

## **Analysis of Proposed Consent Order to Aid Public Comment**

***TT of Longwood, Inc., also doing business as Cory Fairbanks Mazda, File No. 1523047***

The Federal Trade Commission (“FTC”) has accepted, subject to final approval, an agreement containing a consent order from TT of Longwood, Inc., also doing business as Cory Fairbanks Mazda. The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the FTC will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

The respondent is a motor vehicle dealer. According to the FTC’s complaint, the respondent has misrepresented: (1) vehicle purchase prices; (2) that advertised prices, discounts, rebates, bonuses, and incentives are available to all consumers; (3) the prices for added features such as spoilers and sunroofs; (4) that vehicles are available for sale or lease for zero down, zero payments, or zero interest; (5) that vehicles are available for \$99; and (6) that consumers can pay \$0 at the inception of a lease to lease the advertised vehicle for the advertised monthly payment amount. The complaint alleges therefore that the representations are false and misleading in violation of Section 5 of the FTC Act.

In addition, the complaint alleges the respondent violated the Consumer Leasing Act (“CLA”) and Regulation M for failing to disclose or to disclose clearly and conspicuously certain costs and terms when advertising vehicles for lease.

The proposed order is designed to prevent the respondent from engaging in similar deceptive practices in the future. Part I.A of the proposed order prohibits the respondent from misrepresenting the cost of: (1) purchasing a vehicle with financing, including but not necessarily limited to the amount or percentage of the down payment, the number of payments or period of repayment, the amount of any payment, and the repayment obligation over the full term of the loan, including any balloon payment; or (2) leasing a vehicle, including but not limited to the total amount due at lease inception, the down payment, amount down, acquisition fee, capitalized cost reduction, any other amount required to be paid at lease inception, and the amounts of all monthly or other periodic payments. Part I.B prohibits the respondent from misrepresenting any other material fact about the price, sale, financing, or leasing of any vehicle.

Part II.A of the proposed order prohibits respondent from representing that a discount, rebate, bonus, incentive or price is available unless: (1) it is available to all consumers, and for all vehicles advertised; or (2) the representation clearly and conspicuously discloses all qualifications or restrictions on: (a) a consumer’s ability to obtain the discount, rebate, bonus, incentive, or price and (b) the vehicles available at the discount, rebate, bonus incentive, or price. Part II.B prohibits respondent from misrepresenting any of the following: (1) the existence or amount of any discount, rebate, bonus, incentive, or price; (2) the existence, price, value, coverage, or features of any product or service associated with the motor vehicle purchase; (3) the number of vehicles available at particular prices; or (4) any other material fact about the price, sale, financing, or leasing of motor vehicles.

Part III of the proposed order addresses the CLA allegations. Part III.A prohibits the

respondent from stating the amount of any payment or that any or no initial payment is required at lease inception without disclosing clearly and conspicuously: (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, amounts, and timing of scheduled payments; and (5) that an extra charge may be imposed at the end of the lease term. Part III.B prohibits the respondent from violating any provision of the CLA or Regulation M.

Part IV of the proposed order requires the respondent to keep copies of relevant advertisements and materials substantiating claims made in the advertisements. Part V requires the respondent to provide copies of the order to certain of its personnel. Part VI requires notification to the Commission regarding changes in corporate structure that might affect compliance obligations under the order. Part VII requires the respondent to file compliance reports with the Commission. Finally, Part VIII is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order’s terms.