

**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**

**CITY NISSAN INC.,  
       a corporation, also d/b/a  
       Ross Nissan of El Monte**

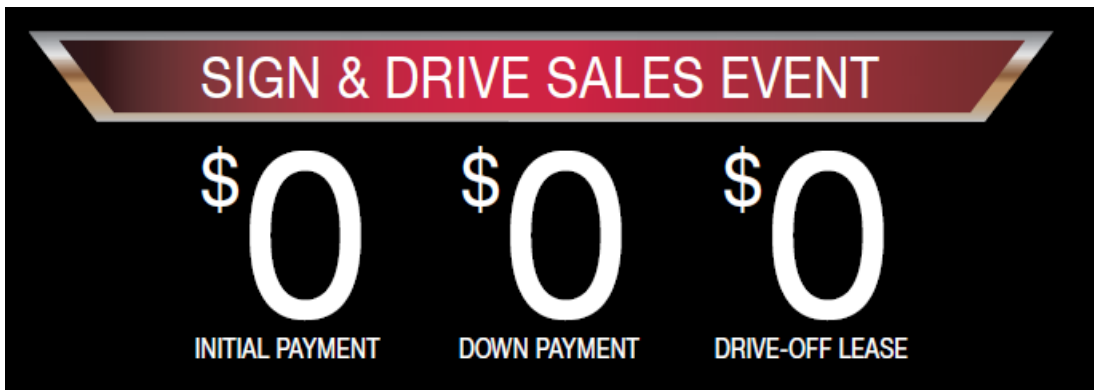
**DOCKET NO.**

**COMPLAINT**

The Federal Trade Commission, having reason to believe that City Nissan Inc. (“City Nissan”), a corporation also doing business as Ross Nissan of El Monte (“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 City Nissan Inc. is a Delaware corporation, also doing business as Ross Nissan of El Monte, with its principal office or place of business at 3428 N. Peck Road, El Monte, CA 91731. 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 August 2012, 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 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. Respondent has placed numerous such advertisements promoting consumer leases for automobiles, or promoting credit sales and other extensions of closed-end credit in consumer credit transactions, in various newspapers, including but not limited to the *Los Angeles Times*, the *San Gabriel Valley Tribune*, the *Pasadena Star*, and *La Opinion*, and also in the *Pennysaver*.
7. Respondent's advertisements deceptively promote lease offers.
8. A copy of one such advertisement, which respondent ran in the *Los Angeles Times*, is attached as Exhibit A. This full-page advertisement contains the statements and depictions described in parts a through e of this Paragraph, below. Respondent has run other advertisements in other editions of the *Los Angeles Times*, in the *San Gabriel Valley Tribune*, and in the *Pasadena Star*, that contain substantially similar statements and depictions.
  - a. The following statement is prominently featured at the top of the advertisement attached as Exhibit A:



- b. Immediately below these "\$0" representations, the advertisement offers three Nissan vehicles for lease ("on approved credit").
      - i. The first vehicle offered for lease is a new 2013 Nissan Sentra SV for \$99 per month plus tax for a 24-month lease.
      - ii. The second vehicle offered for lease is a new 2013 Nissan Rogue S for \$149 per month plus tax for a 39-month lease.
      - iii. The third vehicle offered for lease is a new 2013 Nissan Pathfinder for \$249 per month plus tax for a 39-month lease.
    - c. Although other vehicles are listed for sale in the advertisement, these three vehicles are the only vehicles that are offered for lease in the advertisement.
    - d. Near the bottom of the advertisement, below multiple pictures of other vehicles, the following statements appear in minuscule white type against a black background:

\$99 a month- 24-month lease with \$0 security deposit. \$4100 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 24,000 miles at 15¢ per mile. On approved credit.

\$149 a month 39-month lease with \$0 security deposit. \$5400 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

\$249 a month 39 month lease with \$0 security deposit. \$3113 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

- e. Thus, the amount that consumers who wanted to lease these vehicles were required to pay to “drive off” with these vehicles was substantially more than the “\$0” that is prominently stated at the top of the advertisements.
9. Respondent has run similar advertisements, written in Spanish, in *La Opinion*. A copy of one such Spanish-language advertisement is attached as Exhibit B. This full-page advertisement contains the statements and depictions described in parts a through f of this Paragraph, below. One or more other advertisements that respondent ran in other editions of *La Opinion* contain substantially similar statements and depictions.
- a. The following statement is prominently featured at the top of the advertisement attached as Exhibit B: “EVENTO DE FIRME Y MANEJE” \$0 DE PAGO INICIAL,” “\$0 DE ENGANCHE,” “\$0 AL FIRMAR EL ARRENDAMIENTO.” (This translates to mean “SIGN AND DRIVE EVENT,” “\$0 INITIAL PAYMENT,” “\$0 DOWN,” AND “\$0 ON LEASE SIGNING.”) This statement as it appears in the advertisement is depicted below:



- b. Immediately below these \$0 representations, the advertisement offers three vehicles for lease (“CON CREDITO APROBADO,” which translates to mean “on approved credit”).
  - i. The first vehicle offered for lease is a “NUEVO 2013 NISSAN SENTRA SV ARRIENDE POR \$99 AL MES + IMPUESTOS 1 A ESTOS TERMINOS\* 24-MESES DE ARRENDAMIENTO.” (This translates to mean “NEW 2013 NISSAN SENTRA SV LEASE FOR \$99 PER MONTH + TAXES 1 AT THESE TERMS\* 24-MONTH LEASE.”)

- ii. The second vehicle offered for lease is a “NUEVO 2013 NISSAN ROGUE S ARRIENDE POR \$149 AL MES + IMPUESTOS 1 A ESTOS TERMINOS\* 39-MESES DE ARRENDAMIENTO.” (This translates to mean “NEW 2013 NISSAN ROGUE S FOR \$149 PER MONTH + TAXES 1 AT THESE TERMS\* 39-MONTH LEASE.”)
  - iii. The third vehicle offered for lease is a “NUEVO 2013 NISSAN PATHFINDER ARRIENDE POR \$149 AL MES + IMPUESTOS 1 A ESTOS TERMINOS\* 39-MESES DE ARRENDAMIENTO” (This translates to mean “NEW 2013 NISSAN PATHFINDER FOR \$249 PER MONTH + TAXES 1 AT THESE TERMS\* 39-MONTH LEASE.”)
  - c. Although other vehicles are listed for sale in the advertisement, these three vehicles are the only vehicles that are offered for lease in the advertisement.
  - d. Near the bottom of the advertisement, below multiple pictures of other vehicles, the following statements appear in minuscule white type against a black background:
    - \*\$99/Month - 24-meses de arrendamiento con \$0 depósito de seguridad. \$4100 al momento de firmar el arrendamiento mas registro e impuestos registration. Cliente es responsable mas de 32,500 milas al ano a 20¢ por cada milla adicional. Con Crédito aprobado. (This translates to mean: “\$99/Month - 24-month lease with \$0 security deposit. \$4100 on lease signing plus registration and taxes registration. Client responsible for miles over 32,500 at 20¢ per additional mile. With credit approval.”)
    - \*\$149/Month- 39 meses de arrendamiento con \$0 depósito de seguridad. \$5,400 al momento de firmar el arrendamiento mas registro e impuestos registration. Cliente es responsable mas de 32,500 milas al ano a 20¢ por cada milla adicional. Con Crédito aprobado. (This translates to mean: “\$149/Month- 39 month lease with \$0 security deposit. \$5,400 on lease signing plus registration and taxes registration. Client responsible for miles over 32,500 at 20¢ per additional mile. With credit approval.”)
    - \*\$249/Month 39 meses de arrendamiento con \$0 depósito de seguridad. \$5,400 al momento de firmar el arrendamiento mas registro e impuestos registration. Cliente es responsable mas de 32,500 milas al ano a 20¢ por cada milla adicional. Con Crédito aprobado. (This translates to mean: “\$249/Month 39 month lease with \$0 security deposit. \$5,400 on lease signing plus registration and taxes registration. Client responsible for miles over 32,500 at 20¢ per additional mile. With credit approval.”)
  - f. Thus, the amount that consumers who wanted to lease these vehicles were required to pay to “drive off” with these vehicles was substantially more than the “\$0” that is prominently stated at the top of the advertisements.
10. A copy of another of respondent’s advertisements that promotes lease offers, which appeared in the *Pennysaver*, is attached as Exhibit C. This advertisement contains the statements and depictions described in parts a through d of this Paragraph, below. Other advertisements of respondent that appeared in one or more other editions of the *Pennysaver* contain substantially similar statements and depictions.

- a. The ad promotes “0 DOWN PAYMENT” in the top right corner, in large bold print, followed in very fine print with the statement “on select Nissan models.” These statements are surrounded by three boxes that promote lease deals on three different vehicles, including a 2013 Nissan Sentra offered at \$99 per month, a 2013 Nissan Rogue S for \$149 per month, and a 2013 Nissan Pathfinder for \$249 per month. These three are the only vehicles in the ad for which specific lease or finance deals are offered. The statements described herein as they appear in the advertisement are depicted below:



- b. Various other vehicles are then depicted in the ad, each adjacent to a sales price. Further down the page, below these depictions of vehicles offered for sale, the following statements appear in minuscule white type against a black background:

\$99/Month – 24 month lease with \$0 security deposit. \$4100 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 24,000 miles at 15¢ per mile. On approved credit.

