



3. Respondents have 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.

4. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended.

5. The acts and practices of respondents 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.

6. Respondents have disseminated or have caused to be disseminated advertisements promoting consumer leases ("lease advertisements") and credit sales ("credit advertisements") for automobiles, including but not necessarily limited to the attached Pacifico Ardmere Exhibits A and B. Pacifico Ardmere Exhibits A and B are advertisements in the print media. These lease and/or credit advertisements contains the following statements:

A.

[Pacifico Ardmere Exhibit A states several lease and credit offers, including:]

"1998 FORD TAURUS LX. . .

CASH OR TRADE DOWN \$2,500

BUY \$14,54 FOR

OR LEASE FOR:

\$212 PER MO. 27 MOS. . . .

1998 FORD EXPLORER SPT 4X4. . .

CASH OR TRADE DOWN \$2,500  
BUY \$22,105  
FOR

OR LEASE FOR:  
\$241 PER  
MO.  
24  
MOS. . . .

AS LOW AS 1.9% FINANCING. . ."

[A fine print disclosure at the bottom of the ad states, "1.9 Financing on Escort, Mustang, Contour & Ranger. Prior Sales Excluded. All Leases 24 Mo. (27 Mo. On Taurus). Due at inception \$2,500 down cash or trade, 1st mo. pymt., ref.sec.dep., bank fee (if req.) tax & tags.] (Pacifico Ardmore Exhibit A)

B.

[Pacifico Ardmore Exhibit B states several lease and credit offers, including:]

**"0%**

FINANCING ...

'99 FORD TAURUS . . .

LEASE PER MO  
FOR: \$239 36 MOS.

BUY  
FOR: \$16,899

'99 FORD EXPEDITION XLT

LEASE \$339 PER MO.  
FOR: 36 MOS. . . ."

[A fine print disclosure at the bottom of the ad states, "36 Mo. Closed End Lease, Due at inception \$2,000 down cash or trade, 1st Mo. pymt., Ref.sec.dep., bank fee, tax & tags to qual. buyers . . .] (Pacifico Ardmore Exhibit B)

FEDERAL TRADE COMMISSION ACT VIOLATIONS  
Count I: Failure to Disclose, and/or Failure to Disclose  
Adequately, Lease Terms

8. In lease advertisements, including but not necessarily limited to Pacifico Ardmore Exhibits A and B, respondents have 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.

9. These lease advertisements have failed to disclose, and/or failed to disclose adequately, additional terms pertaining to the lease offer, such as the total amount due at lease inception. This information either does not appear at all or appears in fine print in the advertisements. This information would be material to consumers in deciding whether to visit respondents' dealerships and/or whether to lease an automobile from respondents. The failure to disclose, and/or failure to disclose adequately, these additional terms, in light of the representation made, was, and is, a deceptive practice.

10. Respondents' 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: Failure to Disclose, and/or Failure to Disclose  
Adequately, Credit Terms

11. In credit advertisements, including but not necessarily limited to Pacifico Ardmore Exhibit A, respondents have represented, expressly or by implication, that consumers can finance the purchase of the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the sales price and a downpayment amount.

12. These credit advertisements have failed to disclose, and/or failed to disclose adequately, additional terms pertaining to the credit offer, such as the terms of repayment and the annual percentage rate. This information would be material to consumers in deciding whether to visit respondents' dealerships and/or whether to purchase an automobile from respondents. The failure to disclose, and/or failure to disclose adequately, these additional terms, in light of the representation made, was, and is, a deceptive practice.

13. Respondents' 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).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS  
Count III: Failure to Disclose, and/or Failure to Disclose  
Clearly and Conspicuously, Required Information

14. Respondents' lease advertisements, including but not necessarily limited to Pacifico Ardmore Exhibits A and B, state a monthly payment amount, but fail to disclose, and/or 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:

- 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. This total amount may: 1) exclude third-party fees that vary by state or locality, such as taxes, licenses, and registration fees, and disclose that fact or 2) provide a total that includes third-party fees based on a particular state or locality as long as that fact and the fact that such fees may vary by state or locality are disclosed;
- c. whether or not a security deposit is required;
- d. the number, amounts, and timing of scheduled payments; and
- e. that an extra charge may be imposed at the end of the lease term in a lease where the liability of the consumer is based on the difference between the residual value of the leased property and its realized value at the end of the lease term.

15. The lease disclosures required by Regulation M, if provided, are not clear and conspicuous because they appear in fine print and/or in an inconspicuous location.

16. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. § 1667c, and Section 213.7 of Regulation M, 12 C.F.R. § 213.7.

Count IV: Failure to Disclose the Total Amount Due  
at Lease Signing with Equal Prominence

17. Respondents' lease advertisements, including but not necessarily limited to Pacifico Ardmore Exhibits A and B, state a downpayment amount more prominently than the disclosure of the

total amount due at lease signing, in violation of Section 213.7(b)(1) of Regulation M, 12 C.F.R. § 213.7(b)(1).

18. Respondents' practices have violated Section 213.7(b)(1) of Regulation M, 12 C.F.R. § 213.7(b)(1).

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS

Count V: Failure to Disclose, and/or Failure to Disclose Clearly and Conspicuously, Required Information

19. In credit advertisements, including but not necessarily limited to Pacifico Ardmore Exhibit A, respondents have stated a downpayment amount, but have failed to disclose, and/or failed to disclose clearly and conspicuously, the following items of information required by Regulation Z: the annual percentage rate and/or the terms of repayment.

20. The credit disclosures required by Regulation Z, if provided, are not clear and conspicuous because they appear in fine print and/or in an inconspicuous location.

21. Respondents' practices have violated Section 144 of the Truth in Lending Act, 15 U.S.C. § 1664, and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c).

COUNT VI: Failure to State Rate of Finance Charge as Annual Percentage Rate

22. In credit advertisements, including but not necessarily limited to Pacifico Ardmore Exhibits A and B, respondents have stated a rate of finance charge without stating that rate as an "annual percentage rate," using that term or the abbreviation "APR."

23. Respondents' practice constitutes a violation of Section 144 and 107 of the TILA, 15 U.S.C. §§ 1664 and 1606, respectively, and Sections 226.24(b) and 226.22 of Regulation Z, 12 C.F.R. §§ 226.24(b) and 226.22, respectively.

THEREFORE, the Federal Trade Commission this seventh day of February, 2000, has issued this complaint against respondents.

By the Commission.

Donald S. Clark  
Secretary

SEAL: