

FEDERAL TRADE COMMISSION DECISIONS

Findings, Opinions, and Orders

IN THE MATTER OF

FRANK BOMMARITO OLDSMOBILE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3774. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the St. Louis Missouri-area automobile dealership and its officer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondents to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Lauren Steinfeld* and *David Medine*.

For the respondents: *Brian E. McGovern, McCarthy, Leonard, Kaemmerer, Owen, Lamkrin & McGovern*, Chesterfield, MO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Frank Bommarito Oldsmobile, Inc., a corporation, and Frank J. Bommarito, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and the Truth in Lending Act, 15 U.S.C. 1601-1667, as amended, and its implementing Regulation Z, 12 CFR 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Frank Bommarito Oldsmobile, Inc. is a Delaware corporation with its principal office or place of business at 15736 Manchester Road, Ballwin, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Frank J. Bommarito is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Frank Bommarito Oldsmobile, Inc.

3. Respondents have disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

4. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended.

5. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

LEASE ADVERTISING

6. Respondents have disseminated or have caused to be disseminated consumer lease advertisements ("lease advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A through F. These advertisements contain the following statements:

A. "BRAND NEW 1995 SAFARI CONVERSION VANS. . . BOMMARITO'S PREFERRED LEASING PRICE \$399 MO. 36 MONTHS NO MONEY DOWN" [A fine print statement at the bottom of the ad states "Prices include all factory rebates."] (Exhibit A)

B. "BOMMARITO INFINITI NO MONEY DOWN SALE. . . 1995 INFINITI J-30 NO DOWN PAYMENT! \$399 PER MONTH* NO MONEY DOWN 36 MONTH LEASE 1995 INFINITI Q-45 NO DOWN PAYMENT! \$599 PER MONTH* NO MONEY DOWN 24 MONTH LEASE" (Exhibit B)

C. "OLDSMOBILE '95 CUTLASS SUPREME FOR ONLY \$269* 36 MOS. LEASE NO MONEY DOWN . . . '95 EIGHTY EIGHT FOR ONLY \$339* 36 MOS. LEASE NO MONEY DOWN"

. . . INFINITI NEW 1995 J30 NO MONEY DOWN \$449 PER MONTH 36 MONTH LEASE

[A fine print statement at the bottom of the ad states "*12,000 miles per year, acq. fee and taxes extra."] (Exhibit C)

D. "BOMMARITO MAZDA'S PRESIDENTS WEEK SALE 1995 PROTÉGÉ NO MONEY DOWN \$199 PER MONTH FOR ONLY 36 MONTHS"

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[A fine print statement at the bottom of the advertisement states "Protégé 36 month close end lease, includes gap insurance, excludes taxes. 1st payment and security deposit due. Activation fee required. Approved credit." (Exhibit D)

E. "1995 Q45 2 Year Lease \$599 per mo.* . . . 1995 J30 3 Year Lease \$399 per mo.*"

[A fine print statement at the bottom of the ad states "**Q45, \$2500 cap reduction, 15,000 miles per year, J30, \$2000 cap reduction, 12,xxx miles per year, personal property and luxury tax included, sales tax and acquisition fee extra." (Exhibit E)

F. Full Size \$310^{00*} Mini \$18,995^{00**} 36 Month . . ST. LOUIS' EXCLUSIVE STARCRAFT DEALER Was \$34,678, \$399^{00*} 36 Month"

[A fine print statement at the bottom of the ad states "***After rebate = \$599 Trim. Pkg. *36 Month Lease, \$2,000 Down, Cash or Trade, Includes Rebate and Acquisition Fee, 15,000 Miles Per Year." (Exhibit F)

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION OF INCEPTION FEES

7. In lease advertisements, including but not necessarily limited to Exhibits A through D, respondents have represented, expressly or by implication, that the amount stated as "down" is the total amount consumers must pay at lease inception to lease the advertised vehicles.

8. In truth and in fact, the amount stated as "down" in respondents' lease advertisements is not the total amount consumers must pay at lease inception to lease the advertised vehicles. Consumers are required to pay significant amounts at lease inception, including but not limited to one or more of the following: a downpayment, a first month's payment, security deposit, acquisition fee, and bank fee. Therefore, respondents' representation as alleged in paragraph seven was, and is, false or misleading.

9. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE ADEQUATELY INCEPTION FEES

10. In lease advertisements, including but not necessarily limited to Exhibits A through F, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisement, including but not limited to the monthly payment amount and/or amount stated as "down."

11. These lease advertisements do not adequately disclose additional terms pertaining to obligations at lease inception, including

but not necessarily limited to one or more of the following charges: a required downpayment, first month's payment, security deposit, acquisition fee, and bank fee. This information either does not appear at all, appears in very fine print, and/or is referenced by multiple and inconsistent asterisks making it unclear which statements are relevant to which offer.

12. These additional terms would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease an automobile from respondents. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

13. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS
COUNT III: FAILURE TO DISCLOSE REQUIRED INFORMATION
CLEARLY AND CONSPICUOUSLY

14. In lease advertisements, including but not necessarily limited to Exhibits A through F, respondents have stated a monthly payment amount, the number of required payments, and/or an amount "down."

15. These lease advertisements have failed to disclose clearly and conspicuously the following items of information required by Regulation M: the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the total of scheduled payments under the lease; a statement of whether or not the lessee has the option to purchase the leased property and at what price and time or, in lieu of disclosure of the price, the method of determining the purchase-option price; and a statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term.

16. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c).

CREDIT ADVERTISING

17. Respondents have disseminated or have caused to be disseminated credit sale advertisements ("credit advertisements") for automobiles in the print media, including but not necessarily limited

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to the attached Exhibit F. These advertisements contain the following statements:

"BOMMARITO SMART BUY '95 Cutlass Supreme THIS IS NOT A LEASE 5.8% A.P.R. WITH APPROVED CREDIT FOR ONLY \$275* 36 MOS. NO MONEY DOWN . . . BOMMARITO SMART BUY '95 EIGHTY EIGHT THIS IS NOT A LEASE 4.8% A.P.R. WITH APPROVED CREDIT FOR ONLY \$315* 36 MOS. NO MONEY DOWN [A fine print statement at the bottom of the ad states "***After rebate = \$599 Trim Pkg. *36 Month Lease, \$2,000 Down, Cash or Trade, Includes Rebate and Acquisition Fee, 15,000 Miles Per Year."] (Exhibit F)

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT IV: MISREPRESENTATION OF BALLOON PAYMENTS

18. In credit advertisements, including but not necessarily limited to Exhibit F, respondents have represented, expressly or by implication, that consumers can buy the advertised vehicles at the terms prominently stated, including but not necessarily limited to the monthly payment amount, APR, and amount stated as "down."

19. In truth and in fact, consumers cannot buy the advertised vehicles at the terms prominently stated in the advertisements. Consumers must also satisfy a final balloon payment obligation of several thousand dollars to purchase the advertised vehicles. Therefore, respondents' representation as alleged in paragraph eighteen was, and is, false or misleading.

20. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS
COUNT V: FAILURE TO DISCLOSE REQUIRED INFORMATION

21. In credit advertisements, including but not necessarily limited to Exhibit F, respondents have stated a monthly payment amount and/or an amount "down" as terms for financing the purchase of the advertised vehicles.

22. These advertisements have failed to disclose, as required by Regulation Z, the terms of repayment, including but not limited to the existence and amount of the balloon payment.

23. Respondents' practices have violated Section 144 of the Truth in Lending Act, 15 U.S.C. 1664, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c).

Commissioner Thompson and Commissioner Swindle not participating.

**BRAND NEW
1995 SAFARI CONVERSION VANS
ALL NEW STYLING**



- XT LENGTH
- POWER WINDOWS & LOCKS
- TILT
- CRUISE
- DUTCH DOORS
- AIR CONDITIONING
- STEREO
- CUSTOM
- 2-TONE PAINT
- FIBERGLASS
- BOARDS
- SPECIAL-BUTTON
- TUFTED SEATS
- ALL NEW FRONT END STYLING
- OVERHEAD LIGHTING & MOOD LIGHTING
- AND MUCH, MUCH MORE!

**OVER 50
TO CHOOSE FROM**

BOMMARITO'S PREFERRED LEASING PRICE

\$399 **36 MONTHS**

MO.

NO MONEY DOWN

FRANK BOMMARITO
GMC TRUCKS & VANS

Manchester at Clarkson
Seven Miles West of I-270
391-7200

EXHIBIT C

July is hot at St. Louis' largest automotive center. Over 500 cars and trucks in stock!

SIZZLIN' SUMMER SAVINGS!

OLDSMOBILE

'95 CUTLASS SUPREME

FOR ONLY \$269*
36 MOS. LEASE

NO MONEY DOWN

WITH ALL THESE FEATURES

- 3100 - V6
- AIR COND.
- PWR. WINDOWS
- PWR. LOCKS
- TYL WHEEL
- CRUISE CONTROL
- ABS BRAKES
- AIR BAG
- STEREO CASSETTE
- REAR DEFOGGER
- BUCKET SEATS
- CONSOLE

'95 EIGHTY EIGHT

FOR ONLY \$339*
36 MOS. LEASE

NO MONEY DOWN

WITH ALL THESE FEATURES

- PWR. LOCKS
- PWR. TRUNK
- PWR. WINDOWS
- PWR. ANTENNA
- 3800 - V6
- STEREO CASSETTE
- ALUMINUM WHEELS
- ABS BRAKES
- CRUISE CONTROL
- DUAL AIR BAGS
- PWR. DRIVERS SEAT

GMC TRUCK & VAN OUTLET

MINI CONVERSION VANS FULL SIZE CONVERSION VANS

YOUR CHOICE SALE

\$18,995*

WE HAVE 16 1995 JIMMY'S IN STOCK. READY TO DELIVER!

COBRA

\$24,995

DELIVERED - NO ADDED COSTS

2 LOCATIONS TO SERVE YOU

ELLISVILLE 391-7200 ST. PETERS 928-2300 ELLISVILLE 391-7200

1996 I30

\$26,599 Delivered

INFINITI

1995 J30

\$449 Per Month
36 MONTH LEASE

1995 G20's

\$17,795 Delivered

PRE-OWNED CENTER ELLISVILLE 391-9400

'95 MAZDA PROTEGE L4 \$11,995	'95 JEEP CHRYSLER LIMITED \$12,995	'95 HONDA ACCORD \$16,995	'95 CHEV CAVALIER \$18,995	'91 OLDS IN ELITE \$12,995	'91 CAMARO \$14,995	'95 OLDS CLEAN \$16,695	'95 OLDS \$18,995	'95 OLDS \$10,995	'95 BUICK \$15,995	'95 OLDS \$11,995
'95 OLDS \$18,995	'95 FORD \$16,995	'95 OLDS \$17,995	'91 CAD \$17,995	'95 MAZDA \$16,995	'95 GMC \$16,995	'91 OLDS \$19,995	'95 OLDS \$10,995	'95 MAZDA \$14,995	'95 BUICK \$18,995	'95 OLDS \$12,995
'95 OLDS \$18,995	'95 GMC \$18,995	'95 OLDS \$16,995	'95 OLDS \$10,995	'95 OLDS \$13,995	'95 OLDS \$19,995	'95 OLDS \$12,995	'95 OLDS \$12,995	'95 GMC \$15,995	'95 OLDS \$18,995	'95 OLDS \$12,995
'95 MAZDA \$19,995	'95 OLDS \$12,995	'95 OLDS \$17,995	'95 OLDS \$19,995	'95 MAZDA \$17,995	'95 MAZDA \$19,995	'95 OLDS \$16,995	'95 OLDS \$13,250	'95 OLDS \$12,995	'95 OLDS \$16,995	'95 OLDS \$18,995

OVER 150 USED CARS TRUCKS & VANS

BOMMARITO

AUTOMOTIVE GROUP

ELLISVILLE USED CARS 15728 MAINTENANCE RD. ELLISVILLE 391-7200

BOMMARITO MAZDA'S
Auto show
Savings Jamboree!

1995 PROTEGE

DX CONV. GROUP
 AIR CONDITIONING
 AM/FM
 CASSETTE
 FLOOR MATS
 DUAL AIR BAGS
 REAR DEFROSTER
 TILT WHEEL
 RECLINING
 BUCKET SEATS



\$199 PER MONTH FOR ONLY 36 MONTHS

NO MONEY DOWN

1995 MIATA

1000 REBATE



AIR CONDITIONING, AM/FM CASSETTE, FLOOR MATS, STARTING AT

\$199 PER MONTH FOR ONLY 26 MONTHS

1994 B-3000 SE CAB PLUS

11 IN STOCK



AIR COND., FLOOR MATS, JUMP SEATS, CASSETTE, P-STEERING, BUCKET SEATS, REBATE, STARTING AT

\$12,795

BOMMARITO MAZDA

ELLISVILLE Manchester at Clarkson
391-0073
 ST. PETERS I-70 & Cave Springs
928-2300

Bommarito Infiniti's
NEW YEAR SALES EXTRAVAGANZA!
 Highest Customer Satisfaction Index
 In St. Louis For 1994.
 Come In And Experience The
**BEST LEASE DEALS
 IN THE WORLD!**

MSRP \$52,850 **1995 Q45**

 2 Year Lease **\$599** per mo.

MSRP \$39,000 **1995 J30**

 3 Year Lease **\$399** per mo.
 INCREDIBLE SAVINGS ON
 REMAINING 1994 J30'S AVAILABLE

MSRP \$23,325 **1995 G20**

 Purchase For As Low As **\$18,565**

*Q45, \$2500 cap reduction, 15,000 miles per year. J30, \$2000 cap reduction, 12,000 miles per year, personal property and luxury tax included, sales tax and acquisition fee extra.

 *Frank Bommarito Infiniti*
 Manchester at Clarkson. **391-9400** CLARKSON ROAD
 7 miles west of I-270 **NOW OPEN!**

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of the Federal Trade Commission Act, the Consumer Leasing Act and its implementing Regulation M, and the Truth in Lending Act and its implementing Regulation Z; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts and Regulations, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Frank Bommarito Oldsmobile, Inc. is a Delaware corporation with its principal office or place of business at 15736 Manchester Road, Ballwin, Missouri.
2. Respondent Frank J. Bommarito is an officer of the corporate respondent. His principal office or place of business is the same as that of Frank Bommarito Oldsmobile, Inc.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

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Decision and Order

ORDER

DEFINITIONS

For the purposes of this order, the following definitions shall apply:

1. "*Clearly and conspicuously*" shall mean as follows:

a. In a television or video advertisement, the audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

b. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.

c. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

2. "*Equal prominence*" shall mean as follows:

a. In a television or video advertisement, the video disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, duration, and placement. The audio disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

b. In a print advertisement, the disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, and placement.

c. In a radio advertisement, the disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. "*Total amount due at lease inception*" shall mean the total amount of any initial payments required to be paid by the lessee on

or before consummation of the lease or delivery of the vehicle, whichever is later.

4. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

5. Unless otherwise specified, "*respondents*" shall mean Frank Bommarito Oldsmobile, Inc., a corporation, its successors and assigns and its officers; Frank J. Bommarito, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

I.

It is ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the costs of leasing a vehicle, including but not necessarily limited to the total amount due at lease inception.

B. State any amount due at lease inception (or that no such amount is required), except for the statement of a periodic payment, unless the advertisement also states with equal prominence the total amount due at lease inception.

C. State the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease unless all of the following items are disclosed, clearly and conspicuously, as required by Regulation M, as amended:

- (1) That the transaction advertised is a lease;
- (2) The total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease, or that no such payments are required;
- (3) The number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;
- (4) A statement of whether or not the lessee has the option to purchase the leased property and at what price and time (the method

of determining the price may be substituted for disclosure of the price); and

(5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

For all lease advertisements, respondents may comply with the requirements of this subparagraph by utilizing Section 184(a) of the Consumer Leasing Act ("CLA"), 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(a))("Section 184(a) of the revised CLA"), as amended, or by utilizing Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52246, 52261 (October 7, 1996) and 62 Fed. Reg. 15364, 15368 (Apr. 1, 1997) (to be codified at 12 CFR 213.7(d)) ("revised Regulation M"), as amended. For radio lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 184(b) of the CLA, 15 U.S.C. 1667c(b), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996)(to be codified at 15 U.S.C. 1667c(c))("Section 184(c) of the revised CLA"), as amended, or by utilizing Section 213.7(f) of revised Regulation M (to be codified at 12 CFR 213.7(f)), as amended. For television lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 213.7(f) of revised Regulation M, as amended.

D. Fail to comply in any other respect with Regulation M, 12 CFR 213, as amended, and the CLA, 15 U.S.C. 1667-1667e, as amended. Respondents may comply with the requirements of this subparagraph regarding Regulation M by utilizing revised Regulation M, 61 Fed. Reg. 52246 (Oct. 7, 1996) and 62 Fed. Reg. 15364 (Apr. 1, 1997) (to be codified at 12 CFR 213), as amended.

II.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as "advertisement" and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the terms of financing a vehicle, including but not necessarily limited to the amount of any balloon payment.

B. State the amount of any payment or the amount or percentage of any downpayment or amount "down" in any advertisement unless respondents state the amount of any final balloon payment prominently and in close proximity to the most prominent of the above statements.

C. State 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 disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(c), as amended, as follows:

1. The amount or percentage of the downpayment;
2. The terms of repayment, including but not necessarily limited to the amount of any balloon payment; 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.

D. Fail to comply in any other respect with Regulation Z, 12 CFR 226, as amended, and the TILA, 15 U.S.C. 1601-1667, as amended.

III.

It is further ordered, That respondent Bommarito Oldsmobile, Inc., and its successors and assigns, and respondent Frank J. Bommarito shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

IV.

It is further ordered, That respondent Bommarito Oldsmobile, Inc., and its successors and assigns, and respondent Frank J. Bommarito shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

V.

It is further ordered, That respondent Frank Bommarito Oldsmobile, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices

required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VI.

It is further ordered, That respondent Frank J. Bommarito, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of a "consumer lease," as that term is defined in the CLA and its implementing Regulation M, or the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondent Bommarito Oldsmobile, Inc., and its successors and assigns, and respondent Frank J. Bommarito shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on January 5, 2018, 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:

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Decision and Order

- A. Any Part 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 Part.

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 Part as though the complaint had never been 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.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

IN THE MATTER OF

ASHLAND, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3775. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the Kentucky-based manufacturer and advertiser of the Valvoline Engine Treatment product from making unsubstantiated claims about the performance or attributes of any engine treatment in the future and from misrepresenting tests or studies used to support its claims.

Appearances

For the Commission: *Jonathan Cowen, Robert Frisby, Mary Engle and Elaine Kolish.*

For the respondent: *Alan J. Hruska, Cravath, Swaine & Moore, New York, N.Y.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Ashland, Inc., a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Ashland, Inc., is a Kentucky corporation, with its office and principal place of business located at 1000 Ashland Drive, Russell, KY.

PAR. 2. Respondent has manufactured, advertised, promoted, offered for sale, sold and distributed Valvoline TM8 Engine Treatment ("TM8"), an aftermarket motor oil additive or engine treatment containing various chemicals, including Teflon brand polytetrafluoroethylene ("Teflon"), blended in a fully formulated motor oil.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. Respondent has disseminated or has caused to be disseminated advertisements for TM8, including, but not necessarily

limited to, the attached Exhibits A-F. These advertisements contain the following statements and visual depictions:

A. A television advertisement for TM8:

Video: Visual depiction of TM8 coating internal engine parts.

Announcer: TM8 coats moving parts with eight friction-fighting ingredients including teflon. (Exhibit A)

B. A radio advertisement for TM8:

Over time, stop and go driving creates deposits that rob your engine of performance, and shorten its life. That's why there is TM8 with teflon, a new engine treatment from Valvoline. TM8 reduces engine wear by coating moving parts with eight friction fighting ingredients. (Exhibit B)

C. A magazine advertisement for TM8:

Engines don't die from old age. They wear out. And in terms of wear, the most grueling kind of driving is stop-and-go driving.... That's why there's TM8, a new engine treatment with Teflon from Valvoline. TM8's 8 friction-fighting ingredients chemically bond to moving parts, protecting your engine even at start-up. In fact, under high operating temperatures, motor oil treated with TM8 offers twice the protection. (Exhibit C)

D. A TM8 coupon leaflet:

[T]here is something you can do to reduce wear and tear on your engine: Add a quart of TM8 Engine Treatment during your next oil change.

CAMSHAFT BEARING WEAR

[Chart]

REDUCE WEAR BY UP TO 75%. TM8 helps protect your car's vital engine parts from the demands of "Stop and Go" driving, reducing camshaft bearing wear by as much as 75 percent compared to conventional oil.

MAIN BEARING WEAR WEIGHT LOSS (AVERAGE)

[Chart]

REDUCE WEAR BY UP TO 75%. TM8 protects engines during "Stop and Go" driving, reducing main bearing wear by as much as 75 percent compared to conventional oil. (Exhibit D)

E. Valvoline Web page on the Internet:

TM8 is a blend of eight scientifically formulated components - including DuPont's TEFLON fluoroadditive - that chemically bond to engine surfaces, reducing engine friction and wear....

"We've found scientific evidence in laboratory experiments and in a variety of engines that TM8 provides significant additional protection."

Main Bearing Wear Weight Loss (Average)

[Chart]

REDUCE WEAR BY UP TO 75%.

Camshaft Bearing Wear

[Chart]

REDUCE WEAR BY UP TO 75%....

We spent a great deal of time testing the existing products and experimenting with our own formulations to determine what worked and what didn't. Through extensive testing, we developed TM8. Our research shows that TM8:

* protects the engine during "Stop and Go" driving

* gives engine oil up to twice the protection in high temperature conditions

- * improves fuel economy
 - * protects engine at start-up, especially at low temperatures
- TM8 is designed to be used at least once every 50,000 miles. For optimum results, an engine may be re-treated with TM-8 once a year. (Exhibit E)

F. TM8 product packaging:

TM8 ENGINE TREATMENT WITH TEFLON® Fluoroadditive
TREATS THE ENGINE, NOT THE OIL

- * Protects engine during "Stop and Go" driving
- * Gives engine oil up to twice the protection in high temperature conditions
- * Improves fuel economy
- * Protects engine at start-up, especially at low temperatures
- * Compatible with all motor oils

A blend of eight scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear.

4. Treat your engine with TM-8 Engine Treatment at least every 50,000 miles. For optimal results, re-treat your engine with TM-8 Engine Treatment once a year. (Exhibit F)

PAR. 5. Through the use of the statements and visual depictions contained in the advertisements and promotional materials referred to in paragraph four, including, but not necessarily limited to, the advertisements and promotional materials attached as Exhibits A-F, respondent has represented, directly or by implication, that:

- A. TM8 bonds Teflon to engine parts.
- B. Compared to motor oil alone, TM8:
 1. Reduces engine wear
 2. Reduces camshaft bearing wear by up to 75%.
 3. Reduces main bearing wear by up to 75%.
 4. Under high temperature conditions experienced by engines, provides twice as much wear protection.
 5. Extends the duration of engine life.
 6. Improves fuel economy.
- C. One treatment of TM8 lasts for 50,000 miles.

PAR. 6. Through the use of the statements and depictions contained in the advertisements and promotional materials referred to in paragraph four, including, but not necessarily limited to, the advertisements and promotional materials attached as Exhibits A-F, respondent has represented, directly or by implication, that at the time it made the representations set forth in paragraph five, respondent possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 7. In truth and in fact, at the time it made the representations set forth in paragraphs five, respondent did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph six was, and is, false and misleading.

PAR. 8. Through the use of the statements and visual depictions contained in the advertisements and promotional materials referred to in paragraph four, including, but not necessarily limited to, the advertisement attached as Exhibit E, respondent has represented, directly or by implication, that tests prove that, compared to motor oil alone, TM8:

- A. Reduces camshaft bearing wear by up to 75%.
- B. Reduces main bearing wear by up to 75%.
- C. Under high temperature conditions experienced by engines, provides twice as much wear protection.
- D. Improves fuel economy.

PAR. 9. In truth and in fact, tests do not prove that, compared to motor oil alone, TM8:

- A. Reduces camshaft bearing wear by up to 75%.
- B. Reduces main bearing wear by up to 75%.
- C. Under high temperature conditions experienced by engines, provides twice as much wear protection.
- D. Improves fuel economy.

Therefore, the representations set forth in paragraph eight were, and are, false and misleading.

PAR. 10. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

EXHIBIT A



"END OF THE ROAD" :30



(MUSIC UNDER)



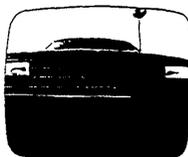
ANNCR: Your car's engine was made for the open road.



But that's not where it is day in and day out.



Stop and go driving



can kill an engine



by creating deposits



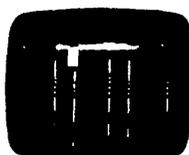
and wear



that rob performance and shorten engine life.



That's why you need the added protection of TM8.



a new engine treatment from Valvoline.



TM8 coats moving parts with eight friction-fighting ingredients including teflon.



So no matter where you are,



Your engine will run



just like it's on the open road.



TM8 from Valvoline.



Because driving is more stop than go.

Complaint

EXHIBIT B

Radio Copy

Bozell Worldwide, Inc.
Advertising
40 West 23rd Street
New York, New York 10010-5201
212-727-5000

Date **September 7, 1995** Client **Valvoline** Job number

Title & length **TM8 "Traffic Report" :50/:10** Product

Commercial number As produced date

Its, Its, moving like molasses out there...

Rubbernecking is heavy around the parkway...

There's an accident right where 295 meets the tunnel...

There's a good reason so many cars today have cellular phones, stereos that can play 12 CD's and even fax machines. People are spending more and more time stuck in traffic, and while stop and go driving is hard on you, it's even harder on your engine. Over time, stop and go driving creates deposits that rob your engine of performance, and shorten its life. That's why there is TM8 with teflon, a new engine treatment from Valvoline. TM8 reduces engine wear by coating moving parts with eight friction fighting ingredients. Eventually you'll be able to put moments like this behind you. With TM8, your engine can too.

TM8 from Valvoline. Because driving is more stop than go.

Complaint

125 F.T.C.

EXHIBIT C



*They can drive your engine
to an early grave.*



Engines don't die from old age. They wear out. And in terms of wear, the most grueling kind of driving is stop-and-go driving. • It's so severe it creates deposits inside your engine that can cause wear and friction, robbing your engine of performance and shortening its life. • That's why there's TMB, a new engine treatment with Teflon from Valvoline. TMB's 8 friction-fighting ingredients chemically bond to moving parts, protecting your engine even at start-up. In fact, under high operating temperatures, motor oil treated with TMB offers twice the protection. • And that's about as far as you can get from an early grave.



Because driving is more stop than go.

 Another high-performance product from The Valvoline Company
A Division of Ashland Inc. © 1995



Ex C

TMS Insert / Coupon 2/27/96 4:04 PM Page 1

PROTECTING ENGINES

Is Our Business

ON YOUR NEXT
PURCHASE OF
TMS ENGINE
TREATMENT
SAVE
\$3.00



\$3.00 OFF

SAVE \$3.00 ON YOUR
NEXT PURCHASE OF
TMS™ ENGINE
TREATMENT



THIS OFFER FIRST AVAILABLE
NOT VALID ON PURCHASES BEFORE
JUNE 1, 1996 OR AFTER AUGUST 31, 1996

EXHIBIT D

TM8 Insert / Coupon 2/27/96 4:04 PM Page 2

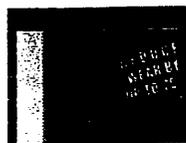
Protecting Engines Is Our Business

"Stop and Go" driving takes a toll on more than your patience; it can rob your car's engine of performance and shorten its life. Although you can't do much about the kind of driving you do every day, there is something you can do to reduce wear and tear on your engine: Add a quart of TM8™ Engine Treatment during your next oil change.

TM8 Engine Treatment from Valvoline is a blend of eight high-tech, scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear. Using TM8 Engine Treatment can help reduce the engine wear associated with "Stop and Go" driving.

While it's protecting your engine, TM8 can also improve your vehicle's fuel economy. Laboratory tests show that TM8 in conventional motor oil offered improved fuel economy, exceeding the American Petroleum Institute's ECI (Energy Conserving II) standards.

CAMSHAFT BEARING WEAR



CONVENTIONAL OIL CONVENTIONAL OIL AND TM8

TM8™ helps protect your car's vital engine parts from the demands of "Stop and Go" driving, reducing camshaft bearing wear by as much as 75 percent compared to conventional oil.

MAIN BEARING WEAR
WEIGHT LOSS (ATYERAGE)



CONVENTIONAL OIL CONVENTIONAL OIL AND TM8

TM8 protects engines during "Stop and Go" driving, reducing main bearing wear by as much as 75 percent compared to conventional oil.

This offer expires August 31, 1996

To receive your \$3.00 rebate by mail:

1. Buy 1 quart of TM8™ Engine Treatment.
2. Mail this required original certificate, UPC code from TM8 Engine Treatment package, and original dated store identified sales receipt indicating purchase of TM8 between June 1, 1996 and August 31, 1996 to:
\$3.00 TM8 Rebate
P.O. Box 4058
Young America, MN 55558-4058

3. And receive a \$3.00 check by mail.
Rebate requests must be received by September 15, 1996. Limit of one rebate per household, address or organization. Rebate requests must be made on this special order form and may not mechanically reproduced. Trading of proof-of-purchase is strictly prohibited. Requests from P.O. Boxes will not be honored. Use of fictitious names, multiple addresses, or P.O. Boxes to obtain additional rebates is fraud and is in violation of Federal law, and may result in prosecution and a term of imprisonment, fine, or both. Offer void where prohibited.

taxed or otherwise restricted by law. Please allow eight weeks for shipment of your rebate check.

This coupon cannot be used in conjunction with any other Valvoline offer. Materials become the property of The Valvoline Company, a division of Ashland Inc.

(Please print, no address labels accepted)

Name _____

Address _____ Apt. # _____

City _____ State _____ Zip _____

Complaint

EXHIBIT E

Featured Product: TM8

<http://www.valvoline.com/tube/tm8/>



TM8 Engine Treatment
 Because driving is more stop and go.



There's good reason so many cars today have cellular phones, stereos that can play 12 CDs, and even fax machines. People are spending more and more time stuck in traffic.

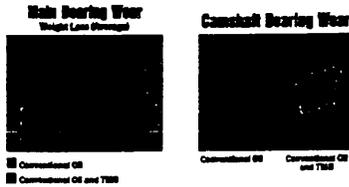
And while stop and go driving is hard on you, it's even harder on your engine. Over time, stop-and-go driving creates deposits that rob your engine of performance and dramatically shorten its life.



Each Year, *Lubricants World* presents its Outstanding Products Awards to recognize advancements that benefit not only the lubricants field but also society in general. Valvoline is proud to receive a 1996 Outstanding Products Award for its TM8 engine treatment.

That's why Valvoline developed TM8 engine treatment. TM8 is a blend of eight scientifically formulated components - including DuPont's TEFLON fluoroaditive - that chemically bond to critical engine surfaces, reducing engine friction and wear.

"TM8 is a product that works," said Fran Lockwood, Ph.D., Valvoline's vice president of technology and product development. "Our customers have requested that we produce an engine treatment for a long time, but we weren't convinced that they help engines perform better. We've found scientific evidence in laboratory experiments and in a variety of engines that TM8 provides significant additional protection. Our tests showed that when treated with TM8, conventional oil formed a thicker film between moving parts and worked at a broader range of temperatures, both hot and cold."



Recommended for use every 50,000 miles. TM8 protects engines during both stop-and-go and highway driving. Its patent-pending formulation delivers the following attributes:

Complaint

125 F.T.C.

EXHIBIT E

Featured Product: TM8

<http://www.valvoline.com/tube/tm8/>

- Gives engine oil up to twice the protection in high temperature conditions
- Protects engines at start-up, especially at low temperatures
- Improves fuel economy
- Protects against thermal breakdown

Learn even more about TM8 by reading our special question and answer section.

Get \$3.00 off on TM8

Check out the following magazines for a special TM8 coupon offer:

Car & Driver	4 wheel & Off
Road & Track	Road
Car Craft	Field & Stream
Hot Rod	Popular
Sport Truck	Mechanics
	Sport

([Home](#) | [Index](#) | [Toolbox](#) | [Feedback](#))

Complaint

EXHIBIT E

TM8 Q&A

http://www.valvoline.com/tube/tm8/tm8_qa.html

TM8 Q&A

Q. Why did Valvoline decide to become the first motor oil marketer to develop its own engine treatment?

Valvoline customers have been asking us to manufacture an engine treatment product for years. They knew that because of Valvoline's reputation for developing superior motor oils, a Valvoline engine treatment product would be a big hit with consumers.

We took a very hard look at the category and determined that there was a need for a high-quality engine treatment product, one that works -- a product that has been fully tested in standard ASTM engine tests, as well as in more strenuous experimental engine tests. And that's why we developed TM8.

Q. What was learned during Valvoline's testing of engine treatment products?

We spent a great deal of time testing the existing products and experimenting with our own formulations to determine what worked and what didn't. Through extensive testing, we developed TM8. Our research shows that TM8:

- protects the engine during "Stop and Go" driving
- gives engine oil up to twice the protection in high temperature conditions
- improves fuel economy
- protects engine at startup, especially at low temperatures

Q. Who should consider using TM8 Engine Treatment?

All of our oils -- including Valvoline® All-Climate®, DuraBlend® and High Performance Synthetic -- are of the highest quality and do not require additives. However, TM8 is designed for motorists looking for the most protection possible.

Q. What's the difference between TM8 and Pyroil® Oil Treatment?

TM8 treats the engine. It contains a synergistic combination of additives that form protective films over an unusually broad temperature range. This helps in start-up and stop-and-go (cold) conditions, as well as in highway (hot) conditions. More specifically, TM8 is a blend of eight scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear.

Pyroil Oil Treatment is a formula of carefully blended viscosity index improvers designed to reduce oil thinning at high engine temperatures.

Q. How often should TM8 be used?

Complaint

125 F.T.C.

EXHIBIT E

TM8 Q&A

http://www.valvoline.com/tube/tm8/tm8_qa.htm

TM8 is designed to be used at least once every 30,000 miles. For optimum results, an engine may be re-treated with TM-8 once a year.

Q. Can TM8 be used in diesel, marine, V8, V6 and V4 engines?

TM8 may be used in V-8, V-6 and V-4 engines. TM-8 is not designed to be used in diesel or marine engines or in automatic transmissions, gear boxes or two-stroke engines.

Q. Will using TM8 void a new car's warranty?

TM8 will not void new car warranties and is safe for use in new or rebuilt engines during the break-in period.

Q. How much TM8 should be used?

In 4-quart capacity engines, substitute one quart of TM8 for one quart of motor oil. For larger or smaller engines, use mixtures of approximately 25 percent TM-8 and 75 percent motor oil.

Q. Is TM8 compatible with motor oils other than Valvoline?

Yes. TM8, with Valvoline® High Performance Synthetic as its carrier oil, gives optimum performance when added to Valvoline All-Climate, DuraBlend or High Performance Synthetic and has been shown to significantly enhance performance when added to other leading motor oils. TM8 is compatible with other motor oils and improves low-temperature performance of conventional motor oils.

