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Bradstreet Personnel Group, Inc. v. Wells Fargo Fin. Leasing 2005 WL 1252333 (N.J. Super. Ct. Law Div., May 2, 2005)

Various lessees brought a class action law suit against Wells Fargo, as assignee under equipment leases originated by Greentree Financial Corporation. The assigned leases contained a clause which required the lessee to provide not less than 90 and not more than 150 days prior written notice of its intention to purchase or return the equipment. If the lessee failed to do so, the leases automatically renewed. According to the lessees, the equipment lease was deceptive on when notice to lessor would qualify as timely and the lease was therefore unconscionable under the New Jersey Consumer Fraud Act (NJCFCA). The lessees also alleged several other similar causes of actions such as the breach of the implied covenant of good faith and fair dealing and unjust enrichment. Wells Fargo moved for summary judgment.

Wells Fargo eventually prevailed on summary judgment since the court found that it would be unreasonable to conclude that Wells Fargo had engaged in any conduct that had the capacity to mislead. The court was particularly persuaded by the fact that the lessees neither read their respective leases nor asked questions of the lessor as the leases requested they do if something was unclear. As such, the court rendered summary judgment in favor of lessor and dismissed lessees' claims in concluding that lessor did not violate the NJCFCA, breach the lease, breach the implied covenant of good faith and fair dealing, or profit from an unjust enrichment from the automatic renewal of the equipment leases.



Despite the fact that Wells Fargo eventually succeeded with respect to this particular claim, much of the holding is very disturbing. First, the court went into a lengthily analysis of the NJCFA and concluded that the term "consumer" could include commercial lessees stating:

"While the term "consumer" has historically connoted an individual purchaser, the NJCFA provides generous protection to defrauded consumers and has been interpreted to afford protection to corporate and commercial entities that purchase goods and services for use in business operations [since business entities, like individual consumers, cover a wide range. Some are poor, some wealthy; some are naïve, some sophisticated; some are required to submit, some are able to dominate.]"

In addition, the court rebuffed Wells Fargo's argument that it was not liable since assignment language in the lease stated that the Lessee would "not assert against the [Assignee of this Lease] any claims, defenses or set-off that you may have against the supplier." The court held that Lessee's claims were made against Wells Fargo for Wells Fargo's actions, conduct, and its interpretation of the Lease Agreement.

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