

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

In The Matter of

CHRYSLER CORPORATION, a corporation.

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Chrysler Corporation, a corporation ("respondent" or "Chrysler"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. §§ 45-58, as amended, and the Consumer Leasing Act, 15 U.S.C. §§ 1667-1667e, as amended, and its implementing Regulation M, 12 C.F.R. § 213, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Chrysler Corporation is a Delaware corporation with its principal office or place of business at 1000 Chrysler Drive, Auburn Hills, Michigan 48326. Respondent offers Chrysler, Jeep, Plymouth, Dodge, and Eagle brand vehicles (hereinafter collectively referred to as "Chrysler vehicles") for sale or lease to consumers.
2. Respondent has disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 C.F.R. § 213.2, as amended.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
4. Respondent has disseminated or has caused to be disseminated consumer lease advertisements ("lease advertisements") for Chrysler vehicles, including but not necessarily limited to the attached Chrysler Exhibit A. Chrysler Exhibit A is a television

lease advertisement (attached in video and storyboard format). The advertisement contains the following statements:

A. [Video:][Footage of two cars, exterior and interior shots]

"Sebring JX Convertible

\$299/mo. 30 mos."

[The advertisement contains the following disclosure at the bottom of the screen in white fine print superimposed on a black background for approximately 3 seconds:

"\$1,619 Due at signing (plus tax, title & license) Limited model shown, higher. Call 1-888-CHRYSLER for lease example details."

[Audio:] "Some decisions are harder than others. The Chrysler Sebring LXI Coupe or the Sebring Limited Convertible. For the passionate side. Fully independent suspension, speed sensitive steering, multi-valve V6, and a luxurious leather-trimmed interior. The practical side -- lease the

convertible for just two ninety-nine a month and on the coupe get one thousand cash back and luxurious leather at no extra charge. Some decisions are easier than others. Chrysler -- engineered to be great cars."

[Super:]

"\$1000 Cash Back

Chrysler Sebring Coupe"

[Chrysler logo]

ENGINEERED TO BE GREAT CARS" (Chrysler Exhibit A).

Federal Trade Commission Act Violations

COUNT I: Failure to Disclose Adequately in Lease Advertising

5. In lease advertisements, including but not necessarily limited to Chrysler Exhibit A, respondent has represented, expressly or by implication, that consumers can lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount. These advertisements do not adequately disclose 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 would be material to consumers in deciding whether to lease a Chrysler vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

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

COUNT II: Misrepresentation of Model Availability

7. In lease advertisements, including but not necessarily limited to Chrysler Exhibit A, respondent has represented, expressly or by implication, that consumers can lease the Chrysler vehicles featured in respondent's advertisements at the lease terms prominently stated in the advertisements.

8. In truth and in fact, consumers cannot lease the Chrysler vehicles featured in the advertisements at the terms prominently stated in the advertisements. The prominently stated lease terms in respondent's advertisements apply to Chrysler models of lesser value than the Chrysler vehicles featured in the advertisements. The fine print disclosures in respondent's lease advertisements, including but not necessarily limited to "Limited model shown, higher" in Chrysler Exhibit A, are inadequate to disclaim or modify the representation as alleged in Paragraph 7. Therefore, respondent's representation as alleged in Paragraph 7, was, and is, false or misleading.

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

COUNT III: Consumer Leasing Act and Regulation M Violations

10. Respondent's lease advertisements, including but not necessarily limited to Chrysler Exhibit A, state a monthly payment amount but fail to disclose clearly and conspicuously certain additional terms required by the Consumer Leasing Act and

Regulation M, including one or more of the following terms: that the transaction advertised is a lease; the total amount due prior to or at consummation or by delivery, if delivery occurs after consummation, and that such amount: 1) excludes third-party fees, such as taxes, licenses, and registration fees, and discloses that fact or 2) includes third-party fees based on a particular state or locality and discloses that fact and the fact that such fees may vary by state or locality are disclosed; whether or not a security deposit is required; and the number, amount, and timing of scheduled payments.

11. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Chrysler Exhibit A, are not clear and conspicuous because they appear on the screen in very small type, for a very short duration, and/or accompanied by background sounds and images.

12. Respondent's practices violate Section 184 of the Consumer Leasing Act, 15 U.S.C. § 1667c, as amended, and Sections 213.2 and 213.7 of Regulation M, 12 C.F.R. §§ 213.2 and 213.7, as amended.

THEREFORE, the Federal Trade Commission this day of , , has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL:

Chrysler Exhibit A

[Audio:] "Some decisions are harder than others. The Chrysler Sebring LXI Coupe or the Sebring Limited Convertible. For the passionate side. Fully independent suspension, speed sensitive steering, multi-valve V6, and a luxurious leather-trimmed interior. The practical side -- lease the convertible for just two ninety-nine a month and on the coupe get a thousand cash back and luxurious leather at no extra charge. Some decisions are easier than others. Chrysler -- engineered to be great cars."

[Video:] [Footage of two cars, exterior and interior shots]

[Super: white letters on black background]

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[Footage of two cars]

[Super:]

"\$1000 Cash Back

Chrysler Sebring Coupe"

"CHRYSLER

[Chrysler logo]

ENGINEERED TO BE GREAT CARS"