\$149/Month – 39 month lease with \$0 security deposit. \$5400 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

\$249/Month – 39 month lease with \$0 security deposit. \$3113 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

- c. Thus, the amount that consumers who wanted to lease any of the three vehicles shown above were required to pay upon leasing the vehicle was substantially more than the “0 DOWN PAYMENT” that is prominently stated at the top of the advertisements.

11. Respondent’s advertisements also deceptively promote offers of closed-end credit on vehicles it offers for sale.

12. A copy of one such advertisement, which appeared in the *Pennysaver*, is attached as Exhibit D. This advertisement contains the statements and depictions described in parts a through d of this Paragraph, below. Other advertisements of respondent that appeared in one or more other editions of the *Pennysaver* contain substantially similar statements and depictions.

a. The ad prominently promotes “\$0 DOWN” and “0% APR FINANCING” in the top left corner, in large bright print, followed in very fine print with the statement “on select Nissan models.” These statements as they appear in the advertisement attached as Exhibit D are depicted below:



b. A row of three photographs of three different vehicles immediately follows these statements, with a monthly payment amount prominently featured next to each vehicle, including a 2005 Nissan Sentra S offered at \$99 per month, a 2003 Honda CR-V EX offered at \$139 per month, and a 2006 Honda CR-V EX offered at \$159 per month. A small asterisk follows each of the three dollar amounts. These three are the only vehicles in the ad for which specific finance deals are offered.

c. Below the row of photographs depicting these three finance offers, various other vehicles are depicted, each adjacent to a sales price. Further down the page, below the depictions of the vehicles offered for sale, the following statements appear in minuscule white type against a black background:

\*\$7,995 purchase price plus tax and license. 60-monthly terms with \$3500 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

\$10,995 purchase price plus tax and license. 60-monthly terms with \$5000 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

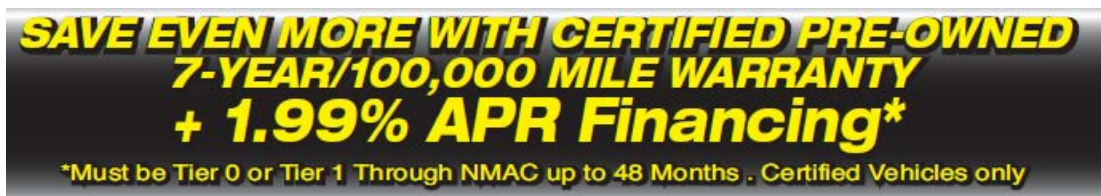
\$12,995 purchase price plus tax and license. 60-monthly terms with \$6000 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

d. Thus, the amount of the down payment that a consumer who wanted to purchase any of these three cars was required to make was substantially more than the “\$0” that is prominently stated at the top of the advertisements, and the annual percentage rate for financing any of these three cars was significantly greater than “0%.”



13. A copy of another advertisement that promotes offers of closed-end credit, which respondent ran in the *Los Angeles Times*, is attached as Exhibit E. This full-page advertisement contains the statements and depictions described in parts a through c of this Paragraph, below. Respondent ran other advertisements in other editions of the *Los Angeles Times*, as well as in the *San Gabriel Valley Tribune*, that contain substantially similar statements and depictions.

a. The ad prominently promotes 1.99% APR financing for a term of up to 48 months. These statements as they appear in the advertisement attached as Exhibit E are depicted below:



The advertisement does not disclose the amount or percentage of the down payment, or the full terms of repayment, that are associated with this offer.

b. The bottom half of the advertisement attached as Exhibit E, which begins immediately below the statements that are described in part a of this Paragraph, includes multiple rows and columns of photographs of vehicles offered for sale. Immediately below each photograph is a boldly printed dollar figure. The far-left column consists of three photographs of three different vehicles, next to each of which is printed a monthly payment amount: \$125 for the first, \$165 for the second, and \$175 for the third. No asterisks or other symbols prompt consumers to look for disclosures elsewhere in the ad. For example, the following is a copy of the photo and information that is printed at the top of the far-left column:



c. Toward the bottom of the advertisement, below the multiple rows of photographs, the following statements appear in minuscule white type against a medium blue background:

\*\$125/month - \$10,995 plus tax and license. 60 months at 3.9% APR. \$5000 down payment. 720+ FICO score. On approved credit. \$165/month: \$11,995 plus tax and license. 60 months at 4.9% APR. \$4500 down payment. 720+ FICO score. On approved credit. \$175/month - \$10,995 plus tax and license. 60 months at 3.9% APR. \$2800 down payment. 720+ FICO score. On approved credit.

14. Respondent has also run advertisements, written in Spanish, in *La Opinion*, that promote offers of closed-end credit. A copy of one such Spanish-language advertisement is attached as Exhibit F. This full-page advertisement contains the statements and depictions described in parts a through d of this Paragraph, below. One or more other advertisements that respondent ran in other editions of *La Opinion* contain substantially similar statements and depictions.
- a. The bottom third of the advertisement attached as Exhibit F includes separate photographs of fifteen used vehicles offered for sale, arranged in columns and rows; immediately adjacent to each photograph is a boldly printed dollar figure.
  - b. The following is a copy of the photo and information that appears in the upper left of this portion of the advertisement:



(The text in this box translates to mean “2007 Nissan Sentra S. Buy for . . . \$99 per month.\*”)

- c. The dollar figures for the remaining fourteen vehicles in this portion of the advertisement are purchase prices.
- d. Toward the bottom of the advertisement, below the three rows of photographs of used vehicles offered for sale, the following statements appear in minuscule black type against a white background:



\*\$7995 Precio más impuestos y licencia. 60 pagos mensuales con \$3500 de enganche. 3.9% de APR con calificación de crédito FICO de 720+. Con crédito aprobado. (This translates to mean: “\*\$7995 Price, plus taxes and license. 60 monthly payments with \$3500 down payment. 3.9% APR for qualified FICO credit [score] of 720+. With credit approved.”)

## **FEDERAL TRADE COMMISSION ACT VIOLATIONS**

### **Count I**

#### **Misrepresentation of Amount Due at Lease Inception**

15. Through the means described in Paragraphs 8 through 10, respondent has represented, expressly or by implication, that consumers can pay \$0 at lease inception to lease the vehicles shown in the advertisements for the advertised monthly payment amount.
16. In truth and in fact, consumers cannot pay \$0 at lease inception to lease the vehicles shown in the advertisements for the advertised monthly payment amount. Therefore, the representation set forth in Paragraph 15 was, and is, false or misleading.
17. 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**

#### **Misrepresentation of Amount of Down Payment**

18. Through the means described in Paragraph 12, respondent has represented, expressly or by implication, that consumers are not required to make any down payment to finance the vehicles shown in the advertisements for the advertised monthly payment amount.
19. In truth and in fact, consumers are required to make a down payment to finance the vehicles shown in the advertisements for the advertised monthly payment amount. Therefore, the representation set forth in Paragraph 18 was, and is, false or misleading.
20. 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**

#### **Misrepresentation of Amount of the Annual Percentage Rate**

21. Through the means described in Paragraph 12, respondent has represented, expressly or by implication, that respondent is offering consumers an annual percentage rate of 0% to

finance the vehicles shown in the advertisements for the advertised monthly payment amount.

22. In truth and in fact, the annual percentage rate that respondent is offering to finance the vehicles shown in the advertisements for the advertised monthly payment amount is substantially greater than 0%. Therefore, the representation set forth in Paragraph 21 was, and is, false or misleading.
23. 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**

24. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("CLA additional terms") if they state any of several terms, such as the amount of any payment ("CLA triggering terms"). 15 U.S.C. § 1667c; 12 C.F.R. § 213.7.
25. Respondent's advertisements promoting consumer leases, including but not necessarily limited to the advertisements described in Paragraphs 8 through 10, 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**

26. Respondent's advertisements promoting consumer leases, including but not necessarily limited to the advertisements described in Paragraphs 8 through 10, have included CLA triggering terms, but have failed to disclose or to disclose clearly and conspicuously CLA 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.

27. Therefore, the practices set forth in Paragraph 26 of this Complaint have violated Section 184 of the CLA, 15 U.S.C. § 1667c, and Section 213.7 of Regulation M, 12 C.F.R. § 213.7.

### **VIOLATIONS OF THE TRUTH IN LENDING ACT AND REGULATION Z**

28. 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”).
29. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 12 through 14, are subject to the requirements of the TILA and Regulation Z.

### **Count V**

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

30. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 12 through 14, have included TILA triggering terms, but have failed to disclose or disclose clearly and conspicuously TILA additional terms required by the TILA and Regulation Z, including one or more of the following:
- a. The amount or percentage of the downpayment.
  - 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.
31. Therefore, the practices set forth in Paragraph 30 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 \_\_\_\_ day of \_\_\_\_\_, 2015, has issued this complaint against respondent.

By the Commission.

Donald S. Clark  
Secretary