

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 Joshua D. Wright

In the Matter of

BILL ROBERTSON & SONS, INC.
 a California corporation d/b/a
HONDA OF HOLLYWOOD

DOCKET NO. C-4451

COMPLAINT

The Federal Trade Commission, having reason to believe that Bill Robertson & Sons, Inc. d/b/a Honda of Hollywood, a corporation (“respondent”), has violated provisions of the Federal Trade Commission Act (“FTC Act”), the Consumer Leasing Act (“CLA”), and its implementing Regulation M, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is a California corporation with its principal office or place of business at 6525 Santa Monica Boulevard, Los Angeles, California 90038. Respondent offers automobiles for sale or lease to consumers.
2. The acts or practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. Since at least March 2013, respondent has disseminated or caused to be disseminated advertisements to the public promoting the purchase, finance, and leasing of automobiles.
4. Respondent has disseminated or caused to be disseminated advertisements promoting consumer leases for automobiles, as the terms “advertisement” and “consumer lease” are defined in Section 213.2 of Regulation M, 12 C.F.R. §213.2, as amended.
5. Respondent has placed numerous such advertisements promoting consumer leases for automobiles in the *Los Angeles Times* newspaper. A copy of one such full-page advertisement that ran in the *Los Angeles Times* is attached as Exhibit A. The advertisement contains the statements and depictions described in this paragraph;

respondent's advertisements in other editions of the *Los Angeles Times* contain substantially similar statements and depictions.

- a. Respondent's advertisements prominently state: "0 FIRST PAYMENT," "0 DOWN," "0 SECURITY DEPOSIT," "0 DUE AT SIGNING," and "0.9% APR Long Term Finance Available On Approved Credit on select models." For example, the following statement is prominently featured at the top of the advertisement attached as Exhibit A:



- b. Beneath this representation, photographs of several different vehicles appear, with each stating a monthly lease payment amount immediately below the photograph. For example, the advertisement in Exhibit A features a 2013 Honda Accord Sedan LX, with a monthly lease payment of \$199, as follows:



- c. The following statement appears in small print below the representation of the monthly lease payment amount:

Lease for \$199/month + tax for 36 months on approved above average credit. \$2,399 due at lease signing. Includes down payments with no security deposit. Excludes taxes, titles and dealer fees. 12K miles/year. 15¢ per mile in excess.

- d. Small print below each featured vehicle states that consumers must pay a substantial amount at lease signing for that vehicle. For example, the amounts due at lease signing for the four vehicles featured in Exhibit A range from \$1,995 to \$2,499. Thus, consumers must pay substantially more than the "0 DUE AT SIGNING" that is prominently stated at the top of the advertisement.

FEDERAL TRADE COMMISSION ACT VIOLATIONS

Count I

Misrepresentation of Amount Due at Lease Inception

6. Through the means described in Paragraph 5, respondent has represented, expressly or by implication, that consumers can pay \$0 at lease inception to lease the advertised vehicles for the advertised monthly payment amounts.
7. In truth and in fact, consumers cannot pay \$0 at lease inception to lease the advertised vehicles for the advertised monthly payment amounts. Consumers must also pay at least \$1,995 at lease signing. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.
8. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATION OF THE CONSUMER LEASING ACT AND REGULATION M

9. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("additional terms") if they state any of several terms, such as the amount of any payment ("CLA triggering terms"). 15 U.S.C. § 1667c; 12 C.F.R. § 213.7.
10. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraph 5, are subject to the requirements of the CLA and Regulation M.

Count II

Failure to Disclose or to Disclose Clearly and Conspicuously Required Lease Information

11. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraph 5, have included CLA triggering terms, but have failed to disclose or to disclose clearly and conspicuously additional terms required by the CLA and Regulation M, including one or more of the following:
 - a. That the transaction advertised is a lease.
 - b. The total amount due prior to or at consummation or by delivery, if delivery occurs after consummation.
 - c. Whether or not a security deposit is required.
 - d. The number, amount, and timing of scheduled payments.

- e. With respect to a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the property, that an extra charge may be imposed at the end of the lease term.
12. Therefore, the practices set forth in Paragraph 11 of this Complaint have violated Section 184 of the CLA, 15 U.S.C. § 1667c, and Section 213.7 of Regulation M, 12 C.F.R. § 213.7.

THEREFORE, the Federal Trade Commission, this eleventh day of April, 2014, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary