

Administered by NCDS
September 25, 2025

California Dispute Settlement Program

12400 Coit Road, Suite 1230
Dallas, TX 75251
(800) 777-8119
(972) 807-3907
Fax: (972) 807-9919

Nelson Kanda


Toyota Motor Sales
Toyota San Francisco Regional Office
2451 Bishop Drive
San Ramon, CA 94583

RE: CASE # 1225061

Dear Parties:

By direction of the Arbitrator(s), we are enclosing the Decision in the above referenced case.

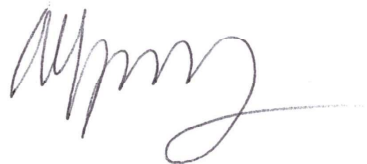
Enclosed for the vehicle owner is an "Acceptance of Decision" form. The vehicle owner has thirty (30) days from the date of this letter in which the California Dispute Settlement Program ("CDSP") must receive the "Acceptance of Decision" form.

The form can be faxed to (972) 807-9919, or emailed to info@ncdsusa.org or to the Case Administrator named below. Should you have any questions regarding the "Acceptance of Decision" form, please contact CDSP. Failure to return the form within thirty (30) days from the date of this letter will be considered a rejection of the Arbitrator's Decision and therefore, CDSP will close your case.

Enclosed please find additional information required to be disclosed in accordance with California Code of Regulations, Title 16, Section 3398.12. Finally, you may obtain, at a reasonable cost, copies of all the case records related to this dispute.

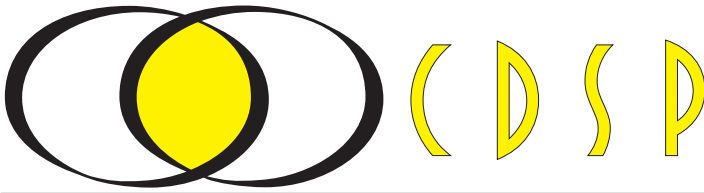
Sincerely,

NCDS



Alexis Young
Case Administrator
ayoung@ncdsusa.org
(972) 942-0151

Enclosures: as noted
cc: Marc Whyte



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DATE: September 25, 2025

CUSTOMER: Nelson Kanda

CASE #: 1225061

I understand that I am not bound to the Decision of the Arbitrator(s) in my case unless I accept it. If I reject the decision, or if I am dissatisfied with the subsequent performance of Toyota Motor Sales, USA, Inc., I may pursue other legal remedies, including the use of small claims court. Whether or not I accept the Decision, however, the Decision is admissible in any subsequent legal proceeding concerning the dispute.

I also understand that if I accept the Decision, Toyota Motor Sales, USA, Inc. will be legally bound by the Decision.

You must mark one of the applicable boxes below, otherwise, the California Dispute Settlement Program (CDSPP) will consider no response to have been made to the Decision and your case will be closed accordingly.

I ACCEPT THE ARBITRATOR'S DECISION

I DO NOT ACCEPT THE ARBITRATOR'S DECISION.

SIGNED: _____

DATE: _____

California Dispute Settlement Program

In the matter of the
Arbitration Between

Nelson Kanda
("Customer(s)")

and

Toyota Motor Sales
("TMS")

Amended Decision

DECISION

Case # 1225061

I, Marc Whyte, was appointed pursuant to CDSP rules as Arbitrator to determine disputes, which had arisen between the Customer(s), Nelson Kanda and TMS regarding a 2023 Toyota Gr86, Premium Manual.

By a notice dated 09/02/2025, the parties were advised that a meeting would be conducted at Capitol Toyota on 09/15/2025 at 11:30 AM.

Present on that date were:

Nelson Kanda

Janett Lopez

Customer

California Department of Consumer
Affairs
(via speakerphone)

The complaint(s) existing between the parties were set forth on a "Customer Claim Form" received by CDSP on August 26, 2025, and may be summarized as follows:

The Customer stated issues with Engine - Vibration.

The Customer requested a Repair.

SUMMARY OF PRESENTATION:

The Manufacturer did not attend the hearing. The Customer presented, and I reviewed, and considered the testimony and following documents provided by both parties:

- A. Customer
 - i. Claim Form
 - ii. Arbitration Check List (not filled out)
 - iii. Information Federal Trade Commission
 - iv. Information California Legislative
 - v. Information on Oil Discoloration
 - vi. Other Public Law Warranty Information
 - vii. Article on Over-Revving an Engine
 - viii. Toyota GR86 Speed & Performance Guide
 - ix. Interaction of Magnuson-Moss Warranty Act

- B. Manufacturer
 - i. Manufacturer Response Form
 - ii. Complaint and Notes from Repair Order
 - iii. Email to Jay Normura at Toyota
 - iv. Email Response to Customer

The Position of the Customer from the Customer' Claim Form:

"Engine makes knocking noise. My car had developed rod knock at 26,532 miles, I brought it into the dealership for a warranty repair however the dealership denied the warranty. However, inspection revealed rod bearing issues such as spun rods, and rod debris in oil pickup."

The Customer is seeking a Repair of the vehicle.

The Position of the Manufacturer based on the Manufacturer Response Form:

"7/31/2025 FTS Inspection Capitol Toyota, 26532 miles"

"A Repurchase or Replacement would be inappropriate as the customer's concerns would not be due to any manufacturer's defect. An FTS inspection was performed on the vehicle and found a lack of routine maintenance between 5,912 miles and 26,532 miles and no defect in materials or workmanship was found during the inspection."

"The Customer was informed by Capital Toyota on 8/20 that repairs would not be covered under warranty and provided

an estimate of repair cost. The Customer has yet to authorize any repairs since this communication. The documentation available from Capital Toyota shows the findings of this inspection and that this was communicated to the Customer. A final repair order is unavailable as no repairs have been authorized or completed by the Customer at this time."

DECISION:

After reviewing the complaint(s) and hearing the proofs and arguments of the parties and taking into consideration the applicable manufacturer's new vehicle warranty, and the applicable warranty law including the applicable State Statute commonly referred to as the "Lemon Law," and after due deliberation, I find and Award as follows:

The Customer's request for vehicle repair is AWARDED.

According to the evidence and testimony, the Customer purchased the vehicle used on March 23, 2024, and it remains covered under the Manufacturer's New Vehicle Limited Warranty. The Customer brought the vehicle to the dealership with a knocking noise coming from the engine. Upon inspection, according to the repair order notes, the engine was removed and placed on a stand for further evaluation. Metal debris consistent with copper bearing material was found in the oil pan. The engine oil pick-up was inspected with a borescope, which revealed additional metal debris consistent with damage to the rod bearings. The Manufacturer refused to conduct the repair under warranty, stating that the failure was caused by lack of maintenance.

The Manufacturer did not attend the hearing. However, according to the Manufacturer's submitted Response Form and other documentation, the decision was based on information retrieved from the National Service History (NSH) and Carfax reports, which showed that the last recorded service was an oil change at 5,912 miles, while the vehicle currently has 26,532 miles.

The Customer addressed this claim in his testimony, stating that he purchased the vehicle used and has been performing routine maintenance himself every four to five thousand miles. He also stated he purchase supplies for the services performed, from Toyota. Doing the services himself is why no serviced history showed up on NSH or CarFax. Mag-Moss, does not required routine maintenance of the vehicle to only be performed by the manufacture, and can be performed by other service facilities or the Customer.

During the hearing, I inspected the engine and confirmed bearing material in the oil pan and excessive play in one connecting rod. This was the source of the knocking

noise. I also looked for evidence of poor maintenance. The internal part of the engine was very clean, no sludge, no oil deposit staining, or gummy residue that would indicate neglect. I also did not find signs of high heat discoloration at the rod bearing area, which would suggest failure from lack of lubrication. The visual inspection of the engine supports the Customer testimony, not the Manufacturer's claim.

Based on these findings, I Awarded the repair. The Manufacturer did not provide sufficient documented evidence to justify denying the Customer a repair under warranty.

FINDING PURSUANT TO CCR 3398.5(c) :

(1) Whether the program has jurisdiction to decide the dispute.

Yes - The Customer's vehicle is covered under the Manufacturer Warranty.

(2) Whether there is a nonconformity (Section 3396.1(1)).

Yes - Nonconformity exists with the vehicle's engine. Metal shavings in the oil pan and excessive play in where the connecting rod attaches to the crankshaft, indicating a rod bearing frailer.

(3) Whether the nonconformity is a substantial nonconformity (Section 3396.1(m)).

Substantial Impairment to Use
The Engine failed and has substantially impaired the use of the vehicle.

(4) The cause or causes of a nonconformity.

It is unknown the direct cause of the nonconformity.

(5) Whether the causes of a nonconformity include unreasonable use of the vehicle.

No documented evidence was presented to support the vehicle was unreasonably used.

(6) The number of repair attempts.

0

(7) The time out of service for repair.

52

(8) Whether the manufacturer has had a reasonable

opportunity to repair the vehicle.

Yes - The Manufacturer has refused to repair the vehicle under warranty sighting lack of maintenance, however did not provide sufficient evidence to support their claim.

(9) Factors that may affect the reasonableness of the number of repair attempts.

NA - No evidence was presented that would affect reasonableness.

(10) Other factors that may affect the consumer's right to a replacement of the vehicle or restitution under Civil Code Section 1793.2(d)(2).

Not Applicable.

(11) Facts that may give rise to a presumption under Civil Code Section 1793.2(d)(2).

Not Applicable.

(12) Factors that may rebut any presumption under Civil Code Section 1793.22(b).

NA - Not Applicable.

(13) Whether a further repair attempt is likely to remedy the nonconformity.

A repair is likely to remedy the nonconformity.

(14) The existence and amount of any incidental damages, including but not limited to sales taxes, license fees, registration fees, other official fees, prepayment penalties, early termination charges, earned finance charges, and repair, towing and rental costs, actually paid, incurred or to be incurred by the consumer.

NA - Not Applicable.

(15) Factors that may affect the manufacturer's right to an offset for mileage under Civil Code Section 1793.2(d).

NA - Not Applicable.

(16) Facts for determining the amount of any offset for mileage under Civil Code Section 1793.2(d) if an offset is appropriate.

NA - Not Applicable.

(17) Factors that may affect any other remedy under the applicable law.

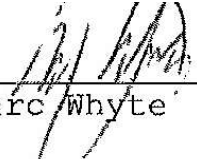
NA - None

(18) Any other issue that is relevant to the particular dispute.

NA - None

This constitutes my complete DECISION as to all the complaint(s) submitted to me for Determination. The Manufacturer shall have (30) days, unless otherwise noted, from the date NCDS receives the Customer(s) "Acceptance of Decision" form in which to comply with this decision.

September 25, 2025
Date



Marc Whyte

IMPORTANT DISCLOSURES FOR **CALIFORNIA CONSUMERS**

Pursuant to the California Code of Regulations §3398.12(a) 1 - 11; §3398.12(b); §3398.12(c); and §3398.12(d), consumers should be aware of the following:

- The consumer may either accept or reject the decision.
- If the consumer accepts the decision, the manufacturer is bound by the decision.
- If the consumer rejects the decision, or accepts the decision and the manufacturer does not promptly perform the terms of the decision, the consumer may seek redress by pursuing his or her legal rights and remedies, including use of the small claims court.
- (The consumer has 30 calendar days after the arbitration program transmits the notification described in Section 3398.9(a) in which to accept the decision. If no decision is made within that period, the consumer's failure to accept the decision will be considered a rejection of the decision and the manufacturer shall not be bound to perform it.
- If the decision provides for a further repair attempt or any other action by Toyota Motor Sales, USA, Inc., CDSP will ascertain from the consumer whether performance has occurred.
- The arbitration program's decision and findings are admissible in evidence in any court action.
- The consumer may obtain a copy of CDSP's Written Operating Procedures upon request and without charge.
- The consumer may obtain a copy of all of the arbitration program's records relating to the dispute at no cost.
- The consumer may regain possession, without charge, of all documents which the consumer has submitted to CDSP, except where good accounting practice requires that Toyota Motor Sales, USA, Inc. retains original documents upon which disbursements have been made.
- If the consumer has a complaint regarding the operation of CDSP, the consumer may register a complaint with the California Department of Consumer Affairs, Arbitration Certification Program.
- California Department of Consumer Affairs, Arbitration Certification Program, 1625 North Market Blvd., Suite N112, Sacramento, CA 95834 (916) 574-7350.
- If Toyota Motor Sales, USA, Inc. is required to perform any obligations as part of a settlement, or if Toyota Motor Sales, USA, Inc. is obligated to take any action to implement a decision, CDSP shall ascertain from the consumer, within 10 days after the date set for performance, whether such performance has occurred.
- If the consumer asserts that Toyota Motor Sales, USA, Inc.'s performance of a further repair attempt has not occurred to the consumer's satisfaction, CDSP shall promptly inform the arbitrator who decided the dispute of all of the pertinent facts. In that event, the arbitrator (or a majority of the arbitrators) may decide to reconsider the decision. A decision under this

subdivision to reconsider a decision may be made at any time and need not be made at a meeting to decide disputes (Section 3398.7).

- If the arbitrator decides to reconsider the decision, the decision to reconsider shall be deemed to constitute notification of the dispute (Section 3398.4), and the program shall investigate the dispute and in all respects treat it as a new dispute, except that the program shall expedite all phases of the process, and the same arbitrator or arbitrators, if reasonably possible, shall decide the dispute.
- **POST DECISION SURVEY:** In accordance with the provisions of the California Business & Professions Code §472.4, the California Department of Consumer Affairs, Arbitration Certification Program (ACP) is required to annually measure consumer satisfaction with each of the arbitration programs. The ACP will be conducting a post-decision survey to obtain your overall arbitration experience, as this will help the ACP to improve the arbitration process. Please notify the ACP of any address or contact information changes.