

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

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

In the Matter of

**JS AUTOWORLD, INC.,
a Nevada Corporation,
d/b/a PLANET NISSAN.**

DOCKET NO. C-4535

COMPLAINT

The Federal Trade Commission, having reason to believe that JS Autoworld, Inc., also doing business as Planet 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 Nevada corporation with its principal office or place of business at 5850 Centennial Center Blvd, Las Vegas, NV 89149. Respondent offers motor vehicles for purchase 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 July 2014, Respondent has disseminated or caused to be disseminated advertisements to the public promoting the purchase, finance, and leasing of motor vehicles.
4. Respondent has disseminated or caused to be disseminated advertisements to the public promoting consumer leases for motor vehicles, 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 advertisements promoting consumer leases and purchases of motor vehicles, or promoting credit sales and other extensions of closed-end credit in consumer credit transactions, in printed publications, including in the *Las Vegas Review-Journal* newspaper. Exhibit A is an example of a full-page advertisement that Respondent ran in the *Las Vegas Review-Journal*. Respondent's advertisements in other editions of the *Las Vegas Review-Journal* contain substantially similar statements and depictions.

7. Respondent has also advertised consumer leases and purchases of motor vehicles, or promoted credit sales and other extensions of closed-end credit in consumer credit transactions, on the Internet, including on its page on Facebook, <https://www.facebook.com/planetnissan>. Exhibit B is an example of one such advertisement appearing on Respondent's page on Facebook.

"NOW" Prices

8. Respondent's advertisements, including but not limited to the advertisement attached as Exhibit A, feature images depicting motor vehicles for purchase with a prominent "NOW" price next to each vehicle. For example, the advertisement attached as Exhibit A features a 2015 Nissan Versa S with a "NOW" price of \$9,977:



(from Exhibit A, print advertisement, *Las Vegas Review-Journal* ((Nov. 2014))

9. Beneath the prominent statement that consumers can obtain the vehicle for "\$9,977," the advertisement states in small print: "#11155, 2 or more at this price, \$1,000 Trade Assistance and \$600 VPP/Active Military discount and \$600 College Grad discount." Thus, the prominently advertised price is not generally available to consumers. In fact, a consumer can qualify for the advertised price only if the consumer meets certain requirements for discounts or incentives, such as being a recent college graduate, being a member of the military, or trading in a vehicle.

“PURCHASE! NOT A LEASE!”

10. Respondent’s advertisements, including but not limited to the advertisement attached as Exhibit A, deceptively promote offers for motor vehicles with a bright yellow “PURCHASE! NOT A LEASE!” statement next to each vehicle. For example, the advertisement attached as Exhibit A promotes a 2014 Nissan Pathfinder S with a “NOW” price of “\$299” or “\$24,777” as a “PURCHASE! NOT A LEASE!”:



(from Exhibit A, print advertisement, *Las Vegas Review-Journal* ((Nov. 2014))

11. Below the depicted vehicle, the advertisement states in small print: “#25114, 2 or more at this price, \$1000 Trade Assistance & \$600 VPP/Active Military discount and \$600 College Grad discount. \$299 - 36 month lease with \$2,000 due at signing, 12K miles per year.” Thus, despite the prominent “PURCHASE! NOT A LEASE!” statement, the advertised “\$299” payment is for a lease, not a purchase.

12. Additionally, Respondent’s advertisements state certain terms, such as a payment amount, but only disclose in small print the amount due at signing, the number and timing of scheduled payments, and that the advertised payment is a monthly amount and for a lease. Respondent’s advertisements fail to include other required information, such as whether or not a security deposit is required.

“\$0 DOWN”

13. Respondent’s advertisements, including but not limited to the advertisement attached as Exhibit B, deceptively promote offers for motor vehicles with a prominent “\$0 DOWN” statement near the depicted vehicle. For example, the advertisement attached as Exhibit B promotes a 2014 Nissan Pathfinder for “\$0 DOWN”:



(from Exhibit B, Facebook page posting, <https://www.facebook.com/planetnissan> (July 2014))

14. Beneath this prominent statement, the advertisement states in small print: “#25114, 2 or more at this price, \$1000 Trade Assistance & \$600 VPP/Active Military discount and \$600 College Grad discount. \$299 - 36 month lease with \$2,000 due at signing, 12K miles per year.” Thus, the offer is for a lease, and consumers must pay at least \$2,000 at lease signing, substantially more than the prominently stated “\$0 DOWN.”

15. Additionally, Respondent’s advertisements state certain terms, such as the amount down and a payment amount, but only disclose in small print the amount due at signing and the number and timing of scheduled payments. Respondent’s advertisements fail to include other required information, such as whether or not a security deposit is required.

“0% APR”

16. Respondent’s advertisements, including but not limited to the advertisement attached as Exhibit A, states credit terms such as “0% APR for 72 months*” and “0% APR for 60 MONTHS*”:



(from Exhibit A, print advertisement, *Las Vegas Review-Journal* ((Nov. 2014))

17. In a block of text at the bottom of the full-page advertisement, the following statement appears in fine print:

Must present ad at time of purchase to receive ad specials. Must test drive to receive ad specials. All offers OAC plus \$399 DOC and \$199 VTR fee, tax and tag. Receive these offers with Planet Nissan financing. Must take same day delivery from dealer stock and prior sales do not qualify. Offers cannot be combined. 0%APR for 36 months OAC. 1.No payments 90 days subject to credit approval. Amount will be added to end of loan balance. Subject to credit approval. 2. Free registration for first year with purchase. *0% APR on select Nissan models and must finance through NMAC.**Offers cannot be combined. See dealer for details. Source: Nissan USA. 2013 new car sales from January 2013 – Dec 2013.

18. Respondent's advertisements fail to include other required information, such as the amount of the down payment or the terms of repayment.

FEDERAL TRADE COMMISSION ACT VIOLATIONS

Count I

Misrepresentation of Vehicle Purchase Prices

19. Through the means described in Paragraphs 6 through 9, Respondent has represented, directly or indirectly, expressly or by implication, that consumers can purchase vehicles for the prominently advertised "NOW" prices.

20. In fact, vehicles are not generally available for purchase at the prominently advertised "NOW" prices. Therefore, the representation set forth in Paragraph 19 is false or misleading.

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 II

Misrepresentation of Offer

22. Through the means described in Paragraphs 7 and 10 through 15, Respondent has represented, directly or indirectly, expressly or by implication, that advertised payment amounts are for vehicle purchases, not leases.

23. In fact, the advertised payment amounts are for vehicle leases, not purchases. Therefore, the representation set forth in Paragraph 22 is false or misleading.

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).

Count III

Misrepresentation of Amount Due at Signing

25. Through the means described in Paragraphs 7 and 13 through 15, Respondent has represented, directly or indirectly, expressly or by implication, that consumers can pay \$0 at signing to obtain the vehicles shown in the advertisements for the advertised monthly payment amount.
26. In fact, consumers cannot pay \$0 at signing to obtain the vehicles shown in the advertisements for the advertised monthly payment amount. Consumers must pay at least \$2,000 at lease signing. Therefore, the representation set forth in Paragraph 25 is false or misleading.
27. 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

28. 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(d).
29. Respondent's advertisements promoting consumer leases, including but not necessarily limited to the advertisements described in Paragraphs 6, 7, and 10 through 15, 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

30. Respondent's advertisements promoting consumer leases, including but not necessarily limited to those described in Paragraphs 6, 7, and 10 through 15, have included CLA triggering terms, but have 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.

31. Therefore, the practices set forth in Paragraph 30 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

32. 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 number of payments or period of repayment (“TILA triggering terms”).

33. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 6 and 16 through 18, are subject to the requirements of the TILA and Regulation Z.

Count V

Failure to Disclose or Disclose Clearly and Conspicuously Required Credit Information

34. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 6 and 16 through 18, 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.

35. Therefore, the practices set forth in Paragraph 34 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 thirteenth day of August, 2015, has issued this complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: