

2. Proposed respondents admit all the jurisdictional facts set forth in the draft of complaint here attached.

3. Proposed respondents waive:

- (a) Any further procedural steps;
- (b) The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;
- (c) All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement; and
- (d) All claims under the Equal Access to Justice Act.

4. This agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission, it, together with the draft of the complaint contemplated thereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify the proposed respondents, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondents that the law has been violated as alleged in the draft of the complaint here attached, or that the facts as alleged in the draft complaint, other than jurisdictional facts, are true.

6. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Section 2.34 of the Commission's Rules, the Commission may, without further notice to proposed respondents, (1) issue its complaint corresponding in form and substance with the draft of complaint here attached and its decision containing the following order to cease and desist in disposition of the proceeding, and (2) make information public in respect thereto. When so entered, the order to cease and desist shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The order shall become final upon service. Delivery by the U.S. Postal Service of the complaint and decision containing the agreed-to order to proposed respondents' addresses as stated in this agreement shall constitute service. Proposed respondents waive any right they may have to any other manner of service. The complaint may be used in construing the terms of the order,

and no agreement, understanding, representation, or interpretation not contained in the order or the agreement may be used to vary or contradict the terms of the order.

7. Proposed respondents have read the proposed complaint and order contemplated hereby. Proposed respondents understand that once the order has been issued, they will be required to file one or more compliance reports showing that they have fully complied with the order. Proposed respondents further understand that they may be liable for civil penalties in the amount provided by law for each violation of the order after it becomes final.

ORDER

I.

IT IS ORDERED that respondents Huling Bros. Chevrolet, Inc., a corporation, its successors and assigns, and its officers; Huling Buick, Inc., a corporation, its successors and assigns, and its officers; and Huling Bros. Chrysler/Plymouth, Inc., a corporation, its successors and assigns, and its officers; and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit, as "advertisement" and "consumer credit" are defined in the Truth in Lending Act ("TILA"), 15 U.S.C. §§ 1601-1667e, as amended, and in Regulation Z, 12 C.F.R. Part 226, do forthwith cease and desist from:

A. Misrepresenting in any manner, directly or by implication, the terms of financing the purchase of a vehicle, including but not limited to the annual percentage rate, the amount of any periodic payment amount, or the availability of any advertised credit term; the sale price; or the availability of any advertised rebate.

B. Stating a rate of finance charge without stating the rate as an "annual percentage rate" or the abbreviation "APR," using that term, and failing to calculate the rate in accordance with Regulation Z. If the annual percentage rate may be increased after consummation, the advertisement shall state that fact. The advertisement shall not state any other rate, except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate.

(Sections 144 and 107 of the TILA, 15 U.S.C. §§ 1664 and 1606, and Sections 226.24(b) and 226.22 of Regulation Z, 12 C.F.R. §§ 226.24(b) and 226.22)

C. Stating the amount or percentage of any downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge, without stating accurately, clearly and conspicuously, all of the terms required by Regulation Z, as follows:

- (1) the amount or percentage of the downpayment;
- (2) the terms of repayment; and
- (3) the "annual percentage rate," using that term or the abbreviation "APR." If the annual percentage rate may be increased after consummation of the credit transaction, that fact must also be disclosed.

(Section 144 of the TILA, 15 U.S.C. § 1664, and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c))

D. Failing to state only those terms that actually are or will be arranged or offered by the creditor, in any advertisement for credit that states specific credit terms, as required by Regulation Z.

(Section 142 of the TILA, 15 U.S.C. § 1662, and Section 226.24(a) of Regulation Z, 12 C.F.R. § 226.24(a))

E. Failing to comply in any other respect with the Truth in Lending Act, 15 U.S.C. §§ 1601-1667e, as amended, or its implementing regulation, Regulation Z, 12 C.F.R. Part 226, as amended.

II.

IT IS FURTHER ORDERED that respondents, and their successors and assigns, shall distribute a copy of this order to all present or future officers, agents, representatives, and employees having responsibility with respect to the subject matter of this order, and that respondents, and their successors and assigns, shall secure from each such person a signed statement acknowledging receipt of said order.

III.

IT IS FURTHER ORDERED that each respondent, and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any proposed change in its corporate entity, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation that may affect compliance obligations arising out of the order.

IV.

IT IS FURTHER ORDERED that for five (5) years after the date of service of this order respondents, and their successors and assigns, shall maintain and upon request make available all records that will demonstrate compliance with the requirements of this order.

V.

IT IS FURTHER ORDERED that respondents, and their successors and assigns, shall, within sixty (60) days of the date of service of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VI.

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; **provided, however**, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty (20) years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never

filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for

appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Signed this ____ day of _____, 19__.

HULING BROS. CHEVROLET, INC.,
a corporation

By _____
(Name) (Title)

HULING BUICK, INC.,
a corporation

By _____
(Name) (Title)

HULING BROS. CHRYSLER/PLYMOUTH,
INC.,
a corporation

By _____
(Name) (Title)

AIKEN & FINE, P.S.

