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Media Contacts: press@oag.state.md.us 410-576-7009

Attorney General Brown Announces Settlement with CarMax, Inc. Over Its Alleged Failure to Disclose Vehicles' Open Recalls

BALTIMORE, MD (July 3, 2023) – Maryland Attorney General Anthony G. Brown today announced that his Consumer Protection Division (CPD) has reached a <u>settlement</u> with CarMax, Inc. over its alleged failure to disclose open safety recalls on the used vehicles it offered and sold. The CPD alleged that CarMax's failure to disclose the recall status was an unfair and deceptive trade practice in violation of the Maryland Consumer Protection Act.

CarMax advertises vehicles as "CarMax Quality Certified," alleging that its vehicles have undergone a 125+ point inspection and a detailed reconditioning process. CPD alleged that CarMax made these representations a focal point of its advertising for many years, and, before CPD began its investigation, failed to disclose to consumers that the inspection and reconditioning process did not include fixing open recalls. CPD alleged that consumers unknowingly bought vehicles with open safety recalls on them, which potentially placed those consumers' safety at risk.

After the CPD began its investigation, CarMax did begin providing information to consumers about vehicles' open recalls during its sales process.

This settlement requires CarMax to ensure that consumers are made aware of the recall status of CarMax vehicles prior to purchase, regardless of whether the purchase is made in-person or online. CarMax must include hyperlinks for vehicles advertised on CarMax's website and QR codes for vehicles on sales lots, which will allow consumers to link directly to information on open recalls as they shop. CarMax also must present consumers with information about any open recalls before presenting any other sales paperwork. The settlement also requires CarMax to pay \$240,000.

"Consumers have the right to know if and when they are purchasing vehicles with open recall that could put them and others on the road at risk," Attorney General Brown said. "Through our Consumer Protection Division, I am working to ensure retailers are disclosing information that consumers need to know before they open their wallets. Even if these disclosures mean the difference between a sale or not, that should never outweigh the rights of consumers to make safe and sound purchases, free from worry and risk."

Consumers are encouraged to look up the recall status of any vehicle that they are considering purchasing using the National Highway Traffic and Safety Administration's tool, which can be located on its website: www.nhtsa.gov.

https://www.marylandattorneygeneral.gov/press/2023/070323.pdf