

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

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

In the Matter of

**TT OF LONGWOOD, INC.,
also d/b/a CORY FAIRBANKS MAZDA
a corporation,**

DOCKET NO. C-4531

COMPLAINT

The Federal Trade Commission, having reason to believe that TT of Longwood, Inc., also doing business as Cory Fairbanks Mazda (“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 Florida corporation with its principal office or place of business at 400 N Hwy 17-92, Longwood, FL 32750. 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 September 2014, 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 for auto sales and leases in the *Orlando Sentinel* newspaper. A copy of one such full-page advertisement is attached as Exhibit A. This advertisement contains the statements and depictions described in Paragraphs 6 through 12 below. Respondent’s advertisements in other editions of the *Orlando Sentinel* contain substantially similar statements and depictions.

6. Respondent's advertisements deceptively promote various offers for vehicles with certain features at specific sales prices.
 - a. For example, the bottom of the attached advertisement in Exhibit A deceptively advertises various vehicles for purchase, including but not limited to the following advertisement for a Nissan Sentra, which is advertised as having a sunroof and spoiler, for a purchase price of \$5,991.



- b. Further down in the advertisement, away from the sales price and below prominent contact information and in much less prominent print, the following information states that all prices are after \$3,000 cash or trade equity plus all incentives and dealer add-ons. An illustration of the disclaimer appears as follows:

See dealer for details and restrictions. Must present this offer upon entering dealership. Not valid with other offers or discounts. Not valid on past sales. All lease payments are \$3,000 down, 42 months, 10,000 miles per year plus tax, tag, and fees. All prices after \$3,000 cash or trade equity plus all incentives and dealer add-ons. Ask for details and restrictions.

7. Thus, the actual price of each of respondent's advertised vehicles is \$3,000 more than the dollar amount that is prominently displayed immediately below the vehicle.
8. Additionally, in numerous instances, the advertised discount and price are subject to various qualifications or restrictions. Such qualifications or restrictions have included, for example, loyalty incentives, which in many instances amount to a \$500 credit only available to prior Mazda owners. As a result, the typical consumer will not be able to obtain the vehicles at the advertised prices.

9. Further, the advertised prices do not reflect additional costs required to obtain the depicted dealer-added features such as sunroofs and spoilers. As a result, consumers, in numerous instances, cannot purchase vehicles with specific add-ons at the advertised prices.
10. Respondent's advertisements deceptively advertise that cars may be obtained with zero down, zero payments, and zero interest as illustrated below and in Exhibit A.



- a. In truth, however, these terms are not available because consumers are not able to obtain cars without making any payments. As illustrated in the disclaimer set forth in Paragraph 6(b) and Exhibit A, to purchase a vehicle, consumers must make a \$3,000 down payment or provide the equivalent value in trade. To lease a vehicle, consumers also must provide a \$3,000 down payment.
11. Respondent's advertisements deceptively promote "sign and drive" lease offers indicating that no down payment is required at lease signing. However, language appearing in fine print at the bottom of the advertisements states that a \$3,000 down payment is required for all leases.
 - a. For example, the following vehicles are prominently advertised as "sign and drive" offers with monthly payments of \$139 and \$169, as depicted in Exhibit A and illustrated below.



- b. Further down the page, the same disclaimer referenced in Paragraph 6(b) states that "All lease payments are \$3,000 down, 42 months, 10,000 miles per year plus

tax, tag, and fees.” Thus, despite the prominent claim that consumers could “sign and drive” for no money down, all lease arrangements in fact require a significant down payment amount of \$3,000.

- c. Additionally, these advertisements list certain terms, such as monthly payment amounts for various lease offers, but do not provide required information, such as the total amount due prior to or at consummation of the lease.
12. Respondent’s advertisements deceptively advertise “used cars for as low as \$99,” as depicted in Exhibit A and illustrated below.



- a. In truth, however, the used cars are not available from as low as \$99 because this amount is a minimum bid amount for used cars offered at a liquidation sale. In addition to this minimum bid, the liquidated cars require the payment of additional fees, including, in numerous instances, \$299 in dealer fees. As a result, consumers are not able to obtain used cars for as low as \$99.

FEDERAL TRADE COMMISSION ACT VIOLATIONS

Count I

Misrepresentation of Vehicle Purchase Prices

- 13. Through the means described in Paragraphs 6 through 7, respondent has represented, expressly or by implication, that vehicles are available for purchase at the prices prominently advertised.
- 14. In truth and in fact, vehicles are not available for purchase at the prices prominently advertised. Consumers must pay an additional \$3,000 to purchase the advertised vehicles. Therefore, respondent’s representations as alleged in Paragraph 13 were, and are, false and misleading.
- 15. 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).

Count II

Misrepresentation of Prices and Rebates

16. Through the means described in Paragraphs 6 through 8, respondent has represented, expressly or by implication, that specific discounts, rebates, bonuses, incentives or prices are generally available to consumers.
17. In truth and in fact, the specific dealer discounts, rebates, bonuses, incentives or prices are not generally available to consumers. Therefore, respondent's representations as alleged in Paragraph 16 of this Complaint were, and are, false or misleading.
18. 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).

Count III

Misrepresentation of Prices for Added Features

19. Through the means described in Paragraphs 6 through 9, respondent has represented, expressly or by implication, that vehicles with certain features such as spoilers and sunroofs are available at specific, prominently advertised prices.
20. In truth and in fact, vehicles depicted with additional features are not available at the prominently advertised purchase prices because the extra costs of the additional features are not included in the advertised price. Therefore, respondent's representations as alleged in paragraph 19 of this Complaint were, and are, false and misleading.
21. 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).

Count IV

Misrepresentation that Vehicles are Available for \$0 Down, \$0 Payments, and \$0 Interest

22. Through the means described in Paragraph 10, respondent has represented, expressly or by implication, that vehicles are available for sale or lease for zero down, zero payments, and zero interest.
23. In truth and in fact, vehicles sold and leased by respondent require a substantial down payment or the equivalent in trade equity. Additionally, vehicles sold or leased by respondent routinely require monthly payments and fees. Therefore, respondent's representations as alleged in Paragraph 22 of this Complaint were, and are, false and misleading.

24. 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).

Count V

Misrepresentation of Amount Due at Lease Inception

25. Through the means described in Paragraph 11, respondent represented, expressly or by implication, that consumers can "sign and drive" and pay \$0 at lease inception to lease the advertised vehicle for the advertised monthly payment amount.
26. In truth and in fact, consumers cannot "sign and drive" and pay \$0 at lease inception to lease the advertised vehicle for the advertised monthly payment amount. Consumers also must pay a \$3,000 down payment amount. Therefore, respondent's representations as alleged in paragraph 25 of this Complaint were, and are, false and misleading.
27. 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).

Count VI

Misrepresentation that Vehicles are Available for \$99

28. Through the means described in Paragraph 12, respondent has represented, expressly or by implication, that consumers may purchase or lease used vehicles for very low dollar amounts, such as \$99.
29. In truth and in fact, consumers cannot purchase or lease vehicles for \$99 because this dollar amount is a minimum bid for vehicles offered at a liquidation event. Additionally, vehicles sold at these liquidation events often include significant fees, including dealer fees. Therefore, respondent's representations as alleged in paragraph 28 of this Complaint were, and are, false and misleading.
30. 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).

VIOLATIONS OF THE CONSUMER LEASING ACT AND REGULATION M

31. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("CLA 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.
32. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraph 11, are subject to the requirements of the CLA and Regulation M.

Count VII

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

33. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraph 11, have included CLA triggering terms, but have failed to disclose or to disclose clearly and conspicuously additional terms required by 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.
34. Therefore, the practices set forth in Paragraph 33 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 second day of July, 2015, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary