

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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Complaint

[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

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

Complaint

EXHIBIT B

Bommarito Exhibit B

BOMMARITO INFINITI

NO MONEY DOWN SALE

1994 INFINITI G-20

ORIGINAL LIST PRICE \$18,495

NO DOWN PAYMENT!
 AUTOMATIC TRANSMISSION
 AIR CONDITIONING, DUAL AIR FILTERS, ABS, 16" WHEELS, 100 MPH SPEED, 100 MPH TORQUE, 100 MPH MANEUVERING

10 TO CHOOSE FROM

1994 INFINITI J-30

NO DOWN PAYMENT!
 AUTOMATIC TRANSMISSION
 AIR CONDITIONING, DUAL AIR FILTERS, ABS, 16" WHEELS, 100 MPH SPEED, 100 MPH TORQUE, 100 MPH MANEUVERING

36 MONTH LEASE

1995 INFINITI Q-43

NO DOWN PAYMENT!
 DUAL AIR BAGS, AIR CONDITIONING, ABS, 16" WHEELS, 100 MPH SPEED, 100 MPH TORQUE, 100 MPH MANEUVERING, PLUS MUCH MORE!

24 MONTH LEASE

FREE LOANER CARS

NO MONEY DOWN

391-9400

Frank Bommarito

MANCHESTER AT CLARKSON (7 miles west of I-270) CLARKSON ROAD NOW OPEN

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*

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*

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 LE \$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	'95 OLDS \$16,995	'95 OLDS \$10,995	'95 MAZDA \$14,995	'95 BUICK \$14,995	'95 OLDS \$16,995
'95 OLDS \$18,995	'95 GMC \$18,995	'95 OLDS \$16,995	'95 OLDS \$10,995	'95 OLDS \$13,995	'95 OLDS \$9,995	'95 OLDS \$12,995	'95 OLDS \$22,995	'95 GMC \$12,995	'95 GMC \$15,995	'95 OLDS \$18,995
'95 MAZDA \$19,995	'95 OLDS \$12,995	'95 OLDS \$17,995	'95 OLDS \$17,995	'95 MAZDA \$17,995	'95 MAZDA \$19,995	'95 OLDS \$16,995	'95 OLDS \$13,250	'95 OLDS \$12,995	'95 OLDS \$11,995	'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 NOW OPEN
 7 miles west of I-270

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Complaint

EXHIBIT F

Bommarito's LABOR DAY EXTRAVAGANZA!

BOMMARITO SMART BUY

'95 CUTLASS SUPREME

THIS IS NOT A LEASE

FOR ONLY \$275⁰⁰ PER MONTH

NO MONEY DOWN

5.8% FINANCING

WITH ALL THESE FEATURES: AIR A/C, PWR WINDOWS, PWR LOCKS, PWR SEATS, PWR MIRRORS, PWR DOORS, PWR SUNROOF, PWR ANTENNA, PWR SEATBELTS, PWR CIGARETTES, PWR BUMPERS, PWR DISCS, PWR SPEAKERS, PWR WHEELS, PWR BRAKES, PWR DRIVERS SEAT, PWR PASSENGER SEAT.

BOMMARITO SMART BUY

\$1500 ROLL BACK

'95 CIERA FROM \$13,495*

40 TO CHOOSE FROM

WITH ALL THESE FEATURES: AIR A/C, PWR WINDOWS, PWR LOCKS, PWR SEATS, PWR MIRRORS, PWR DOORS, PWR SUNROOF, PWR ANTENNA, PWR SEATBELTS, PWR CIGARETTES, PWR BUMPERS, PWR DISCS, PWR SPEAKERS, PWR WHEELS, PWR BRAKES, PWR DRIVERS SEAT, PWR PASSENGER SEAT.

BOMMARITO SMART BUY

'95 EIGHTY EIGHT

THIS IS NOT A LEASE

FOR ONLY \$315⁰⁰ PER MONTH

NO MONEY DOWN

4.8% FINANCING

WITH ALL THESE FEATURES: AIR A/C, PWR WINDOWS, PWR LOCKS, PWR SEATS, PWR MIRRORS, PWR DOORS, PWR SUNROOF, PWR ANTENNA, PWR SEATBELTS, PWR CIGARETTES, PWR BUMPERS, PWR DISCS, PWR SPEAKERS, PWR WHEELS, PWR BRAKES, PWR DRIVERS SEAT, PWR PASSENGER SEAT.

2 LOCATIONS TO SERVE YOU!

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

ELLISVILLE 391-7200 **GMC TRUCK & VAN OUTLET** **ELLISVILLE 391-7200**

Full Size

\$310⁰⁰ PER MONTH

\$18,995⁰⁰

36 Month

ST. LOUIS' EXCLUSIVE STARCRAFT DEALER

\$34,678

\$399⁰⁰

36 Month

TOW 5500#

125" Wheelbase
350 V8 Eng.
Star Structure

4 CAPTAIN CHAIRS - SOFA W/TABLE - ALUMINUM WHEELS - SPOILER W/ROOF LIGHTS - TV-VCR PREP - FIBERGLASS RUNNING BOARDS - GRAPHICS - POWER MIRRORS-WINDOW-LOCKS - TILT - CRUISE - IL - LUMINATED VALANCE & WINDOW SILLS - VISTA BAY-WINDOWS W/SHADES - FRONT & REAR HEAT & AIR

With Starcraft's award winning IBS™ system, a safety belt incorporated into the seat's framework reduces the risk of seat failure in a collision.

Starcraft has invested more than one million dollars in safety development, engineering and testing.

YOUR FAMILY'S SAFETY IS OUR #1 CONCERN!

PRE-OWNED CENTER

'89 BUICK W/TALENT 1.8L	'91 HONDA CIVIC EX	'91 MAZDA PROTEGE	'91 JEEP WRANGLER	'91 TOYOTA CAMRY	'91 OLDS CUTLASS	'91 BUICK LESABRE	'91 HONDA CRUISER	'91 MAZDA PROTEGE	'91 OLDS CUTLASS	'91 HONDA CRUISER	'91 BUICK LESABRE	'91 MAZDA PROTEGE	'91 OLDS CUTLASS	'91 HONDA CRUISER	'91 BUICK LESABRE	'91 MAZDA PROTEGE	'91 OLDS CUTLASS	'91 HONDA CRUISER	'91 BUICK LESABRE
\$15,995	\$16,995	\$19,995	\$19,995	\$12,995	\$15,995	\$11,995	\$19,995	\$17,995	\$14,995	\$14,995	\$10,995	\$19,995	\$17,995	\$14,995	\$10,995	\$19,995	\$17,995	\$14,995	\$10,995

'95 MAZDA PROGRAM CARS

PROTEGE LX'S Starting \$11,995

PROTEGE LX'S Starting \$13,995

'92 INFINITI Q45'S

TO CHOOSE FROM

Starting \$21,995

OVER 150 USED CARS, TRUCKS & VANS

Bommarito

AUTOMOTIVE GROUP

ELLISVILLE USED CARS: 15708 MANCHESTER RD. ELLISVILLE 391-7200

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.

