

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

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

In the Matter of

**TXVT LIMITED PARTNERSHIP,
A Texas Limited Partnership,
d/b/a Trophy Nissan.**

DOCKET NO. C-4508

COMPLAINT

The Federal Trade Commission, having reason to believe that TXVT Limited Partnership, a Texas Limited Partnership, doing business as Trophy Nissan (“Respondent”) has violated provisions of the Federal Trade Commission Act (“FTC Act”), the Consumer Leasing Act (“CLA”) and its implementing Regulation M, and the Truth in Lending Act (“TILA”) and its implementing Regulation Z, and it appearing to the Commission that this proceeding is in the public interest, alleges:

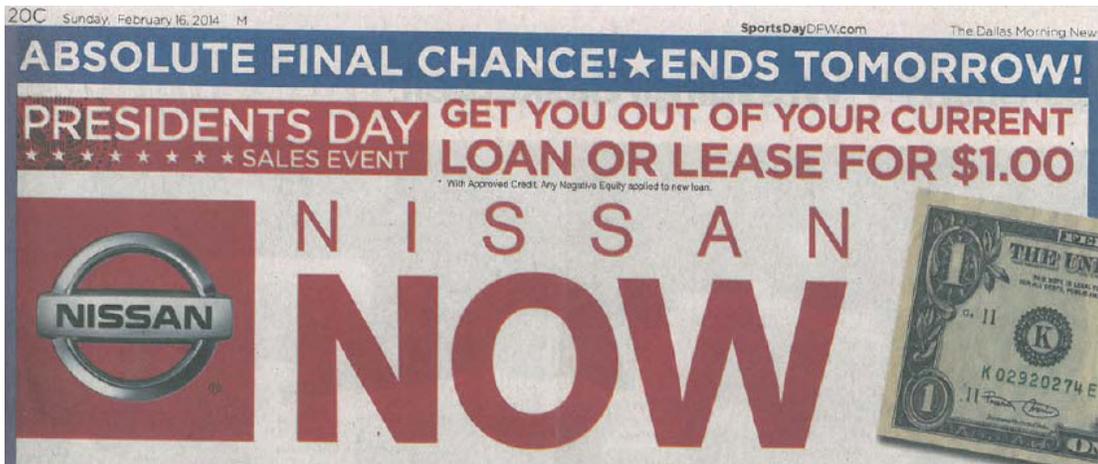
1. Respondent is a Texas Limited Partnership with its principal place of business at 5031 North Galloway Avenue, Mesquite, Texas 75150. Respondent offers automobiles for sale or lease to consumers.
2. The acts or practices of Respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. Since at least February 2014, Respondent has disseminated or caused to be disseminated advertisements to the public promoting the purchase, finance, and leasing of automobiles.
4. Respondent has disseminated or caused to be disseminated advertisements to the public promoting consumer leases for automobiles, as the terms “advertisement” and “consumer lease” are defined in Section 213.2 of Regulation M, 12 C.F.R. § 213.2, as amended.
5. Respondent has 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. Such advertisements have been placed in local Dallas newspapers, including *The Dallas Morning News* and the Spanish-language newspaper *Al Dia*; on local television networks; on Respondent’s website, www.trophynissan.com, and on social media websites, including Facebook and Twitter.

“Nissan Now” Sales Event

7. Respondent ran an advertising campaign entitled the “Nissan Now” sales event. This campaign included advertisements in *Dallas Morning News*, attached as Exhibit A; video commercials placed on local television stations and on Respondent’s website, attached as Exhibit B, with screen captures attached as Exhibit C; and advertisements placed on Respondent’s Facebook and Twitter pages, attached as Exhibit D. The advertisements all contained similar statements and depictions.
8. For example, the following statement and depiction appeared in the advertisement in *The Dallas Morning News*:



The prominent offer to “GET YOU OUT OF YOUR LOAN OR LEASE FOR \$1.00” was followed by small, fine print that stated “With Approved Credit. Any Negative Equity applied to the new loan.” (Exhibit A).

