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BRONX HONDA SALES MANAGER PLEADS GUILTY TO FRAUD IN SCHEME INVOLVING HIGHER FEES FOR BLACK AND HISPANIC CUSTOMERS
Defendant Must Attend Racial Equity Course as Part of Plea;
Bronx Honda Paying \$1.5 M to Settle F.T.C's Discrimination Charges

Bronx District Attorney Darcel D. Clark today announced that a former sales manager at Bronx Honda dealership has pleaded guilty to defrauding a customer by charging her large surcharges in purchasing a used car, as part of a scheme at the dealership that targeted Black and Hispanic customers for higher financing markups and fees, resulting in them paying more for financing than non-Hispanic white consumers. The defendant will be sentenced to a Conditional Discharge, the condition being he complete a workshop on racial equity through the New York City Commission on Human Rights.

District Attorney Clark said defendant, Tarun Mirchandani A/K/A Shawn Mirchandani, 46, of North Bergen, NJ, pleaded guilty on September 2, 2021 before Criminal Court Judge Jeanine Johnson to one count of second-degree Scheme to Defraud, a class A misdemeanor.

District Attorney Clark said, "For many people, their car is the largest investment they will make. Schemes like this lure potential buyers by advertising low sticker prices but then add large, fraudulent surcharges onto them, forcing consumers to needlessly pay thousands of dollars more for their cars. Dealers are rarely charged criminally for this kind of conduct and this should make clear that dishonest business practices in the automobile trade will not be tolerated here in the Bronx. Preying on minority community members is particularly egregious, and I am pleased that our investigation led to the Federal Trade Commission and the city's Division of Human Rights holding the dealership accountable for discriminatory conduct."

According to the criminal complaint, between April 24, 2018 and September 17, 2018, Mirchandani, in his capacity as Sales Manager at Bronx Honda, located at 2451 East Tremont Avenue, defrauded a single customer of \$1,600 in fraudulent fees.



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The investigation began in in 2016 when the Bronx District Attorney’s Office received information that Bronx Honda sales staff were adding on fraudulent surcharges to the base price of used vehicles. The so-called “air fees” often added thousands of dollars to the final cost of a used vehicle. The Investigations Division worked in partnership with the Federal Trade Commission. The F.T.C. also examined whether Bronx Honda engaged in any racially discriminatory practices.

According to the F.T.C.’s complaint, the defendants told salespeople to charge higher financing markups and fees to African American and Hispanic customers. The defendants told employees that these groups should be targeted due to their limited education, and not to attempt the same practices with non-Hispanic white consumers. According to the complaint, African American and Hispanic customers paid more for financing than similarly situated non-Hispanic white consumers.

On May 27, 2020, the F.T.C. announced a settlement whereby Bronx Honda and its general manager, Carlo Fittanto, would pay \$1.5 million to settle he F.T.C.’s charges they discriminated against African-American and Hispanic car buyers and engaged in numerous other illegal business practices.

The Bronx District Attorney’s Office also worked in partnership with the New York City Department of Consumer and Worker Protection, and on August 16, 2021, DCWP formalized a settlement agreement whereby Bronx Honda will pay the city a further fine of \$100,000 for the fraudulent conduct uncovered during the investigation.

The case was prosecuted by Senior Investigative Counsel James Goward, under the supervision of Tarek Rahman, Deputy Chief of the Investigations Division and Wanda Perez-Maldonado, Chief of the Investigations Division. District Attorney Clark thanked Principal Accounting Investigator James Antonino, NYPD Lieutenant Javier Valentin (retired), Detective Lionel Hollman and Detective Daniel Angen of the Bronx DA Squad, and Trial Preparation Assistant Karishma Pyankaroo . District Attorney Clark thanked Mark Butler, Staff Counsel at DCWP and Katherine Worthman at the F.T.C.

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