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


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


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"...

D. "BOMMARITO MAZDA'S PRESIDENTS WEEK SALE 1995 PROTÉGÉ NO MONEY DOWN $199 PER MONTH FOR ONLY 36 MONTHS"
FRANK BOMMARITO OLDSMOBILE, INC., ET AL.

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[A fine print statement at the bottom of the advertisement states "Protege 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 $31000* Mini $18,995** 36 Month . . . ST. LOUIS' EXCLUSIVE STARCRAFT DEALER Was $34,678 $399** 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.


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.


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
FRANK BOMMARITO OLDSMOBILE, INC., ET AL.

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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.


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

- 273 LENGTH
- POWER WINDOWS & LOCKS
- TILT
- CRUISE
- DRIVER 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!

BOMMARITO'S PREFERRED LEASING PRICE

$399, 36 MONTHS

NO MONEY DOWN

FRANK BOMMARITO
GMC TRUCKS & VANS
Manchester at Clarkson
Seven miles west of 1-276
391-7200
EXHIBIT B
FRANK BOMMARITO OLDSMOBILE, INC., ET AL.

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Complaint

EXHIBIT D

Bommarito Exhibit D
Complaint

EXHIBIT E

Bommarito Exhibit E
FRANK BOMMARITO OLDSMOBILE, INC., ET AL.

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EXHIBIT F
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.
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.


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(b)) ("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.

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.

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:
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

ASHLAND, INC.

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


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 TEF-LON 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® Fluoroaditive
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.
EXHIBIT A

FULL TIGHT COMMISSION DECISIONS

Complaint

EXHIBIT A

“END OF THE ROAD” 30

(MUSC UNDER)

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

But that's not where it's going to be.

Stop and go driving

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 Vinaline.

TM8 cleans moving parts with engine-boosting ingredients including sulfur.

No matter where you are.

your engine will run

just like it's on the open road.

TM8 from Vinaline

Because driving is simple with

TM8.
Radio Copy

Date: September 7, 1995  Client: Valvoline

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

Commercial number:  As produced date:

It's, It's 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.
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 TM8, a new engine treatment with Teflon from Valvoline. TM8's 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. And that's about as far as you can get from an early grave.

Because driving is more stop than go.
Protecting Engines Is Our Business

"Stop and Go" driving takes a toll on more than your patience; it can rob your 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 TM® Engine Treatment during your next oil change.

TM® 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 TM® Engine Treatment can help reduce the engine wear associated with "Stop and Go" driving.

While protecting your engine, TM® can also improve your vehicle’s fuel economy. Laboratory tests show that TM® in conventional motor oil offered improved fuel economy, exceeding the American Petroleum Institute’s EOII Energy Conserving II standards.

CAMSHAFT BEARING WEAR

MAIN BEARING WEAR

TM® helps protect your car’s vital engine parts from the harmful effects of "Stop and Go" driving, reducing combined bearing wear by as much as 70 percent compared to conventional oil.

This offer expires August 31, 1996

To receive your $2.00 rebate by mail,

1. Buy 1 quart of TM® Engine Treatment.
2. Mail this completed, original certificate, UPC code from TM® Engine Treatment package, and original sales receipt, clearly and legibly identifying the consumer (not retailer) of TM® between June 1, 1996 and August 31, 1996 to:

3. 00 TM® Rebate
P.O. Box 43019
Topeka, Kansas 66601-0019

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

(please print or address above accepted)

Name:

Address:

City State Zip:

In accordance with applicable law, please allow 6 to 8 weeks for processing of your rebate check.

Send in original certificate by mail. Please allow eight weeks for processing of your rebate check.

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

(please print or address above accepted)

Name:

Address:

City State Zip:

In accordance with applicable law, please allow 6 to 8 weeks for processing of your rebate check.
TMB Engine Treatment
Because driving is more stop and go.

There's good reason so many cars today have cellular phones, stereo 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.

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

"TMB is a product that works," said Frank 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 TMB provides significant additional protection. Our tests showed that when treated with TMB, 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, TMB protects engines during both stop-and-go and highway driving. Its patent-pending formulation delivers the following attributes:
EXHIBIT E

- 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
- Road & Track
- Car Craft
- Hot Rod
- Sport Truck
- 4 Wheel & Off Road
- Field & Stream
- Popular Mechanics
- Sport

[ Home | Index | Tools | Feedback ]
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 rigorous 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 "Step 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 startup 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?
TM8 is designed to be used at least once every 50,000 miles. For optimum results, an engine may be re-cleaned 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.
ENGINE TREATMENT

WITH TEFLON®
Fluoroadditive

TREATS THE ENGINE, NOT THE OIL

- Protects engine during "Stop and Go" driving
- Increases 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
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 startup, especially at low temperatures
- Compatible with all motor oils

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

NET 32 FL. OZ. (1 QT) 946mL
ASHLAND, INC.

Decision and Order

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


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


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."

B. [Audio:] "... 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."

Complaint

[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.  $149/mo.  $179/mo.
$500 down/36mo.  $1,000 down/36mo.  $500 down/36mo.

'94 Camry  '94 Celica  '94 4Runner
$249/mo.  $259/mo.  $319/mo.
$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.

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.


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.
SAATCHI & SAATCHI DFS
Southern California

TELEVISION COPY

File No.: T6-223
Campaign/Project: REVISED MY 95 CAMRY SEEDAN TV

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. ...with 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.

SUPER AND DISCLAIMER INFORMATION

FRAME 7. SUPER: CAMRY LEASES START AT $229 A MO. DISCLAIMER: "CAMRY LEASE OFFER AT CLOSED END. LEASE 36 MONTHS. DUE AT SIGNING: $900 CASH DOWN. 9.9% INTEREST. GUARANTEED ODOMETER READER. 12,000 MILES. ADDITIONAL CHARGES TO EXCEED $750.00. PAYMENT BASED ON MILEAGE. PAYMENT COULD INCLUDE FINANCE CHARGE. PAYMENT NOT DEPENDENT ON MILEAGE.

FRAME 8. SUPER: $229 A MO. DISCLAIMER: "TAXES, LICENSE TITLE, INSURANCE, INCIDENTAL AND REGIONAL REQUIREMENTS, AND DEALER CHARGES EXCLUDED. LESSER FEE PAYMENT, MAINTENANCE, EXCESS WEAR & TEAR, OVER 12,000 MILES. LEASE ENDS, RE-PURCHASE OPTION $1,067. DURATION OF LEASE MAY NOT EXCEED 36 MONTHS. MAY BE DUE AT LEASE END.

FRAME 9. SUPER: FIRST MONTHS PAYMENT AND $275 REFUNDABLE SECURITY DEPOSIT ALSO DUE AT SIGNING. DISCLAIMER: "12 DUE AS LEASED THROUGH TOYOTA MOTOR CREDIT CORPORATION, DUE TO USE AUTOMATIC TRANSMISSION OR MANUALLY TRANSMITTED THROUGHOUT, OR MOTOR CREDIT CORPORATION. PAYMENTS SUBJECT TO ACTUAL CR. A, A, B, AND C. NOT AVAILABLE IN M. RETAIL DELETED BY 1/2000. "CAMRY LEASE OFFER AT CLOSED END. ADDITIONAL CHARGES TO EXCEED $750.00.

FRAME 10. SUPER: SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.

FRAME 11. SUPER & LOGO: TOYOTA CAMRY. I LOVE WHAT YOU DO FOR ME - 1-800-GO-TOYOTA
TOYOTA MOTOR SALES, U.S.A., INC.

Complaint

EXHIBIT B

SAATCHI & SAATCHI DFS

TELEVISION COPY

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 5. Supers: Camry DX Sedan and LE Coupe '95 MO. Lease $239/MO. $1,850 DOWN plus first months payment and... Discl.: 2nd month lease on '95 Camry DX LX Sedan $239/MO. $1,850 DOWN and $250 D/C. Capitalization may vary by dealer. 

Frame 6. Supers: Camry LE Sedan and LE Coupe '95 MO. Lease $239/MO. $1,850 DOWN and $250 D/C.
### EXHIBIT B

#### SAATCHI & SAATCHI DFS

<table>
<thead>
<tr>
<th>Frame</th>
<th>Text</th>
</tr>
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<tbody>
<tr>
<td>6</td>
<td><strong>SUPER:</strong> CAMRY DX SEDAN AND LE COUPE 30-MO. LEASE. $229/MO. REFUNDABLE $275 SECURITY DEPOSIT DUE AT SIGNING. DISCLAIMER: YOUR PAYMENT MAY VARY DEPENDING ON FINAL PRICE. TAXES LICENSE, TITLE &amp; REGISTRATION, RELOCATION, EQUIPMENT &amp; DEALER CHARGES EXTRA. LEASE/MILEAGE MAINTENANCE, UNITS PER YEAR &amp; TERM IN USA. TOYOTA LEASE END-OF-TERM OPTION FEES ARE $1,295. DISPOSITION FEES MAY APPLY. <em>EXCEPT</em> TOYOTA END-TO-END QUALIFIED VEHICLES THROUGH TOYOTA.</td>
</tr>
<tr>
<td>7</td>
<td><strong>DISCLAIMER:</strong> MOTOR CREDIT CORPORATION. ENDLESS LEASE IN AL, FL, GA &amp; SC THROUGH WORLD CANM FINANCIAL CORPORATION. PAYMENTS NEEDED IN AL, FL, GA, MA, NH, ME, RI, VT, CT &amp; NY. OFFER NOT AVAILABLE IN H. DELIVERY BY JAN 17. SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.</td>
</tr>
<tr>
<td>12</td>
<td><strong>SUPER:</strong> &quot;BEST CAR BUILT IN AMERICA.&quot; AUTOMOBILE MAGAZINE, MAR. '93.</td>
</tr>
<tr>
<td>13</td>
<td><strong>SUPER:</strong> MOST CAMRYS ARE BUILT IN THE U.S.</td>
</tr>
<tr>
<td>15</td>
<td><strong>SUPER:</strong> TOYOTATHON LOGO. ENDS JANUARY 8TH.</td>
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</tbody>
</table>
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...I 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,

[Signature]

John E. Kramer
T100 CASH BONUS OFFER FROM TOYOTA
"TOYOTA. NO COMPARISON!"
Indianapolis Toyota Dealers

$500 CERTIFICATE

Customer Name

Dealer Name

Dealer Signature

Valid only with purchase of 1999 TOYOTA.
Endorse Here (Customer)

☐ 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 U.S.A. Sales Program 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

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.
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 U.S.A. Sales Program Headquarters, 1225 19th Street, Suite 260, Gardenia, 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.
You and your family are invited to attend a 5-Day, "By-invitation-Only", Exclusive, Factory-Authorized, Toyota Sales Event sponsored by Toyota and your nearest Indianapolis Toyota Dealer!

During the "Toyota No Companion" Sales Event —

- Take advantage of Tremendous Savings, Drastic Discounts, Low Interest Rates, Low Lease Payments and a Huge Selection of Over 800 1994 Toyota Cars, Trucks, 4Runners and Minivans!!!
- Also, included with the invitation, you may take advantage of Special Factory-Sponsored, Low 3.9% A P.R. financing on all new 1993 & 1994 Toyotas, low lease rates and an exclusive $1000 Cash Bonus Offer on 1100 Pickups!!!

FREE GIFT ** FREE GIFT ** FREE GIFT

Every letter-holder attending this sale and presenting their envelope and invitation will receive FREE...

- an Official, 100% Cotton, Indianapolis Colts Ball Cap!!!
- Just for attending — no purchase necessary!!!

When: Thursday, April 28th, 1994
Friday, April 29th, 1994
Saturday, April 30th, 1994
Monday, May 2nd, 1994
Tuesday, May 3rd, 1994

Hours: 9:00 am to 9:00 pm, all five days!!!

Where: Your nearest Indianapolis Toyota Dealer

(See map on reverse side for easy directions)
Please present this invitation at the sale entrance.

Great Toyota Touch Lease Values!
Factory discounted lease rates for 36 months are available on selected Toyota models during this sale!!! Just look at these special values:

- '94 Tercel $149 mo.
- '94 4x2 Truck $149 mo.
- '94 Corolla $179 mo.
- '94 Camry $249 mo.
- '94 Celica $259 mo.
- '94 4Runner $319 mo.

'94 Tercel $149 mo., $1,000 down
'94 4x2 Truck $149 mo., $1,000 down
'94 Corolla $179 mo., $1,000 down
'94 Camry $249 mo., $1,000 down
'94 Celica $259 mo., $1,000 down
'94 4Runner $319 mo., $2,000 down

You will Save Time and Money at this Sale!!!
- Over 800 New Toyotas — All models — All colors priced for immediate sale.
- '94 & '95 Jack Rabbit
- Corolla vs. Paseo vs. Gnome vs. Celica
- Supra vs. Land Cruiser vs. 4Runner
- 4x2 and 4x4 Trucks vs. T100
- Low down payments.
- Low monthly payments.
- Used vehicle appraisals on-hand to offer highest trade-in possible.
- Low factory authorized finance rate.
- No payments for 90 days!!!
- Great Factory discounts available.

Here is how you can save even more with your T100 purchase!!!
Use the enclosed T100 Cash Bonus Offer Certificate for $500 toward the purchase of any T100 Pickup!!!
Your Participating Indianapolis Toyota Dealers:

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

🌟 Beck Toyota
8005 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.


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.


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.
BEUCKMAN FORD, INC., ET AL.

Complaint

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


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


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.


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.

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. 1667e, 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.


Commissioner Thompson and Commissioner Swindle not participating.
EXHIBIT A

1995 WINDSTAR GL
Preferred Equipment Pkg. 470A

- 1 Passenger with Dual Control Grabber
- Air Conditioning: ICE Free
- Privacy Glass
- Speed Control/Thru
- Power Mirrors
- Rear Window Defroster
- AM/FM Stereo Speakers

STARTING AT
$17,588*
OR
$285 77**

24 MONTH RCL
Includes All Taxes, License & Fees

55 AVAILABLE

1994 AEROSTAR
Preferred Equipment Pkg. 4401A

- 1 Passenger with Dual Control Grabber
- Air Conditioning: ICE Free
- Privacy Glass
- Speed Control/Thru
- Power Mirrors
- Rear Window Defroster
- AM/FM Stereo Speakers

STARTING AT
$14,988*
OR
$278 80**

24 MONTH RCL
Includes All Taxes, License & Fees

20 AVAILABLE

1994 PROBE
Preferred Equipment Pkg. 251A

- 1 Passenger with Dual Control Grabber
- Air Conditioning: ICE Free
- Privacy Glass
- Speed Control/Thru
- Power Mirrors
- Rear Window Defroster
- AM/FM Stereo Speakers

STARTING AT
$12,199*
OR
$232 65**

24 MONTH RCL
Includes All Taxes, License & Fees

35 AVAILABLE

1995 MUSTANG GT COUPE
Preferred Equipment Pkg. 249A

- 1 Passenger with Dual Control Grabber
- Air Conditioning: ICE Free
- Privacy Glass
- Speed Control/Thru
- Power Mirrors
- Rear Window Defroster
- AM/FM Stereo Speakers

STARTING AT
$17,988*
OR
$283 99**

24 MONTH RCL
Includes All Taxes, License & Fees

45 AVAILABLE

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

227-5700
YOUR WINDSTAR CAPITOL
OVER 145 AVAILABLE
EVERY COLOR & EQUIPMENT PKG. * MANY WITH QUAD CAPTAIN'S CHAIRS

'95 WINDSTAR GL $17,588*
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!

'95 MUSTANG GT COUPE $17,988*
Or $377.99 PER MO.
No Money Down

'95 TAURUS $15,788*
Or $331.99 PER MO.
No Money Down

'94 THUNDERBIRD $14,274*
Or $299.99 PER MO.
No Money Down

'94 F-150 $11,888
Or $249.99 PER MO.
No Money Down

'94 ESCORT LX $9,288*
Or $194.99 PER MO.
No Money Down

'94 ASPIRE $6,488*
Or $135.99 PER MO.
No Money Down

'94 AEROSTAR $14,988*
$314.99 PER MO.
No Money Down

SAVE TIME AND MONEY
Your Signature Gives Us Authority To Run Credit!

BEUCKMAN FORD 227-5700
15675 MANCHESTER RD., ELLISVILLE, MO
6 MILES WEST OF I-270
YOUR WEST COUNTY FORD DEALER
**THE LONG...AND SHORT OF IT**

**SAVINGS FOR EVERY LIFESTYLE**

**1995 WINDSTAR GL**

$16,986

From

OR $259 99*

**PER MO.**

24 MO. RCL

INCLUDES TAX AND LICENSE

Rear Defroster

Steering Wheel

4-Wheel ABS

Anti-Lock Brakes

Front Bucket Seats

Child Proof Door Locks

Rear Fold Out Windows

140 UNITS AVAILABLE

**BEUCKMAN FORD 227-5700**

15575 MANCHESTER RD, ELMSVILLE, MO 40278 321 234 555

**1995 ASPIRE**

$6978

From

OR $149 99**

**PER MO.**

NO MONEY DOWN

Dual Air Bags

Front Wheel Drive

1.3L EFI SOHC 14 Engine

Independent MacPherson Strut Front End

Full Length Console With Dual Cup Holders

15 UNITS AVAILABLE

Beuckman October 986
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.


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. 3099, 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. 3099, 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.


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.


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,
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.
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


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
Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implement-
ing 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.

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.


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. 1667e, 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.
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 $15,655.00 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
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"
FEDERAL TRADE COMMISSION DECISIONS

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
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"
"Okay if we just follow the... I'm sure we're... You're lost aren't you? 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."
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."

