
STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

Case No. [Case Number]

COMPLAINT AND

DEMAND FOR JURY TRIAL

Joshua Carlson, Plaintiff on behalf of himself

and all others similarly situated,

v.

BMW FINANCIAL SERVICES NA, LLC,

BMW of North America, LLC,

Defendants.

INTRODUCTION

1. This action arises from a deliberate, deceptive, and unlawful scheme orchestrated by BMW and its associated tire manufacturers to procure and install substandard tires on new BMW vehicles. The tires BMW installs at the factory are made to BMW OEM specifications and are specifically made by design to forbid any treadwear warranty because they are designed to fail prematurely at the instruction of BMW specification. Some in the industry call them BMW "starter tires." This scheme is intended to increase tire sales and associated services, thereby boosting Defendants' profits at the expense of consumer safety, economic welfare, and environmental sustainability.
2. BMW, in collaboration with tire manufacturers, intentionally demands the production of inferior tires that are marketed deceptively as "performance tires." These tires, however, do not meet the performance and safety expectations typically associated with such a designation. Instead, they are manufactured with subpar materials and specifications that

result in rapid wear and tear, compelling consumers to purchase replacements far more frequently than they would under normal circumstances.

3. Defendants to this day hold fast to the claim that they do not and cannot know what actual brand of tires are installed on their new cars at their own manufacturing facility.
4. Defendants with intent and deception fail to disclose critical information regarding the tires' lack of a treadwear warranty, the inferior quality, and the deliberate design for premature failure. This omission is a calculated effort to mislead consumers about the tires' true nature and expected lifespan.
5. As a result, consumers are left without any recourse when tires fail at 10, 15, or 20 thousand miles other than to continually purchase new tires, often at a significant expense, believing this to be a normal and unavoidable aspect of tire ownership.
6. BMW's role in this scheme further complicates matters, as the company sets the low standards for these tires, effectively stripping consumers of any legal standing to make warranty claims against the tire manufacturers. This collusion between BMW and the tire manufacturers not only deprives consumers of their rights but also exacerbates environmental concerns by contributing to increased waste from frequent tire replacements.
7. EPA/NHTSA. The EPA may also be an unwitting victim of the BMW tire game and the environmental impact of this practice is significant. The accelerated failure of these substandard tires leads to more frequent replacements, which in turn generates excessive waste and environmental degradation. This aspect of the scheme highlights the broader consequences of Defendants' actions beyond mere consumer fraud.

8. BMW's deceptive practices undermine the integrity of consumer protection laws and represent a flagrant abuse of trust. By prioritizing profits over safety and transparency, BMW and its partners engage in unfair and deceptive trade practices that must be addressed to protect consumers and ensure fair business practices.
9. EPA mileage claims impact. Imagine a situation where a customer purchases a new BMW based on the advertised EPA miles per gallon (MPG) rating, which is an important factor in their decision-making process. EPA gas mileage is in bold letters on every sales sticker on every new car sold in the United States.
10. However, upon further investigation, it is discovered that the tires installed on the vehicle at the time of sale are not the same quality, specification or formulation as those used during the EPA testing. Instead, BMW has installed a different version of tire, different than the ones submitted to the EPA with different performance characteristics and lower fuel efficiency.
11. BMW so far has refused to respond to such inquiries and continues to claim they are unable to know what tires are installed on their vehicles at manufacture. This position of not knowing is all part of the deception BMW is intentionally inflicting on its customers, and its government regulators.
12. This case will uncover the lengths BMW has gone to deceive its consumers and the government regulating agencies in its quest to make more money.

PARTIES

13. Plaintiff Joshua Carlson is a resident of Edina, Minnesota.
14. Defendant BMW FINANCIAL SERVICES NA LLC is a corporation with its principal place of business located at 1400 City View Drive, Columbus, Ohio 43215, with

21. Tire Concerns Raised: Plaintiff raised the tire concern with MotorWerks and Defendants, again raising the issue with BMW regarding the premature failure of the tires. Plaintiff was informed that BMW provides no warranty on the tires, which were made to BMW specifications with no warranty.

Manufacturer's Response

22. Pirelli Confirmation: Plaintiff contacted Pirelli and received confirmation in writing that they make specially made tires to BMW's requested specifications, which are specifically designed to have no tire tread warranty whatsoever.

23. BMW's Warranty Stance: Defendants confirmed that their 3-year, 36,000-mile warranty does not cover the tires and that the tires could fail at any time without warranty coverage.

Further Communications

24. No Legal Standing: Plaintiff contacted Pirelli and was informed that he had no legal standing regarding any tire issues since they were purchased by Defendants, directing him to contact Defendants.

25. BMW's Confirmation: Plaintiff then contacted Defendants who confirmed that the tires might fail at any time, even at 10,000 miles, and regardless of any failure or early tread failure, he had no recourse and had to buy new tires authorized and made to BMW specifications.

26. Lack of Documentation: Defendants provide no documentation whatsoever regarding the tires sold with the vehicle.

Broader Implications

27. **Lack of Disclosure:** The lack of disclosure regarding the tire type, warranty, and safety information by BMW and the premature wear of the tires at 23,000 miles despite an expected performance of between 50,000 and 70,000 miles (see NHTSA ratings) poses significant safety, cost, and environmental concerns.
28. **Increased Profits:** Selling cheap and quick-to-fail tires increases BMW's profits by boosting tire sales and related services. Defendants also attempt to sell additional costly "tire warranty" products to consumers, extracting more money under the guise of protecting against the failures of the inferior tires.

NHTSA Information

29. **NHTSA Regulations:** The National Highway Traffic Safety Administration (NHTSA) is a federal agency that regulates the safety of motor vehicles and related equipment, including tires.
30. **NHTSA Treadwear Ratings:** The (NHTSA) provides information on tire durability and treadwear ratings through the Uniform Tire Quality Grading (UTQG) system at www.nhtsa.gov/ratings#tires. The Pirelli Cinturato P7 All Season tire specified in the vehicle equipment has a Uniform Tire Quality Grading (UTQG) rating of 500, indicating the tire should last about 50,000 miles.

Environmental Impact

31. **Environmental Concerns:** The accelerated failure of these substandard tires leads to more frequent replacements, generating excessive waste and environmental degradation. This

aspect of the scheme highlights the broader consequences of Defendants' actions beyond mere consumer fraud.

Conclusion

32. Summary of Deception: The lack of proper documentation and disclosure, the intentional use of inferior tires, and the misleading marketing practices contribute to consumer fraud, economic losses, and environmental harm.

CLAIMS

Violations of Minnesota Consumer Fraud Act (Minn. Stat. § 325F.69)

33. Plaintiff incorporates the allegations above.
34. Defendants engaged in fraudulent, deceptive, and misleading practices by failing to disclose the lack of warranty on the tires and the use of inferior materials and design. This lack of disclosure misled consumers regarding the quality and durability of the tires on BMW vehicles.
35. BMW conspired with tire manufacturers to deceive consumers. The parties involved have colluded to design, produce, and distribute inferior tires under the guise of performance, exploiting consumer trust and maximizing their profit margins at the expense of consumer safety and economic welfare. This deception may include deceiving the EPA in its miles per gallon testing as well.
36. The miles per gallon (MPG) claimed on the sticker of the car was obtained from the EPA by using different tires with different characteristics and the MPG stated is deceptive and fraudulent as the tires sold with the vehicle are not tested and have inferior MPG, causing consumers to pay more for gas and get less MPG than stated.

36. BMW through its sales and leasing deliberately omit tire information regarding the special OEM inferior tires and this is designed to deceive the Plaintiff's decision to lease the vehicle, believing it came with tires that met industry standards for durability and safety as well as stated MPG.
37. The use of special tires made to BMW specifications that fail prematurely constitutes a deceptive act under the Minnesota Consumer Fraud Act, as it deceives consumers into paying for repeated tire replacements, thus unfairly increasing Defendants' profits.

Violations of Uniform Deceptive Trade Practices Act (Minn. Stat. § 325D.44)

38. Plaintiff incorporates the allegations above.
39. Defendants' conduct in equipping BMW vehicles with inferior tires that lack warranty and fail prematurely constitutes false representation of the standard, quality, and grade of the tires.
40. This deceptive conduct creates a likelihood of confusion and misunderstanding among consumers regarding the expected performance and safety of the tires.
41. By not providing clear and accurate information about the tire warranty and quality, Defendants have engaged in deceptive trade practices under the Uniform Deceptive Trade Practices Act.
42. The miles per gallon (MPG) claimed on the sticker of the car was obtained by the EPA by using different tires with different characteristics and the MPG stated is deceptive and fraudulent as the tires sold with the vehicle are not tested and have inferior MPG, causing consumers to pay more for gas and get less MPG than stated.
43. Conspiracy and Collusion to deceive, this deceptive practice is a result of a conspiracy between BMW and the tire manufacturers. The parties involved have colluded to design,

produce, and distribute these inferior tires under the guise of performance, exploiting consumer trust and maximizing their profit margins at the expense of consumer safety and economic welfare. This deception may include deceiving the EPA in its miles per gallon testing as well.

RELIEF SOUGHT

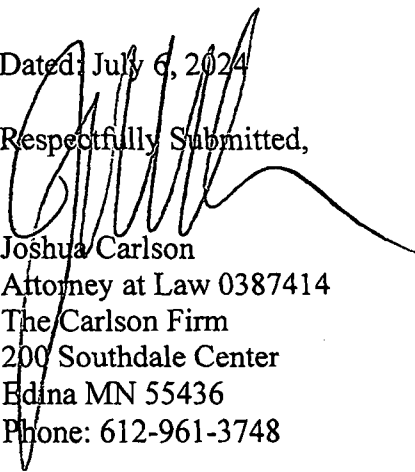
44. Certify this action as a class action and leave to amend for seeking lead Plaintiff as the class representative and Plaintiff's counsel as class counsel;
45. Award compensatory damages in an amount to be determined at trial;
46. Award punitive damages to deter future deceptive practices;
47. Grant injunctive relief to prevent BMW from continuing the deceptive practice of selling inferior tires as performance tires;
48. Plaintiff requests full replacement of the tires at no cost for himself and all similarly situated consumers who have had to replace tires on BMW vehicles with less than 50,000 miles over the past ten years, which is what the minimum NHTSA treadware specification for the tire is.
49. Plaintiff seeks improved disclosures, documentation, and clear representations on tire warranty policies to prevent further consumer harm and provide consumers direct access to warranty from company who made tires.
50. Plaintiff demands the return of all premiums paid by consumers for the "tire insurance" product sold by BMW for the past 10 years.
51. Award Plaintiff's reasonable attorney's fees and costs;
52. Grant such other and further relief as the Court deems just and proper.

ACKNOWLEDGMENT

The undersigned hereby acknowledges that costs, disbursements, and reasonable attorney and witness fees may be awarded pursuant to Minnesota Statutes § 549.211 to the party against whom the allegations in this pleading are asserted.

Dated: July 6, 2024

Respectfully Submitted,



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