



Bureau of Consumer Protection

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

March 11, 2026

Via Federal Express

California Motors Direct
2345 N. Grand Avenue
Santa Ana, CA 92705

Re: Deceptive Pricing

WARNING LETTER

Dear California Motors Direct:

This letter is to advise you that you may be advertising prices for cars that are lower than what you actually charge consumers. Such deceptive tactics harm not only consumers, but competition, by making it hard for law-abiding businesses to compete on an even playing field.

One of the FTC's enforcement priorities is ensuring that advertised pricing is transparent and truthful. When consumers do not know the true price of a car—or any product—consumers and others suffer related consequences, including that consumers cannot comparison-shop and make informed decisions, sellers trying to deal honestly with consumers are put at a competitive disadvantage, and the market cannot operate efficiently. This is why the FTC has focused on promoting price transparency across multiple markets, including rental housing,²⁹ ticketing and hotels,³⁰ grocery delivery services,³¹ and auto sales and leasing.³² The FTC is committed to ensuring that the price consumers see in advertising is the actual price they will pay (aside from required government charges, like taxes). This is what the FTC Act, which prohibits deceptive or unfair acts or practices, requires.

Examples of illegal pricing practices include:

- advertising a price that does not reflect all required fees,
- advertising a price that reflects rebates or discounts not available to all consumers,

²⁹ *E.g.*, Complaint, *FTC v. Greystar Real Estate Partners*, No. 1:25-cv-00165 (D. Colo. Jan. 16, 2025).

³⁰ *E.g.*, Complaint, *FTC v. Live Nation Entertainment*, No. 2:25-cv-8884 (C.D. Cal. Sept. 18, 2025); *see also* Trade Regulation Rule on Unfair or Deceptive Fees, 16 CFR Part 464 (effective May 5, 2025).

³¹ *E.g.*, Complaint, *FTC v. Instacart*, No. 3:25-cv-10783 (N.D. Cal. Dec. 18, 2025).

³² *E.g.*, Complaint, *FTC v. Lindsay Chevrolet*, No. 1:24-cv-02362 (E.D. Va. Dec. 27, 2024) (alleging dealerships advertised prices they refused to honor and falsely claimed consumers were required to obtain financing through the dealership); Complaint, *FTC v. Leader Automotive Grp.*, No. 1:24-cv-13047 (N.D. Ill. Dec. 19, 2024) (alleging dealerships deceived consumers about the price and availability of vehicles, including by requiring consumers to pay additional fees for pre-installed products or charging consumers for those products without their knowledge); Complaint, *Asbury Auto. Grp., Inc.*, No. D-9436 (F.T.C. Aug. 16, 2024) (alleging dealerships inflated prices by adding hidden charges and requiring that consumers buy additional items).

- advertising a price that fails to take into account the amount of an additional required down payment,
- conditioning the advertised price on consumers using dealer financing,
- requiring consumers to buy additional items not reflected in the advertised price, and
- advertising unavailable or nonexistent vehicles.

I am concerned that your company may be engaging in one or more of these practices. Accordingly, I encourage you to review your practices, including by making sure the prices you advertise include all required fees and charges aside from required government charges, to ensure you are complying with applicable laws. This would include, at a minimum, evaluating your advertised prices and actual prices and confirming they match.

This letter is not intended to be a comprehensive statement of concerns that may exist about your dealership or dealership group. Nor is it intended to represent any conclusions on whether your dealership or dealership group is engaging in these practices. It is your company's responsibility to comply with all requirements of federal law, including Section 5 of the FTC Act and other laws and rules enforced by the Commission. We will continue to monitor the marketplace and take additional action as warranted. Additionally, please note that I am distributing similar notifications to other auto dealers.

Copies of the cases discussed in this letter are available on the Commission's website at www.ftc.gov. The Commission's website has other important resources designed to ensure that businesses know their responsibilities under the FTC Act and other laws and rules enforced by the Commission.

Sincerely,

/s/ Christopher Mufarrige
Christopher Mufarrige
Director
Bureau of Consumer Protection
Federal Trade Commission