

- b. The promotion includes three scratch-off entry “cards,” with prizes listed to the right: \$5,000, \$1,000, and \$25,000. In all or virtually all instances, when consumers have scratched the cards to reveal numbers underneath, at least one set of numbers has corresponded to the winning numbers.
- c. In bold letters across the bottom, the promotion states “BRING THIS INVITATION TO FOWLerville FORD TO CLAIM YOUR PRIZE!” A typical and illustrative “Match & Win” entry page is depicted below:



- d. In numerous instances, consumers have attempted to collect a prize by presenting a card with winning numbers at the Fowlerville Ford dealership. However, no consumer has received any of the prizes advertised in the promotion.

Video Advertisement

5. Respondents also have disseminated or caused to be disseminated advertisements to the public promoting credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms “advertisement,” “closed-end credit,” “credit sale,” and “consumer credit” are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended.

6. One such video advertisement has been posted on the website YouTube.com. A video copy of the advertisement is attached as Exhibit B, and screenshot captures of the video are attached as Exhibit C. The advertisement contains the following statements and depictions.

a. The video shows a 2010 Cobalt LT, accompanied by prominent graphics in the center of the screen representing:

\$234 DOWN

\$234/MONTH

While these representations appear on screen, a Fowlerville Ford representative stands next to the vehicle and states, “We’ve got some holiday deals for you. How about this 2010 Cobalt LT, only \$234 down and \$234 a month?”

Also while these representations appear on screen, small text appears briefly on the bottom of the screen stating, “72 months. 4.55% Interest. With Approved Credit. See dealer for details.”

The advertisement does not clearly and conspicuously disclose the repayment terms and fails to disclose the annual percentage rate, or “APR,” using that term.

b. The video also shows a 2007 Grand Prix accompanied by prominent graphics in the center of the screen representing:

\$169 DOWN

\$169/MONTH

While these representations appear on screen, the Fowlerville Ford representative continues, “Or this 2007 Grand Prix, only \$169 down and \$169 per month?”

Also while these representations appear on screen, small text appears briefly on the bottom of the screen stating, “72 months. 4.55% Interest. With Approved Credit. See dealer for details.”

The advertisement does not clearly and conspicuously disclose the repayment terms and fails to disclose the annual percentage rate, or “APR,” using that term.

- c. The video includes a similar advertisement for a 2008 Suzuki SX4, which also represents down payment and monthly payment amounts. The advertisement does not clearly and conspicuously disclose the repayment terms and fails to disclose the annual percentage rate, or “APR,” using that term.

VIOLATIONS OF THE FEDERAL TRADE COMMISSION ACT

Count I

Misrepresentation That Consumers Have Won a Prize

7. Through the means described in Paragraph 4, respondent has represented expressly or by implication that consumers have won a prize worth between \$1,000 and \$25,000 that can be collected at the Fowlerville Ford dealership.
8. In truth and in fact, consumers have not won a prize worth between \$1,000 and \$25,000.
9. Respondent’s practices constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATION OF THE TRUTH IN LENDING ACT AND REGULATION Z

10. Under Section 144 of the TILA and Section 226.24(d) of Regulation Z, as amended, advertisements promoting closed-end credit in consumer credit transactions are required to make certain disclosures (“additional terms”) if they state any of several terms, such as the monthly payment (“TILA triggering terms”).
11. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraph 6, are subject to the requirements of the TILA and Regulation Z.

Count II

Failure to Disclose or Disclose Clearly and Conspicuously Required Credit Information

12. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraph 6, have included TILA triggering terms, but have failed to disclose or disclose clearly and conspicuously, additional terms required by the TILA and Regulation Z, including one or more of the following:
 - a. The amount or percentage of the down payment.
 - b. The terms of repayment, including any balloon payment.
 - c. The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.

13. Therefore, the practices set forth in Paragraph 12 of this Complaint have violated Section 144 of the TILA, 15 U.S.C. § 1664, and Section 226.24(d) of Regulation Z, 12 C.F.R. § 226.24(d), as amended.

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

By the Commission.

Donald S. Clark
Secretary

SEAL: