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California New Car Dealers Association

SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

CALIFORNIA NEW CAR DEALERS
ASSOCIATION, a non-profit trade association,

Plaintiff,

v.

AMERICAN HONDA MOTOR CO., INC., a
California corporation, SONY HONDA
MOBILITY OF AMERICA, INC., a Delaware
corporation, SONY HONDA MOBILITY, INC.,
a Japanese corporation, and DOES 1-20,
inclusive,

Defendants.

Case No.: **25SMCV04336**

COMPLAINT FOR:

**1. UNFAIR COMPETITION [BUSINESS
AND PROFESSIONS CODE SECTION
17200]**

**2. FALSE ADVERTISING [BUSINESS
AND PROFESSIONS CODE SECTION
17500]**

**3. DECLARATORY RELIEF [CODE OF
CIVIL PROCEDURE SECTION 1060]**

1 Plaintiff California New Car Dealers Association (“CNCDA” or “Plaintiff”) hereby files this
2 Complaint for (1) Unfair Competition, under Business and Professions Code Section 17200 *et seq.*,
3 (2) False Advertising, under Business and Professions Code Section 17500 *et seq.*, and (3)
4 Declaratory Relief under Code of Civil Procedure Section 1060 *et seq.*, against Defendants
5 American Honda Motor Co., Inc. (“American Honda”), Sony Honda Mobility, Inc. (“Sony Honda”),
6 and Sony Honda Mobility of America, Inc. (“SHMA”) (collectively “Defendants”), and hereby
7 alleges as follows:

8 INTRODUCTION

9 1. American Honda (the principal American subsidiary of the Japanese multinational
10 conglomerate, Honda Motor Co., Ltd. (“Honda”)) is knowingly violating California law. SHMA and
11 Sony Honda, which are also part of the Honda corporate family and affiliates of American Honda,
12 have taken the extraordinary step of knowingly disregarding the California Legislature—and with it
13 American Honda’s franchised dealers—to market and sell their Afeela electric vehicles directly to
14 California consumers. Defendants’ actions are in direct violation of decades of California legislation
15 designed to promote competition in the automobile industry, which culminated in the enactment of
16 California Assembly Bill 473 (AB 473) in 2023. American Honda, SHMA, and Sony Honda should
17 be immediately prohibited from moving forward with their direct to California consumer sales.

18 2. In June 2022, Honda, consisting of the global headquarters in Japan and including its
19 many arms in the United States and elsewhere, entered a joint venture with Sony Group
20 Corporation, another Japanese conglomerate. The stated purpose of the joint venture was to “engage
21 in the sale of high-value-added electric vehicles (EVs)[.]”¹ The result of the joint venture was Sony
22 Honda, a Japanese entity formed in October 2022. Sony Honda later announced its intention to
23 market and sell vehicles under the Afeela brand in the United States. Sony Honda created SHMA as
24 a wholly-owned U.S. subsidiary to operate as an extension of Sony Honda.

25
26 ¹ *Sony and Honda Sign Joint Venture Agreement to Establish New Company, “Sony Honda Mobility*
27 *Inc.”, to Engage in Mobility Business*. June 16, 2022. Honda News. [https://hondanews.com/en-](https://hondanews.com/en-US/honda-corporate/releases/release-db2492147c55da663fd32edfea167d9c-sony-and-honda-sign-joint-venture-agreement-to-establish-new-company-sony-honda-mobility-inc-to-engage-in-mobility-business)
28 [US/honda-corporate/releases/release-db2492147c55da663fd32edfea167d9c-sony-and-honda-sign-](https://hondanews.com/en-US/honda-corporate/releases/release-db2492147c55da663fd32edfea167d9c-sony-and-honda-sign-joint-venture-agreement-to-establish-new-company-sony-honda-mobility-inc-to-engage-in-mobility-business)
[joint-venture-agreement-to-establish-new-company-sony-honda-mobility-inc-to-engage-in-mobility-](https://hondanews.com/en-US/honda-corporate/releases/release-db2492147c55da663fd32edfea167d9c-sony-and-honda-sign-joint-venture-agreement-to-establish-new-company-sony-honda-mobility-inc-to-engage-in-mobility-business)
[business](https://hondanews.com/en-US/honda-corporate/releases/release-db2492147c55da663fd32edfea167d9c-sony-and-honda-sign-joint-venture-agreement-to-establish-new-company-sony-honda-mobility-inc-to-engage-in-mobility-business).

1 3. For years, California law has forbidden an automobile manufacturer from competing
2 with its auto dealerships in the same line-make of vehicles or “brand” due to the tremendous
3 economic disparity between the manufacturer and dealer. However, in 2023, auto industry
4 participants including CNCDA recognized that under existing law automobile manufacturers might
5 be able to compete indirectly with their dealers by setting up an affiliated brand with a different
6 name. In response to this concern, the California Legislature introduced AB 473.

7 4. Consistent with the goal of promoting fair competition, AB 473 was amended during
8 the legislative process so that affiliate brands (e.g., Sony Honda and SHMA) could be created or
9 used by franchisors (e.g., Honda and American Honda). **But when such affiliated brands are**
10 **created they are required to use franchisees to sell and service motor vehicles.** Thus, companies
11 like SHMA and Sony Honda are permitted to sell their vehicles in California if they use new or
12 existing franchisees to sell those vehicles. Importantly, under AB 473, new and existing franchises
13 would not face indirect competition by an affiliate of their own automobile manufacturer. Instead,
14 they would compete with other franchisees on a level playing field.

15 5. Despite these amendments, American Honda opposed AB 473 and its lobbyist
16 testified in opposition at a key committee hearing. And in a last-ditch effort to kill the bill, SHMA
17 hired a lobbying firm to ask the Governor’s office to veto AB 473. This opposition was animated by
18 an understanding that AB 473 would prohibit American Honda from bypassing its franchisees with
19 the Afeela brand.

20 6. On September 11, 2023, the California Legislature passed AB 473. The bill passed
21 unanimously and was signed into law by Governor Newsom on October 7, 2023.

22 7. In direct violation of California law, Defendants have moved forward with their
23 original plans and are bypassing their dealers entirely. Specifically, Defendants have entered into
24 deposit agreements with California consumers through which SHMA takes \$200 deposits for Afeela
25 vehicles directly from California consumers through Sony Honda’s website. Defendants are further
26 bypassing their California dealers by engaging in direct marketing of their vehicles, which
27 historically was done in partnership with local dealerships.

28 8. Under Defendants’ illegal direct-to-consumer sales model, Honda and Acura dealers

1 in California are deprived of the opportunity to sell highly desirable Afeela vehicles, resulting in
2 significant financial losses to CNCDA's members—including, but not limited to, loss of livelihood
3 for the dealers, loss of jobs for the employees who work at dealerships (which are one of
4 California's largest employers and generators of sales tax revenue), and lost investment in the
5 dealership showrooms.

6 THE PARTIES

7 9. Plaintiff CNCDA is a statewide trade association that represents the interests of more
8 than 1,400 franchised new car and truck dealer members and has pushed the auto industry forward
9 for over 100 years.

10 10. CNCDA's organizational purpose is to protect the interests of its franchised dealers.
11 CNCDA advocates for franchised dealers through lobbying the legislature and regulatory agencies
12 on behalf of its members, provides guidance on issues directly impacting franchises, defends against
13 excessive regulations while promoting implementation and enforcement of fair and reasonable
14 government rules, and ensures a healthy business climate for dealer operations.

15 11. CNCDA members engage in the retail sale and lease of new vehicles and also engage
16 in automotive service, repair, and parts sales.

17 12. CNCDA member dealers' total sales in California reached \$154 billion in 2024,
18 selling approximately 1.76 million new cars and contributing 21% of the total California statewide
19 sales tax collected.

20 13. CNCDA member dealerships provide a substantial number of jobs in California. As
21 of 2024, CNCDA members provided 138,478 jobs in the state of California and had a total
22 employee payroll of \$14.64 billion.

23 14. In 2024, CNCDA member dealerships paid approximately \$13.8 billion in state and
24 federal taxes. In the same year, CNCDA member dealerships spent approximately \$3.5 billion on
25 products and services from other California businesses.

26 15. In 2024, CNCDA member dealerships paid approximately \$1.28 billion in
27 advertising expenditures.

28 16. In 2024, CNCDA member dealerships spent approximately \$70.75 million on

1 charitable and civic organizations.

2 17. CNCDA's members include American Honda franchised dealers who, due to the
3 unlawful direct-to-consumer sales of Afeela vehicles, are now in direct competition with an
4 American Honda affiliate that is selling vehicles directly to consumers in a sales and marketing
5 program.

6 18. CNCDA members who conduct business under written franchise agreements with
7 American Honda have a strong interest in knowing whether direct-to-consumer sales of Afeela
8 vehicles are a violation of the Vehicle Code. This is especially true since Sony Honda and SHMA
9 insist on moving forward with the direct-to-consumer model for their vehicles despite their
10 affiliation with American Honda.

11 19. Absent an adjudication of the merits of this lawsuit, Defendants' business practices
12 will continue to undermine both long-standing and recently passed California laws meant to protect
13 dealers and consumers under the Vehicle Code by unlawfully allowing American Honda to compete
14 with its dealer network for vehicle sales indirectly through its affiliates Sony Honda and SHMA.

15 20. CNCDA has standing to assert its claims for violation of the Unfair Competition
16 Law, Business and Professions Code Section 17200 *et seq.* and the False Advertising Law, Business
17 and Professions Code Section 17500 *et seq.* The interests CNCDA seeks to protect are germane to
18 its purpose, which is the promotion of a legal and regulatory climate conducive to a robust business
19 environment for California's car dealers, compliance with applicable law, protection of its members
20 from illegal conduct, and clarification of legal and regulatory mandates. CNCDA has also expended
21 significant organizational resources to investigate and attempt to stop the illegal direct-to-consumer
22 sales by Defendants.

23 21. CNCDA represents the association's members, a readily identifiable group.
24 Additionally, CNCDA (and its members) has an interest in the questions of law and fact in this
25 lawsuit because a resolution of this suit will involve: (a) a determination of Defendants' rights and
26 duties under the Vehicle Code with respect to the program of direct sales of Afeela vehicles to
27 California consumers; (b) enforcement of California franchise laws under the Vehicle Code; and (c)
28 the elimination of any ambiguity regarding these matters to help guide the conduct of all interested

1 parties in accordance with the law.

2 22. CNCDA has suffered injury in fact as a result of Defendants' unfair competition
3 because CNCDA was forced to divert organizational resources in an attempt to investigate
4 Defendants' direct-to-consumer sales model and attempt to enforce the Vehicle Code.

5 23. CNCDA has suffered injury in fact as a result of Defendants' false advertising
6 because CNCDA was forced to divert organizational resources in an attempt to investigate
7 Defendants' direct-to-consumer sales model and attempt to enforce the Vehicle Code.

8 24. Defendant American Honda is California corporation with its headquarters in
9 Torrance, California. American Honda is a wholly owned subsidiary of Honda Motor Co., a
10 Japanese corporation and the parent entity of the Honda corporate family. American Honda
11 distributes vehicles in California (pursuant to a distributor license under the California Vehicle
12 Code) and elsewhere in the United States.

13 25. Defendant Sony Honda is a Japanese corporation headquartered in Tokyo, Japan. It is
14 a joint venture of Honda and Sony. Upon information and belief, Sony Honda is not licensed to do
15 business in California. Sony Honda owns SHMA as a direct subsidiary.

16 26. Defendant SHMA is a Delaware corporation with its principle place of business
17 located at 10202 Washington Boulevard, Culver City, California, 90232. SHMA is a wholly owned
18 subsidiary of Sony Honda, a Japanese entity.

19 27. Defendants Sony Honda and SHMA have significant overlap in corporate officers
20 and directors, carry out largely identical corporate functions, and act as alter egos of each other in
21 California. Sony Honda and SHMA intend to sell Afeela vehicles directly to consumers within
22 California.

23 **JURISDICTION AND VENUE**

24 28. This Court has jurisdiction to hear the subject matter of this complaint as the conduct
25 giving rise to this action took place in this state.

26 29. This Court has jurisdiction over Defendants in this action because each of the
27 Defendants is either domiciled in California or has established minimum contacts with this forum
28 such that the exercise of jurisdiction over Defendants would not offend traditional notions of fair

1 play and substantial justice. Defendants, Defendants’ agents, or Defendants’ personal
2 representatives purposefully directed activities at, or availed themselves of, California in such a
3 significant manner that Defendants could reasonably anticipate being haled into court here, as
4 evidenced by the fact that Defendants Sony Honda and SHMA have accepted deposits for its
5 vehicles from California residents in contracts that expressly state that they are binding under
6 California law. Under Defendants’ illegal sales regime, in order for a consumer to buy or lease an
7 Afeela vehicle, the consumer must have (1) signed a Reservation Agreement with SHMA and (2)
8 paid SHMA a financial deposit. In addition, Defendants Sony Honda and SHMA have directed
9 marketing activities towards California residents.

10 30. Venue is proper in this judicial district against each Defendant because, on
11 information and belief: (1) Defendants have committed wrongful acts in this judicial district,
12 including by taking \$200 deposits from consumers in this judicial district or by directing marketing
13 materials to solicit direct sales to consumers who reside in this district in violation of the California
14 Vehicle Code, (2) Defendant SHMA has its principal place of business in this judicial district, and
15 (3) Defendants SHMA and Sony Honda have operated a showroom named “The AFEELA Studio”
16 at the Westfield Century City Mall, located at 10250 Santa Monica Boulevard, Los Angeles,
17 California 90067, since February 22, 2025 to an approximate closure date of August 3, 2025.

18 **STATEMENT OF FACTS**

19 ***History and Purpose of California Auto Dealer Franchise System***

20 31. California’s Vehicle Code codified the auto dealer franchise system, which was
21 originally developed by manufacturers (i.e. car makers) as a cost-effective way to expand into local
22 markets. The manufacturers—and their regional distributors—could tap into the resources of
23 franchise dealers (i.e. car dealerships) and leverage the dealers’ superior knowledge about their own
24 local markets.

25 32. Over time, dealers realized they were largely at the mercy of manufacturers, despite
26 dealers’ large investments (both time and money) in infrastructure in order to sell their vehicles.
27 Manufacturers had the power to replace their dealers, could refuse to allocate popular inventory to
28 the dealers, or would open nearby competing dealerships owned directly by the manufacturer or

1 their distributor in the region. The relationship between manufacturers and their dealers was
2 inherently asymmetrical, leaving dealers at the mercy of their manufacturers.

3 33. In response to the significant disparity in economic power, dealers prevailed upon
4 their local regulators to enact legislation governing the relationship between dealers and the
5 manufacturers in order to promote fair competition. In 1972, the California Legislature passed the
6 Automobile Franchise Act (the “Act”) “in order to avoid undue control of the independent new
7 motor vehicle dealer by the vehicle manufacturer or distributor” (among other reasons). *New Motor*
8 *Vehicle Bd. of California v. Orrin W. Fox Co.* (“Fox”), 439 U.S. 96, 101, fn. 6 (1978) (citing
9 Historical and Statutory Notes for Vehicle Code).

10 34. The franchise laws are designed to prevent predatory practices by manufacturers such
11 as forcing dealerships to accept unwanted deliveries of cars and requiring “line-make”² franchise
12 dealerships to incur unnecessary advertising expenses. *Fox*, 439 U.S. at 100-101 (“disparity in
13 bargaining power between automobile manufacturers and their dealers prompted Congress and some
14 States to enact legislation to protect retail car dealers from perceived abusive and oppressive acts by
15 the manufacturers.”); *see also Tober Foreign Motors v. Reiter Oldsmobile*, 381 N.E.2d 908, 914
16 (Mass. 1978); Stephen M. Fox, *Two Roads Diverged: Tesla, Interruption, and the Commerce*
17 *Clause*, 22 B.U. J. Sci. & Tech. L. 153, 155 (2016).

18 35. The United States Supreme Court in *Fox* stated: “the California Legislature was
19 empowered to subordinate the franchise rights of automobile manufacturers to the conflicting rights
20 of their franchisees where necessary to prevent unfair or oppressive trade practices,” making it clear
21 that the Vehicle Code’s framework around franchises is focused on promoting fair competition. *Fox*,
22 439 U.S. at 107; *see also Powerhouse Motorsports Grp., Inc. v. Yamaha Motor Corp., U.S.A.*, 221
23 Cal. App. 4th 867, 877 (2013) (noting that some 25 states have enacted legislation to protect dealers
24 from “abusive and oppressive acts by the manufacturers.”).

25 ***The California Vehicle Code Framework***

26 36. Vehicle Code Section 285 defines a “dealer” as an entity that sells vehicles required
27

28 ² “Line-make” means a group or series of motor vehicles that have the same brand identification or
brand name, based upon the manufacturer’s trademark, trade name, or logo.

1 to be registered under the Vehicle Code. Section 286 excludes from that definition several classes of
2 individuals and entities. More plainly, dealers are car dealerships. Those dealerships are CNCDA's
3 members.

4 37. Vehicle Code Section 296 defines a "distributor" as "any person other than a
5 manufacturer who sells or distributes new vehicles subject to registration under this code ... to
6 dealers in this state and maintains representatives for the purpose of contacting dealers or
7 prospective dealers in this state." Cal. Veh. Code § 296. In other words, a distributor is an entity that
8 acts as an intermediary between the manufacturer who builds the vehicles, and the dealers (i.e. car
9 dealerships) that sell them. Defendant American Honda is one such distributor.

10 38. Under Vehicle Code Section 331, a "franchise" is defined as follows:

11 (a) A "franchise" is a written agreement between two or more persons
12 having all of the following conditions:

13 (1) A commercial relationship of definite duration or
continuing indefinite duration.

14 (2) The franchisee is granted the right to offer for sale or lease,
15 or to sell or lease at retail new motor vehicles or new trailers
subject to identification pursuant to Section
16 5014.1 manufactured or distributed by the franchisor or the
right to perform authorized warranty repairs and service, or the
17 right to perform any combination of these activities.

18 (3) The franchisee constitutes a component of the franchisor's
distribution system.

19 (4) The operation of the franchisee's business is substantially
20 associated with the franchisor's trademark, trade name,
advertising, or other commercial symbol designating the
21 franchisor.

22 (5) The operation of a portion of the franchisee's business is
substantially reliant on the franchisor for a continued supply of
23 new vehicles, parts, or accessories.

24 39. Under Vehicle Code Section 331.2, a "franchisor" is defined as "any person who
25 manufactures, assembles, or distributes new motor vehicles subject to registration under this code."
26 American Honda, in addition to being a distributor under the definition set in the Vehicle Code, is
27 also a franchisor, as it distributes new motor vehicles subject to registration under the Vehicle Code.

28 40. Under Vehicle Code Section 331.1, a "franchisee" is defined as "any person who,

1 pursuant to a franchise, receives new motor vehicles subject to registration under this code...from
2 the franchisor and who offers for sale or lease, or sells or leases the vehicles at retail or is granted
3 the right to perform authorized warranty repairs and service, or the right to perform any combination
4 of these activities.” Franchisees are car dealerships. They receive new vehicles from
5 distributors/franchisors such as American Honda pursuant to their franchise agreements.

6 41. Prior to 2023, Vehicle Code Section 11713.3 made it “unlawful and a violation...for
7 a manufacturer, manufacturer branch, distributor, or distributor branch...[t]o compete with a dealer
8 in the **same line-make** operating under an agreement or franchise from a manufacturer or distributor
9 in the relevant market area.” (emphasis added). This prior version of the law did not expressly
10 prevent distributors/franchisors such as American Honda from using affiliates to compete with their
11 own dealer franchises in the sale and service of motor vehicles.

12 42. The prior version of the statute did not prevent American Honda’s parent, Honda,
13 from simply creating a new entity within California to compete with American Honda’s franchisees.
14 This left a gap in the law that vehicle manufacturers could exploit by creating new affiliated entities
15 that would distribute vehicles directly to consumers, thereby cutting dealers out entirely.

16 ***AB 473 Amendments to the Vehicle Code***

17 43. In 2023, CNCDA sponsored AB 473 in the California Legislature in order to
18 “strengthen and update California’s franchise laws to create a stronger and more equitable vehicle
19 franchise system for our members.”³ One of the main purposes of AB 473 was to “[p]rotect the
20 underlying intent of the vehicle franchise system by precluding manufacturers from launching a new
21 brand name of vehicles as a way that would compete directly with their franchised dealer network.”⁴
22 The amendments were focused on promoting fair competition among franchisees by preventing
23 carmakers from competing with their own dealer networks by establishing new affiliates.

24 44. As amended by AB 473, Vehicle Code Section 11713.3 prevents not only
25 manufacturers and distributors from engaging in proscribed conduct, but also their affiliates. The
26

27 ³ SUPPORT AB 473: CNCDA’s 2023 Franchise Bill, <https://www.cncda.org/advocacy/ab-473/>.

28 ⁴ *Id.*

1 leading clause of the section states that: “It is unlawful and a violation of this code for a
2 manufacturer, manufacturer branch, distributor, or distributor branch licensed pursuant to this code
3 to do, *directly or indirectly through an affiliate*, any of the following ...” Cal. Veh. Code § 11713.3
4 (emphasis added).

5 45. Vehicle Code Section 11713.3(z), also added as part of AB 473, states that the term
6 “affiliate” is defined as “a person who directly or indirectly through one or more intermediaries,
7 controls, is controlled by, or is under the common direction and control with, another person.
8 ‘Control’ means the possession, direct or indirect, of the power to direct or cause the direction of the
9 management and policies of any person.” Cal. Veh. Code § 11713.3(z)(1).

10 46. Vehicle Code Section 11713.3(o) makes it unlawful for a distributor or their affiliate
11 “[t]o compete with their franchisees in the sale, lease, or warranty service of new motor vehicles.”
12 Cal. Veh. Code § 11713.3(o)(1). However, a manufacturer or distributor “or an affiliate thereof,
13 shall not be deemed to be competing with their franchisees ... [w]hen creating a new line of motor
14 vehicles *and using new or existing franchisees* to sell and service those vehicles.” *Id.* at §
15 11713.3(o)(4)(B) (emphasis added).

16 47. The California Legislature was clear when it passed AB 473 that these amendments
17 were intended to address the asymmetrical relationship between franchisees and their
18 distributors/franchisors, promote fair competition, and increase equity in franchises, by foreclosing
19 the possibility of franchisees being undercut by automakers establishing new affiliates to compete
20 with them.

21 48. The amendments to the Vehicle Code contained in AB 473 were intended to close
22 the gap in the Vehicle Code whereby an automaker could create new affiliated entities to compete
23 with its franchisees. In other words, AB 473 was intended to prevent two distinct scenarios that
24 would circumvent the intention of the Vehicle Code and put franchisees at a disadvantage. First, AB
25 473 prevents the straightforward situation where a distributor such as American Honda competes
26 with its franchisees by creating an affiliate that American Honda controls. Secondly, AB 473 also
27 makes it illegal for American Honda’s parent, Honda, to create a new entity that is not under control
28 of American Honda but would nonetheless bypass the dealer franchise model and compete directly

1 with American Honda's franchisees. This second scenario is exactly the situation presented here.

2 49. Despite this prohibition, AB 473 still expressly contemplates manufacturers, such as
3 American Honda, selling or leasing vehicles through affiliates, such as Sony Honda or SHMA as
4 long as they "*us[e] new or existing franchisees to sell and service those vehicles.*" Cal. Veh. Code §
5 11713.3(o)(4)(B) (emphasis added). In other words, the affiliates of a distributor/franchisor like
6 American Honda may create, market, and sell a new brand of vehicles, *but only if* they sell those
7 vehicles using *new or existing franchisees*.

8 50. This regime contrasts with the prior iteration of Section 11713.3 which only
9 prohibited manufacturers and distributors (but made no mention of their affiliates) from competing
10 with franchisees in the same line-make.

11 51. American Honda and its affiliates, including Sony Honda and SHMA, were aware of
12 AB 473 and the changes it proposed. American Honda hired a lobbyist to (unsuccessfully) oppose
13 AB 473, who testified in opposition at a key committee hearing.⁵ And SHMA hired a lobbyist days
14 before the bill was signed into law, asking the Governor's office to veto the bill.⁶ American Honda
15 is aware that it—and any and all of its affiliates—are prohibited from competing with its
16 franchisees. American Honda's loss in the Legislature underscores that it understands governing law
17 and is knowingly violating it.

18 ***The Honda Corporate Family & Operations In the United States and California***

19 52. Non-party Honda (i.e. Honda Motor Co., Ltd.) is a multinational conglomerate
20 headquartered in Japan. Honda operates through a vast network of subsidiary corporations
21 worldwide. Honda has several key subsidiaries in the United States

22 53. On information and belief, American Honda is the primary Honda corporate entity in
23

24 _____
25 ⁵ See April 24, 2023 session of the Assembly Standing Committee on Transportation.
<https://calmatters.digitaldemocracy.org/hearings/256691?t=138&f=19c79d50569f03d025fe61660cb2262>

26 ⁶ See California Secretary of State: Lobbying Activity of Sony Honda Mobility of America.
27 [https://cal-](https://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1463337&session=2023&view=activity)
28 [access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1463337&session=2023&view=activity](https://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1463337&session=2023&view=activity)
(Form 635 for Q4 2023 notes that SHMA retained a lobbying firm to engage the "Governor's Office" on October 3, 2023; days before AB 473 was signed into law).

1 the United States. It directs Honda's activities in the United States, includes manufacturing,
2 distribution, marketing, and sales of Honda and Acura⁷ and vehicles. American Honda holds
3 California Distributor License No. 03421.

4 54. American Honda entered into written "Dealer Agreements" with California
5 dealerships to sell its Honda and Acura vehicles. These Dealer Agreements define the relationship
6 between American Honda as the distributor and franchisor and a local dealership as a franchisee.
7 Under these Dealer Agreements, American Honda sells and delivers authorized vehicles to the
8 dealership, and the dealership assumes the responsibility for the promotion and sale of those
9 vehicles in the dealership's geographic area. Dealer Agreements are meant as a comprehensive
10 relationship where a dealer has access to American Honda's inventory of Honda and Acura
11 Vehicles.

12 55. Another key Honda subsidiary in the United States is Honda Development &
13 Manufacturing of America ("Honda Manufacturing"), an Ohio limited liability company. Honda
14 Manufacturing operates manufacturing operations in North America for the entire Honda corporate
15 family, including a manufacturing plant in East Liberty, Ohio. On information and belief, the East
16 Liberty manufacturing plant produces Honda and Acura vehicles that are distributed by American
17 Honda, including in California. Honda Manufacturing is not a licensed manufacturer with the
18 California Department of Motor Vehicles.

19 ***The Formation of Sony Honda, SHMA, and the Plan to Sell Afeela Vehicles***

20 56. On March 4, 2022, Sony Group Corporation and Honda issued a news release
21 announcing they had signed a memorandum of understanding outlining their intent to establish a
22 joint venture to develop and eventually sell electric vehicles.⁸ The news release stated: "The New
23 Company is expected to plan, design, develop and sell the EVs, but not own and operate the
24 manufacturing facilities, so Honda is expected to be responsible for manufacturing the first EV
25

26 ⁷ On information and belief, Acura is a brand within the Honda corporate family and does not have a
27 distinct corporate form. Thus, Acura Dealers receive Acura-branded vehicles from American
Honda.

28 ⁸ *Sony and Honda Sign Memorandum of Understanding for Strategic Alliance in Mobility Field*.
March 4, 2022. <https://www.sony.com/en/SonyInfo/News/Press/202203/22-0304E/>.

1 model at its manufacturing plant.”⁹

2 57. On October 13, 2022, Sony Honda issued a press release stating that the company
3 had been formed as a joint venture between Sony Group Corporation and Honda. On information
4 and belief, Sony Group Corporation and Honda each has a 50% ownership stake in Sony Honda.¹⁰
5 The press release included a list of directors and officers of Sony Honda. The directors and officers
6 include Yasuhide Mizuno, the Representative Director, Chairman and CEO of Sony Honda, and
7 Shugo Yamaguchi, Director and Deputy President. On information and belief, Sony Honda is not
8 licensed to transact business in California.

9 58. On January 4, 2023, Sony Honda announced that it would be producing a line of
10 electric vehicles under the brand name of “Afeela” and unveiled a prototype vehicle.¹¹ Sony Honda
11 announced its intention to accept pre-orders for the vehicles in the “first half of 2025, sales by the
12 end of 2025, and delivery from spring in 2026 in North America.”¹² Sony Honda also owns the
13 AFEELA trademark on file with the United States Patent and Trademark Office, Registration No.
14 7592501.

15 59. On March 1, 2023, Sony Honda formed SHMA as a wholly owned subsidiary.
16 SHMA is incorporated in Delaware and licensed to transact business in California. SHMA is
17 licensed as both a manufacturer and a dealer with the California Department of Motor Vehicles.

18 60. On January 6, 2025, Sony Honda announced via news release that reservations for
19 the Afeela vehicles were now open to California residents.¹³ The press release states that the
20 announcement was made by Sony Honda, and did not mention SHMA.

21 61. The release disclosed that the Afeela vehicles are “scheduled for U.S. production at
22 an existing, state-of-art plant in Ohio with official sales in California anticipated in 2025 and

23 _____
24 ⁹ *Id.*

25 ¹⁰ *Sony Honda Mobility Inc. Established. Move people, through the pursuit of innovation with
diverse inspirations.* October 13, 2022. <https://www.shm-afeela.com/en/news/2022-10-13/>.

26 ¹¹ *Sony Honda Mobility New Brand AFEELA Announced Prototype Unveiled at CES® 2023.*
January 4, 2023. <https://www.shm-afeela.com/en/news/2023-01-04/>.

27 ¹² *Id.*

28 ¹³ *Sony Honda Mobility Introduces AFEELA 1 at CES® 2025, Online Reservations in California
Begin Today.* January 6, 2025. https://www.shm-afeela.com/en/news/2025-01-06_5/.

1 deliveries anticipated in mid-2026.”¹⁴ On information and belief, the “state-of-art plant in Ohio”
2 referenced in the press release and elsewhere is the plant located in East Liberty, Ohio, and owned
3 and operated by Honda Manufacturing.

4 62. The following day, January 7, 2025 Sony Honda and SHMA unveiled a prototype of
5 an Afeela vehicle during a press conference at the Consumer Electronics Show in Las Vegas. The
6 press conference was presented by Yasuhide Mizuno, Chairman and CEO of Sony Honda, and
7 Shugo Yamaguchi, who in addition to his role as a Director and Deputy President of Sony Honda, is
8 the President and CEO, CFO, and Secretary of SHMA.

9 63. Also on January 7, SHMA issued a press release stating that it “will open the
10 AFEELA Studio & Delivery Hub, two new spaces where visitors can directly experience the
11 AFEELA brand, in Torrance and Fremont, California, forecasted for the second half of 2025.”¹⁵ The
12 press release was officially released only by SHMA, but the text repeatedly referred to Sony Honda
13 as well.

14 64. Also on January 7, SHMA issued a press release announcing that it would partner
15 with Crash Champions—a chain of collision repair centers—as the exclusive providers of
16 maintenance and repair services for Afeela vehicles. Again, the press release was officially released
17 only by SHMA, but the text repeatedly referred to Sony Honda as well.

18 65. On February 22, 2025, Defendants Sony Honda and SHMA opened a showroom
19 named “The AFEELA Studio” at the Westfield Century City Mall, located at 10250 Santa Monica
20 Boulevard, Los Angeles, California 90067. The showroom contains branding for both Sony Honda
21 and SHMA was open until August 3, 2025, further marketing Afeela vehicles directly to California
22 consumers. On July 15, 2025, Sony Honda and SHMA hosted an event at the showroom to advertise
23 their Afeela vehicles. The event included presentations and/or appearances by executives from both
24 Sony Honda and SHMA, and included branding from both entities.

25
26 ¹⁴ *Id.* (emphasis added).

27 ¹⁵ *Sony Honda Mobility Announces AFEELA Studio & Delivery Hubs at CES® 2025 – Experience*
28 *the AFEELA Brand at Two State-of-the-Art Locations in Torrance and Fremont, California,*
Expected to Open in the Second Half of 2025. January 7, 2025. [https://www.shm-](https://www.shm-afeela.com/en/news/2025-01-07_2/)
[afeela.com/en/news/2025-01-07_2/](https://www.shm-afeela.com/en/news/2025-01-07_2/).

66. On March 28, 2025, Sony Honda and SHMA announced the opening of another showroom in Corte Madera, California, from March 29, 2025 to June 8, 2025. The press releases describing the opening of the showroom alternately describe the space as opened by Sony Honda and SHMA, and one gave the location of the release as Tokyo.¹⁶

67. Subsequently, Sony Honda and SHMA announced “pop up” showrooms for marketing Afeela vehicles. The first opened in Santa Clara from August 17, 2025 to September 13, 2025, and the second will open in San Diego from September 6, 2025 to October 6, 2025.¹⁷

68. Sony Honda and SHMA have begun actively soliciting and accepting deposits for Afeela vehicles directly from California residents and to the exclusion of existing Honda and Acura dealers, or any other dealers potentially interested in selling the Afeela vehicles. In fact, the reservation system specifically states reservations are restricted to California residents:

“Reservations available in California only. By reserving, you represent that: (i) you are a California resident, (ii) you will take delivery of your AFEELA in California, (iii) your AFEELA will be garaged in California, and (iv) your AFEELA will be titled and registered in California.” (emphasis added).¹⁸

69. To reserve an Afeela vehicle, California consumers must pay a \$200 deposit and enter into a contract with SHMA called the “Reservation Agreement.” No consumer can purchase an Afeela vehicle without first making a \$200 deposit to SHMA and entering the Reservation Agreement, which is a binding contract (see **Exhibit A**).

70. The Reservation Agreement explicitly states: “By this Agreement, together with your payment of the Reservation Fee, you are reserving a **future purchase** of your selected AFEELA EV.” *Id.* (emphasis added). An Afeela vehicle cannot be sold to a consumer without that consumer first entering into the Reservation Agreement and paying the \$200 deposit. The language of the

¹⁶ Compare Sony Honda Mobility Opens AFEELA Studio Corte Madera in San Francisco Bay Area. March 28, 2025. <https://www.shm-afeela.com/en/news/2025-03-28/> with Sony Honda Mobility of America Celebrates Grand Opening of AFEELA Studio Corte Madera, Bringing the Future of Mobility to the Bay Area. April 1, 2025. <https://www.shm-afeela.com/en/news/2025-04-01/>

¹⁷ SHM Afeela, Events, <https://www.shm-afeela.com/events/>.

¹⁸ SHM Afeela, Afeela 1, <https://www.shm-afeela.com/config/model/afeela1>.

1 Reservation Agreement reinforces this by stating that SHMA “will provide a credit to the final
2 price¹⁹ equivalent to the Reservation Fee[.]” when a consumer completes their Afeela purchase. *Id.*

3 71. The Reservation Agreement is inherently an offer to consummate the sale and
4 delivery of an Afeela vehicle in the near future. California consumers are, in effect, purchasing
5 priority access to acquire an Afeela vehicle.

6 72. On information and belief, the number of reservations and deposits Sony Honda and
7 SHMA receives and will receive will affect and alter the production volume for the Afeela.

8 73. On July 29, 2025, Sony Honda and SHMA announced pre-production of Afeela
9 vehicles have begun at the East Liberty manufacturing plant owned by Honda Manufacturing, with
10 mass production and delivery of Afeela vehicles set to begin in 2026.²⁰ Sony Honda and SHMA
11 have stated that they are “[l]everaging Honda’s expertise as our contract manufacturing partner,” to
12 carry out production.²¹

13 74. Sony Honda and SHMA are both intimately involved in the marketing and sale of the
14 Afeela vehicles. SHMA, is a licensed manufacturer and dealer, and is a party to the Reservation
15 Agreements with California consumers. Sony Honda owns the trademark to the “AFEELA” brand
16 and owns the website through which marketing materials are disseminated and consumers can
17 reserve Afeela vehicles. Press releases and marketing materials regarding the Afeela vehicles also
18 refer to Sony Honda and SHMA seemingly interchangeably, and do not draw a coherent distinction
19 between the two. In addition, Sony Honda and SHMA have significant overlap in their officers and
20 directors, and do not appear to have much—if any—distinct corporate form.

21 75. Sony Honda and SHMA have already begun the process of selling Afeela vehicles.
22 As of today, Sony Honda and SHMA have done the following:

23 _____
24 ¹⁹ Sony Honda and SHMA have advertised the price of Afeela vehicles at 102,900 for the Signature
25 model and \$89,900 for the Origin model. See SHM Afeela, Afeela 1 <https://www.shm-afeela.com/config/model/afeela1>.

26 ²⁰ *Inside the Making of AFEELA 1 | Production journey begins in Ohio*, July 29, 2025.
27 <https://www.youtube.com/watch?v=2aTynd7nO1c>; see also *Honda’s New Car That’s Not A Honda Just Started Production In Ohio*, August 2, 2025. <https://carbuzz.com/sony-honda-afeela-pre-production/>.

28 ²¹ *Crafting the Future of Mobility: AFEELA 1’s Production Journey Begins in Ohio*, July 30, 2025.
<https://www.shm-afeela.com/en/news/2025-07-30/>.

- a. Publicly announced that they will be selling vehicles directly to consumers in California;
- b. Obtained a dealer license (License No. 44890; in the name of SHMA) with the California Department of Motor Vehicles;
- c. Opened temporary showrooms in Century City, Corte Madera, and Santa Clara to advertise Afeela vehicles directly to consumers, and announced an intention to open a showroom in San Diego;
- d. Announced their intention to open permanent showrooms in Torrance and Fremont in the “second half of 2025” to facilitate direct-to-consumer sales and, on information an belief, have begun construction and/or renovation to prepare those spaces for opening;
- e. Aggressively advertised to customers throughout California;
- f. Begun taking *paid* reservations directly from California consumers that secure a consumer’s position in line to *purchase* an Afeela vehicle; and
- g. Announced that pre-production of Afeela vehicles has begun at the East Liberty manufacturing plant, with mass production and delivery slated to begin early in 2026.

76. On information and belief, Sony Honda and SHMA have accepted thousands of such paid reservations, representing hundreds of thousands of dollars in revenue for Sony Honda and SHMA, and have begun investing in the infrastructure to manufacture the Afeela vehicles.

77. These actions by Sony Honda and SHMA demonstrate that they have begun executing their plan to sell Afeela vehicles directly to consumers and are taking material steps toward bringing that plant to fruition in the very near future.

Defendants’ Direct-to-Consumer Sales Blatantly Violate the California Vehicle Code

78. As noted above, Vehicle Code section 11713.3(o) makes it unlawful for a “manufacturer [or] distributor [...] to do, *directly or indirectly through an affiliate*, any of the following: [...] to compete with their franchisees in the sale, lease, or warranty service of new motor vehicles.” (emphasis added).

79. Vehicle Code section 11713.3(z)(1) states that “‘Affiliate’ means a person who directly or indirectly through one or more intermediaries, controls, is controlled by, or is under the

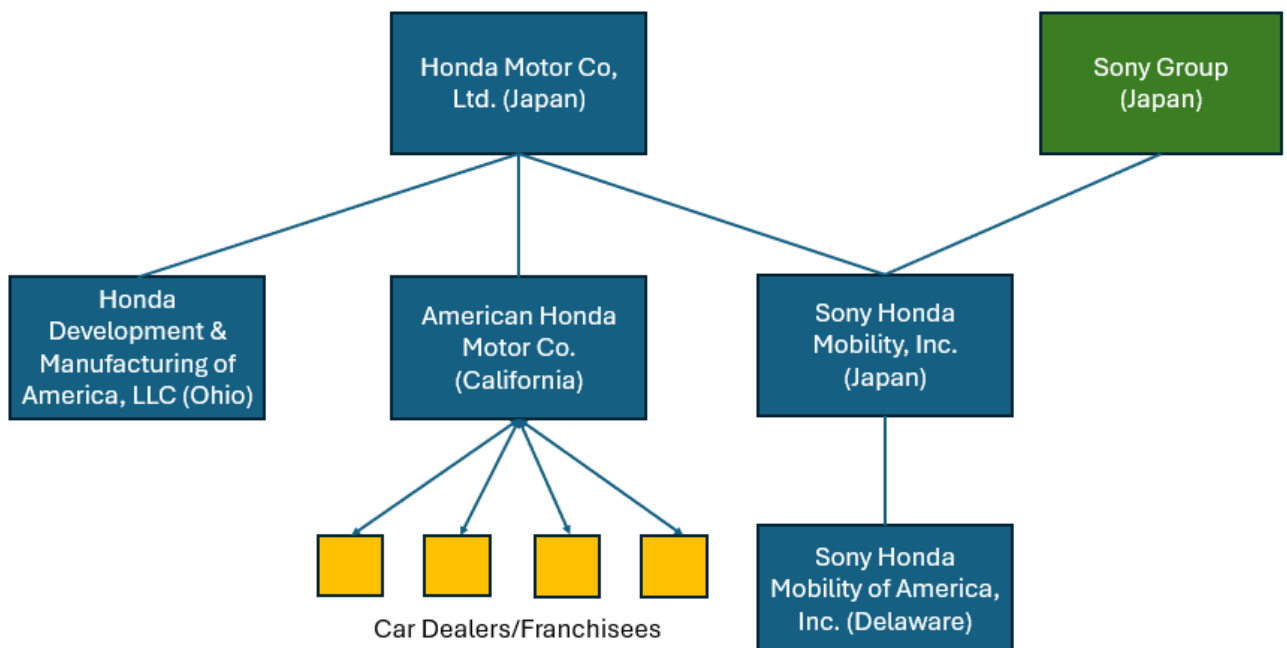
common direction and control with, another person. ‘Control’ means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of any person.”

80. Under this statute, SHMA and Sony Honda are affiliates of American Honda.

81. American Honda is a wholly-owned subsidiary of Honda. Through this direct ownership, Honda possesses control over American Honda within the meaning of Vehicle Code Section 11713.3(z)(1).

82. Honda also possesses control over Sony Honda and SHMA. Honda owns a 50% stake in Sony Honda, which in turns wholly owns SHMA. This ownership stake alone is enough to give Honda “the power to direct or cause the direction of the management and policies of” Sony Honda and SHMA. In addition, Honda possesses control over Sony Honda and SHMA because Honda—through its wholly-owned subsidiary Honda Manufacturing—controls the production of Afeela vehicles that Sony Honda and SHMA are marketing and selling to California consumers. Pre-production of Afeela vehicles has already begun at the East Liberty auto plant owned by Honda Manufacturing, with mass production of Afeela vehicles set to begin at the same facility in 2026.

83. Thus, because each of the three of American Honda, Sony Honda, and SHMA are “under the common direction and control with” each other through Honda’s control over all entities, they are “affiliates” within the meaning of Vehicle Code Section 11713.3(z)(1).



1 84. American Honda is a distributor licensed pursuant to the California Vehicle Code.
2 Accordingly, American Honda and all of its affiliates, including Sony Honda and SHMA, are
3 prohibited from “compet[ing] with [American Honda’s] franchisees in the sale, lease, or warranty
4 service of new motor vehicles.”

5 85. Sony Honda and SHMA are competing with American Honda’s franchisees by
6 marketing and selling Afeela vehicles within California in violation of Vehicle Code Section
7 11713.3(1).

8 86. Sony Honda and SHMA are also competing with American Honda’s franchisees by
9 providing warranty services through Crash Champions within California in violation of Vehicle
10 Code Section 11713.3(1).

11 87. Sony Honda and SHMA are in violation of Vehicle Code Section 11713.3(o)(4)(B)
12 because they are not using either franchisees within the American Honda network or any new
13 franchisees to sell their vehicles. In fact, Sony Honda and SHMA are not using franchisees *at all*.

14 88. On information and belief, Sony Honda and SHMA are highly motivated to move
15 forward with their direct-to-consumer model because they do not want to share profits with local
16 dealerships when selling the desirable and highly profitable Afeela electric vehicles, and Sony
17 Honda and SHMA want to reduce their warranty costs by not paying franchisees their statutory
18 rates.

19 89. American Honda is also in violation of Vehicle Code. Section 11713.3 which states
20 that it “is unlawful and a violation of this code for a manufacture, manufacturer branch, distributor,
21 or distributor branch licensed pursuant to this code to [], *directly or indirectly through an affiliate*,
22 compete with their franchisees in the sale, lease, or warranty service of new motor vehicles.” Cal.
23 Veh. Code § 11713.3(o)(1) (emphasis added). Accordingly, because Sony Honda and SHMA are
24 competing with American Honda franchisees in the sale and warranty service of new motor
25 vehicles, American Honda is also in violation of the Vehicle Code.

26 ***Defendants’ Direct-to-Consumer Marketing Blatantly Violates California Law***

27 90. Sony Honda and SHMA have engaged in extensive advertisement of Afeela vehicles
28 throughout California, encouraging consumers to enter into a Reservation Agreement and place a

1 deposit directly with SHMA in exchange for the promised delivery of an Afeela vehicle.

2 91. Sony Honda and SHMA, through the Reservation Agreement, expressly state that
3 they are aiming all of their activities to California consumers: “all AFEELA EVs sold by SHMA are
4 intended for sale only to California residents and to be operated in California. SHMA’s business
5 operations are focused on our California customers, and our sales, service, and other support for
6 AFEELA EVs are available only in California.” Ex. A ¶ 12.

7 92. Sony Honda’s and SHMA’s advertisements throughout California are false and
8 misleading because they do not disclose to consumers that the transaction is illegal under the
9 California Vehicle Code. California Business and Professions Code Section 17500 makes it
10 unlawful for a corporation to “directly or indirectly **to dispose of real or personal property** or to
11 perform services, professional or otherwise, or anything of any nature whatsoever or to **induce the**
12 **public to enter into any obligation relating thereto**, to make or disseminate or cause to be made
13 or disseminated before the public in this state...including over the **Internet**... any statement,
14 concerning that real or personal property or those services, professional or otherwise, or concerning
15 any circumstance or matter of fact connected with the proposed performance or disposition thereof,
16 which is **untrue or misleading**.” (emphases added).

17 93. On information and belief, SHMA has accepted and continues to accept \$200
18 deposits directly from California consumers to reserve Afeela vehicles, based on the false and
19 misleading advertising by Sony Honda and SHMA. Sony Honda and SHMA have stated their
20 intention to perform on those contracts secured by false advertising, and to sell new motor vehicles
21 directly to consumers, including consumers in Los Angeles County.

22 94. On information and belief, Sony Honda and SHMA are “induc[ing] the public to
23 enter into an[] obligation relating” to the purchase of personal property by accepting \$200 deposits
24 for Afeela vehicles in violation of California Business and Professions Code Section 17500.

25 ***Marketing & Selling Afeela Vehicles Direct to Consumers Causes Significant Harm***

26 95. The decision by Sony Honda and SHMA to market Afeela vehicles directly to
27 consumers is causing significant harm to American Honda franchisees who risk losing their
28 livelihoods in a fiercely competitive auto industry. American Honda requires franchisees to invest

1 millions of dollars to be allowed to sell Honda and Acura vehicles from their dealerships. Despite
2 these investments, American Honda has does not currently offer its franchisees the opportunity to
3 sell any all-electric sedans. Meanwhile, American Honda's affiliates Sony Honda and SHMA—who
4 are not subject to any of the onerous requirements imposed on American Honda franchisees—are
5 now selling Afeela vehicles directly to consumers.

6 96. Sony Honda and SHMA have already begun taking *paid* reservations from California
7 consumers. The reservations entitle the holder to delivery of an Afeela vehicle in the future. The
8 reservations are *currently* impacting sales for California dealers (including dealers that are
9 franchisees of American Honda) because consumers expect they will be receiving an Afeela vehicle
10 directly from Sony Honda and SHMA in the near future. Thus, Sony Honda and SHMA are directly
11 competing with existing Honda and Acura dealers.

12 97. Franchisee Honda and Acura dealers are already feeling the results of this
13 competition. One dealer in northern California stated “AHMC’s joint venture with Sony to sell the
14 Afeela is an effort to bypass the very dealer network that has built Honda and Acura’s brand
15 reputation for decades,” and that through the joint venture, “AHMC is **undercutting its dealers’**
16 **ability to deliver and service innovative products to its customers.**” (emphasis added). Not only
17 is this particular dealer feeling the ramifications of competition, but they also lament the lost
18 opportunity to sell Afeelas, stating: “Afeela would be a perfect fit for Honda and/or Acura
19 showrooms—Acura dealers’ experience retailing premium, high-tech vehicles like the all-electric
20 ZDX, the NSX, and other upcoming American Honda Motor Co. models, makes them well-
21 positioned to sell and support this product [Afeela vehicles] in the California market.”

22 98. Another dealer in southern California stated that: “Acura dealers have invested
23 hundreds of millions of dollars in facilities, personnel and systems in order to sell the best luxury
24 products developed by Honda. Honda’s plans to usurp the longstanding relationship with its dealers
25 and sell Afeela vehicles directly to consumers unfairly undermines our investments. Acura dealers
26 have always supported and sold each luxury product Honda has offered and desire to continue doing
27 so. By both taking reservations directly and building showrooms for Afeela vehicles, **Honda is**
28 **competing directly with its dealer partners.**” (emphasis added). The same dealer noted that:

1 “Operating a successful business in California is difficult enough without having to compete directly
2 with manufacturing partner. American Honda has obtained extensive knowledge of our costs and
3 business practices, thus placing Honda and Acura dealers at an extreme disadvantage against our
4 own manufacturer selling Afeela.”

5 99. Sony Honda and SHMA have also invested in physical infrastructure for selling
6 vehicles directly to consumers, that draws consumers away from California dealers (including
7 dealers that are franchisees of American Honda) and to Afeela vehicles.

8 100. The decision to market Afeela vehicles was motivated by a desire to cut out
9 franchisees and keep profits from direct sales for Sony Honda and SHMA.

10 101. Undercutting American Honda dealers also harms Californians in other ways.
11 Defendants’ direct-to-consumer model also threatens tens of thousands of jobs connected to the
12 dealer economy, as well as sales tax and other public revenues generated by dealers. It also deprives
13 consumers of intra-brand competition and greatly limits options for warranty and recall work.

14 102. In addition, after expending significant resources on behalf of its members to sponsor
15 and advocate for AB 473, CNCDA has now expended even further resources to investigate
16 Defendants’ threatened and actual violations of the California Vehicle Code and to prevent the
17 violations of the very law it worked to enact in the California Legislature. CNCDA has diverted
18 significant financial resources and executive and staff time to investigate and counteract
19 Defendants’ violations of the law. Following Defendants’ announcement that Afeela vehicles would
20 be sold directly to consumers, CNCDA commissioned a comprehensive independent analysis into
21 Defendants’ illegal activity and how to bring Defendants into compliance with the law, including,
22 but not limited to, civil litigation, administrative action, and contact with legislators.

23 103. CNCDA’s efforts to counteract Defendants’ violations of the law requires CNCDA
24 to expend resources that would otherwise be spent on other issues germane to CNCDA’s
25 organizational purposes.

26 104. Defendants’ blatant violation of California law harms Californians, including
27 CNCDA members and consumers in general, and must not be permitted to continue.
28

FIRST CLAIM FOR RELIEF**UNFAIR COMPETITION, VIOLATION OF BUSINESS AND PROFESSIONS****CODE § 17200****(Against All Defendants)**

105. CNCDA hereby realleges and incorporates by this reference the allegations from the above paragraphs as if fully set forth herein.

106. By engaging in the conduct described in this complaint, CNCDA is informed and believes that Defendants have violated and continue to violate California Vehicle Code Section 11713.3(o) by taking reservations and deposits for Afeela vehicles in their direct-to-consumer model. Defendants' conduct alleged above constitutes and was intended to constitute unlawful and unfair business practices within the meaning of the Unfair Competition Law, California Business and Professions Code Section 17200 *et seq.*

107. By engaging in the conduct described in this complaint, CNCDA is informed and believes and thereon alleges that Defendants have violated and continue to violate Business and Professions Code Section 17500 by accepting deposits for a transaction that they knew, or should have known, was illegal and therefore untrue and misleading under the definitions of the statute. Defendants' conduct alleged above constitutes and was intended to constitute unlawful and unfair business practices within the meaning of the Unfair Competition Law, California Business and Professions Code Section 17200 *et seq.*

108. During all relevant times to this complaint, Defendants engaged in or still engage in fraudulent, unfair, or unlawful business practices, as defined in the Unfair Competition Law, Business and Professions Code Section 17200 *et seq.* and in violation of California law.

109. A business act or practice is unfair where it offends an established public policy or when the practice is illegal, immoral, unethical, or oppressive. Defendants have engaged in unfair business practices as a result of the actions alleged herein. By engaging in direct-to-consumer reservations and sales of Afeela vehicles, Defendants violated the California Vehicle Code and the Business and Professions Code and thus engaged in unfair business practices designed to give them an unfair competitive advantage.

110. The acts and practices of Defendants are unlawful because they constitute a violation of each of California Vehicle Code Section 11713.3 and California Business and Professions Code section 17500 *et seq.*, as described in this complaint.

111. CNCDA has suffered economic damage and loss as a result of Defendants' violations of the California Vehicle Code and the Business and Professions Code.

112. As a result of Defendants' violation of the Unfair Competition Law, Business and Professions Code Section 17200 *et seq.*, Defendants are profiting at the expense of CNCDA's California members and California consumers.

113. As a direct and proximate result of Defendants' conduct as described herein, CNCDA has been harmed in an amount to be proved at trial and is entitled to restitution.

114. CNCDA further seeks, and as a result of the foregoing is entitled to, an order granting injunctive relief against Defendants to prohibit Defendants from taking deposits for and selling Afeela vehicles to California consumers in their direct-to-consumer model.

115. The enforcement of the California Vehicle Code requested by CNCDA in this action constitutes the enforcement of an important public right on behalf of its members and California consumers, and merits an award of attorney fees under California Code of Civil Procedure Section 1021.5.

SECOND CLAIM FOR RELIEF

FALSE ADVERTISING, VIOLATION OF BUSINESS AND PROFESSIONS

CODE § 17500

(Against Sony Honda and SHMA)

116. CNCDA hereby realleges and incorporates by this reference the allegations from the above paragraphs as if fully set forth herein.

117. By engaging in the conduct described in this complaint, CNCDA is informed and believes that Sony Honda and SHMA violated and continue to violate the law by taking \$200 deposits from California consumers for Afeela vehicles when it knew or should have known that such transactions are unlawful.

118. Sony Honda and SHMA have deliberately and willfully made, disseminated, or

1 caused to be made or disseminated, untrue or misleading statements or by the exercise of reasonable
2 care should have known, that the statements were untrue and misleading, with the intent to induce
3 members of the public to place \$200 deposits for Afeela vehicles. Sony Honda knew, or should
4 know, that such transactions are unlawful and therefore false and misleading.

5 119. Sony Honda's statements likely deceive consumers because it is probable that
6 advertisements stating that Afeela vehicles will be marketed direct-to-consumer could mislead a
7 significant portion of targeted consumers. Unaware that direct-to-consumer sales of Afeela vehicles
8 are unlawful, the targeted consumers are likely to be deceived have acted and act reasonably in these
9 circumstances in deciding to enter into a Reservation Agreement and pay a \$200 reservation fee.

10 120. Sony Honda's and SHMA's conduct is likely to cause confusion, mistake, or
11 deception, or constitute actual deception or confusion or probable deception or confusion, because a
12 reasonable consumer would not know or have reason to know that Sony Honda's reservation and
13 deposit system is unlawful.

14 121. As a result of their violation of the False Advertising Law, Business and Professions
15 Code Section 17500 *et seq.*, Sony Honda and SHMA are profiting at the expense of California
16 consumers and American Honda franchisees.

17 122. As a direct and proximate result of Sony Honda's conduct as described herein,
18 Plaintiff has been harmed in an amount to be proved at trial and is entitled to restitution.

19 123. Plaintiff further seeks, and as a result of the foregoing is entitled to, an order granting
20 injunctive relief against Sony Honda to prohibit Sony Honda from taking reservations and deposits
21 for and selling Afeela vehicles directly to California consumers.

22 124. The prevention of false advertising requested by CNCDA in this action constitutes
23 the enforcement of an important public right on behalf of its members and California consumers,
24 and merits an award of attorney fees under California Code of Civil Procedure Section 1021.5.

25 **THIRD CLAIM FOR RELIEF**

26 **DECLARATORY RELIEF**

27 **(Against All Defendants)**

28 125. CNCDA hereby realleges and incorporates by this reference the allegations from the

1 above paragraphs as if fully set forth herein.

2 126. An actual controversy has arisen and now exists between CNCDA and the
3 Defendants relating to the “affiliate” status of Sony Honda and SHMA with respect to American
4 Honda, and Defendants’ violation of Vehicle Code Section 11713.3 by marketing Afeela vehicles
5 directly to California consumers.

6 127. CNCDA seeks a declaration that Sony Honda and SHMA are “affiliates” of
7 American Honda within the meaning of Vehicle Code Section 11713.3(z)(1) and therefore
8 prohibited from competing with American Honda’s franchisees in the sale or warranty of new motor
9 vehicles in California under Vehicle Code Section 11713.3(o)(1).

10 128. CNCDA seeks a further declaration Defendants are in violation of California Vehicle
11 Code Section 11713.3 due to their marketing of Afeela vehicles direct to California consumers
12 without involvement of American Honda franchisees.

13 129. CNCDA seeks a further declaration that each Reservation Agreement that SHMA
14 enters into with a California consumer constitutes a violation of the Unfair Competition Law.

15 130. A judicial declaration is appropriate and necessary to clarify Defendants’ legal
16 obligations under the California Vehicle Code, prevent further violations of the California Vehicle
17 Code, Unfair Competition Law, and False Advertising Law, and protect CNCDA members and
18 California consumers.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

21 1. For a declaration that Sony Honda and SHMA are “affiliates” of American Honda
22 within the meaning of Vehicle Code Section 11713.3(z)(1) and are therefore prohibited from
23 competing with American Honda’s franchisees in the sale or warranty service of new motor vehicles
24 in California under Vehicle Code Section 11713.3(o)(1);

25 2. For a declaration that the direct-to-consumer model to sell Afeela vehicles to
26 California consumers is unlawful under California Vehicle Code Section 11713.3 and therefore all
27 Defendants are in violation of the California Vehicle Code Section 11713.3 for each Reservation
28 Agreement entered into between SHMA and a California consumer;

3. For a permanent injunction, a preliminary injunction, and a temporary restraining order prohibiting Defendants from selling the Afeela vehicles directly to consumers and to prevent SHMA from taking deposits for Afeela vehicles directly from California residents;

4. For restitution in an amount to be determined at trial;

5. For reasonable attorney fees and costs incurred by Plaintiff in this action pursuant to California Code of Civil Procedure Section 1021.5; and

6. For an award of such other and further relief as the Court deems just and proper.

DATED: August 19, 2025

GLASER WEIL FINK HOWARD
JORDAN & SHAPIRO LLP

By: 

MICHAEL CYPERS
JULIE R.F. GERCHIK
ANDREW C. DANE
*Attorneys for Plaintiff California
New Car Dealers' Association*

EXHIBIT A

RESERVATION AGREEMENT

This Reservation Agreement (“Agreement”) governs the placing of a reservation (“Reservation”) with Sony Honda Mobility of America Inc. (“SHMA”) for an AFEELA-brand electric vehicle (“AFEELA EV”). Please carefully read this Agreement before submitting your Reservation. By submitting your Reservation, you agree to be legally bound by all terms of this Agreement.

1. Reservation Agreement

By this Agreement, together with your payment of the Reservation Fee, you are reserving a future purchase of your selected AFEELA EV. This Agreement does not obligate you to ever purchase an AFEELA EV, and it does not obligate SHMA to ever sell you an AFEELA EV. This Agreement is not a contract for the purchase, lease, or financing of a specific AFEELA EV that has already been manufactured and given a Vehicle Identification Number, and it does not lock in final pricing, a firm production slot, a firm delivery date, or specific configuration of an AFEELA EV.

You understand that development of the AFEELA EV has not been completed and production has not yet begun at the time of your Reservation. After you submit your Reservation and the AFEELA EV you selected becomes available in production, we will invite you to complete the configuration of your AFEELA EV on our website. Once you have completed the configuration of your AFEELA EV, we will provide you with confirmation of your AFEELA EV configuration, and a detailed breakdown of the approximate final purchase price. To purchase the AFEELA EV you have selected and configured, you will need to execute SHMA’s standard Agreement for Purchase or a lease agreement if SHMA is, at that time, offering leases to consumers in the state in which you reside which will include additional terms and conditions, including the final purchase price for your AFEELA EV (collectively, “Final Sales Agreement”). Additional payments, including applicable taxes, other governmental fees, and/or shipping or destination charges, will be required as part of your final purchase of an AFEELA EV and will be reflected in your Final Sales Agreement.

By placing your Reservation, and entering into this Agreement, you represent that you are at least 18 years of age and legally competent to enter into this Agreement. If you are entering into this Agreement on behalf of a legal entity or organization, you represent that you have actual authority to bind such legal entity or organization to this Agreement. We reserve the right to accept or decline Reservations in our sole discretion.

By entering into this Agreement and making your Reservation, you may become eligible for certain additional benefits. All such additional benefits may be offered, if at all, in SHMA’s sole discretion.

2. Reservation Fee

You will be charged a one-time fee of \$200.00 ("Reservation Fee") when you place your Reservation for an AFEELA EV. Placing a Reservation, which includes acceptance of this Agreement, constitutes your agreement to be charged the Reservation Fee using your provided payment method. The Reservation Fee is not a pre-payment, down-payment, or installment payment on the AFEELA EV that you may ultimately purchase, nor does the Reservation Fee guarantee your ultimate purchase of an AFEELA EV. All vehicle orders require execution of the Final Sales Agreement and payment of the final purchase price prior to delivery of the vehicle.

You can cancel your Reservation at any time and receive a full refund of the Reservation Fee by accessing your Reservation through your AFEELA account. We reserve the right, in our sole and exclusive discretion, to withhold any applicable credit card and/or processing fees from a refund in connection with a Reservation made in violation of this Reservation Agreement, regardless of whether you cancel your Reservation or we cancel it pursuant to Section 8 of this Reservation Agreement. If you ultimately execute a Final Sales Agreement and accept delivery of an AFEELA EV, we will provide a credit to the final price equivalent to the Reservation Fee.

