

**FOR IMMEDIATE RELEASE: June 6, 2014**

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## **Hooksett Auto Dealership Sentenced for Theft**

**Concord, NH** – Attorney General Joseph A. Foster and Insurance Commissioner Roger A. Seigny announce that Edward J. Walter and NHCars.net, an auto dealership in Hooksett, NH, were sentenced in Merrimack County Superior Court yesterday after pleading guilty to Class A felony charges of theft by misapplication. Mr. Walter and the corporation pleaded guilty on January 29, 2014.

Sentencing was postponed to enable NHCars.net, LLC to pay \$20,933 in restitution. In addition to the restitution for vehicle service contracts, the LLC will be fined \$100,000, with \$50,000 suspended for five years.

The indictments charged both Mr. Walter and the LLC with recklessly taking money from consumers and failing to, in turn, transfer those funds to the extended service provider that was offering the extended service contract or warranty to the consumer as part of the dealership's sale of the used car. Mr. Walter, as the manager and sole member of the LLC, was directly responsible for making these payments to the extended service provider for consumers. Mr. Walter received a suspended state prison sentence of 1½ to 3 years. According to the terms of the sentence, Mr. Walter will continue to operate NHCars.net under a revised business plan that requires auditing of his business practice and NHCars.net.

The investigation commenced after consumers complained to both the Attorney General's Office and the Insurance Department Fraud Unit. Consumers reported having purchased cars and extended service contracts from NHCars.net only to discover, when they tried to use the service contract for repairs, that NHCars.net had not forwarded a contract or payment to the service provider. The Fraud Unit investigation revealed that the money was deposited into the NHCars.net operating account.

In addition to taking funds intended for the extended service provider, Mr. Walter also offered an "in-house" warranty by charging a fee in exchange for his promise to repair the consumer's vehicle. New Hampshire's extended warranty law governs these transactions, requiring that the auto dealer register with the Insurance Department and demonstrate financial responsibility before engaging in an "in-house" extended warranty program. Mr. Walter was not registered and had not shown proof of financial responsibility and therefore violated state insurance law as a result of his actions. Under the plea agreement negotiated by the Attorney General and the Insurance Commissioner, he no longer will offer in-house warranties.

"If a consumer has any concerns about a dealership's authority to offer extended warranties, they should contact the Insurance Department," said Insurance Commissioner Roger Seigny. "Businesses and dealerships need to understand the law, and they will be prosecuted if they collect charges for warranty services in violation of the law."

To report a suspected case of fraud, visit the New Hampshire Insurance Department website, [www.nh.gov/insurance](http://www.nh.gov/insurance), and click on the "Report Insurance Fraud" link. Consumers also may file a complaint with the Attorney General's Office at <http://doj.nh.gov/consumer/> or by calling the Attorney General's Consumer Hotline, 1 (888) 468-4454.

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