By _____
James W. Aiken
Attorney for Respondents

FEDERAL TRADE COMMISSION

By _____
George J. Zweibel
Counsel for the
Federal Trade Commission

APPROVED:

Charles A. Harwood
Director
Seattle Regional Office

Joan Z. Bernstein
Director
Bureau of Consumer Protection

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of)	
)	
HULING BROS. CHEVROLET, INC.,)	
a corporation;)	
HULING BUICK, INC.,)	DOCKET NO.
a corporation; and)	
HULING BROS. CHRYSLER/PLYMOUTH, INC.,)	
a corporation.)	
)	
)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Huling Bros. Chevrolet, Inc., a corporation; Huling Buick, Inc., a corporation; and Huling Bros. Chrysler/Plymouth, Inc., a corporation, have violated the Truth in Lending Act ("TILA"), 15 U.S.C. §§ 1601-1667e, as amended, and its implementing Regulation Z, 12 C.F.R. Part 226, and the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 41-58, as amended, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint and alleges:

PARAGRAPH ONE: Huling Bros. Chevrolet, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal place of business located at 4755 Fauntleroy Way S.W., Seattle, Washington 98126.

PARAGRAPH TWO: Huling Buick, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal place of business located at 4545 Fauntleroy Way S.W., Seattle, Washington 98126.

PARAGRAPH THREE: Huling Bros. Chrysler/Plymouth, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal place of business located at 4550 Fauntleroy Way S.W., Seattle, Washington 98126.

PARAGRAPH FOUR: In the ordinary course and conduct of their business, respondents have been engaged in the dissemination of

advertisements that promote, directly or indirectly, credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," "closed-end credit," and "consumer credit" are defined in the TILA and Regulation Z.

PARAGRAPH FIVE: The acts and practices of respondents alleged in this complaint have been and are in or affecting commerce, as "commerce" is defined in the FTC Act.

COUNT ONE

PARAGRAPH SIX: Respondent Huling Bros. Chevrolet, Inc., in the course and conduct of its business, on numerous occasions has disseminated, or caused to be disseminated, advertisements that state annual percentage rates as well as monthly payment amounts and vehicle sales prices. In fact, in many instances, the advertisements understate the annual percentage rates by more than 1/4 of 1 percentage point, thereby failing to disclose accurately the annual percentage rate.

PARAGRAPH SEVEN: Respondent's aforesaid practice violates Sections 107 and 144(c) and (d) of the TILA, 15 U.S.C. §§ 1606 and 1664(c) and (d), and Sections 226.22(a) and 226.24(b) and (c) of Regulation Z, 12 C.F.R. §§ 226.22(a) and 226.24(b) and (c), and constitutes an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

PARAGRAPH EIGHT: Respondents Huling Bros. Chevrolet, Inc., Huling Buick, Inc., and Huling Bros. Chrysler/Plymouth, Inc., in the course and conduct of their business, on numerous occasions have disseminated, or caused to be disseminated, advertisements that state the amount or percentage of any downpayment, the number of payments or period of repayment, or the amount of any payment, but fail to state the annual percentage rate.

PARAGRAPH NINE: Respondents' aforesaid practice violates Section 144(d) of the TILA, 15 U.S.C. § 1664(d), and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c).

COUNT THREE

PARAGRAPH TEN: Respondents Huling Bros. Chevrolet, Inc., and Huling Buick, Inc., in the course and conduct of their business, on numerous occasions have disseminated, or caused to be disseminated, advertisements that state conflicting monthly payment amounts for the same transaction, thereby failing to

disclose accurately the terms of repayment.

PARAGRAPH ELEVEN: Respondents' aforesaid practice violates Section 144(d) of the TILA, 15 U.S.C. § 1664(d), and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c), and constitutes an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FOUR

PARAGRAPH TWELVE: Respondents Huling Bros. Chevrolet, Inc., Huling Buick, Inc., and Huling Bros. Chrysler/Plymouth, Inc., in the course and conduct of their business, on numerous occasions have disseminated, or caused to be disseminated, advertisements that state terms of repayment (such as monthly payment amounts) or annual percentage rates that are not actually arranged or offered by respondents.

PARAGRAPH THIRTEEN: Respondents' aforesaid practice violates Section 142 of the TILA, 15 U.S.C. § 1662, and Section 226.24(a) of Regulation Z, 12 C.F.R. § 226.24(a), and constitutes an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FIVE

PARAGRAPH FOURTEEN: Respondents Huling Bros. Chevrolet, Inc., Huling Buick, Inc., and Huling Bros. Chrysler/Plymouth, Inc., in the course and conduct of their business, in numerous instances including but not limited to Exhibits A and B, have disseminated, or caused to be disseminated, advertisements offering new motor vehicles that state monthly payment amounts, sale prices, and rebates. In many instances, the advertisements represent that "College Graduate" or "1st Time Buyer" rebates are available in conjunction with a payment plan in which monthly payments are at one amount for the first 12 months and are approximately double that amount thereafter ("Half Payment Program"). In fact, these rebates are not available to purchasers who choose the Half Payment Program.

PARAGRAPH FIFTEEN: Respondents' aforesaid practice constitutes an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT SIX

PARAGRAPH SIXTEEN: Respondent Huling Buick, Inc., in the course and conduct of its business, has disseminated, or caused

to be disseminated, advertisements that state a rate of a finance charge, but fail to state the rate as an "annual percentage rate," using that term or the abbreviation "APR."

PARAGRAPH SEVENTEEN: Respondent's aforesaid practice violates Section 144(c) of the TILA, 15 U.S.C. § 1664(c), and Section 226.24(b) of Regulation Z, 12 C.F.R. § 226.24(b).

THEREFORE, the Federal Trade Commission this _____ day of _____, 19__, has issued this complaint against respondents.

By the Commission.

SEAL

Donald S. Clark
Secretary

[Exhibits A and B attached to paper copies of complaint, but not available in electronic form.]

Analysis of Proposed Consent
Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement to a proposed consent order from respondents Huling Bros. Chevrolet, Inc., Huling Buick, Inc., and Huling Bros. Chrysler/Plymouth, Inc.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The complaint alleges that respondent Huling Bros. Chevrolet has disseminated, or caused to be disseminated, advertisements that state annual percentage rates as well as monthly payment amounts and vehicle sales prices, but in many instances understate the annual percentage rates by more than 1/4 of 1 percentage point, in violation of the Truth in Lending Act ("TILA") and Sections 226.22(a) and 226.24(b) and (c) of Regulation Z, and have also engaged in an unfair or deceptive act or practice, in violation of Section 5(a) of the Federal Trade Commission Act ("FTC Act").

The complaint also alleges that respondents Huling Bros. Chevrolet, Huling Buick, and Huling Bros. Chrysler/Plymouth have disseminated, or caused to be disseminated, advertisements that state the amount or percentage of any downpayment, the number of payments or period of repayment, or the amount of any payment, but fail to state the annual percentage rate, in violation of the TILA and Section 226.24(c) of Regulation Z.

The complaint also alleges that respondents Huling Bros. Chevrolet and Huling Buick have disseminated, or caused to be disseminated, advertisements that state conflicting monthly payment amounts for the same transaction, thereby failing to disclose accurately the terms of repayment, in violation of the TILA and Section 226.24(c) of Regulation Z, and have also engaged in an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act.

The complaint also alleges that respondents Huling Bros. Chevrolet, Huling Buick, and Huling Bros. Chrysler/Plymouth have disseminated, or caused to be disseminated, advertisements that state terms of repayment (such as monthly payment amounts) or annual percentage rates that are not actually arranged or offered by respondents, in violation of the TILA and Section 226.24(a) of Regulation Z, and have also engaged in an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act.

The complaint also alleges that the respondents have disseminated, or caused to be disseminated, advertisements offering new motor vehicles that state monthly payment amounts, sale prices, and rebates, and which represent that "College Graduate" or "1st Time Buyer" rebates are available in conjunction with a payment plan in which monthly payments are at one amount for the first 12 months and are approximately double that amount thereafter ("Half Payment Program"). According to the complaint, College Graduate and 1st Time Buyer rebates are not available to purchasers who choose the Half Payment Program, and the respondents have therefore engaged in an unfair or deceptive act or practice, in violation of Section 5(a) of the FTC Act.

The complaint also alleges that respondent Huling Buick has disseminated, or caused to be disseminated, advertisements that state a rate of a finance charge without stating that rate as an "annual percentage rate," using that term or the abbreviation "APR," in violation of the TILA and Section 226.24(b) of Regulation Z.

The proposed order prohibits respondents Huling Bros. Chevrolet, Huling Buick, and Huling Bros. Chrysler/Plymouth, in any advertisement to promote any extension of consumer credit, from misrepresenting in any manner, directly or by implication, the terms of financing the purchase of a vehicle, including but not limited to the annual percentage rate, the amount of any periodic payment amount, or the availability of any advertised credit term; the sale price; or the availability of any advertised rebate.

The proposed order also prohibits the respondents, in any advertisement to promote any extension of consumer credit, from stating a rate of finance charge without stating the rate as an "annual percentage rate," using that term or the abbreviation "APR," and from failing to calculate the rate in accordance with Regulation Z.

The proposed order also requires the respondents, in any advertisement to promote any extension of consumer credit, whenever the amount or percentage of any downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge is stated, to accurately, clearly and conspicuously, state all of the terms required by Regulation Z, as follows: the amount or percentage of the downpayment, the terms of repayment, and the annual percentage rate. The proposed order also requires the respondents to state only those terms that actually are or will be arranged or offered by the creditor, in any credit advertisement.

The proposed order also requires the respondents, in any advertisement to promote any extension of consumer credit, to comply in every other respect with the TILA, as amended, and with

Regulation Z, as amended.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.