3. No Firm Pricing Has Been Provided

Any pricing provided to you in advance of the Final Sales Agreement ("Preliminary Price Estimate") is only being offered to you as an estimate for illustrative purposes only, does not constitute an advertisement, solicitation, credit application, or offer for direct sale, financing, or leasing, and is subject to change. The Preliminary Price Estimate shown as part of your vehicle configuration might not include documentation fees, applicable taxes, government fees, and/or shipping or destination charges. Because such taxes, fees, and other costs are subject to change and will depend upon differing factors (such as where you choose to register the AFEELA EV), they will be calculated closer to the time of delivery and will be indicated on the Final Sales Agreement executed between you and SHMA.

The Preliminary Price Estimate does not reflect any changes that you may choose to make to the vehicle configuration. Certain functionality and connectivity features for your AFEELA EV may be subject to additional subscription fees. If you make changes to the vehicle configuration, you may be subject to potential price increases for any pricing adjustments made since your original Reservation. Any changes made to your vehicle configuration, including any changes in the method of delivery, delivery location, or estimated delivery date, will be reflected in a subsequent vehicle configuration or in the Final Sales Agreement.

You acknowledge that the estimated battery range and other available features, trims, options, subscriptions and accessories, and the pricing for them, may change before you execute the Final Sales Agreement. This means that your final price as will be reflected on the Final Sales Agreement could be higher than the Preliminary Price Estimate as a result of changes in the base price for the AFEELA EV or any of its features, options, subscriptions or accessories – including, but not limited to, model change-overs, increased labor or material costs, etc. Moreover, we

reserve the right, in our sole discretion, to discontinue vehicle models, related products, features, trims, options, subscriptions and accessories and such discontinuance may result in changes to the final price as will be reflected on the Final Sales Agreement. EPA estimated battery ranges are not currently available and any ranges provided are based upon SHMA's projection of EPA estimated ranges for the production vehicles.

4. Reservation Priority

The date of your Reservation will be used to establish an approximate priority for determining when you will be invited to complete the ordering process and execute the Final Sales Agreement. SHMA does not, however, guarantee a specific priority and reserves the right, in its sole and absolute discretion, to prioritize Reservations based on other factors such as, without limitation, desired vehicle configurations, availability of desired trim options, and delivery locations. If you do not enter into a Final Sales Agreement within a reasonable amount of time after being invited to do so, SHMA may extend a purchase invitation to the next person having priority based on the date of their Reservation and your priority may be re-set or your Reservation cancelled in SHMA's sole discretion.

5. Delivery

The actual date of delivery will depend upon a variety of factors, including, among other things, your priority, our manufacturing schedule, your execution of the Final Sales Agreement, and the method and location of delivery of the AFEELA EV. There is no estimated or guaranteed delivery date based on your Reservation or this Agreement, nor does the Reservation Fee guarantee your future purchase of an AFEELA EV. Any estimated delivery time frames provided are estimates only provided for informational purposes, and are subject to change. While SHMA makes every effort to provide accurate estimates, unforeseen circumstances including (but not limited to) production delays, transportation issues, or supply chain disruptions may impact the estimated delivery schedule. As such, you acknowledge and agree that SHMA will not be liable to you for any delays in delivery. The timing and method of delivery of the AFEELA EV will be set out in the Final Sales Agreement.

6. Privacy Policy and Terms of Use

The information you provide with your Reservation will be used in accordance with our Privacy Policy and Terms of Use ("Privacy Policy"), each of which is incorporated herein by reference and available on our [website](#). Please read the Privacy Policy carefully to understand our practices regarding your information and how it will be treated. If you have questions about our Privacy Policy, please contact us at Privacy-Contact@sony-honda-mobility.com. You agree that, and hereby give your consent that, SHMA may contact you as necessary to perform our obligations under this Agreement and to keep you informed about your Reservation.

7. Limitation of Liability

To the fullest extent permitted by law, you agree that we are not liable for any direct, special, consequential, punitive, indirect, or incidental damages of any kind whatsoever, including lost profits, loss of business or loss of opportunity, regardless of the basis or circumstances of any claim, damage, loss, or expense, whether in contract, tort, or otherwise. Your sole and exclusive remedy under this Agreement for any claims, damages, costs, or expenses arising under, out of, or related in any way to this Agreement and/or your Reservation is return of the Reservation Fee.

8. No Assignment or Re-Sellers

You may not assign your rights under this Agreement or your Reservation without our express, written consent. We reserve the right, in our sole and exclusive discretion, to cancel any Reservation that we believe has been made with a view toward resale of any AFEELA EV or that has otherwise been made in bad faith.

Without limiting the generality of any other section of this Reservation Agreement, we reserve the right to limit or refuse any Reservation you place with us. Further, we reserve the right to verify the validity of any Reservation and/or cancel any Reservation if we find evidence of fraud, tampering and/or any other violation of this Reservation Agreement. Reservations are limited to one per person and we may, in our sole and absolute discretion, further limit or cancel the number of Reservations submitted per person, or per household. These restrictions may include Reservations placed by or under the same credit card, and/or Reservations that use the same billing and/or delivery address.

All Reservations are subject to verification by us at any time and for any reason. We reserve the right, in our sole and absolute discretion, to require proof of identity (in a form acceptable to us): (i) for the purposes of verifying the legitimacy of any Reservation and/or other information; and/or (ii) for any other reason we deem necessary, in our sole and absolute discretion, for the purposes of fulfilling a Reservation in accordance with our interpretation of the terms and conditions of this Reservation Agreement.

9. Governing Law

This Agreement, and the Reservation, together with their formation and subject matter, and any related non-contractual disputes or claims between us, are governed solely by the laws of the State of California regardless of any conflict of laws principles. If you opt-out of the dispute resolution process described in Section 10, or otherwise believe that a dispute or claim is not subject to the terms of Section 10, you agree that any dispute or claim between you and SHMA shall be resolved in a state or federal court in Los Angeles County, California. You expressly consent to the jurisdiction of such courts in Los Angeles County, California and waive all objections to personal jurisdiction or as to venue in such courts due to lack of contacts, inconvenient forum, or any other basis.

10. Dispute Resolution

If you have a concern or dispute regarding the Reservation or this Agreement, please send written notice describing your dispute and your desired resolution to legal.notices@sony-honda-mobility.com. If your dispute is not resolved within 60 days of your email notice, you agree that any claim, controversy, or dispute arising out of or relating in any way to any aspect of the relationship between you and SHMA pursuant to the Reservation or this Agreement be resolved not in court by a judge or a jury, but instead by a single arbitrator in a binding arbitration administered by the American Arbitration Association (AAA) under its Consumer Arbitration Rules. SHMA will pay the administrative fees associated with such binding arbitration, but each party will be responsible for the fees and expenses of its own counsel. The arbitrator may only resolve disputes between you and SHMA related to, or arising out of, the Reservation and this Agreement and may not consolidate claims without the consent of all parties, including SHMA. To learn more about AAA's Consumer Arbitration Rules, you may call any AAA office or go to www.adr.org. Within 30 days of the Effective Date, you may opt out of binding arbitration by sending a letter to legal.notices@sony-honda-mobility.com stating your name, Reservation confirmation number, and intent to opt out of this arbitration provision.

11. Class Action and Jury Trial Waivers

To the fullest extent permitted by applicable law, no claim under this Agreement or related to the Reservation shall be joined to any other claim from other current or former users of our website or otherwise related to AFEELA EVs or any other Reservations. No claim brought under this Agreement shall proceed as a class action. You hereby waive any right to trial by jury in any action or proceeding arising out of or related to this Agreement, the Reservation, or any acts or omissions related thereto, whether now existing or hereafter arising or discovered, and whether sounding in contract, tort, or otherwise. You agree that we may file a copy of this Agreement with any court as written evidence of your knowing, voluntary, and bargained-for agreement to irrevocably waive trial by jury and that any action or proceeding whatsoever between us relating to these terms shall instead be tried in a court of competent jurisdiction by a judge sitting without a jury.

12. Notice to Consumer – AFEELA EVs Not For Sale Outside of California

At this time and until further written notice from SHMA, all AFEELA EVs sold by SHMA are intended for sale only to California residents and to be operated in California. SHMA's business operations are focused on our California customers, and our sales, service, and other support for AFEELA EVs are available only in California. We do not have any warranty service locations outside of California. By executing this Agreement, you represent to SHMA that you will take delivery of your AFEELA EV in California, that your AFEELA EV will be garaged in California, and that you will have your AFEELA EV titled and registered in California. Understanding that warranty service locations are only available in California, you agree to operate your AFEELA EV in California. We anticipate that a similar Notice to Consumer will be part of the Final Sales Agreement.

13. Effective Date

This Agreement is effective upon SHMA'S receipt of the Agreement and your payment of the Reservation Fee. SHMA receives and accepts the Agreement and payment of the Reservation Fee at its offices in Los Angeles County, California. By submitting the Agreement and paying the Reservation Fee, you agree that the Agreement is formed in Los Angeles County, California.