford Toyota is engaged in the business of selling and leasing new and used cars to the public. On or about April 1, 1999, the Dautis visited Hartford Toyota and negotiated for the lease of a 1996 Toyota 4-Runner ("vehicle").

The Dautis allege that they agreed with Hartford Toyota to lease the vehicle for a term of 36 months with monthly lease payments of $377.81 and an initial down payment of $3,000.00. A proposed lease agreement was drawn up and signed by the Dautis but not by Hartford Toyota. The lease agreement stated that the amount due at lease signing or delivery was $3045.15. The Dautis signed a separate agreement ("delivery sheet") in which they agreed to return the vehicle to Hartford Toyota if their credit approval was declined. The agreement provided that, if the vehicle was not returned, it would be subject to repossession.

Hartford Toyota alleges that it contacted several banks and financing institutions but the plaintiffs were never approved for financing. In April of 1999, Hartford Toyota contacted the Dautis and informed them that their credit application for the vehicle had been rejected. According to Hartford Toyota, it informed the Dautis that they would have to return the vehicle pursuant to the delivery sheet. The Dautis allege that Hartford Toyota informed them that, if they wanted to retain the vehicle, they would need to obtain an additional co-signor and pay an additional $1,000.00.

The Dautis did not return the vehicle nor did they obtain an additional co-signor or pay an additional $1,000. Hartford Toyota repossessed the vehicle on or about April 26, 1999.

II. DISCUSSION

A. Summary Judgment Standard

Summary judgment is only appropriate when there is no genuine issue as to a material fact, and the moving party is entitled to judgment as a matter of law. See Fed.R.Civ.P. 56(c); Galabya v. New York City Bd. of Educ., 202 F.3d 636, 639 (2d Cir. 2000) (citing Fagan v. New York State Elec. & Gas Corp., 186 F.3d 127,

132 (2d Cir. 1999)). The burden of showing that no genuine factual dispute exists rests upon the moving party. See Carlton v. Mystic Transp., Inc., 202 F.3d 129, 133 (2d Cir. 2000) (citing Gallo v. Prudential Residential Servs., Ltd. Partnership, 22 F.3d 1219, 1223 (2d Cir. 1994)). Once the moving party establishes that there is an absence of evidence to support the non-moving party's case, the burden shifts to the non-moving party to "set forth specific facts showing that there is genuine issue for trial." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986).

In assessing the record to determine if such issues do exist, all ambiguities must be resolved and all inferences drawn in favor of the party against whom summary judgment is sought. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986); Heilweil v. Mount Sinai Hosp., 32 F.3d 718, 721 (2d Cir.1994). "This remedy that precludes a trial is properly granted only when no rational finder of fact could find in favor of the non-moving party." Carlton, 202 F.3d at 134. When reasonable persons, applying the proper legal standards, could differ in their responses to the questions raised on the basis of the evidence presented, the question is best left to the jury. See Sologub v. City of New York, 202 F.3d 175, 178 (2d Cir. 2000).

B. Consumer Leasing Act

The CLA is part of the larger statutory scheme of the Truth in Lending Act ("TILA"). 15 U.S.C. §§ 1601-1693r; Lundquist v. Security Pacific Automotive Financial Services Corp, 1992 WL 475651, at *1 (D. Conn. 1992). One of the stated purposes of the TILA and CLA was to "assure a meaningful disclosure of the terms of leases . . . so as to enable the lessee to compare more readily the various lease terms available to him." 15 U.S.C. 1601(b). Because TILA is a remedial statute, it is interpreted strictly in favor of the consumer. Ringenback v. Crabtree Cadillac-Oldsmobile, Inc., 99 F. Supp.2d 199, 201 (D. Conn. 2000); Frazee v. Seaview Toyota Pontiac, Inc., 695 F. Supp. 1406, 1408 (D. Conn. 1988).

The CLA requires that "[e]ach lessor . . . give a lessee prior to the consummation of the lease a dated written statement on which the lessor and lessee are identified setting out accurately . . . [t]he amount of any payment by the lessee required at the inception of the lease . . .." 15 U.S.C. § 1667a. Section 213.4 (g)(2) of Regulation M, which was promulgated pursuant to the CLA, requires that a lease subject to the CLA contain an early termination notice. 12 C.F.R. § 213.4(g)(2). The Dautis allege that Hartford Toyota violated this section of

Regulation M by failing to accurately disclose the amount payable at lease consummation in the lease.[1]

Hartford Toyota argues that it cannot be liable under any provision of the CLA because no lease agreement was ever entered. According to Hartford Toyota, no lease agreement was entered because Hartford Toyota never executed the lease agreement and because the Dautis failed to secure financing, which was a condition precedent to execution of the lease. The Dautis respond that the obligation to make proper disclosures under the CLA is not dependent on the signing of a written agreement or the satisfaction of any condition precedent to the contract.

The court agrees. The Dautis' claim that Hartford Toyota failed to make accurate disclosures as required by the CLA. Under the CLA, such mandatory disclosures are required to be made "prior to consummation of the lease." 15 U.S.C. § 1667a (emphasis added). The application of the statute is in no way

[1] The court notes that § 213.4 (g)(2) of Regulation M requires that a lease contain an early termination notice. 12 C.F.R. § 213.4 (g)(2). The First Count in the Complaint cites this regulation, but states that Harford Toyota violated it by "failing to accurately disclose the amount payable at lease consummation in the Lease." Complaint at ¶ 19 [Dkt. No. 1]. The CLA and the regulations promulgated thereunder contain provisions that require disclosure of the amount due at lease signing or delivery. 15 U.S.C. § 1667a(2); 12 C.F.R. § 213.4 (b). Because the Dautis do not appear to state a claim that Hartford Toyota failed to provide an early termination notice, the court treats the First Count as being brought pursuant to 15 U.S.C. § 1667a(2) and 12 C.F.R. § 213.4 (b).

dependent on the signing of a written agreement or on any conditions precedent to the agreement being satisfied. In addition, the CLA defines "lessee" as a person who "leases or is offered a consumer lease" and "lessor" as a person who "is regularly engaged in leasing, offering to lease, or arranging to lease under a consumer lease." 15 U.S.C. §§ 1667(2), 1667(3) (emphasis added). Thus, there is no requirement that the parties actually enter into an agreement in order to fall within the statute.[2] Because the CLA is not inapplicable as a matter of law, summary judgment is denied.[3]

III. CONCLUSION

For the foregoing reasons, Defendant Hartford Auto Plaza, Ltd's Motion for Summary Judgment [Dkt. No. 28] is DENIED.

---

[2] The court notes further that genuine issues of material fact exist as to whether the parties entered into a lease agreement or not. For example, the plaintiffs provide evidence that Hartford Toyota frequently fails to sign lease agreements and that the lease agreement did not refer to the delivery sheet thus raising questions of fact as to whether the agreement needed to be signed to be enforceable and whether the delivery sheet was in fact a condition precedent to that agreement.

[3] Because the court denies summary judgment as to the federal law claim, it does not reach Hartford Toyota's argument that the pendent state law claims should be dismissed.

SO ORDERED.

Dated at Bridgeport, Connecticut this 16th day of February, 2001.

_____/s/_____
Janet C. Hall
United States District Judge