Q. Will any of TM8's scientifically formulated components be removed by the oil filter?

No. None of TM8's components will be removed by the oil filter during normal engine operation.

{ [Home](#) | [Index](#) | [Toolbox](#) | [Feedback](#) }

EXHIBIT F

ENGINE TREATMENT

WITH TEFLON[®]
Fluoroadditive

ENGINE TREATMENT



TREATS THE ENGINE, NOT THE OIL

- Protects engine during "Stop and Go" driving
- Gives engine oil up to twice the protection in high temperature conditions
- Improves fuel economy
- Protects engine at startup, especially at low temperatures
- Compatible with all motor oils

A blend of eight scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear.



NET 32 FL. OZ. (1 QT) 946mL

Next Generation in Engine Treatments

Treats The Engine Not The Oil

TM-8 Engine Treatment moves engine performance and protection a generation ahead with its patent pending blend of eight scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear.

Serious Results

Just add one quart of TM-8, the next generation engine treatment, to an oil change of your favorite motor oil. TM-8 will:

- Protect engine during "Stop and Go" driving.
- Gives engine oil up to twice the protection in high temperature conditions.
- Improve fuel economy.
- Protect engine at startup, especially at low temperatures.
- Compatible with all motor oils.

TEFLON is a registered trademark of DuPont



Valvoline Car Care Products
Division of Ashland Inc.
Lexington, KY 40509

Part No. TM8-32
Made in USA ©1995

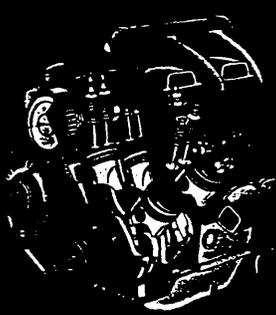
2 x f-1

EXHIBIT F

ENGINE TREATMENT

WITH TEFLON[®]
Fluoroadditive

ENGINE TREATMENT



TREATS THE ENGINE, NOT THE OIL

- Protects engine during "Stop and Go" driving
- Gives engine oil up to twice the protection in high temperature conditions
- Improves fuel economy
- Protects engine at startup, especially at low temperatures
- Compatible with all motor oils

A blend of eight scientifically formulated components that chemically bond to critical engine surfaces, reducing friction and engine wear.



NET 32 FL. OZ. (1 QT) 946mL

DIRECTIONS

1. Pour into engine crankcase after oil level has been checked. Do not overfill. For best results, use Valvoline Engine Treatment with Valvoline Motor Oil. For temporary relief of engine problems, it may be added to any motor oil. Do not use in diesel engines.

2. Run engine for 10 minutes at 1500 RPM. This will help distribute the treatment throughout the engine. Do not use in diesel engines.

3. Repeat the procedure in 7000-10000 miles. For maximum protection, add to your engine oil in 7000-10000 mile intervals.

TEFLON-8 is compatible with all motor oils.

TEFLON-8 will not void new car warranties and is safe for use in new or rebuilt engines during the break-in period.

CAUTION: DO NOT use in diesel engines. Do not use in engines with turbochargers. Do not use in engines with variable valve timing. Do not use in engines with variable compression ratios.

DISPOSAL INFORMATION: Do not pour down the drain. Do not use in engines with turbochargers. Do not use in engines with variable valve timing. Do not use in engines with variable compression ratios.

KEEP OUT OF THE REACH OF CHILDREN.

CONTAINS: Do not use in engines with turbochargers. Do not use in engines with variable valve timing. Do not use in engines with variable compression ratios.

AVOID CONTACT WITH EYES.

IF CONTACT WITH EYES OCCURS, Rinse thoroughly with water for at least 15 minutes. If irritation persists, consult a physician.

IF SWALLOWED: Do not induce vomiting. Drink water.

24 HOUR EMERGENCY NUMBER: 1-800-274-5263

TEFLON is a registered trademark of DuPont.

Valvoline Car Care Products
Division of Ashland Inc.
Lexington, KY 40509

Part No. TMS-12
Made in USA 1993

Ex =

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Ashland, Inc., is a Kentucky corporation, with its office and principal place of business located at 1000 Ashland Drive, Russell, KY.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For purposes of this order, the following definitions shall apply:

"*Engine treatment*" shall mean packaged chemical ingredients sold to consumers as a supplement to fully-formulated motor oil in a vehicle's engine and as having the capacity to affect the engine or the engine's performance even after a subsequent oil change.

"*Competent and reliable scientific evidence*" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

I.

It is ordered, That respondent Ashland, Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling, packaging, offering for sale, sale, or distribution of Valvoline TM8 Engine Treatment or any other engine treatment, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Making any representation, in any manner, directly or by implication:

1. That such product bonds polytetrafluoroethylene, Teflon, or any other substance to engine parts;
2. That, compared to motor oil alone, such product:
 - a) Reduces engine wear.
 - b) Reduces camshaft bearing wear by up to 75%, or by any other amount.
 - c) Reduces main bearing wear by up to 75%, or by any other amount.
 - d) Under high temperature conditions experienced by engines, provides twice as much, or any other incremental degree, of wear protection.
 - e) Extends the duration of engine life.
 - f) Improves fuel economy;
3. That one or any other number of treatments of such product lasts for 50,000 or any other number of miles; or

4. Regarding the performance or attributes of such product,

unless, at the time of making such representation, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

B. Misrepresenting, in any manner, directly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test or study.

II.

It is further ordered, That, for five (5) years after the last date of dissemination of any representation covered by this order, respondent, its successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All labeling, packaging, advertisements and promotional materials setting forth any representation covered by this order;

B. All materials that were relied upon to substantiate any representation covered by this order; and

C. All tests, reports, studies, surveys, demonstrations or other evidence in their possession or control that contradicts, qualifies, or calls into question such representation or the basis upon which respondent relied for such representation, including complaints from consumers or governmental entities.

III.

It is further ordered, That respondent, its successors and assigns, shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in the respondent, 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 which may affect compliance obligations arising under this order.

IV.

It is further ordered, That respondent, its successors and assigns, shall forthwith distribute a copy of this order to each of its operating divisions and to each of its officers, agents, representatives, or

employees engaged in the preparation and placement of advertisements, promotional materials, product labels or other such sales materials covered by this order, and shall obtain from each such person or entity a signed statement acknowledging receipt of the order.

V.

It is further ordered, That this order will terminate on January 5, 2018, or twenty 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 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 had never been 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.

VI.

It is further ordered, That respondent, its successors and assigns, shall, within sixty (60) days after service of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied or intends to comply with this order.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF
TOYOTA MOTOR SALES, U.S.A., INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE CONSUMER LEASING ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3776. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the California-based automobile manufacturer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondent to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Rolando Berrelez, Sally Pitofsky and David Medine.*

For the respondent: *Barry Cutler, Baker & Hostetler, Washington, D.C. and Barbara Arnold, in-house counsel, Torrance, CA.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Toyota Motor Sales, U.S.A., Inc., a corporation ("respondent" or "Toyota"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, and the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Toyota Motor Sales, U.S.A., Inc. is a California corporation with its principal office or place of business at 19001 South Western Avenue, Torrance, California. Respondent manufactures and distributes vehicles and offers such vehicles for sale or lease to consumers.
2. Respondent has disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and

"consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

4. Respondent has disseminated or has caused to be disseminated consumer lease advertisements ("lease advertisements") for Toyota vehicles, including but not necessarily limited to the attached Toyota Exhibits A - C. Toyota Exhibits A and B are television lease advertisements (attached hereto in video and storyboard format). Toyota Exhibit C is a direct mail advertisement. These advertisements contain the following statements:

A. [Audio:] "... And the car that's become the gold standard can now be leased for as little as \$229 a month, which includes automatic transmission, air conditioning, power windows and door locks and more. The new 1995 Toyota Camry lease, starting at just \$229 a month. So low for a car that aims so high."

[Video:] "Camry Leases Start At \$229/A MO.

First Month's Payment And \$275 Refundable Security Deposit Also Due At Signing."

[The advertisement contains the following lease disclosure at the bottom of the screen in light-colored fine print superimposed on a background of similar shade and accompanied by background sounds and images:]

"95 CAMRY DX, 4-SPD. AT. CLOSED-END LEASE. \$2,354 DUE AT SIGNING. \$16,003 CAPITALIZED COST BASED ON \$1850 DOWN AND DEALER PARTICIPATION...

TAXES, LICENSE, TITLE, INSURANCE, OPTIONAL AND REGIONALLY REQUIRED EQUIP. AND DEALER CHARGES EXTRA. LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR, 10c MI. OVER 15,000 YR. LEASE-END PURCHASE OPTION \$11,097. DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END...

...95 CAMRY LE V6 SHOWN WITH OPTIONAL ALLOW WHEELS AT ADDITIONAL COST."

[The fine print is displayed in blocks on three screens of at least three lines, and each block appearing for approximately three seconds.] (Toyota Exhibit A).

B. [Audio:] [Street Noise. Ballroom Dance Music.]

"You're invited to the 16th Annual Toyotathon featuring Camry starting at \$16,418. And special \$239 lease program on the newly restyled and refined Camry Sedan or Camry Coupe."

[Video:] "\$239/MO."

[The advertisement contains the following lease disclosure in light-colored print superimposed on a light-colored, moving background and accompanied by background sound and other moving images. The information is displayed on two screens, each containing a block of two lines, and each block appearing for approximately four seconds:]

"36-mo. Lease. \$1850 down plus first month's payment and refundable \$275 security deposit due at signing."

[The advertisement contains the following lease disclosure at the bottom of the screen in light-colored fine print superimposed on a background of similar shade and accompanied by background sounds and images:]

"... CAMRY LE V6 WITH OPTIONAL ALLOY WHEELS SHOWN... CLOSED-END LEASE ON '95 CAMRY DX SEDAN 4-CYL. OR '95 CAMRY LE COUPE. 4-CYL. \$2,364 DUE AT SIGNING... MONTHLY PAYMENTS TOTAL \$8,604...LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR AND \$0.10/MI. OVER 15,000/YR. LEASE-END PURCHASE OPTION \$11,097, \$11,013 (COUPE). DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END..."

[The fine print is displayed on three screens, each containing a block of at least three lines, and each block appearing for approximately three seconds.] (Toyota Exhibit B).

C. "GREAT TOYOTA TOUCH LEASE VALUES!

Factory discounted lease rates for 36 months are available on selected Toyota models during this sale!!! Just look at the special values:

'94 Tercel	'94 4x2 Truck	'94 Corolla
\$149/mo. ¹	\$149/mo. ⁶	\$179/mo. ²
\$500 down/36mo.	\$1,000 down/36mo.	\$500 down/36mo.

'94 Camry	'94 Celica	'94 4Runner
\$249/mo. ⁴	\$259/mo. ³	\$319/mo. ⁵
\$1,500 down/36mo.	\$1,000 down/36mo.	\$2,000 down/36mo."

[The advertisement contains a lease disclosure that appears at the bottom of the advertisement in fine print.] (Toyota Exhibit C).

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION OF INCEPTION FEES

5. In lease advertisements, including but not necessarily limited to Exhibits A and C, respondent has represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount, amount "down," and/or other amounts due at lease inception.

6. In truth and in fact, consumers cannot lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount, amount "down," and/or other amounts due at lease inception. Consumers must also pay additional fees beyond the prominently stated terms, such as the capitalized cost reduction, first month's payment, and/or security deposit, to lease the advertised vehicles. Therefore, respondent's representation as alleged in paragraph five was, and is, false and misleading.

7. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE ADEQUATELY IN LEASE ADVERTISING

8. In lease advertisements, including but not necessarily limited to Exhibits A - C, respondent has represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount. These advertisements do not adequately disclose additional terms pertaining to the lease offer, such as the total amount of any payments due at lease inception. The existence of these additional terms would be material to consumers in deciding whether to lease a Toyota vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

9. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT III: CONSUMER LEASING ACT AND REGULATION M VIOLATIONS

10. Respondent's lease advertisements, including but not necessarily limited to Toyota Exhibits A - C, state a monthly payment amount but fail to disclose clearly and conspicuously certain additional terms required by the Consumer Leasing Act and Regulation M, including one or more of the following terms: that the transaction advertised is a lease; the total amount of any payments such as a capitalized cost reduction required at lease inception; that a security deposit is required; and the number, amount, and timing of scheduled payments.

11. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Toyota Exhibits A and B, are not clear and conspicuous because they appear on the screen in small type, for a very short duration, against a background of distracting sounds and images. The lease disclosures in respondent's direct mail advertisements, including but not necessarily limited to Toyota Exhibit C, are not clear and conspicuous because they appear in small type.

12. Respondent's practices violate Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, as amended, Section 213.5 of

Regulation M, 12 CFR 213.5, and Section 213.7(d) of revised Regulation M, 61 Fed. Reg. at 52,246, 52,261 (October 7, 1996)(to be codified at 12 CFR 213.7(d)), as amended.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

EXHIBIT A

SAATCHI & SAATCHI DFS

TELEVISION COPY

Southern California

File Name: TS-223	Campaign/Project: REVISED MY '95 CAMRY SEDAN TV	AS PRODUCED
Client: TMS		Page 1 of 1
Job No.: TC5-223	Title: "3RD QTR /LEASE/TOWER"	Code No.: TYCC 5178/5177-DLR
Acct. Exec.: J. ANASTAS	Product: CAMRY SEDAN	Length: 30. 25/05
Rev. No.:	Date/Time: 04/19/95 12:10 pm	Writer/rtwp: DC/cr/vcu

AUDIO ONLY

1. ANNCR VO: Onward...
2. ...and upward.
3. The awards, the honors for the Toyota Camry...
4. ...continue to rise.
5. And the car that's become...
6. ...the gold standard...
7. ...can now be leased for as little as \$229 a month...
8. ...which includes automatic transmission, air conditioning...
9. ...power windows and door locks and more.
10. The new 1995 Toyota Camry lease, starting at just \$229 a month.
11. So low for a car...
12. ... that aims so high.
- 13.

SUPER AND DISCLAIMER INFORMATION:

- FRAME 7. SUPER: CAMRY LEASES START AT \$229 A MO. DISCLAIMER: '95 CAMRY DX, 4-SPD. AT CLOSED-
END LEASE \$2,354 DUE AT SIGNING. \$16,000 CAPITALIZED COST BASED ON \$1,650 DOWN AND DEALER PARTICIPATION.
MAY VARY BY DEALER. MSRP \$19,815 INCL. FREIGHT. MO. PAYMENTS TOTAL \$8,244. YOUR PAYMENT MAY VARY
DEPENDING ON FINAL PRICE.
- FRAME 8. SUPER: \$229 A MO. DISCLAIMER: TAXES, LICENSE, TITLE, INSURANCE, OPTIONAL AND REGIONALLY
REQUIRED EQUIP. AND DEALER CHARGES EXTRA. LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR. 10¢ MI. OVER
15,000 YR. LEASE END PURCHASE OPTION \$11,097. DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END.
- FRAME 9. SUPER: FIRST MONTH'S PAYMENT AND \$275 REFUNDABLE SECURITY DEPOSIT ALSO
DUE AT SIGNING. DISCLAIMER: TO QUALIFIED LESSEES THROUGH TOYOTA MOTOR CREDIT CORPORATION.
SIMILAR LEASE IN AL, FL, GA, NC & SC THROUGH WORLD OMNI FINANCIAL CORPORATION. PAYMENTS HIGHER IN AR, CT,
LA, MA, MD, MI, OK, RI, TX, VA & WY. NOT AVAILABLE IN HI. RETAIL DELIVERY BY 6/30/95. '95 CAMRY LE V6 SHOWN WITH
OPTIONAL ALLOY WHEELS AT ADDITIONAL COST.
- FRAME 10. SUPER: SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.
- FRAME 13. SUPER & LOGO: TOYOTA CAMRY. I LOVE WHAT YOU DO FOR ME. 1-800-GO-TOYOTA

Toyota Exhibit A

020001

Complaint

EXHIBIT B

SAATCHI & SAATCHI DFS

TELEVISION COPY

Southern California

File Name: TS-086-8-AP	Campaign/Project: DECEMBER SALES EVENT	AS PRODUCED
Client: TMS		Page 1 of 2
Job No.: TDS-086	Title: "PARTY"	Code No.: TYEC 5081/5082
Acct. Exec.: E. FRANCO	Product: CAMRY	Length: 30. 25/05
Rev. No.:	Date/Time: 12/08/94 11:30 am	Writer/Trwp: DC/cvms

AUDIO ONLY

1. (SFX UNDER: STREET NOISE.)
2. (SFX: STREET NOISE CONTINUED.)
3. (SFX UNDER: BALLROOM DANCE MUSIC.)
You're invited to the 16th Annual Toyotathon...
4. ...featuring Camry starting at \$16,418...
5. And special \$239 lease program...
6. ...on the newly restyled and refined Camry Sedan...
7. ...or Camry Coupe.
8. We're celebrating...
9. ...not only the new shape...
10. ...but also, what's taking shape with Camry.
11. So see the...
12. ..."best car built in America"...
13. ...and the best all-star lineup of new Toyotas ever...
14. ...at the 16th Annual Toyotathon.
15. New year, new cars, great Toyotathon deals. At your Toyota dealer now!

SUPER AND DISCLAIMER INFORMATION:

- FRAME 4. SUPER: STARTING AT \$16,418. DISCLAIMER: STARTING MSRP W/O FREIGHT FOR '95 CAMRY DX 5-SPD. ACTUAL DEALER PRICES MAY VARY. CAMRY LE V8 WITH OPTIONAL ALLOY WHEELS SHOWN. OFFER NOT AVAILABLE IN HI.
- FRAME 5. SUPERS: CAMRY DX SEDAN AND LE COUPE 36-MO. LEASE \$239/MO. \$1,850 DOWN PLUS FIRST MONTH'S PAYMENT AND... DISCLAIMER: CLOSED-END LEASE ON '95 CAMRY DX SEDAN 4-CYL. OR '95 CAMRY LE COUPE 4-CYL. \$2,384 DUE AT SIGNING. \$16,440 (SEDAN), \$18,321 (COUPE) CAPITALIZED COST. BASED ON \$1,350 DOWN AND DEALER PARTICIPATION MAY VARY BY DEALER. MSRP \$19,813 (SEDAN), \$19,665 (COUPE). INCLUDING FREIGHT. MONTHLY PAYMENTS TOTAL \$8,604.

Complaint

125 F.T.C.

EXHIBIT B

SAATCHI & SAATCHI DFS

TELEVISION COPY

Southern California

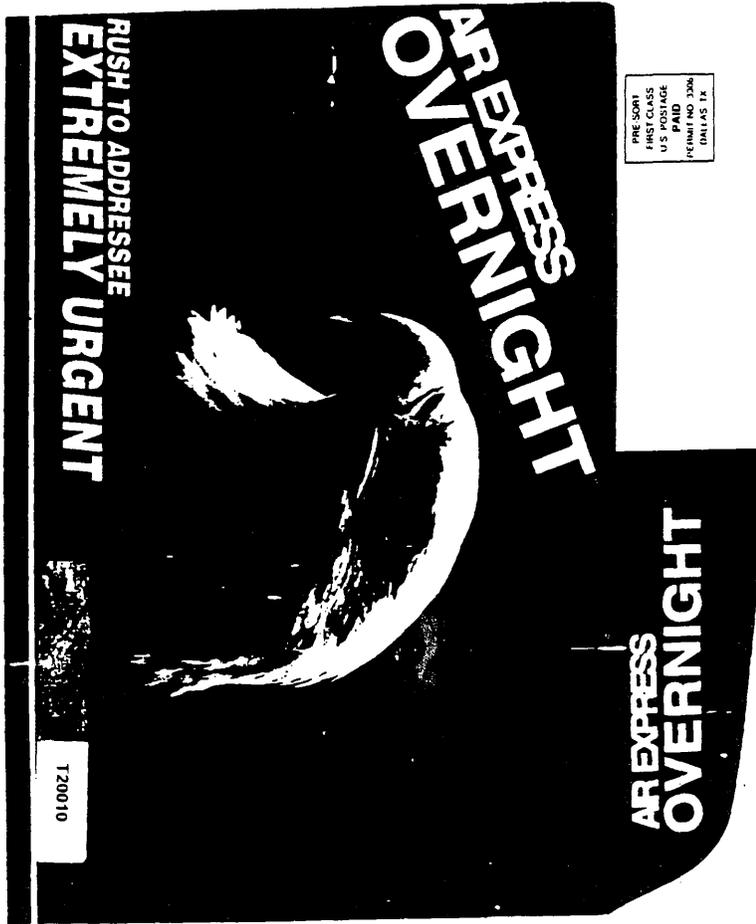
File Name: TS-086-JAP	Campaign/Project: DECEMBER SALES EVENT	AS PRODUCED
Client: TMS		Page 2 of 2
Job No.: TD5-086	Title: "PARTY"	Code No.: TYEC 5081/5082
Acct. Exec.: E. FRANCO	Product: CAMRY	Length: 30 :25:05
Rev. No.:	Date/Time: 12/08/94 11:30 am	Writer/revwp: DC/crvms

AUDIO ONLY

- FRAME 6. SUPERS: CAMRY DX SEDAN AND LE COUPE 36-MO. LEASE. \$239/MO. REFUNDABLE \$275 SECURITY DEPOSIT DUE AT SIGNING. DISCLAIMER: YOUR PAYMENT MAY VARY DEPENDING ON FINAL PRICE, TAXES, LICENSE, TITLE, INSURANCE, REGIONALLY REQUIRED EQUIPMENT AND DEALER CHARGES EXTRA. LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR AND \$2.10/MI. OVER 13,000/MYR. LEASE-END PURCHASE OPTION \$11,097 (SEDAN), \$11,013 (COUPE). DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END TO QUALIFIED LESSEES THROUGH TOYOTA.
- FRAME 7. DISCLAIMER: MOTOR CREDIT CORPORATION. SIMILAR LEASE IN AL, FL, GA, NC & SC THROUGH WORLD OMM FINANCIAL CORPORATION. PAYMENTS HIGHER IN AR, CT, LA, MA, MO, MS, OK, RI, TX, VA & WY. OFFER NOT AVAILABLE IN HI. RETAIL DELIVERY BY 1/95. SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.
- FRAME 12. SUPER: "BEST CAR BUILT IN AMERICA." AUTOMOBILE MAGAZINE, MAR. '93.
- FRAME 13. SUPER: MOST CAMRYS ARE BUILT IN THE U.S.
- FRAME 15. SUPER: TOYOTATHON LOGO. ENDS JANUARY 8TH.

Complaint

EXHIBIT C



TOYOTA EXHIBIT C

EXHIBIT C

ADDITIONAL INFORMATION

Information
 Air Express Overnight, Inc.
 1001 Air Mail SS Overflight, Inc.

Restrictions

Liability

FOR ELECTRONIC TRANSMISSION DISPATCH CALL 214-458-2190
 1001 AIR MAIL SS OVERFLIGHT, INC.

PRIORITY SHIPPING LABEL

EXTREMELY URGENT

WEIGHT: 9 oz.

TO: ▼

CARRIER DELIVER TO:

NAME: _____

STREET ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

COPY ONE - FOR AIR EXPRESS TRANSMISSION

Complaint

EXHIBIT C



John E. Kramer
General Manager
Chicago Region

April 23, 1994

Dear Toyota Prospect:

It gives me great pleasure to invite you to the biggest sales event in the history of your Indianapolis Toyota dealers.

As all Indianapolis natives know, Spring is when you start to think about buying that new car or truck that you have always wanted. To help convince you that your next car or truck should be the highest quality vehicle in the world...**TOYOTA**...! have challenged my associates and all of the Indianapolis Toyota dealers to put together the enclosed "Toyota. No Comparison!" sales event.

Toyota's great-looking, all-new 1994 cars and trucks were the hit of the recent leading consumer magazine's automotive issue. With unquestioned, "best in class" quality, Toyota has a line-up of products you'll enjoy driving for many years to come. I know you'll be impressed and you'll find that new Toyotas are affordable!

So, if you are not already in your car on your way to your local Toyota dealer to buy the new Toyota car or truck of your dreams, get there soon because the sale will not be extended beyond the dates published in the enclosed brochure.

Hurry on down to get the best selection at the biggest sales event in Indianapolis Toyota history.

Sincerely,

A handwritten signature in dark ink, appearing to read "John E. Kramer", is written over a horizontal line.

John E. Kramer

Complaint

125 F.T.C.

EXHIBIT C

\$500 CERTIFICATE

Valid Through May 3, 1994

"TOYOTA. NO COMPARISON!"
Indianapolis Toyota Dealers

T100 CASH BONUS OFFER FROM TOYOTA

Customer Name _____
 Customer Phone# _____
 U Home U Work _____
 Date Issued* _____

Dealer Code _____
 Dealership Name _____
 Dealer Signature _____

*See reverse side for details.

TOYOTA
TOYOTA MOTOR SALES U.S.A., INC.

Valid only with purchase of T100

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Complaint

EXHIBIT C

Endorse Here (Customer)

T100 V.I.N. or Serial # _____

 Check payable to customer. Check payable to Toyota Dealer.

Customer mailing address:

Address _____

City _____

State _____ Zip Code _____

Phone () _____

This certificate entitles you to \$500.00 savings on a new & unused 1993/1994 Toyota T100. Negotiate your best price with any authorized U.S.A. Toyota dealer, present this certificate, have the dealer validate your purchase, then send the certificate and a copy of the final customer Bill of Sale to Toyota in Touch Headquarters and a check will be mailed directly to you, or use the amount of the certificate toward your down payment. Redemption instructions are below.

REDEMPTION INSTRUCTIONS

1. Offer valid April 28, 1994 through May 3, 1994.
2. Offer not valid on a T100 purchase prior to certificate issue date (indicated on front of certificate). Must take retail delivery of a new 1993/1994 Toyota T100 out of dealer stock by May 3, 1994.
3. Application for a check or down payment must be received before June 2, 1994.
4. Offer void where prohibited.
5. Only the original certificate will be honored. Mechanical reproductions or facsimiles are not valid.
6. Only one certificate per eligible retail purchase or lease.
7. Certificate valid on any new 1993/1994 Toyota T100 purchase from an authorized Toyota dealer.
8. After you negotiate your best price with your dealer, present this certificate. Your dealer will then validate the certificate. Send the validated certificate and a copy of the final Bill of Sale on your T100 to: Toyota In Touch Headquarters, 1225 19th Street, Suite 260, Gardena, CA 90248.
9. See your participating dealer for details.
10. Make sure T100 V.I.N. or serial number is clearly printed in the space above.
11. When customer uses certificate as a down payment, the dealer must completely fill out the certificate and send it to Program Headquarters (note address above) with a copy of the final Bill of Sale for reimbursement.

EXHIBIT C

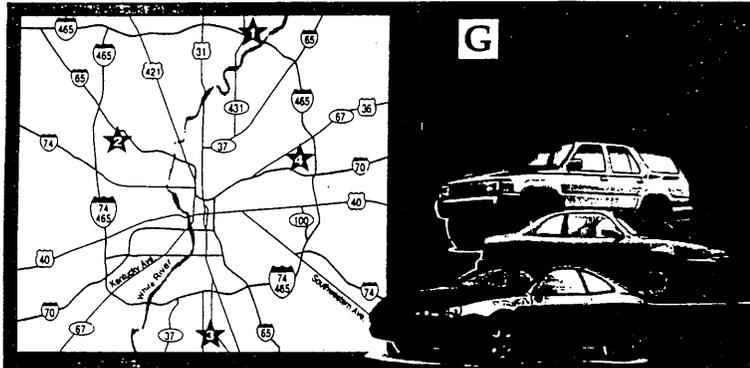
Your Participating Indianapolis Toyota Dealers:

★ **Butler Toyota**
96th and N. Keystone
Indianapolis, IN 46240
(317) 846-9600

★ **Beck Toyota**
8055 U.S. 31 South
Indianapolis, IN 46227
(317) 882-2600

★ **Tom Wood Toyota**
4202 Lafayette Road
Indianapolis, IN 46254
(317) 297-2444

★ **O'Brien Toyota**
2550 N. Shadeland
Indianapolis, IN 46219
(317) 351-7000



DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Toyota Motor Sales, U.S.A., Inc. is a California corporation with its principal office or place of business located at 19001 South Western Avenue, Torrance, California.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

DEFINITIONS

1. "*Clearly and conspicuously*" as used herein shall mean: 1) video or written disclosures must be made in a manner that is

readable and understandable to a reasonable consumer and 2) audio or oral disclosures must be made in a manner that is audible and understandable to a reasonable consumer.

2. "*Total amount due at lease signing or delivery*" as used herein shall mean the total amount of any initial payments required to be paid by the lessee on or before consummation of the lease or delivery of the vehicle, whichever is later. The total amount due at lease signing or delivery may 1) exclude third-party fees, such as taxes, licenses, and registration fees, and disclose that fact, or 2) provide a total that includes third-party fees based on a particular state or locality as long as that fact and the fact that fees may vary by state or locality are disclosed.

3. Unless otherwise specified, "*respondent*" as used herein shall mean Toyota Motor Sales, USA, Inc., its successors and assigns, and its officers, agents, representatives, and employees.

4. "*Commerce*" as used herein shall mean as defined in Section 4 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 44.

I.

It is ordered, That respondent, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to aid, promote, or assist, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of revised Regulation M, 61 Fed. Reg. 52,246, 52,258 (Oct. 7, 1996) and 62 Fed. Reg. 15,364 (April 1, 1997)(to be codified at 12 CFR 213.2)("revised Regulation M"), as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the total amount due at lease signing or delivery, the amount down, and/or the downpayment, capitalized cost reduction, or other amount that reduces the capitalized cost of the vehicle (or that no such amount is required).

B. Make any reference to any charge that is part of the total amount due at lease signing or delivery or that no such charge is required, not including a statement of the periodic payment, more prominently than the disclosure of the total amount due at lease signing or delivery.

C. State the amount of any payment or that any or no initial payment is required at lease signing or delivery unless all of the

following items are disclosed clearly and conspicuously, as applicable:

1. That the transaction advertised is a lease;
2. The total amount due at lease signing or delivery;
3. Whether or not a security deposit is required;
4. The number, amount, and timing of scheduled payments; and
5. That an extra charge may be imposed at the end of the lease term in 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 vehicle.

II.

It is further ordered, That an advertisement that complies with subparagraph I.C shall be deemed to satisfy the requirements of Section 184(a) of the Consumer Leasing Act, 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) ("revised CLA"), as amended, and Section 213.7(d)(2) of revised Regulation M, 61 Fed. Reg. at 52,261 and 62 Fed. Reg. at 15,368 (to be codified at 12 CFR 213.7(d)(2)), as amended.

III.

It is further ordered, That if the revised CLA, as amended, or revised Regulation M, as amended, are amended in the future to alter definition 2 of this order ("total amount due at lease signing or delivery") or to require or permit advertising disclosures that are different from those set forth in subparagraphs I.B or I.C of this order, then the change or changes shall be incorporated in subparagraph I.B, subparagraph I.C, and/or definition 2 for the purpose of complying with subparagraphs I.B and I.C only, as appropriate; provided however, that all other requirements of this order, including definition 1 ("clearly and conspicuously"), will survive any such revisions.

IV.

It is further ordered, That respondent Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall, for five (5) years after the date of service of this order, maintain and upon request make

available to the Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

V.

It is further ordered, That respondent Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall deliver a copy of this order to all current and future principals, officers, directors, managers, employees, agents, and representatives having responsibilities with respect to the subject matter of this order and to all advertising agencies; and shall secure from each such person or entity a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel or entities within thirty (30) days after the date of service of this order, and to such future personnel or entities within thirty (30) days after the person or entity assumes such position or responsibilities.

VI.

It is further ordered, That respondent Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondent Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall within one hundred and twenty (120) days after the date of service of this order, and at

such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on January 5, 2018, 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 Part 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 Part.

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 Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF
BEUCKMAN FORD, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3777. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the St. Louis Missouri-area automobile dealership and its officer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondents to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Lauren Steinfeld* and *David Medine*.

For the respondents: *Joe D. Jacobson, Green, Schaaf & Margo*,
St. Louis, MO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Beuckman Ford, Inc., a corporation, and Fred J. Beuckman, III, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and the Truth in Lending Act, 15 U.S.C. 1601-1667, as amended, and its implementing Regulation Z, 12 CFR 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Beuckman Ford, Inc. is a Missouri corporation with its principal office or place of business at 15675 Manchester Road, Ballwin, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Fred J. Beuckman, III is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation,

including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Beuckman Ford, Inc.

3. Respondents have disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

4. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended.

5. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

LEASE ADVERTISING

6. Respondents have disseminated or have caused to be disseminated consumer lease advertisements ("lease advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A, B, and C. These lease advertisements contain the following statements:

A. "1994 AEROSTAR STARTING AT \$14,988 OR \$278.80**24 MONTH RCL INCLUDES ALL TAXES, LICENSE & FEES"

[A fine print statement at the bottom of the ad states, "***10% of MSRP down plus 1st & security, includes all rebates and incentives to qualified buyers."] (Exhibit A)

B. "'95 WINDSTAR GL \$17,588* or \$273* PER MO. 24 MONTH RCL INCLUDES ALL TAXES & FEES!"

[A fine print statement at the bottom of the ad states, "**All prices include Ford rebates, college graduate or commercial rebates where applicable. All payments based on 9.5 APR to qualified buyers. 60 months. No money down.**10% of MSRP plus rebates."] (Exhibit B)

C. "1995 WINDSTAR GL \$16,986 OR \$259.99 PER MO. 24 MONTH RCL INCLUDES TAX AND LICENSE"

[A fine print statement at the bottom of the ad states, "Windstar lease payment in lieu of purchase rebate. Reg. 10% of MSRP down plus 1st month and security deposit."] (Exhibit C)

FEDERAL TRADE COMMISSION ACT VIOLATIONS COUNT I: FAILURE TO DISCLOSE ADEQUATELY INCEPTION FEES

7. In lease advertisements, including but not necessarily limited to Exhibits A, B, and C, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the

terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount.

8. These lease advertisements do not adequately disclose additional terms pertaining to obligations at lease inception, including but not necessarily limited to one or more of the following charges: a required downpayment, security deposit, first month's payment, and taxes. This information does not appear at all, appears in very fine print, and/or is referenced by asterisks that do not correspond to the asterisks depicted in the main text of the advertisements.

9. These additional terms would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease an automobile from respondents. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

10. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE THAT THE TRANSACTION
ADVERTISED IS A LEASE

11. In lease advertisements, including but not necessarily limited to Exhibits A, B, and C, respondents have represented, expressly or by implication, that consumers can purchase the advertised vehicles by financing the vehicles through credit at the advertised monthly payment and term.

12. These lease advertisements fail to disclose that the term "RCL" is an abbreviation for "Red Carpet Lease" or to otherwise disclose that the advertised monthly payment and term are components of a lease offer. The existence of this additional information would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease or purchase an automobile from respondents. The failure to disclose adequately this additional term, in light of the representation made, was, and is, a deceptive practice.

13. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS
COUNT III: FAILURE TO DISCLOSE REQUIRED INFORMATION
CLEARLY AND CONSPICUOUSLY

14. In lease advertisements, including but not necessarily limited to Exhibits A, B, and C, respondents have stated a monthly payment amount, the number of required payments, and/or an amount "down."

15. These lease advertisements have failed to disclose clearly and conspicuously the following items of information required by Regulation M: that the transaction advertised is a lease; the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the total of scheduled payments due under the lease; a statement of whether or not the lessee has the option to purchase the leased property and at what price and time or, in lieu of disclosure of the price, the method of determining the purchase-option price; and a statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term.

16. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c).

CREDIT ADVERTISING

17. Respondents have disseminated or have caused to be disseminated credit sale advertisements ("credit advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibit B. These advertisements contain the following statements:

" '95 MUSTANG GT COUPE \$17,988* OR \$377.99 PER MO NO MONEY DOWN"

[A fine print statement at the bottom of the ad states, "All payments based on 9.5 APR to qualified buyers. 60 months, no money down."] (Exhibit B)

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS
COUNT IV: FAILURE TO DISCLOSE REQUIRED INFORMATION
CLEARLY AND CONSPICUOUSLY

18. In credit advertisements, including but not necessarily limited to Exhibit B, respondents have stated a monthly payment amount and/or an amount "down" as terms for financing the purchase of the advertised vehicles.

19. These credit advertisements have failed to disclose clearly and conspicuously the following items of information required by Regulation Z: the annual percentage rate and the terms of repayment.

20. The items of information required by Regulation Z are not clear and conspicuous because they appear in very fine print.

21. Respondents' practices have violated Section 144 of the Truth in Lending Act, 15 U.S.C. 1664, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c).

Commissioner Thompson and Commissioner Swindle not participating.

EXHIBIT A

Beuckman Exhibit A

<p>1995 WINDSTAR GL Preferred Equipment Pkg. 470A</p> <ul style="list-style-type: none"> 7 Passenger Air Conditioning - CFC Free Tinted Windows Trunk Wheel Covers 3.0L SEFI Engine And More  <p>STARTING AT \$17,588* OR \$285.77** 24 MONTH RCL Includes All Taxes, License & Fees</p> <p>55 AVAILABLE</p>	<p>1994 AEROSTAR Preferred Equipment Pkg. 401A</p> <ul style="list-style-type: none"> 7 Passenger With Dual Captain Chair Air Conditioning - CFC Free Privacy Glass Speed Control/Tilt Steering Automatic Rear Window Defroster AM/FM Stereo Cassette And More  <p>STARTING AT \$14,988* OR \$278.80** 24 MONTH RCL Includes All Taxes, License & Fees</p> <p>20 AVAILABLE</p>
<p>1994 PROBE Preferred Equipment Pkg. 251A</p> <ul style="list-style-type: none"> Electric Remote Mirrors Rear Window Defroster Tilt Steering Interval Wipers Tinted Glass Air Conditioning CFC Free AM/FM Stereo Cassette And More  <p>STARTING AT \$12,199* OR \$232.65** 24 MONTH RCL Includes All Taxes, License & Fees</p> <p>35 AVAILABLE</p>	<p>1995 MUSTANG GT COUPE Preferred Equipment Pkg. 249A</p> <ul style="list-style-type: none"> Speed Control Elec. AM/FM Stereo Cassette Air Conditioning CFC Free Anti-Lock Brakes 4 Way Power Driver's Seat And More  <p>STARTING AT \$17,988* OR \$283.99** 24 MONTH RCL Includes All Taxes, License & Fees</p> <p>45 AVAILABLE</p>
<p>BEUCKMAN FORD 227-5700</p> <p>15675 MANCHESTER RD., ELLISVILLE, MO 6 MILES WEST OF I-270 YOUR WEST COUNTY FORD DEALER</p>   	

EXHIBIT B

Beuckman Exhibit B

YOUR WINDSTAR CAPITOL

OVER 145 AVAILABLE
EVERY COLOR & EQUIPMENT PKG. • MANY WITH QUAD CAPTAIN'S CHAIRS

'95 WINDSTAR GL



Dual Air Bags, 4 Wheel
Anti-Lock Brakes, 7
Passenger Air
Conditioning, 4 Spd
Automatic Overdrive,
Tinted Windows,
Deluxe Wheel Covers,
3.8 Liter 6 Cyl. Engine
2 AT THIS PRICE!

\$17,588*

OR **\$273*** PER MO. 24 MONTH RCL

INCLUDES ALL TAXES & FEES!

'95 MUSTANG GT COUPE



\$17,988*

OR **\$377.99** PER MO. NO MONEY DOWN

Preferred Equipment Pkg., Speed Control, Elec. AM/FM Stereo, 4 Spd. Cassette, Air Conditioning, CFC Free, 160 MPH, 100,000 Miles, 3.8 Liter 6 Cyl. Engine

'95 TAURUS



\$15,788*

OR **\$331.99** PER MO. NO MONEY DOWN

1.9L I-4, 177 H.P., 100,000 Miles, 1.9L I-4, 177 H.P., 100,000 Miles, 1.9L I-4, 177 H.P., 100,000 Miles

'94 THUNDERBIRD



\$14,274*

OR **\$299.99** PER MO. NO MONEY DOWN

Loaded With Equipment

'94 F-150



\$11,888*

OR **\$249.99** PER MO. NO MONEY DOWN

Power Steering, Power Brakes, 6 Cyl. Speed, Driver Side Air Bag, Headliner, Insulation Pkg., AM/FM Stereo & Much More

'94 ESCORT LX



\$9,288*

OR **\$194.99** PER MO. NO MONEY DOWN

3 Dr., 4 Dr., Air, AM/FM Stereo, Power Steering & Brakes, Rear Window Defroster & Much More

'94 ASPIRE



\$6,488*

OR **\$135.99** PER MO. NO MONEY DOWN

Dual Air Bags, MILEAGE CHAMP!

'94 AEROSTAR



\$14,988*

OR **\$314.99** PER MO. NO MONEY DOWN

Automatic, Air, Speed Control, Tilt, Rear Window Defroster, AM/FM Cassette & Much More

SAVE TIME AND MONEY

Apply For Pre-Approved Credit By Mail

Your Signature Gives Us Authority To Run Credit

NAME _____

ADDRESS _____

PHONE (H) _____ (W) _____

SOCIAL SEC. # _____

TIME ON JOBS & MOS _____ 1 YR OR LONGER

SIGNATURE _____

Mail To: **Bo Beuckman Ford** 227-5700, 15675 Manchester Rd., Ellisville, MO 63011

BEUCKMAN FORD **227-5700**

15675 MANCHESTER RD., ELLISVILLE, MO
6 MILES WEST OF I-270
YOUR WEST COUNTY FORD DEALER

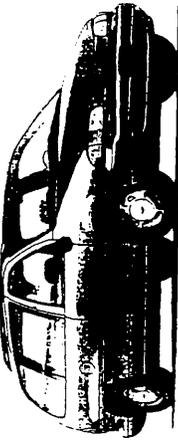
*All prices include Ford charges, college graduate, or commercial rebates where applicable. All payments based on 9.9% APR to qualified buyers, 60 months, 10,000 miles. 10% of MSRP, plus rebates. **2.9% up to 36 months for qualified buyers.

EXHIBIT C

THE LONG...AND SHORT OF IT
SAVINGS FOR EVERY LIFESTYLE

Beuckman Exhibit C

1995 WINDSTAR GL



\$16,986
From
OR \$2,599*
PER MO. RCL
INCLUDES TAX
AND LICENSE

- Rear Defroster
- 3.9L V6 Engine
- Initial Airbags
- CFC Free A/C
- Automatic Locks
- AM/FM Stereo
- Side Mirrors
- Door Beams
- Front Wheel Drive
- 7 Passenger Seating
- Rear Window Wiper
- Child Proof Door Locks
- Rear Flip Out Windows
- 13 Speaker Headlights
- 13 Speakers
- Solar Tint Glass
- 13 oz. Carpeting
- 15" BSW Tires
- Digital Clock
- Full Tank of Gas

140 UNITS AVAILABLE

1995 ASPIRE



\$6,978
From
OR \$1,499**
PER MO.

NO MONEY DOWN

- Dual Air Bags
- Front Wheel Drive
- 1.3L EFI SOHC 1-4 Engine
- Independent MacPherson Strut Front End
- Full Length Console With Dual Cup Holders

15 UNITS AVAILABLE

BEUCKMAN FORD 227-5700

1665 HANCOCK STREET, HARTSVILLE, MD 21051 • 6 MILES WEST OF I-270 • YOUR WEST COUNTY



DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of the Federal Trade Commission Act, the Consumer Leasing Act and its implementing Regulation M, and the Truth in Lending Act and its implementing Regulation Z; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts and Regulations, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Beuckman Ford, Inc. is a Missouri corporation with its principal office or place of business at 15675 Manchester Road, Ballwin, Missouri.
2. Fred J. Beuckman, III is an officer of the corporate respondent. His principal office or place of business is the same as that of Beuckman Ford, Inc.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For the purposes of this order, the following definitions shall apply:

1. "*Clearly and conspicuously*" shall mean as follows:

a. In a television or video advertisement, the audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

b. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.

c. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

2. "*Equal prominence*" shall mean as follows:

a. In a television or video advertisement, the video disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, duration, and placement. The audio disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

b. In a print advertisement, the disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, and placement.

c. In a radio advertisement, the disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. "*Total amount due at lease inception*" shall mean the total amount of any initial payments required to be paid by the lessee on

or before consummation of the lease or delivery of the vehicle, whichever is later.

4. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

5. Unless otherwise specified, "*respondents*" shall mean Beuckman Ford, Inc., a corporation, its successors and assigns and its officers; Fred J. Beuckman, III, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

I.

It is ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the costs of leasing a vehicle, including but not necessarily limited to the total amount due at lease inception.

B. State any amount due at lease inception (or that no such amount is required), except for the statement of a periodic payment, unless the advertisement also states with equal prominence the total amount due at lease inception.

C. State the term "RCL" without disclosing clearly and conspicuously that such term refers to a lease transaction.

D. State the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease unless all of the following items are disclosed, clearly and conspicuously, as required by Regulation M, as amended:

- (1) That the transaction advertised is a lease;
- (2) The total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease, or that no such payments are required;
- (3) The number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;
- (4) A statement of whether or not the lessee has the option to purchase the leased property and at what price and time (the method

of determining the price may be substituted for disclosure of the price); and

(5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

For all lease advertisements, respondents may comply with the requirements of this subparagraph by utilizing Section 184(a) of the Consumer Leasing Act ("CLA"), 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(a)) ("Section 184(a) of the revised CLA"), as amended, or by utilizing Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52246, 52261 (October 7, 1996) and 62 Fed. Reg. 15364, 15368 (Apr. 1, 1997) (to be codified at 12 CFR 213.7(d)) ("revised Regulation M"), as amended. For radio lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 184(b) of the CLA, 15 U.S.C. 1667c(b), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(c)) ("Section 184(c) of the revised CLA"), as amended, or by utilizing Section 213.7(f) of revised Regulation M (to be codified at 12 CFR 213.7(f)), as amended. For television lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 213.7(f) of revised Regulation M, as amended.

E. Fail to comply in any other respect with Regulation M, 12 CFR 213, as amended, and the CLA, 15 U.S.C. 1667-1667e, as amended. Respondents may comply with the requirements of this subparagraph regarding Regulation M by utilizing revised Regulation M, 61 Fed. Reg. 52246 (Oct. 7, 1996) and 62 Fed. Reg. 15364 (Apr. 1, 1997) (to be codified at 12 CFR 213), as amended.

II.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection

with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as "advertisement" and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended, shall not, in any manner, expressly or by implication:

A. State 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 disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(c), as amended, 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.

B. Fail to comply in any other respect with Regulation Z, 12 CFR 226, as amended, and the TILA, 15 U.S.C. 1601-1667, as amended.

III.

It is further ordered, That respondent Beuckman Ford, Inc., and its successors and assigns, and respondent Fred J. Beuckman, III shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

IV.

It is further ordered, That respondent Beuckman Ford, Inc., and its successors and assigns, and respondent Fred J. Beuckman, III shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with

respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

V.

It is further ordered, That respondent Beuckman Ford, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VI.

It is further ordered, That respondent Fred J. Beuckman, III, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of a "consumer lease," as that term is defined in the CLA and its implementing Regulation M, or the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include respondents' new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement,

Bureau of Consumer Protection, Federal Trade Commission,
Washington, D.C.

VII.

It is further ordered, That respondent Beuckman Ford, Inc., and its successors and assigns, and respondent Fred J. Beuckman, III shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on January 5, 2018, 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 Part 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 Part.

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 Part as though the complaint had never been 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.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

IN THE MATTER OF

VOLKSWAGEN OF AMERICA, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE CONSUMER LEASING ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-3778. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998*

This consent order prohibits, among other things, the Michigan-based automobile manufacturer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondent to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Rolando Berrelez, Sally Pitofsky and David Medine.*

For the respondent: *Joseph S. Folz and Debra Kingsbury,*
in-house counsel, Auburn Hills, MI.

COMPLAINT

The Federal Trade Commission, having reason to believe that Volkswagen of America, Inc., a corporation ("respondent" or "Volkswagen"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, and the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Volkswagen of America, Inc. is a New Jersey corporation with its principal office or place of business at 3800 Hamlin Road, Auburn Hills, Michigan. Respondent offers Volkswagen and Audi vehicles for sale or lease to consumers.
2. Respondent has disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

4. Respondent has disseminated or has caused to be disseminated consumer lease advertisements ("lease advertisements") for Volkswagen and Audi vehicles, including but not necessarily limited to the attached Volkswagen Exhibits A - D. Volkswagen Exhibits A - D are television lease advertisements (attached in video and storyboard format). The advertisements contain the following statements:

A. [Video:] "Golf K2 Limited Edition \$215 a month 48 month lease"

[The advertisement contains the following lease disclosure in black fine print superimposed on a white background and accompanied by background sound:

"\$214.83 first month's payment, \$300 down payment, \$225.00 refundable security deposit and \$450 acquisition fee due at lease inception. Monthly payments total \$10,311.84. . . . Requires dealer discount of \$650 which could affect final negotiated transaction. Price includes all costs to be paid by a consumer except for other options, dealer charges, licensing costs, registration fees and taxes. Lessee responsible for insurance. At lease end, lessee responsible for \$0.10/mile over 48,000, for damage and excessive wear. Purchase option at lease end for \$7,504.80. Dealers set actual prices. . . ."

The fine print is displayed on one screen of 12 lines, appearing for approximately 4 seconds.] (Volkswagen Exhibit A).

B. [Video:] "219* a month The Jetta GL Lease"

[The advertisement contains the following lease disclosure in black fine print superimposed on a white background and accompanied by background sound:

"\$218.81 first month's payment, \$300 down payment, \$225.00 refundable security deposit and \$450 acquisition fee due at lease inception. Monthly payments total \$10,502.88. . . . 48-month closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers. . . . Requires dealer discount of \$750 which could affect final negotiated transaction. Price includes all costs to be paid by a consumer except for other options, dealer charges, licensing costs, registration fees and taxes. Lessee responsible for insurance. At lease end, lessee responsible for \$0.10/mile over 48,000 miles, for damage and excessive wear. Purchase option at lease end for \$8,371.65. Dealers set actual prices. © 1997 Volkswagen. See dealer for details.

The fine print is displayed on one screen of 12 lines, appearing for approximately 4 seconds.] (Volkswagen Exhibit B).

C. [Video:] "The Audi A6 quattro Lease for \$429 mo."

[The advertisement contains the following lease disclosure in white fine print superimposed on a varied-color background and in black print superimposed on a white background and accompanied by background sound:

39 mo. closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers through 3/31/97. \$1,999 down pmt., \$429 1st month's pmt., \$450 ref. sec. dep. and \$450 acq. fee due at lease inception. Price includes all costs to be paid by a consumer, except licensing, registration, taxes, dlr. prep., and other

options. Lessee responsible for insurance. Mo. pmts. total \$16,731. At lease end, lessee responsible for \$0.15 mile over 32,500 for damage & excess wear & for a \$250 disposal fee. Option to purchase at lease end for \$20,583 in example shown. The fine print is displayed on three screens, each screen contains 4 lines, and the three screens appear together for approximately 7 seconds.] (Volkswagen Exhibit C).

D. [Video:] "The Audi A6. Only Quattro. Only from Audi. Lease for \$439 mo./\$1,999 down"

[The advertisement contains the following lease disclosure in white fine print superimposed on a varied-color background or gray background and accompanied by background sound:

"39 mo. closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers through 01/02/97. \$1,999 down pmt., \$439 1st month's pmt., \$450 ref. sec. dep. and \$450 acq. fee due at lease inception. Price includes all costs to be paid by a consumer, except for licensing, registration, taxes, dlr. prep., and other options. Lessee responsible for insurance. Mo. pmts. total \$17,121. At lease end, lessee responsible for \$0.15 mile over 32,500 for damage & excess wear & for a \$250 disposal fee. Option to purchase at lease end for \$21,666 in example shown.

The fine print is displayed on three screens, each screen contains 4-5 lines, and the three screens appear together for approximately 7 seconds.] (Volkswagen Exhibit D).

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION IN LEASE ADVERTISING

5. In lease advertisements, including but not necessarily limited to Exhibit D, respondent has represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not limited to the monthly payment amount and the amount stated as "down."

6. In truth or in fact, consumers cannot lease the advertised vehicles at the terms prominently stated in the advertisements, including but not limited to the monthly payment amount and the amount stated as "down." Consumers must also pay additional fees beyond the prominently stated terms, such as the first month's payment, a security deposit, and an acquisition fee, at lease inception. Therefore, respondent's representation as alleged in paragraph five was, and is, false or misleading.

7. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE ADEQUATELY IN LEASE ADVERTISING

8. In its lease advertisements, including but not necessarily limited to Exhibits A - D, respondent has represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount. These advertisements do not adequately disclose additional terms pertaining to the lease offer, such as the total amount of any payments due at lease inception. The existence of these additional terms would be material to consumers in deciding whether to lease a Volkswagen or Audi vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

9. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT III: CONSUMER LEASING ACT AND REGULATION M VIOLATIONS

10. Respondent's lease advertisements, including but not necessarily limited to Volkswagen Exhibits A - D, state a monthly payment amount but fail to disclose clearly and conspicuously certain additional terms required by the Consumer Leasing Act and Regulation M, including one or more of the following terms: that the transaction advertised is a lease; the total amount of any payments due at lease inception; whether or not a security deposit is required; and the number, amount, and timing of scheduled payments.

11. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Volkswagen Exhibits A - D, are not clear and conspicuous because they appear on the screen in very small type, for a very short duration, and/or accompanied by background sounds and images.

12. Respondent's practices violate Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, as amended, Section 213.5(c) of Regulation M, 12 CFR 213.5(c), and Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52,246, 52,261 (October 7, 1996) and 62 Fed. Reg. 15,364, 15,368 (April 1, 1997)(to be codified at 12 CFR 213.7(d)), as amended.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

EXHIBIT A

Exhibit A

Audio:

[Announcer and skier voice overs:]
 "For years, snow boarders ('knuckle draggers') and skiers have shared an uneasy truce. The equipment, ('two plankers'), the clothes ('who's your tailor?') they agreed ('Dweeb' 'Delinquent') on nothing until now. Introducing the Golf K2. A Volkswagen tricked out for frosty weather with a roof rack and a K2 snowboard or a pair of K2 skis. Thus, the cold war ended and there was peace in our time. On the road of life, there are passengers and there are drivers."

Video:

[Moving footage of two skiers on snowy mountain with footage of moving Golf K2 on snow.]
 [Disclaimer:] "Professional driver. Closed road. Do not attempt."
 [Super:] "Golf K2 Limited Edition \$215 a month 48 month lease"
 [Disclaimer:] "\$214.83 first month's payment, \$300 down payment, \$225.00 refundable security deposit and \$450 acquisition fee due at lease inception. Monthly payments total \$10,311.84. Manufacturer's Suggested Retail Price of \$15,635.00 for a 1997 Golf K2 Limited Edition with 5 speed manual transmission, air conditioning, AM/FM Stereo cassette and freight. 48-month closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers."
 Supplies limited, must take retail delivery by 12/31/96. Requires dealer discount of \$650

Complaint

EXHIBIT A

which could affect final negotiated transaction. Price includes all costs to be paid by a consumer except for other options, dealer charges, licensing costs, registration fees and taxes. Lessee responsible for insurance. At lease end, lessee responsible for \$0.10/mile over 48,000, for damage and excessive wear. Purchase option at lease end for \$7,504.80. Dealers set actual prices.

Ski bindings not included. © 1996

Volkswagen.

See dealer for details"

[Footage of Golf K2 on road]

[Super:] [Volkswagen logo]

"Drivers wanted

1 800 DRIVE VW"

Complaint

125 F.T.C.

EXHIBIT B

Exhibit B

Audio:

"This is the latest video game we're developing. And this is our inspiration, my Volkswagen Jetta. \$219 a month -- excellent. When you write code for 15 hours straight, you gotta get out. The Jetta's a real German road car with plenty of room for four carbon-based life forms. It's got dual air bags, daytime running lights, and side impact door beams. 'Cause in real life, there is no reset button. On the road of life, there are passengers and there are drivers. [music throughout]

Video:

[flashing images of four people in and around the Jetta]
 [Super:]
 "219* a month
 The Jetta GL Lease"
 [Disclaimer:] "Airbags are a Supplemental Restraint System."
 [Disclaimer:] "\$218.81 first month's payment, \$300 down payment, \$225.00 refundable security deposit and \$450 acquisition fee due at lease inception. Monthly payments total \$10,502.88. Manufacturer's Suggested Retail Price of \$16,415.00 for a 1997 Jetta GL with 5 speed manual transmission, air conditioning, AM/FM Stereo cassette and freight. 48-month closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers. Supplies limited, must take retail delivery by 3/31/97. Requires dealer discount of \$750 which could affect final negotiated transaction. Price includes

Complaint

EXHIBIT B

all costs to be paid by a consumer except for other options, dealer charges, licensing costs, registration fees and taxes. Lessee responsible for insurance. At lease end, lessee responsible for \$0.10/mile over 48,000 miles, for damage and excessive wear. Purchase option at lease end for \$8,371.65. Dealers set actual prices.

© 1997 Volkswagen.

See dealer for details"

[Footage of Jetta on road]

[Super:] [Volkswagen logo]

"Drivers wanted.

<http://www.vw.com>"

Complaint

125 F.T.C.

EXHIBIT C

Exhibit C

Audio:

"Okay if we just follow the . . . I'm sure we're . . . You're lost aren't you? We're, we're, we're lost. Do you have any idea where we're going? Yea we're right, right . . . it wasn't a highway, it was a catsup stain."

[Announcer:] "Where are more and more people taking their rugged off road vehicles these days? . . . The Audi A6 quattro, with quattro all wheel drive. It's where more and more four by four owners are heading every day. Only quattro. Only from Audi."

Video:

[Two men driving in a four by four vehicle - looking at road map] [Shot of Audi dealership with several Audi vehicles outside]

[Super:] "The Audi A6 quattro Lease for \$429 mo."

[Disclaimer:] "39 mo. closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers through 3/31/97. \$1,999 down pmt., \$429 1st month's pmt., \$450 ref. sec. dep. and \$450 acq. fee due at lease inception. Rate based on \$36,110 MSRP of 1997 Audi A6 quattro Sedan incl. auto. trans., QTV special value pkg. (incl. quattro glass sunroof, 16" tires and alloy wheels), cold-weather pkg. & dest. chg., less required dlr. contribution, which could affect final negotiated transaction. Price includes all costs to be paid by a consumer, except licensing.

Complaint

EXHIBIT C

registration, taxes, dlr. prep., and other options. Lessee responsible for insurance. Mo. pmts. total \$16,731. At lease end, lessee responsible for \$0.15 mile over 32,500 for damage & excess wear & for a \$250 disposal fee. Option to purchase at lease end for \$20,583 in example shown. See your dealer for details. Model shown \$34,350 including quattro and all-weather pkg."

[Super:] [Audi symbol rings]

"Audi

See your Washington Metropolitan area Audi Dealer for a test drive today, or call 1-800-FOR-AUDI."

Complaint

125 F.T.C.

EXHIBIT D

Exhibit D

Audio:

"The day will soon come when you'll see only Audis on the road. It's called January. The Audi A6 quattro. All-wheel drive. All the time."

Video:

[Winter scene - Audi driving through snow]
 [Super:] "The Audi A6. Only Quattro. Only from Audi. Lease for \$439 mo./\$1,999 down"
 [Disclaimer:] "39 mo. closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers through 01/02/97. \$1,999 down pmt., \$439 1st month's pmt., \$450 ref. sec. dep. and \$450 acq. fee due at lease inception. Rate based on \$36,110 MSRP of 1997 Audi A6 quattro Sedan incl. QTV special value pkg. (incl. quattro glass sunroof, 16" tires, cold-weather pkg.) & dest. chg., less required dlr. contribution, which could affect final negotiated transaction. Price includes all costs to be paid by a consumer, except for licensing, registration, taxes, dlr. prep., and other options. Lessee responsible for insurance. Mo. pmts. total \$17,121. At lease end, lessee responsible for \$0.15 mile over 32,500 for damage & excess wear &

Complaint

EXHIBIT D

for a \$250 disposal fee. Option to purchase
at lease end for \$21,666 in example shown.
See your dealer for details. Model shown
\$34,720 including quattro and all-weather
package"

[Super:] [Audi rings symbol]

"Audi

See your Washington Metropolitan area
Audi Dealer for a test drive today, or call

1-800-FOR-AUDI."

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act; and

and
The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Volkswagen of America, Inc. is a New Jersey corporation with its principal office or place of business located at 3800 Hamlin Road, Auburn Hills, Michigan.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

DEFINITIONS

1. "*Clearly and conspicuously*" as used herein shall mean: 1) video or written disclosures must be made in a manner that is

readable and understandable to a reasonable consumer and 2) audio or oral disclosures must be made in a manner that is audible and understandable to a reasonable consumer.

2. "*Total amount due at lease signing or delivery*" as used herein shall mean the total amount of any initial payments required to be paid by the lessee on or before consummation of the lease or delivery of the vehicle, whichever is later. The total amount due at lease signing or delivery may 1) exclude third-party fees, such as taxes, licenses, and registration fees, and disclose that fact or 2) provide a total that includes third-party fees based on a particular state or locality as long as that fact and the fact that fees may vary by state or locality are disclosed.

3. Unless otherwise specified, "*respondent*" as used herein shall mean Volkswagen of America, Inc., its successors and assigns, and its officers, agents, representatives, and employees.

4. "*Commerce*" as used herein shall mean as defined in Section 4 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 44.

I.

It is ordered, That respondent, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to aid, promote, or assist, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of revised Regulation M, 61 Fed. Reg. 52,246, 52,258 (Oct. 7, 1996) and 62 Fed. Reg. 15,364 (April 1, 1997)(to be codified at 12 CFR 213.2)("revised Regulation M"), as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the total amount due at lease signing or delivery, the amount down, and/or the downpayment, capitalized cost reduction, or other amount that reduces the capitalized cost of the vehicle (or that no such amount is required).

B. Make any reference to any charge that is part of the total amount due at lease signing or delivery or that no such charge is required, not including a statement of the periodic payment, more prominently than the disclosure of the total amount due at lease signing or delivery.

C. State the amount of any payment or that any or no initial payment is required at lease signing or delivery unless all of the

following items are disclosed clearly and conspicuously, as applicable:

1. That the transaction advertised is a lease;
2. The total amount due at lease signing or delivery;
3. Whether or not a security deposit is required;
4. The number, amount, and timing of scheduled payments; and
5. That an extra charge may be imposed at the end of the lease term in 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 vehicle.

II.

It is further ordered, That an advertisement that complies with subparagraph I.C shall be deemed to satisfy the requirements of Section 184(a) of the Consumer Leasing Act, 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) ("revised CLA"), as amended, and Section 213.7(d)(2) of revised Regulation M, 61 Fed. Reg. at 52,261 and 62 Fed. Reg. at 15,368 (to be codified at 12 CFR 213.7(d)(2)), as amended.

III.

It is further ordered, That if the revised CLA, as amended, or revised Regulation M, as amended, are amended in the future to alter definition 2 of this order ("total amount due at lease signing or delivery") or to require or permit advertising disclosures that are different from those set forth in subparagraphs I.B or I.C of this order, then the change or changes shall be incorporated in subparagraph I.B, subparagraph I.C, and/or definition 2 for the purpose of complying with subparagraphs I.B and I.C only, as appropriate; provided however, that all other requirements of this order, including definition 1 ("clearly and conspicuously"), will survive any such revisions.

IV.

It is further ordered, That respondent Volkswagen of America, Inc., and its successors and assigns, shall, for five (5) years after the date of service of this order, maintain and upon request make available to the Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

V.

It is further ordered, That respondent Volkswagen of America, Inc., and its successors and assigns, shall deliver a copy of this order to all current and future principals, officers, directors, managers, employees, agents, and representatives having responsibilities with respect to the subject matter of this order and to all advertising agencies; and shall secure from each such person or entity a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel or entities within thirty (30) days after the date of service of this order, and to such future personnel or entities within thirty (30) days after the person or entity assumes such position or responsibilities.

VI.

It is further ordered, That respondent Volkswagen of America, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondent Volkswagen of America, Inc., and its successors and assigns, shall within one hundred and twenty (120) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on January 5, 2018, 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 Part 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 Part.

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 Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF

SUNTRUP BUICK-PONTIAC-GMC TRUCK, INC. ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3779. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, two St. Louis Missouri-area automobile dealerships and their officer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondents to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Lauren Steinfeld* and *David Medine*.

For the respondents: *Paul Simon, Helfrey, Simon & Jones*, St. Louis, MO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., corporations, and Thomas Suntrup, individually and as an officer of the corporations ("respondents"), have violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and the Truth in Lending Act, 15 U.S.C. 1601-1667, as amended, and its implementing Regulation Z, 12 CFR 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Suntrup Buick-Pontiac-GMC Truck, Inc. is a Delaware corporation with its principal office or place of business at 4200 N. Service Road, St. Peters, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Suntrup Ford, Inc. is a Missouri corporation with its principal office or place of business at 12750 Saint Charles Rock

Road, Bridgeton, Missouri. Respondent offers automobiles for sale or lease to consumers.

3. Respondent Thomas Suntrup is an officer of the corporate respondents. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporations, including the acts or practices alleged in this complaint. His principal offices or places of business are the same as those of Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc.

4. Respondents have disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

5. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended.

6. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

LEASE ADVERTISING

7. Respondents have disseminated or have caused to be disseminated consumer lease advertisements ("lease advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A through E. These lease advertisements contain the following statements:

A. "NO PAYMENT TIL APRIL '95 -- '95 GRAND AM SEDAN \$225** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 12,000 mi. per yr. and approved credit."]

* * *

"NO PAYMENT TIL APRIL '95 -- 1995 THUNDERBIRD LX . . . \$275** per mo. lease"

[A fine print statement at the bottom of the ad states, "***24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit." (Exhibit A)]

B. "NO PAYMENT TIL APRIL '95 -- '95 BONNEVILLE SE SEDAN . . . \$281** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 12,000 mi. per yr. and approved credit."]

* * *

"1994 ESCORT LX \$178** per mo. lease"

[A fine print statement at the bottom of the ad states, "***24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit."](Exhibit B)

C. "1995 PONTIAC GRAND AM COUPE . . . LEASE \$188** 36 MONTHS"

[A fine print statement at the bottom of the ad states, "*All prices include all rebates and incentives, and commercial rebates where applicable. For conv. vans add \$799 for trim kit. Vehicle pictures may differ from actual pictures. 10% of MSRP cap reduction plus first payment sec. deposit and license plus tax with 12,000 miles per year and approved credit."]

* * *

"LEASE \$249** PER MO. \$13,999* 1995 TAURUS"

[A fine print statement at the lower right hand corner of the ad states, "*** 24 mo. Lease with 10% of MSRP cap reduction plus first payment sec. dep & license plus tax with 15,000 mi. per year and approved credit."](Exhibit C)

D. "NO PAYMENT TIL MARCH '95 -- '95 GRAND AM COUPE SE . . . LEASE \$262** per mo."

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 15,000 mi. per yr. and approved credit."](Exhibit D)

* * *

"\$1995 PROBE LEASE \$215** PER MO."

[A fine print statement at the bottom of the ad states, "**24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit."](Exhibit D)

E. "'95 CENTURY SEDAN \$249** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 15,000 mi. per yr. and approved credit."](Exhibit E)

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION OF INCEPTION FEES

8. In lease advertisements, including but not necessarily limited to Exhibits A, B, and D, respondents have represented, expressly or by implication, that consumers have no monetary obligations at lease signing, including no obligation to pay a periodic payment.

9. In truth and in fact, consumers are required to pay significant amounts at lease signing, including but not limited to one or more of the following: a downpayment, security deposit, documentary fee, a periodic payment, and taxes. Therefore, respondents' representation as alleged in paragraph eight was, and is, false or misleading.

10. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE ADEQUATELY INCEPTION FEES

11. In lease advertisements, including but not necessarily limited to Exhibits A through E, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount.

12. These lease advertisements do not adequately disclose additional terms pertaining to obligations at lease inception, including but not necessarily limited to one or more of the following charges: a required downpayment, security deposit, documentary fee, first month's payment, and taxes. This information does not appear at all, appears in very fine print, and/or is referenced by asterisks that do not correspond to the asterisks depicted in the main text of the advertisements.

13. These additional terms would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease an automobile from respondents. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

14. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS
COUNT III: FAILURE TO DISCLOSE REQUIRED INFORMATION
CLEARLY AND CONSPICUOUSLY

15. In lease advertisements, including but not necessarily limited to Exhibits A through E, respondents have stated a monthly payment amount and/or the number of required payments.

16. These lease advertisements have failed to disclose clearly and conspicuously the following items of information required by Regulation M: the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the total of scheduled payments due under the lease; a statement of whether or not the lessee has the option to purchase the leased property and at what price and

time or, in lieu of disclosure of the price, the method of determining the purchase-option price; and a statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term.

17. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c).

CREDIT ADVERTISING

18. Respondents have disseminated or have caused to be disseminated credit sale advertisements ("credit advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A, B, and E. These advertisements contain the following statements:

A. " '95 FIREBIRDS . . . \$17,995*"

[A fine print statement at the bottom of the ad states, "**All prices include all rebates & incentives. Also includes \$1000 cash or trade equity and commercial rebates where applicable. . ." (Exhibit A)

B. " '95 SONOMA . . . \$13,995*"

[A fine print statement at the bottom of the ad states, "**All prices include all rebates & incentives. Also includes \$1000 cash or trade equity and commercial rebates where applicable. . ."]

* * *

"FORD CARS 3.9% FINANCING" (Exhibit B)

C. Along with the statements described in paragraph five, Exhibit C contains the following credit terms, "6.75% A.P.R. FINANCING ON CONTOURS for 48 Mos. PLUS \$500 REBATE"

* * *

"3.9% FINANCING or \$600 REBATE . . .1995 RANGER XLT" (Exhibit C)

D. "2.9% APR FINANCING FOR 48 MONTHS OR \$750 CASH BACK '95 FORD TAURUS" (Exhibit D)

E. " '95 BONNEVILLE SE SEDAN . . . 3.6% FINANCING Available on Bonneville . . . \$18,995*" [A bar is superimposed over this sale price figure that states "MAKE US AN OFFER!"]

[A fine print statement at the bottom of the ad states, "***\$1000 DOWN CASH OR TRADE EQUITY. FOR QUALIFIED FIRST TIME NEW CAR OR TRUCK BUYERS & GMC REBATE." (Exhibit E)

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS
COUNT IV: FAILURE TO DISCLOSE REQUIRED INFORMATION

19. In credit advertisements, including but not necessarily limited to Exhibits A through E, respondents have stated the amount of a

downpayment and/or the number of payments or period of repayment as terms for financing the purchase of the advertised vehicles.

20. These advertisements have failed to disclose the following items of information required by Regulation Z: the amount or percentage of the downpayment, the terms of repayment, and/or the "annual percentage rate," using that term and if the rate may be increased after consummation, that fact.

21. Respondents' practices have violated Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c).

COUNT V: FAILURE TO STATE RATE OF FINANCE CHARGE AS
AN ANNUAL PERCENTAGE RATE

22. In credit advertisements, including but not necessarily limited to Exhibits B, C, and E, respondents have stated a rate of finance charge without stating that rate as an "annual percentage rate," using that term or the abbreviation "APR," as required by Regulation Z.

23. Respondents' practices have violated Section 144 of the TILA, 15 U.S.C. 1664, and Section 226.24(b) of Regulation Z, 12 CFR 226.24(b).

Commissioner Thompson and Commissioner Swindle not participating.

EXHIBIT B

BUICK PONTIAC GMC Truck **SUNTRUP**

1995 NEW YEAR SELL-A-BRATION

4208 N. SERVICE ROAD AT I-70
CAVE SPRINGS, ST. PETERS, MO.
939-0800
TOLL FREE 1-800-262-8425

SALE HOURS:
WED. FRI. 9-9
THURS. 9-9
SATURDAY 9-5
SERVICE HOURS:
MON. THRU. FRI. 9-8

ST. CHARLES ROCK ROAD AT I-270
BRIDGETON, MO.
291-2334
FREE 1-800-831-6365

SALE HOURS:
MON. FRI. 9-9
SAT. 9-5
SERVICE HOURS:
MON. FRI. 9-8
SAT. 9-5

BUICK
NO PAYMENT TIL APRIL '95






<p>'94 CENTURY SEDAN MSRP \$16,602 Starting At \$2,607 \$13,995*</p>	<p>'94 BUICK SKYLARK CUSTOM COUPE MSRP \$14,954 Starting At \$1,259 \$13,695*</p>
<p>'94 REGAL CUSTOM COUPE MSRP \$23,507 Starting At \$4,112 \$17,995*</p>	<p>'94 LESABRE CUSTOM SEDAN MSRP \$23,507 Starting At \$4,112 \$19,395*</p>

FORD CARS

3.9%
FINANCING






<p>1994 ESCORT LX MSRP \$11,778 Starting At \$295 \$9295*</p>	<p>1995 PROBE MSRP \$13,795 Starting At \$218 \$13,795*</p>
<p>'95 FORD TAURUS MSRP \$24,995 Starting At \$249 \$15,895*</p>	<p>1995 THUNDERBIRD LX MSRP \$24,995 Starting At \$249 \$15,995*</p>

PONTIAC
NO PAYMENT TIL APRIL '95






<p>'95 GRAND AM SEDAN MSRP \$21,185 Starting At \$218 \$13,995*</p>	<p>'95 GRAND PRIX SE SEDAN MSRP \$23,185 Starting At \$218 \$16,495*</p>
<p>'95 BONNEVILLE SE SEDAN MSRP \$23,185 Starting At \$218 \$19,595*</p>	<p>'95 FIREBIRDS 13 TO CHOOSE FROM MSRP \$23,185 Starting At \$218 \$17,995*</p>

FORD TRUCKS






<p>1994 RANGER MSRP \$11,995 Starting At \$152 \$9495*</p>	<p>NEW '95 F-150 AIR CONDITIONING! LIMITED TIME ONLY MSRP \$16,995 Starting At \$16 \$12,395*</p>
<p>1994 BRONCO XLT MSRP \$20,995 Starting At \$7000 \$20,995*</p>	

GMC TRUCK






<p>'95 SONOMA MSRP \$9,995 Starting At \$189 \$9795*</p>	<p>'94 GMC 4x4 JIMMY MSRP \$20,995 Starting At \$310 \$20,995*</p>
<p>'95 GMC SIERRA 1/2 TON MSRP \$13,995 Starting At \$228 \$13,995*</p>	<p>FULL SIZE VAN MSRP \$18,995 Starting At \$189 \$18,995*</p>

FORD VANS






<p>'94 FULL SIZE CONVERSION VAN MSRP \$16,988 Starting At \$1500 \$16,988*</p>	<p>1994 AEROSTAR MSRP \$17,899 Starting At \$218 \$17,899*</p>
	<p>1994 AEROSTAR MSRP \$14,995 Starting At \$149 \$14,995*</p>

SUNTRUP

Buick-Pontiac-GMC 939-0800 **Ford Cars-Trucks-Vans 291-2334**

Suntrup Exhibit C

ST. LOUIS POST-DISPATCH WEDNESDAY, JULY 26, 1995

SUMMER SAVING BLAST

SUNTRUP AUTO

FORD CARS

Up To \$2500 CASH BACK!

3 DAYS ONLY — JULY 28, 29, 31
6.75% A.P.R. FINANCING ON CONTOURS For 48 Mos. PLUS \$500 REBATE!

<p>LEASE \$198 PER MONTH</p> <p>1995 CONTOUR</p> <p>31 AVAILABLE \$12,995*</p>	<p>LEASE \$249 PER MONTH</p> <p>1995 TAURUS</p> <p>\$13,999*</p>	<p>LEASE \$235 PER MONTH</p> <p>1995 PROBE</p> <p>\$12,988*</p>
<p>LEASE \$269 PER MONTH</p> <p>1995 THUNDERBIRD LX</p> <p>\$15,495*</p>	<p>LEASE \$188 PER MONTH</p> <p>1995 ESCORT</p> <p>\$8,477*</p>	<p>Up To \$300 CASH BACK!</p> <p>3.9% FINANCING OR \$000 REBATE</p>

FORD TRUCKS

Up To \$1000 CASH BACK

<p>LEASE \$235 PER MONTH</p> <p>1995 F-150</p> <p>\$13,499*</p>	<p>LEASE \$179 PER MONTH</p> <p>1995 RANGER XLT</p> <p>\$10,688*</p>
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FORD VANS

Up To \$1500 CASH BACK

<p>LEASE \$255 PER MONTH</p> <p>1995 WINDSTAR</p> <p>\$17,498*</p>	<p>LEASE \$179 PER MONTH</p> <p>1994 FULL SIZE CONVERSION VAN</p> <p>\$17,988*</p>
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SUNTRUP

St. Charles Rock Road at I-270, Bridgeton, MO 291-2334 or 1-800-831-6365

BUICK

<p>1995 BUICK LESABRE</p> <p>\$1000 REBATE</p> <p>Final Price \$19,970</p>	<p>1995 BUICK SKYLARK LIMITED SEDAN</p> <p>\$1500 REBATE</p> <p>Final Price \$14,750</p>	<p>1995 BUICK CENTURY SPECIAL</p> <p>\$1500 REBATE</p> <p>Final Price \$14,898</p>
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PONTIAC

<p>1995 PONTIAC GRAND AM COUPE</p> <p>\$1000 REBATE</p> <p>Final Price \$19,278</p>	<p>1995 PONTIAC GRAND PRIX SEDAN</p> <p>\$500 REBATE</p> <p>Final Price \$16,298</p>	<p>1995 PONTIAC BONNEVILLE</p> <p>\$1500 REBATE</p> <p>Final Price \$18,495</p>
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GMC TRUCKS

<p>1995 SIERRA 4X4 EXTENDED CAB</p> <p>Final Price \$19,390</p>	<p>1995 SONOMA EXTENDED CAB</p> <p>\$500 CASH REBATE</p> <p>Final Price \$11,390</p>	<p>SHERROD 110" VANDURA</p> <p>Final Price \$17,995</p>
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SUNTRUP **BUICK PONTIAC GMC TRUCKS**

4200 North Service Road, St. Louis & Care Centers, St. Peters, MO 291-2334 or 1-800-831-6365

EXHIBIT D

TRUP

ST. CHARLES ROCK ROAD AT I-270
BRIDGETON, MO.
291-2334
TOLL FREE 1-800-831-6365

SALE HOURS: M-F 9-9, Tu-Fri 9-8, Sat 9-5
SERVICE HOURS: M-F 7-4, Sat 8-4

FORD CARS & TRUCKS

\$300 MONTH

1995 PROBE

Stk. #173. Auto. Air AM,FM Cassette

LEASE \$215

\$13,795*

OVER 50 TO CHOOSE FROM

\$300 MONTH

'94 ASPIRE

Stk. #2609. 2 Dr. Rear Window Defroster. 5 spd.

LEASE \$166

\$6799*

DUAL AIR BAGS & FREE ROADSIDE ASSISTANCE

\$300 MONTH

1994 ESCORT LX

Drive Shaft. 5 Spd. 1.9 Liter. 4 Cyl. Air Conditioning. Alloy Wheels. Power Mirrors. Your Choice of 3 Dr. or 5 Spd. Excellent Value

LEASE \$176

\$9595*

OVER 40 TO CHOOSE FROM

2.9%

APR FINANCING FOR 48 MONTHS

OR \$750 CASH BACK

'95 FORD TAURUS

Stk. #2923. Air Conditioning. Rear Window Defroster. Power Steering. AM,FM Stereo. Dual Air Bags

LEASE \$209

\$14,738*

OVER 40 TO CHOOSE FROM

\$300 MONTH

'95 MUSTANG GT

Stk. #102. 249A Pkg. V8 5 Liter. 5 Spd. Anti-Lock Brakes. Dual Air Bags. Loaded

LEASE \$355

\$17,995*

\$300 MONTH

1995 THUNDERBIRD LX

Stock #256. V-8. Power Windows. Power Door Locks. Cruise. Floor Mats

LEASE \$275

\$15,995*

Starting At

\$300 MONTH

1994 RANGER

Stock #1533. Pkg. 86A. 4LT. 183.5 Cubic Feet. Stereo. Power Windows. Chrome Rear Side Bumper. Floor Console. Cass. Alum. Wheels. 50/50 Split Bench Seat

LEASE \$152

\$9495*

1994 FORD EXPLORER

Stk. #5465. Auto. Power Windows. Power Locks. Luggage Rack. Aluminum Wheels

LEASE \$348

\$21,395*

NEW '95 F-150

Stock #5303. AIR CONDITIONING. 4.9 Liter. 5 Spd. Manual. P235 Tires. Heavier Insulation Pkg. Rear Side Bumper

LIMITED TIME ONLY

\$12,595*

MIDWEST LARGEST FORD CONVERSION VAN DEALER!

GULF STREAM SPORT VAN

23 Month Lease

LEASE \$277

\$18,995*

STARQUEST CONV. VAN

23 Month Lease

LEASE \$333

\$22,900*

CARRIAGE LUXURY VAN

23 Month Lease

LEASE \$348

\$22,900*

ALL NEW '95 WINDSTAR

23 Month Lease

LEASE \$256

\$17,899*

1995 AEROSTAR

23 Month Lease

LEASE \$348

\$34832**

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of the Federal Trade Commission Act, the Consumer Leasing Act and its implementing Regulation M, and the Truth in Lending Act and its implementing Regulation Z; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts and Regulations, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Suntrup Buick-Pontiac-GMC Truck, Inc. is a Delaware corporation with its principal office or place of business at 4200 N. Service Road, Saint Peters, Missouri.

2. Respondent Suntrup Ford, Inc. is a Missouri corporation with its principal office or place of business at 12750 Saint Charles Rock Road, Bridgeton, Missouri.

3. Thomas Suntrup is an officer of the corporate respondents. His principal offices or places of business are the same as those of Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc.

4. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For the purposes of this order, the following definitions shall apply:

1. "*Clearly and conspicuously*" shall mean as follows:

a. In a television or video advertisement, the audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

b. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.

c. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

2. "*Equal prominence*" shall mean as follows:

a. In a television or video advertisement, the video disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, duration, and placement. The audio disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

b. In a print advertisement, the disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, and placement.

c. In a radio advertisement, the disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. "*Total amount due at lease inception*" shall mean the total amount of any initial payments required to be paid by the lessee on or before consummation of the lease or delivery of the vehicle, whichever is later.

4. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

5. Unless otherwise specified, "*respondents*" shall mean Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., corporations, their successors and assigns and their officers; Thomas Suntrup, individually and as an officer of the corporations; and each of the above's agents, representatives, and employees.

I.

It is ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the costs of leasing a vehicle, including but not necessarily limited to the total amount due at lease inception.

B. State any amount due at lease inception (or that no such amount is required), except for the statement of a periodic payment, unless the advertisement also states with equal prominence the total amount due at lease inception.

C. State the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease unless all of the following items are disclosed, clearly and conspicuously, as required by Regulation M, as amended:

- (1) That the transaction advertised is a lease;
- (2) The total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease, or that no such payments are required;

(3) The number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;

(4) A statement of whether or not the lessee has the option to purchase the leased property and at what price and time (the method of determining the price may be substituted for disclosure of the price); and

(5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

For all lease advertisements, respondents may comply with the requirements of this subparagraph by utilizing Section 184(a) of the Consumer Leasing Act ("CLA"), 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(a)) ("Section 184(a) of the revised CLA"), as amended, or by utilizing Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52246, 52261 (October 7, 1996) and 62 Fed. Reg. 15364, 15368 (Apr. 1, 1997) (to be codified at 12 CFR 213.7(d)) ("revised Regulation M"), as amended. For radio lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 184(b) of the CLA, 15 U.S.C. 1667c(b), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(c)) ("Section 184(c) of the revised CLA"), as amended, or by utilizing Section 213.7(f) of revised Regulation M (to be codified at 12 CFR 213.7(f)), as amended. For television lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 213.7(f) of revised Regulation M, as amended.

D. Fail to comply in any other respect with Regulation M, 12 CFR 213, as amended, and the CLA, 15 U.S.C. 1667-1667e, as amended. Respondents may comply with the requirements of this subparagraph by utilizing revised Regulation M, 61 Fed. Reg. 52246 (Oct. 7, 1996) and 62 Fed. Reg. 15364 (Apr. 1, 1997) (to be codified at 12 CFR 213), as amended.

II.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as "advertisement" and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended, shall not, in any manner, expressly or by implication:

A. State 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 disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(c), as amended, as follows:

1. The amount or percentage of the downpayment;
2. The terms of repayment, including but not necessarily limited to the amount of any balloon payment; 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.

B. State a rate of finance charge without stating the rate as an "annual percentage rate" or the abbreviation "APR," using that term, as required by Section 144 of the TILA, 15 U.S.C. 1664, as amended, and Section 226.24(b) of Regulation Z, 12 CFR 226.24(b), as amended, as more fully set out in Section 226.24(b) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(b), as amended.

C. Fail to comply in any other respect with Regulation Z, 12 CFR 226, as amended, and the TILA, 15 U.S.C. 1601-1667, as amended.

III.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and

assigns, and respondent Thomas Suntrup shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

IV.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, and respondent Thomas Suntrup shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

V.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporations that may affect compliance obligations arising under this order, including but not necessarily limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondents learn less than thirty (30) days prior to the date such action is to take place, respondents shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VI.

It is further ordered, That respondent Thomas Suntrup, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of a "consumer lease," as that term is defined in the CLA and its implementing Regulation M, or the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, and respondent Thomas Suntrup shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

VIII.

This order will terminate on January 5, 2018, 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 Part 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 Part.

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 Part as though the complaint had never been 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.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF

LOU FUSZ AUTOMOTIVE NETWORK, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3780. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the St. Louis Missouri-area automobile dealership and its officer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondents to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Lauren Steinfeld* and *David Medine*.

For the respondents: *E. Perry Johnson*, *Bryan Cave, LLP*, St. Louis, MO. and *Elaine Foreman*, *Bryan Cave, LLP*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Lou Fusz Automotive Network, Inc., a corporation, and Louis J. Fusz, Jr., individually and as an officer of the corporation ("respondents" or "Lou Fusz"), have violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and the Truth in Lending Act, 15 U.S.C. 1601-1667, as amended, and its implementing Regulation Z, 12 CFR 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Lou Fusz Automotive Network, Inc. is a Missouri corporation with its principal office or place of business at 925 North Lindbergh Blvd., St. Louis, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Louis J. Fusz, Jr. is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Lou Fusz Automotive Network, Inc.

3. Respondents have disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended.

4. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended.

5. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

LEASE ADVERTISING

6. Respondents have disseminated or have caused to be disseminated consumer lease advertisements ("lease advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A through F. These lease advertisements contain the following statements:

A. "0 DOWN PLUS NO PAYMENT TIL SPRING -- 1995 ALTIMA GXE ... LEASE FOR ONLY \$217* per month -- 1994.5 SENTRA LE ... (sic) LEASE FOR ONLY \$186* PER MONTH"

[A fine print statement at the bottom of the ad states, "*36 month, 10% down cash or trade. 5.97% Mo. tax, personal property tax included. Only to qualified buyers." (Exhibit A)]

B. [Sunfire Coupe Offer]: "Available Only at LOU FUSZ PONTIAC -- 0 DOWN NO SEC. DEPOSIT Sunfire Leases start at \$219.12* per mo."

[A fine print statement at the bottom of the ad states, "*39 mo. lease, 36,000 mi., Stock #75015. First month payment taxes & lease fee not included."]

[Grand Prix Offer]: "Lease: \$233/mo."

[A fine print statement at the bottom of the ad states "36 month closed end lease. 10% down cash or trade. First month's payment and security deposit due at time of lease. Taxes and fees not included. 12,000 mi. per year." (Exhibit B)]

C. "1995 TOYOTA CAMRY LE LEASE FROM \$269* per mo."

[A fine print statement at the bottom of the ad states, "*36 mo. lease, 12,000 miles per year, all taxes included." (Exhibit C)]

D. "LEASE: \$159/mo. '95 Mitsubishi Galant ES"

[A fine print statement in the center of the ad states, "30 month closed end lease. 10% down cash or trade. 1st month's payment, refundable security deposit and license fees due at time of lease. 10,000 miles per year. Residual value \$11,644. Taxes excluded."] (Exhibit D)

E. "'95 Grand Am . . . \$234* Per Month 36 Month 1 Payment Lease"

[A fine print statement at the bottom of the ad states, "*All payments due at delivery, includes \$1000 customer cash & \$1000 cap. reduction. Taxes not included."] (Exhibit E)

F. "1995 NISSAN PATHFINDER . . . \$279 per mo.

[A fine print statement at the bottom of the ad states, "***12 mo. lease Pathfinder, 24 mo. Altima, 36 mo. 240 SX & 3002X. 10% down cash or trade. Based on 5.975% MO tax, 15,000 mi per year."] (Exhibit F)

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION OF INCEPTION FEES

7. In lease advertisements, including but not necessarily limited to Exhibit A and the Sunfire Coupe offer in Exhibit B, respondents have represented, expressly or by implication, that the amount stated as "down" is the total amount consumers must pay at lease inception to lease the advertised vehicles.

8. In truth and in fact, the amount stated as "down" in respondents' lease advertisements is not the total amount consumers must pay at lease inception to lease the advertised vehicles. Consumers are required to pay significant amounts at lease signing, including but not limited to one or more of the following: a downpayment, security deposit, lease fee, first month's payment, and taxes. Therefore, respondents' representation as alleged in paragraph seven was, and is, false or misleading.

9. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II: FAILURE TO DISCLOSE ADEQUATELY INCEPTION FEES

10. In lease advertisements, including but not necessarily limited to Exhibits A through F, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount and/or amount stated as "down."

11. These lease advertisements do not adequately disclose additional terms pertaining to obligations at lease inception, including

but not necessarily limited to one or more of the following charges: a required downpayment, security deposit, lease fee, first month's payment, and taxes.

12. These additional terms would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease an automobile from respondents. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

13. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT III: MISREPRESENTATION OF LEASE TERMS
ACTUALLY AVAILABLE

14. In lease advertisements, including but not necessarily limited to Exhibit A, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the advertised terms, including but not limited to the monthly payment amount and amount stated as "down."

15. In truth and in fact, respondents have not offered the advertised vehicles at the advertised lease terms. Therefore, respondents' representation as alleged in paragraph fourteen was, and is, false or misleading.

16. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT IV: MISREPRESENTATION OF ONE PAYMENT LEASE PLANS

17. In advertisements for Lou Fusz's "one payment" lease plan, including but not necessarily limited to Exhibit E, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles by making equal monthly payments for a specified lease term.

18. In truth and in fact, under Lou Fusz's "one payment" lease plan, consumers must pay all lease payments at lease signing. Therefore, respondents' representation as alleged in paragraph seventeen was, and is, false or misleading.

19. Respondents' practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS
COUNT V: FAILURE TO DISCLOSE REQUIRED INFORMATION

20. In lease advertisements, including but not necessarily limited to Exhibits A through F, respondents have stated a monthly payment amount, the number of required payments, and/or an amount "down."

21. These lease advertisements have failed to disclose the following items of information required by Regulation M: the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the total of scheduled payments due under the lease; a statement of whether or not the lessee has the option to purchase the leased property and at what price and time or, in lieu of disclosure of the price, the method of determining the purchase-option price; and a statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term.

22. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, and Section 213.5 of Regulation M, 12 CFR 213.5(c).

COUNT VI: FAILURE TO MAKE ADVERTISED TERMS
USUALLY AND CUSTOMARILY AVAILABLE

23. In lease advertisements, including but not necessarily limited to Exhibit A, respondents have represented, expressly or by implication, that consumers can lease the advertised vehicles at the advertised terms, including but not limited to the monthly payment amount and amount stated as "down."

24. Respondents have not usually and customarily offered the advertised vehicles at the advertised lease terms.

25. Respondents' practices have violated Section 213.5(a) of Regulation M, 12 CFR 213.5(a).

CREDIT ADVERTISING

26. Respondents have disseminated or have caused to be disseminated credit sale advertisements ("credit advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibit F. These advertisements contain the following statements:

Complaint

125 F.T.C.

"1995 NISSAN QUEST 1.9%* APR FINANCING"

[A fine print statement at the bottom of the ad states, "**To qualified buyers, 24 mo. term, special rates on 24, 36 and 48 mo."] (Exhibit F)

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS
COUNT VII: FAILURE TO DISCLOSE REQUIRED INFORMATION

27. In credit advertisements, including but not necessarily limited to Exhibit F, respondents have stated the number of payments or period of repayment as terms for financing the purchase of the advertised vehicles.

28. These advertisements have failed to disclose the following items of information required by Regulation Z: the amount or percentage of the downpayment and the monthly payment amount.

29. Respondents' practices have violated Section 144 of the TILA, 15 U.S.C. 1664, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c).

Commissioner Thompson and Commissioner Swindle not participating.

Lou FUSZ
AUTOMOTIVE NETWORK

0 DOWN
PLUS NO PAYMENT TIL SPRING

1995 ALTIMA GXE
Choose From More Than 100 ALTIMAS In Stock

LEASE FOR ONLY **\$217*** per month 

1994.5 SENTRA LE



Limited Edition! Power Windows and Locks, AM/FM Cassette, Air Conditioning, Cruise, Fold Down Rear Seat

LEASE FOR ONLY **\$186*** per month

1995 NISSAN MAXIMA

190 Horsepower, Air Conditioning, Power Windows and Locks, AM/FM Cassette, Tilt Wheel, Cruise Control and More

Starting From **\$19,995*** 

*36 month, 10% down cash or trade. 5.97% Mo. tax. personal property tax included. Only to qualified buyers

Lou Fusz
NISSANTM
Lindbergh & Olive

997-3400

With Respect!
Lou Fusz

Lou Fusz

Come See the All-New '95 Sunfire!

Over 20 to choose from—hurry in for the best selection!



Available Only At
LOU FUSZ PONTIAC

NO SEC. DEPOSIT
0 DOWN
Sunfire Leases start at **\$219.12*** per mo.

'95 Sunfire Sedan
Lease: **\$233/mo.**

'95 Sunfire Coupe
ABS Brakes, Dual Air Bags, AM/FM Cassette
*39 mo. lease, 36,000 mi., Stock #75015. First month payment taxes & license fee not included.

'95 Grand Prix Dual air bags, AM/FM stereo, Power locks and windows. Much more!
36 month closed end lease, 10% down cash or 1/4, first month's payment and security deposit due at time of lease. Taxes and fees not included. 12,000 mi. per year.
*See Your Dealer for Details.
#25050

LOU FUSZ PONTIAC
Lindbergh & Olive • 994-1500



Lou Fusz Exhibit C

ALTERNATIVE FINANCING

1995 TOYOTA TERCEL
 LEASE FROM \$199⁰⁰
 Color, Stock, ABS, CD, Air, Power Steering & Brakes, Stereo, Cassette, Dual Air Bags & Much More
 *20,000 Miles, \$1,000 down, 15,000 mi. per year, all taxes included

MISSOURI'S #1 AVALON DEALER!
1995 TOYOTA AVALON
 TOYOTA'S NEWEST LUXURY CAR

1995 TOYOTA CAMRY LE
 Stock #950374, Auto, Air, Power Steering, Brakes, Door Locks, Windows, Tilt, Cruise, Cassette
 LEASE FROM \$269⁰⁰
 ALL TAXES INCLUDED
 *20,000 Miles, \$2,000 down per year, all taxes included

LOU FUSZ
TOYOTA
LINDBERGH & MANCHESTER 966-5404

©1994 F.C.T.

EXHIBIT D

Lou Fusz Exhibit D

For Sale 6100—Automobiles For Sale

END OF YEAR CLEARANCE

Score Big Savings!

Time is running out on the biggest sale of the year on all 14 Lou Fusz car lines. Take advantage of clearance prices on all inventory in stock—at our lowest prices of the year. Lou Fusz offers Network discounts nobody else in town can touch on any car, truck or van—new or used—currently in stock. Hurry—sale ends this Saturday!

With Respect

LOU FUSZ

AUTOMOTIVE NETWORK®

TIME
Let Paul & Wendy
Show You
Quality Under
Budget

IN ELLISVILLE

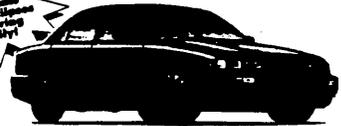
St. Louis' Largest Dealer!

Lease: **\$159/mo.**

'95 Mitsubishi Galant ES
Air. Dual air bags. AM/FM cassette.
Power windows/locks/mirrors. Cruise control. Tilt wheel. Much more!

30 month closed end lease. 10% down cash or trade. 1st month's payment, refundable security deposit and license fees due at time of lease. 10,000 miles per year. Residual value \$11,666. Taxes excluded.

1995 Galant and Eclipse arriving daily!



IN ELLISVILLE

Ellisville's Largest Buick Dealer!

MSRP: \$30,725

Lease: **\$369/mo.**

'95 Buick Park Avenue
Full size comfort—loaded with extras!

30 month closed end lease with 10% of MSRP down in cap cost reduction. 12,000 miles per year included. Sales and personal property tax excluded.

Includes LUXURY PACKAGE!



LOU FUSZ MITSUBISHI

15978 Manchester Rd. in Ellisville
2 blocks west of Clarkson 394-5700

PAUL FUSZ BUICK

15970 Manchester Rd. in Ellisville
2 blocks west of Clarkson 394-4000

EXHIBIT E

Lou Fusz Exhibit E

LOU FUSZ ANNOUNCES NEW LEASE PROGRAM ON '95's!

'95 Grand Am	'95 Transport	'95 Bonneville
		
Stock #66016		
6 Cyl., Air, AM/FM Cassette, Cruise, ABS Brakes, Air Bag, Auto., 4 Spd., Intermittent Wipers, Auto Door Locks, Child Safety Locks, Power Windows	4 Spd., Auto., Air, Cruise, AM/FM Radio System With Clock & Cassette, Power Door Locks, Power Windows, Electric Rear Window, De-fogger, 7 Passenger Seating, Power Sliding Door, Remote Keyless Entry	Keyless Entry, Custom Interior, 3.8 Liter V-6, 4 Spd., Auto., Alum. Alloy Wheels, 16" Touring Tires, Spoiler, Illum. Entry System, AM/FM Cassette, Power Windows, Power Mirrors, Power Door Locks, Power Seat, Variable Effort Steering
\$234* Per Month 36 Month 1 Payment Lease	\$287* Per Month 36 Month 1 Payment Lease	\$321* Per Month 36 Month 1 Payment Lease
<small>*All payments due at delivery, includes \$1000 customer cash & \$1000 cap. reduction. Taxes not included.</small>	<small>*Includes 12,000 mi. per year. All payments due at delivery, includes \$1000 cust. cash & \$1000 cap. reduction. Taxes not included.</small>	<small>*All payments due at delivery, includes \$1000 customer cash & \$1000 cap. reduction. Taxes not included. 12,000 mi. Luxury lease.</small>
 LINDBERGH & OLIVE 994-1500		

EXHIBIT F

If you want to save money on a new NISSAN

<p>'95 SENTRA Power Steering, Power Brakes, Rear Detroit, Dual Air Bags</p> <p>\$10,995 DELIVERED</p> 	<p>1995 200 SX</p> <p>\$13,995</p> 	<p>'95 ALTIMA GXE MODEL</p> <p>\$14,995</p> 
<p>'95 MAXIMA GXE MODEL 190 Horsepower, Air, Power Mirrors, Power Locks, AM/FM Cassette, TRC, Cruise and Much More</p> <p>\$18,995 DELIVERED</p> 	<p>1995 NISSAN PATHFINDER 4 DOOR XE 5 SPEED</p> <p>12 MONTH LEASE!</p> <p>Air, 4 Wheel Drive Convenience Package</p> <p>\$279 PER MONTH</p> <p>MSRP 25,168 DISCOUNT 4,168 SALE PRICE 21,000</p> 	<p>1995 NISSAN QUEST Winner Of The Driver's Choice - Best Minivan by PBS Motorweek</p> <p>1.9% APR FINANCING*</p> <p>NISSAN DEALER IN MISSOURI</p> 
<p>1995 300 SX CPE, T-TOPS</p> <p>3.0 liter 2.0L DOHC 24 VAL, LTD SKI, 4 Wheel Drive, ABS Brakes, Power Windows, Power Mirrors, 100% Power Seats, Alarm System, Cruise Control, Power Locks, AM/FM Cassette</p> <p>\$479 PER MONTH LEASE</p> 	<p>1995 240 SX CPE-5 SPD</p> <p>Pearl glow paint, convenience air-condition</p> <p>\$279 PER MONTH LEASE</p> 	

LINDBERGH & OLIVE
LOU FUSZ NISSAN
PHONE 997-340C

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of the Federal Trade Commission Act, the Consumer Leasing Act and its implementing Regulation M, and the Truth in Lending Act and its implementing Regulation Z; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts and Regulations, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Lou Fusz Automotive Network, Inc. is a Missouri corporation with its principal office or place of business at 925 North Lindbergh Blvd., St. Louis, Missouri.

2. Respondent Louis J. Fusz, Jr. is an officer of the corporate respondent. His principal office or place of business is the same as that of Lou Fusz Automotive Network, Inc.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For the purposes of this order, the following definitions shall apply:

1. "*Clearly and conspicuously*" shall mean as follows:

a. In a television or video advertisement, the audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

b. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.

c. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

2. "*Equal prominence*" shall mean as follows:

a. In a television or video advertisement, the video disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, duration, and placement. The audio disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

b. In a print advertisement, the disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, and placement.

c. In a radio advertisement, the disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. "*One payment lease*" shall mean a lease transaction where all or substantially all payments due under the lease contract are to be paid at lease inception.

4. "*Total amount due at lease inception*" shall mean the total amount of any initial payments required to be paid by the lessee on or before consummation of the lease or delivery of the vehicle, whichever is later.

5. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

6. Unless otherwise specified, "*respondents*" shall mean Lou Fusz Automotive Network, Inc., a corporation, its successors and assigns and its officers; and Louis J. Fusz, Jr., individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

I.

It is ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the costs of leasing a vehicle, including but not necessarily limited to the total amount due at lease inception.

B. State any amount due at lease inception (or that no such amount is required), except for the statement of a periodic payment, unless the advertisement also states with equal prominence the total amount due at lease inception.

C. Misrepresent the type of the transaction advertised, including but not necessarily limited to the fact that the offer is for a one payment lease.

D. State that a specific lease of any vehicle at specific amounts or terms is available unless respondents usually and customarily lease or will lease such property at those amounts or terms.

E. State the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease unless all of the following

items are disclosed, clearly and conspicuously, as required by Regulation M, as amended:

- (1) That the transaction advertised is a lease;
- (2) The total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease, or that no such payments are required;
- (3) The number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;
- (4) A statement of whether or not the lessee has the option to purchase the leased property and at what price and time (the method of determining the price may be substituted for disclosure of the price); and
- (5) A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

For all lease advertisements, respondents may comply with the requirements of this subparagraph by utilizing Section 184(a) of the Consumer Leasing Act ("CLA"), 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(a)) ("Section 184(a) of the revised CLA"), as amended, or by utilizing Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52246, 52261 (October 7, 1996) and 62 Fed. Reg. 15364, 15368 (Apr. 1, 1997) (to be codified at 12 CFR 213.7(d)) ("revised Regulation M"), as amended. For radio lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 184(b) of the CLA, 15 U.S.C. 1667c(b), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, 3009-473 (Sept. 30, 1996) (to be codified at 15 U.S.C. 1667c(c)) ("Section 184(c) of the revised CLA"), as amended, or by utilizing Section 213.7(f) of revised Regulation M (to be codified at 12 CFR 213.7(f)), as amended. For television lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 213.7(f) of revised Regulation M, as amended.

F. Fail to comply in any other respect with Regulation M, 12 CFR 213, as amended, and the CLA, 15 U.S.C. 1667-1667e, as amended. Respondents may comply with the requirements of this subparagraph regarding Regulation M by utilizing revised Regulation M, 61 Fed. Reg. 52246 (Oct. 7, 1996) and 62 Fed. Reg. 15364 (Apr. 1, 1997) (to be codified at 12 CFR 213), as amended.

II.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as "advertisement" and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended, shall not, in any manner, expressly or by implication:

A. State 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 disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(c), as amended, 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.

B. Fail to comply in any other respect with Regulation Z, 12 CFR 226, as amended, and the TILA, 15 U.S.C. 1601-1667, as amended.

III.

It is further ordered, That respondent Lou Fusz Automotive Network, Inc., and its successors and assigns, and respondent Louis J. Fusz, Jr. shall, for five (5) years after the last date of dissemination

of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

IV.

It is further ordered, That respondent Lou Fusz Automotive Network, Inc., and its successors and assigns, and respondent Louis J. Fusz, Jr. shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

V.

It is further ordered, That respondent Lou Fusz Automotive Network, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VI.

It is further ordered, That respondent Louis J. Fusz, Jr., for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of a "consumer lease," as that term is defined in the CLA and its implementing Regulation M, or the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondent Lou Fusz Automotive Network, Inc., and its successors and assigns, and respondent Louis J. Fusz, Jr. shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on January 5, 2018, 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 Part 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 Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondents 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 Part as though the complaint had never been 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.

Commissioner Thompson and Commissioner Swindle not participating.