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NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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KOONS BUICK PONTIAC GMC, INC. *v.* NIGHCERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE FOURTH CIRCUIT

No. 03–377. Argued October 5, 2004—Decided November 30, 2004

As enacted in 1968, the Truth in Lending Act’s (TILA) civil-liability provision, 15 U. S. C. §1640, authorized statutory damages for violations of TILA prescriptions governing consumer loans as follows: “(a) [A]ny creditor who fails in connection with any consumer credit transaction to disclose to any person any information required . . . is liable to that person in an amount . . . of . . . (1) twice the amount of the finance charge in connection with the transaction, except that liability under this paragraph shall not be less than \$100 nor greater than \$1,000.” In 1974, Congress added a new paragraph (1) to §1640(a) to allow for the recovery of actual damages and to provide separate statutory damages for class actions. Congress simultaneously amended the original statutory damages provision to limit it to individual actions, moved that provision from §1640(a)(1) to §1640(a)(2)(A), and retained the \$100/\$1,000 minimum and maximum recoveries. Congress accounted for the statute’s restructuring by changing the phrase “under this paragraph” to “under this subparagraph.” A 1976 amendment redesignated §1640(a)(2)(A)’s statutory damages provision as §1640(a)(2)(A)(i), inserted a new clause (ii) setting statutory damages for individual actions relating to consumer leases, and retained the \$100/\$1,000 brackets on recovery. Following the latter amendment, the lower federal courts consistently held that the \$100/\$1,000 brackets remained applicable to all consumer financing transactions, whether lease or loan. Finally, in 1995, Congress added a new clause (iii) at the end of §1640(a)(2)(A), so that the statute now authorizes statutory damages equal to “(i) in the case of an individual action twice the amount of any finance charge in connection with the transaction, (ii) in the case of an individual action relating to a consumer lease . . . 25 per centum of the total amount of

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monthly payments under the lease, except that the liability under this subparagraph shall not be less than \$100 nor greater than \$1,000, or (iii) in the case of an individual action relating to a credit transaction not under an open end credit plan that is secured by real property or a dwelling, not less than \$200 or greater than \$2,000.”

Respondent Nigh attempted to purchase a used truck from petitioner Koons Buick Pontiac GMC. Unable to find a lender to complete the financing, Koons Buick twice revised the retail installment sales contract presented to Nigh. After signing the third contract, Nigh discovered that the second contract had contained an improperly documented charge for a car alarm that Nigh never requested, agreed to accept, or received. Nigh made no payments on the truck and returned it to Koons Buick. He then filed suit against Koons Buick alleging, among other things, a TILA violation and seeking uncapped recovery of twice the finance charge, \$24,192.80, under clause (i) of §1640(a)(2)(A). The District Court held that damages were not capped at \$1,000, and the jury awarded Nigh the full uncapped amount. In affirming, the Fourth Circuit held that the 1995 amendment not only raised the statutory damages recoverable for TILA violations involving real-property-secured closed-end loans, it also removed the \$1,000 cap on recoveries involving loans secured by personal property. The Court of Appeals held that its previous view that the \$1,000 cap applied to both clauses (i) and (ii) of §1640(a)(2)(A) was rendered defunct when Congress struck the “or” preceding clause (ii) and inserted clause (iii) after the “under this subparagraph” phrase. According to the court, the inclusion of the new \$200/\$2,000 brackets in clause (iii) shows that the clause (ii) \$100/\$1,000 brackets can no longer be interpreted to apply to all of subparagraph (A), but must now apply solely to clause (ii), so as not to render meaningless the new minimum and maximum recoveries articulated in clause (iii). The court therefore allowed Nigh to recover the full uncapped amount of \$24,192.80.

Held: The 1995 amendment left unaltered the \$100/\$1,000 limits prescribed from the start for TILA violations involving personal-property loans. Both the conventional meaning of “subparagraph” and standard interpretive guides point to the same conclusion: The \$1,000 cap applies to recoveries under clause (i). Congress ordinarily adheres to a hierarchical scheme in subdividing statutory sections. Under that scheme, the word “subparagraph” is used to refer to a subdivision preceded by a capital letter and the word “clause” to a subdivision preceded by a lower case Roman numeral. Congress followed this scheme in drafting TILA. For example, §1640(a)(2)(B), which covers statutory damages in TILA class actions, states: “[T]he total recovery *under this subparagraph* . . . shall not be more than the lesser of

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\$500,000 or 1 per centum of the net worth of the creditor” (Emphasis added.) Had Congress meant to repeal the longstanding \$100/\$1,000 limitation on §1640(a)(2)(A)(i), thereby confining the \$100/\$1,000 limitation solely to clause (ii), Congress likely would have stated in clause (ii): “liability under this clause.” The statutory history resolves any ambiguity whether the \$100/\$1,000 brackets apply to recoveries under clause (i). Before 1995, clauses (i) and (ii) set statutory damages for the entire realm of TILA-regulated consumer credit transactions. Closed-end mortgages were encompassed by clause (i). The addition of clause (iii) makes closed-end mortgages subject to a higher floor and ceiling, but clause (iii) contains no other measure of damages. Clause (i)’s specification of statutory damages of twice the finance charge continues to apply to loans secured by real property as it does to loans secured by personal property. Clause (iii) removes closed-end mortgages from clause (i)’s governance only to the extent that clause (iii) prescribes higher brackets. There is scant indication that Congress meant to alter the meaning of clause (i) when it added clause (iii). Cf. *Church of Scientology of Cal. v. IRS*, 484 U. S. 9, 17–18. The history demonstrates that, by adding clause (iii), Congress sought to provide *increased recovery* when a TILA violation occurs in the context of a loan secured by real property. It would be passing strange to read the statute to cap recovery in connection with a closed-end, real-property-secured loan at an amount *substantially lower* than the recovery available when a violation occurs in the context of a personal-property-secured loan or an open-end, real-property-secured loan. The text does not dictate this result; the statutory history suggests otherwise; and there is scant indication Congress meant to change the well-established meaning of clause (i). Pp. 8–13.

319 F. 3d 119, reversed and remanded.

GINSBURG, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and STEVENS, O’CONNOR, KENNEDY, SOUTER, and BREYER, JJ., joined. STEVENS, J., filed a concurring opinion, in which BREYER, J., joined. KENNEDY, J., filed a concurring opinion, in which REHNQUIST, C. J., joined. THOMAS, J., filed an opinion concurring in the judgment. SCALIA, J., filed a dissenting opinion.