See your Washington Metropolitan area Audi Dealer for a test drive today, or call 1-800-FOR-AUDI."
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.]
[Disclaimer:] "39 mo. closed-end lease offered to qualified customers by VW Credit, Inc. through participating dealers through 01/02/97. $1,999 down pymt., $439 1st month's pymt., $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 dir. contribution, which could affect final negotiated transaction. Price includes all costs to be paid by a consumer, except for licensing, registration, taxes, dir. prep., and other options. Lessee responsible for insurance. Mo. pymts. total $17,121. At lease end, lessee responsible for $0.15 mile over 32,500 for damage & excess wear &
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

[Sponsor] [Audi rings symbol]

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


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.


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 I ("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.
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 VIOLATIONS OF
THE CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT


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
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 -- '95 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"
SUNTRUP BUICK-PONTIAC-GMC TRUCK, INC., ET AL.

[Complaint]

[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.

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.


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 Bonnevilles...$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.


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.


Commissioner Thompson and Commissioner Swindle not participating.
EXHIBIT A
BUICK PONTIAC
GMCTIU.

1995 NEW YEAR SELL-A-BRATION

BUICK
NO PAYMENT TIL APRIL '95

FORD CARS
3.9% FINANCING

FORD TRUCKS

FORD VANS

SUNTRUP

Buick-Pontiac-GMC 939-0800
FORD CARE-Trucks-Vans 291-2134
### EXHIBIT D

<table>
<thead>
<tr>
<th>Make</th>
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<td>1994</td>
<td></td>
<td>$16,022</td>
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<td></td>
<td>Regal Custom Coupe</td>
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<td>$17,995</td>
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<td>1994</td>
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<td></td>
<td>Skylark Custom Coupe</td>
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<td>Pontiac</td>
<td>Grand Am Sedan</td>
<td>1995</td>
<td></td>
<td>$14,995</td>
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<td>Bonneville SE Sedan</td>
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<td>Grand Am Coupe SE</td>
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</tr>
</tbody>
</table>

*NO PAYMENTS TIL MARCH '95*

Source: 4200 North Service Road, St. Peters, MO 939-0600

SALE HOURS: 11-7, SUNDAYS: 11-5

Phone: 1-800-262-6425

BUICK PONTIAC GMC Truck

1994 YEAR END
MAKE US AN OFFER!

SAY YES!

GMC TRUCKS

MAKE US AN OFFER!
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.


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 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 (Oct. 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(b)) ("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.

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.


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

Decision and Order

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


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


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 & 300ZX. 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.


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.


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.


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.

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(e).

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:
"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.


Commissioner Thompson and Commissioner Swindle not participating.
EXHIBIT A

LOU FUSZ AUTOMOTIVE NETWORK, INC., ET AL.

Complaint

LEASE FOR ONLY $217**

0 DOWN
PLUS NO PAYMENT TIL SPRING

1995 ALTIMA GXE
Choose From More
Than 100 ALTIMAS In Stock

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
166 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% Mt. tax,
personal property tax included. Only to qualified Buyers

Lou Fusz
NISSAN
Lindbergh & Olive

997-3400
Come See the
All-New '95
Sunfire!

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

Lou Fusz

95 Grand Prix
Dual air
bags, AM/FM stereo, power locks and
windows, 100,000-mile powertrain warranty.

95 Sunfire Coupe

95 Sunfire Sedan

Lease $299/MO.

$2,333 DOWN

NO SECURITY DEPOSIT

Available Only At

LOU FUSZ

LINDBERGH & OILIVE

Lou Fusz Pontiac

PONTIAC

All-New -95
Sunfire!
EXHIBIT C
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 at 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!

FAL X DAYS!

With Respect

LOU FUSZ
AUTOMOTIVE NETWORK

St. Louis' Largest Dealer!

Lease: $159/mo.

'95 Mitsubishi Galant ES
Air. Dual air bags. AM/FM cassette.
Power windows/search/mirrors, cruise
control, tilt wheel. Much more!

'95 Buick Park Avenue
Full size comfort--loaded with extras!
61,000 miles. "As new." 2 years loan at 10.99% APR.
Damage to left side. No trade-in allowance. 12,000 miles per
year included. Title and personal property tax included.

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

Ellisville's Largest Buick Dealer!

Lease: $369/mo.

'95 Buick Park Avenue
Full size comfort--loaded with extras!
61,000 miles. "As new." 2 years loan at 10.99% APR.
Damage to left side. No trade-in allowance. 12,000 miles per
year included. Title and personal property tax included.

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


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.

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.

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.


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.