9. A similar offer was made in a video commercial for Respondent. In the video, a narrator stood between two vehicles waving a \$1.00 bill and stated:

“Stuck with a high car payment? Owe more on your vehicle than it’s worth? Trophy Nissan can set you free for a buck! During our

Nissan Now event, you can get out of your current loan or lease for just \$1.00.”

While the above statement was made, small text that was difficult to distinguish from the background was displayed on the screen for approximately two seconds. The text stated the following:

“With Approved Credit. Any Negative Equity applied to new loan. Offer ends [unreadable] See dealer for details.” (Exhibits B-C).



10. On Respondent’s Facebook and Twitter social media sites, Respondent claimed:

“\$1 GETS YOU OUT OF YOUR CURRENT LOAN OR LEASE!”



This ad did not contain any other text describing the sales offer. (Exhibit D).

11. Contrary to the claims made in the advertisements, consumers who had outstanding loan balances on trade-in vehicles could not get out of their loan for \$1.00. In addition to \$1.00, they would have to pay the amount of the outstanding loan balance. Further, consumers with leases could not get of their leases for \$1.00. In addition to \$1.00, they would have to pay other amounts, such as lease termination fees.
12. Respondent's Nissan Now advertisement attached as Exhibit A also promoted automobiles for lease or sale.

1 or more at this price, Model#22113, VIN#DWUZZ18U7

DON'T WAIT!

17 AVAILABLE

MSRP: \$21,365
NISSAN REBATE: \$500
DEALER DISCOUNT: \$1,977

\$18,888

OR

\$179 Per Month Lease

With approved credit. Lease for 39 mo. \$3,779 down. \$0 Security deposit, based on 12k miles per year. An extra charge may be imposed at end of lease. Residual 48%.

YOUR CHOICE!

★★★★★

TROPHY  trophy Nissan.com

★★★★★

246 AVAILABLE

MSRP: \$23,465
NISSAN REBATE: \$1,000
DEALER DISCOUNT: \$3,577

\$18,888

OR

\$179 Per Month Lease

With approved credit. Lease for 36 month \$3,059 down \$0 Security deposit, based on 12k miles per year. An extra charge may be imposed at end of lease. Residual 48%.

APRIL 2014 NISSAN NEW 2014 NISSAN luxury sport sedan

The prominent offers of “\$18,888 or \$179 Per Month Lease” were followed by small, fine print that stated:

With approved credit. Lease for 39 mo. \$3,779 down. \$0 Security deposit, based on 12k miles per year. An extra charge may be imposed at end of lease. Residual 48%.

With approved credit. Lease for 39 mo. \$3,059 down. \$0 Security deposit, based on 12k miles per year. An extra charge may be imposed at end of lease. Residual 48%.

Thus, despite the prominent claim that consumers could lease a car for only \$179 a month, the total amount due at lease signing was unclear because any costs and fees in addition to the down payment required at lease signing were not disclosed.

13. Respondent’s advertisement attached as Exhibit A also promoted the availability of closed-end credit for motor vehicle transactions.



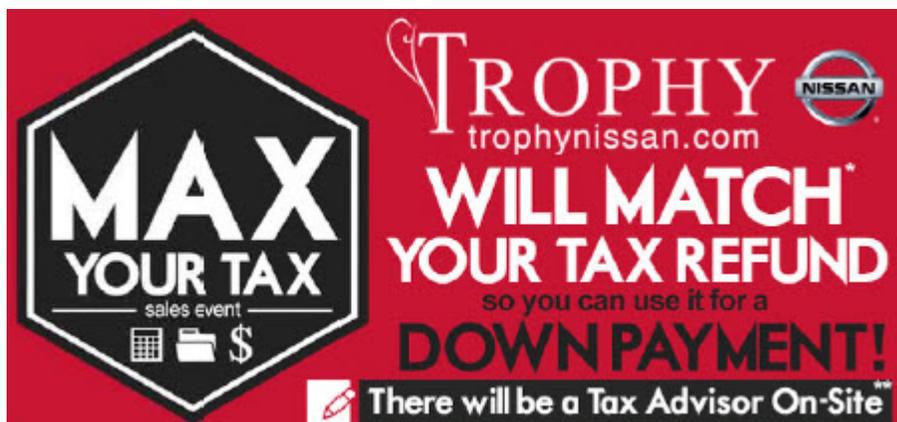
The prominent offer of “\$19 DOWN DELIVERS” was followed by small, fine print at the bottom of the advertisement that stated:

Not Responsible For Errors In Photography Or Typography. † Based on 2013 Certified Nissan Registrations. 1) \$19 cash down with approved above average credit, See Dealer for Details. Example: \$19 down, for 60 months at 6.9% APR financing. Based on STK#AC125197 All Prices plus tax, title, license and \$150 doc fee. All Leases with Approved Above Average Credit Must Finance Thru Nissan Motor Acceptance Corporation. All vehicles subject to prior sale. All offers end of business 2/18/14.

Thus, only in fine print did the Respondent include the financing term, APR, and other required terms.

“Max Your Tax” Sales Event

14. Respondent ran an advertising campaign entitled the “Max Your Tax” sales event. One of the “Max Your Tax” advertisements that was placed on Respondent’s website, www.trophynissan.com, attached as Exhibit E, contained the following statement:



A statement was included at the bottom of the advertisement, in small, fine print that said Respondent would only match tax refunds up to \$1,000 and would not provide tax advice:

* Trophy Nissan will match your Tax Refund up to \$1,000 when used a down payment on any new or used vehicle. ** Trophy Nissan will not provide tax advice and recommends that you obtain your own independent tax advisor, such as Express Multiservices, for your specific individual circumstances. *** Based on 2013 Certified Nissan registrations. Photos for illustration purposes only. Not responsible for errors in typography or photography. All offers end 3/3/14.

15. Respondent's advertisement attached as Exhibit E also promoted the availability of closed-end credit for motor vehicle transactions.



The prominent offer of “\$19 DOWN DELIVERS OR PAY JUST \$269 PER MONTH” was followed by small, fine print that stated:

1) \$19 cash down with approved above average credit. See Dealer for Details. Example: \$19 down, for 60 months at 6.9% APR financing. Based on STK#CL940924. Offer ends 3/3/14. 2) 2013 Nissan Altima, STX#DN551599, payments of \$269/mo for 72 months, 10% down, plus tax, title, license, equity and \$150 doc fee. With approved credit. Offer ends 3/3/14.

Thus, only in fine print did the Respondent include the financing term, APR, and other required terms.

Spanish Language Advertisement

16. Respondent placed an advertisement in the Spanish-language newspaper *Al Dia*, attached as Exhibit F, that depicted numerous automobiles offered for sale or lease.



The advertisement included a prominent offer to lease a Nissan Sentra S for \$100. At the bottom, the advertisement included the following small, fine print in English:

*Disclaimer: 2013 Nissan Sentra S Model #12063 VIN #DL750677, one or more at this price, MSRP \$17,385 36 Month Lease \$3,264 Due at Signing \$0 Security Deposit Residual \$11,916.85 New 2014 Nissan Altima 2.5s, Model#13114, VIN#231533, one or more at this price: MSRP: \$23,680, Nissan Factory Rebate: \$1,000, Dealer Discount: \$3,692, Sale Price: \$18,988. Price plus tax, title, license and \$150 doc fee. Offer ends 2/3/14. New 2013 Nissan Rogue S, Model#22113, VIN#542967, one or more at this price, MSRP: \$21,540, Nissan Factory Rebate: \$500, Dealer Discount: \$2,052, Sale Price: \$18,988. Price plus tax, title, license and \$150 doc fee. Offer ends 3/2/14.

The fine print language reads in English:

Disclaimer: 2013 Nissan Sentra S Model #12063 VIN #DL750677, one or more at this price, MSRP \$17,385 36 Month Lease \$3,264 Due at Signing \$0 Security Deposit Residual \$11,916.85 New 2014 Nissan Altima 2.5s, Model #13114, VIN#231533, one or more at this price, MSRP: \$23,680, Nissan Factory Rebate \$1,000 Dealer Discount: \$3,692, Sales Price \$18,568, Price plus tax, title, license and \$150 doc fee. New 2013 Nissan Rogue S, Model #22113, VIN#542967, one or more at this price, MSRP \$21,540, Nissan Factory Rebate: \$500, Dealer Discount \$2,052, Sales Price: \$18,988, Price plus tax, title, license and \$150 doc fee. Offer ends 3/2/14. (Exhibit F).

Thus, despite the prominent claim in Spanish that consumers could lease a car for only \$100 a month, a consumer would actually have to pay thousands of dollars up-front to lease the car.

FEDERAL TRADE COMMISSION ACT VIOLATIONS

Count I

Misrepresentation that \$1.00 Gets You Out of Your Current Loan or Lease

17. In advertisements, including but not necessarily limited to those described in Paragraphs 7 through 11, Respondent represented, expressly or by implication, that consumers could end their current loan or lease with a payment of only \$1.00.
18. In truth and in fact, in numerous instances, consumers could not end their current loan or lease for only \$1.00. Instead, the balance of any loan or lease obligation after trading in the vehicle was added to the consumer's new loan. Accordingly, Respondent's representation as alleged in Paragraph 17 was, and is, false and misleading.
19. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II

Failure to Disclose Adequately that Trophy Would Match Your Income Tax Refund Only Up To \$1,000

20. In advertisements, including but not necessarily limited to those described in Paragraph 14, Respondent represented, expressly or by implication, that Respondent would match consumers' income tax refund for use as a down payment on an automobile. These advertisements did not disclose adequately additional terms pertaining to the offer, such as that Respondent would match only up to \$1,000 of consumers' income tax refund. The existence of these additional terms was material to consumers in deciding whether to purchase a vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.
21. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count III

Failure to Disclose or Disclose Adequately in Lease Advertising

22. In lease advertisements, including but not necessarily limited to those described in Paragraphs 12 and 16, Respondent represented, expressly or by implication, that consumers could lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount.
23. These advertisements did not disclose or disclose adequately 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 was material to consumers in deciding whether to

lease a vehicle. The failure to disclose or disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

24. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATION OF THE CONSUMER LEASING ACT AND REGULATION M

25. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("additional terms") if they state any of the several terms, such as the amount of any payment ("CLA triggering terms"). 15 U.S.C. § 1667c; 12 C.F.R. § 213.7.
26. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraph 12 and 16, are subject to the requirements of the CLA and Regulation M.

Count IV

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

27. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraphs 12 and 16, included CLA triggering terms, but failed to disclose or to disclose clearly and conspicuously additional terms required by the CLA and Regulation M, including one or more of the following:
 - a. That the transaction advertised is a lease.
 - b. The total amount due prior to or at consummation or by delivery, if delivery occurs after consummation.
 - c. Whether or not a security deposit is required.
 - d. The number, amount, and timing of scheduled payments.
 - e. With respect to a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the property, that an extra charge may be imposed at the end of the lease term.
28. Therefore, the practices set forth in Paragraph 27 of this Complaint violated Section 184 of the CLA, 15 U.S.C. § 1667c, and Section 213.7 of Regulation M, 12 C.F.R. § 213.7.

VIOLATION OF THE TRUTH IN LENDING ACT AND REGULATION Z

29. 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 (“TILA additional terms”) if they state any of several terms, such as the monthly payment (“TILA triggering terms”).

30. Respondent’s advertisements promoting closed-end credit, including but not limited to those described in Paragraphs 13 and 15, are subject to the requirements of the TILA and Regulation Z.

Count V

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

31. Respondent’s advertisements promoting closed-end credit, including but not limited to, those described in Paragraphs 13 and 15, included TILA triggering terms, but failed to disclose, or to 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, which reflect the repayment obligations over the full term of the loan, including any balloon payment.
 - c. The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.
32. Therefore, the practices set forth in Paragraph 31 of this Complaint 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 twelfth day of February, 2015, has issued this complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary