

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Maureen K. Ohlhausen
Terrell McSweeney

_____)
In the Matter of)
)
) DOCKET NO. C-4597
LITHIA MOTORS, INC.,)
a corporation;)
)
_____)

COMPLAINT

The Federal Trade Commission, having reason to believe that Lithia Motors, Inc., a corporation (“Respondent”), has violated provisions of the Federal Trade Commission Act (“FTC Act”), and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is an Oregon corporation with its principal office or place of business at 150 North Bartlett Street, Medford OR 97591. Respondent has marketed, advertised, offered for sale, and sold used motor vehicles.
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 January 2015, Respondent has disseminated or has caused to be disseminated advertisements promoting the sale of used motor vehicles.
4. Respondent’s advertisements include, but are not necessarily limited to, advertisements and marketing materials posted on the website www.lithia.com, excerpts of which are attached as Exhibits A through D. On its website, on a page prominently touting the features of the dealer-backed, Lithia “60 Day/3,000 Mile” warranty Lithia claims that its “60 Day/3,000 Mile vehicles are put through an exhaustive 160-checkpoint Quality Assurance Inspection.” It goes on to state, “We want the vehicles to look, feel and smell as new as possible. We inspect everything from the tires and the brakes to suspension, drive train, engine components and even the undercarriage. Only vehicles that pass all

160 checkpoints (as appropriate to vehicle content) can receive our 60 Day/3,000 miles Limited Warranty.”

Exhibit A.

5. Even though it makes the claims set forth in Paragraph 4, Respondent has advertised numerous used “60 Day/3,000 Mile” vehicles with open recalls for safety issues on its website.
6. In some instances, these open recalls for safety issues have included recalls for defects that can cause serious injury. For example, Respondent has advertised used “60 Day/3,000 Mile” vehicles that have an open recall for safety issues for a key ignition switch defect, which can affect engine power, power steering, power braking, and airbag deployment, thereby increasing the risk of a crash and occupant injury. Respondent also has advertised used vehicles that have an open recall for safety issues for a side impact air bag wiring harness defect, which could result in the failure of side impact airbags and seat belt pretensioners to deploy in a crash, increasing the risk of injury.
7. In numerous instances, when Respondent has advertised used “60 Day/3,000 Mile” vehicles that are subject to open recalls for safety issues making the claims set forth in Paragraph 4, it has provided no accompanying clear and conspicuous disclosure of this fact.
8. When consumers search for particular categories of vehicles on Respondent’s website, there is no disclosure regarding open recalls for safety issues. An example of such search results includes the following:

Inventory

Search

All Conditions ▼

2011 (3) ▼

Chrysler (3) ▼

All Models ▼

All Body Styles ▼

All Mileage ▼

All Prices ▼

All Locations ▼

All States ▼

Zip Code:

Mileage Range: Any Range ▼

Search

3 Items Matching: Year: 2011 Make: Chrysler Select View

Sort by Year Color Mileage Price Page 1 of 1



2011 Chrysler 200 Touring Sedan

Engine: 3.6L V-6 cyl
Transmission: AUTOMATIC
Mileage: 51,348 miles
Exterior Color: Sapphire Crystal Met
VIN: 1C3BC1FG6BN536374
More...

[Watch Video](#)

[Save This Car!](#)

[Get Price Alerts](#)

Stock #: BN536374
Location: Lithia Dodge of Las Cruces

Price: \$12,999

Get ePrice

60 DAY LIMITED WARRANTY 3,000 MILE

[Compare](#)

AutoCheck



2011 Chrysler 300C Base Sedan

Engine: 5.7L V-8 cyl
Transmission: 5 speed automatic
Mileage: 57,758 miles
Exterior Color: Silver
VIN: 2C3CA6CT1B1H681403
More...

[Watch Video](#)

[Save This Car!](#)

[Get Price Alerts](#)

Stock #: BH681403C
Location: Lithia Chrysler Jeep Dodge of Eureka

Price: \$21,995

Get ePrice

60 DAY LIMITED WARRANTY 3,000 MILE

[Compare](#)

AutoCheck



2011 Chrysler Town & Country Touring Van LWB Passenger Van

Engine: 3.6L V-6 cyl
Transmission: AUTOMATIC
Mileage: 35,748 miles
Exterior Color: Stone White
VIN: 2A4RRSDG2B636827
More...

[Full-Motion Video](#)

[Save This Car!](#)

[Get Price Alerts](#)

Stock #: BR636827F
Location: Lithia Ford Lincoln of Fresno

Price: \$19,998

Get ePrice

60 DAY LIMITED WARRANTY 3,000 MILE

[Compare](#)

AutoCheck

Exhibit B.

9. When consumers view specific vehicle listings on Respondent’s website, there is no disclosure of open recalls for safety issues. An example of such a listing with an open safety recall includes the following:

2013 Chevrolet Cruze LTZ Sedan

[Back To Inventory](#)

Submit our "Get ePrice" form below for great pricing online!



Price **\$15,995**

[Get ePrice](#)

Your estimated monthly payment:

\$253 per month

60 Months @ 6.9% A.P.R. (estimated financing rate) (\$3,199 Down Payment)

[Calculate another payment](#)

[Save This Car!](#)

[Get Price Alerts](#)



AutoCheck
A part of Experian

60 DAY LIMITED WARRANTY
3,000 MILE

Overview Tech Specs Warranty

Year:	2013
Make:	Chevrolet
Model:	Cruze
Trim:	LTZ
Bodystyle:	Sedan
Doors:	4 door
Mileage:	23,534 miles
Engine:	1.4L I-4 cyl
Transmission:	AUTOMATIC
Drive Line:	Front-wheel Drive
Fuel Type:	regular unleaded
Exterior Color:	Silver Ice
Interior Color:	JET BLACK
VIN:	1G1PG5SB1D7264534
Model Code:	1PW69
Stock #:	D7264534

Fuel Efficiency Rating

City MPG: **26**  Hwy MPG: **38**

Actual rating will vary with options, driving conditions, habits and vehicle condition.

Share    

8+1 0

[Finance Your Vehicle](#)

[Request More Info](#)

[Make An Offer](#)

[Schedule a Test Drive](#)

[Trade-In Value](#)

Location

Lithia Kia of Anchorage
4434 Old Seward Highway
Anchorage, AK 99503
Sales: 877-475-1723

Map



[Get Directions](#)

Similar



2013 Chevrolet Sonic LTZ Auto Hatchback

\$12,995

[View Details](#)



2012 Chevrolet Traverse 1LT SUV

\$19,495

[View Details](#)



2014 Chevrolet Impala Limited LTZ Sedan

\$17,961

[View Details](#)

Comments: ONLY 23,505 Miles! PRICED TO MOVE \$800 below Kelley Blue Book!, EPA 38 MPG Hwy/26 MPG City! Heated Leather Seats, CD Player, iPod/MP3 Input, Remote Engine Start, Onboard Communications System, Turbo Charged, Aluminum Wheels SEE MORE!

KEY FEATURES INCLUDE

Leather Seats, Heated Driver Seat, Back-Up Camera, Turbocharged, Satellite Radio, iPod/MP3 Input, CD Player, Onboard Communications System, Aluminum Wheels, Remote Engine Start, Heated Seats, Heated Leather Seats MP3 Player, Keyless Entry, Child Safety Locks, Steering Wheel Controls, Heated Mirrors. LTZ with SILVER ICE METALLIC exterior and JET BLACK interior features a 4 Cylinder Engine with 138 HP at 4900 RPM*.

EXPERTS ARE SAYING

CarAndDriver.com explains The Cruze brings a compelling mix of elegant styling and fuel economy to the compact-car ranks.. Great Gas Mileage: 38 MPG Hwy.

A GREAT VALUE

AutoCheck One Owner This Cruze is priced \$800 below Kelley Blue Book.

WHO WE ARE

By taking a page from Kia themselves, Lithia Kia of Anchorage challenges many consumers' perspective of exactly what is the quintessential car-buying experience. When you visit Lithia Kia of Anchorage for complete car specs or to take a test drive, you'll find we deliver an extensive product lineup, deft service and auto repair, and perhaps most importantly - a one-of-a-kind mix of professionalism and approachability. Stop by and see us today!

Pricing analysis performed on 12/10/2014. Horsepower calculations based on trim engine configuration. Fuel economy calculations based on original manufacturer data for trim engine configuration. Please confirm the accuracy of the included equipment by calling us prior to purchase.

* While every reasonable effort is made to ensure the accuracy of this information, we are not responsible for any errors or omissions contained on these pages. Please verify any information in question with Lithia Auto Stores.

User Reviews

Nothing posted yet.

[Post a Review](#)

[Careers](#) [Lithia4Kids](#) [Lithia Privacy](#) [Investor Relations](#) [CA Supply Chain Disclosure](#) [Corporate Sustainability](#) [Customer Service](#)

website by
DEALER.COM

Exhibit C

10. Another example of a listing for a vehicle with an open safety recall appears as follows:

Used 2013 Chevrolet Camaro For Sale in Medford | D9118687A - Internet Explorer

http://www.lithia.com/used/ Used 2013 Che... CARFAX Vehicle ... CARFAX Vehicle ... Recalls Results Lo...

Login 5 Recently Viewed Cars 0 Saved Cars 0 Price Alerts Contact Social Info Hide

2013 Chevrolet Camaro 1SS Coupe

Submit our "Get ePrice" form below for great pricing online!

Photos Video 360°

All American Chrysler Jeep Dodge of Midland 432-522-3115
AllAmericanDodgeMidland.com

Price: \$26,999
Get ePrice

Your estimated monthly payment:
\$427 per month

60 Months @ 6.9% A.P.R. (estimated financing rate)
(\$5,399 Down Payment)
Calculate another payment

Save This Car
Get Price Alerts

CARFAX 1 OWNER **AutoCheck** **60 DAY LIMITED WARRANTY 3,000 MILE**

Location: **All American Chrysler Jeep Dodge of Midland**
3801 W Wall St
Midland, TX 79703
Sales: 877-475-1816

Map

Get Directions

Similar

- 2012 Chevrolet Colorado Truck Crew Cab \$23,999 **View Details**
- 2013 Chevrolet Camaro ZL1 Coupe \$46,999 **View Details**
- 2014 Chevrolet Camaro LT w/1LT Coupe **Please Call**

Overview	Tech Specs	Warranty
Year:	2013	
Make:	Chevrolet	
Model:	Camaro	
Trim:	1SS	
Bodystyle:	Coupe	
Doors:	2 door	
Mileage:	14,123 miles	
Engine:	6.2L V-8 cyl	
Transmission:	6 speed manual	
Drive Line:	Rear-wheel Drive	
Fuel Type:	premium unleaded	
Exterior Color:	Black	
Interior Color:	N/A	

Fuel Efficiency Rating
City MPG: **16** Hwy MPG: **24**
Actual rating will vary with options, driving conditions, habits and vehicle condition.

http://www.lithia.com/used/Chevrolet/2013-Chevrolet-Camaro--99c7c6cf0a0a00e0351600b...

Exhibit D.

11. To uncover any information about open recalls for safety issues through Respondent's website, a consumer viewing a listing such as the one shown in Paragraph 10 would have to locate and click on the "Carfax" links on the search results page or the vehicle listing page to access a vehicle history report. In other instances, such as the listing shown in Paragraph 9, the vehicle history report contains no information about open recalls for safety issues.

VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Count I

12. In connection with the marketing, advertising, offering for sale, or sale of used motor vehicles, Respondent has represented, directly or indirectly, expressly or by implication, that used motor vehicles it sells have been subject to rigorous inspection, including for safety issues.
13. In numerous instances in connection with the representation set forth in Paragraph 12, Respondent has failed to disclose, or disclose adequately, that used vehicles it sells are subject to open recalls for safety issues.
14. Respondent's failure to disclose, or disclose adequately, the material information set forth in Paragraph 13 above, in light of the representation described in Paragraph 12, above, constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THEREFORE, the Federal Trade Commission, this eighth day of December, 2016, has issued this complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: