

days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

CHRYSLER CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-1866. Complaint, Feb. 19, 1971—Decision, Feb. 19, 1971

Consent order requiring a major automobile corporation with headquarters in Highland Park, Michigan, and its New York City advertising agency to cease violating the Truth in Lending Act by misrepresenting in advertisements that a specific installment payment can be arranged in the credit sale of its automobiles; misrepresenting the amount of the downpayment or that no downpayment is required, the amount of the installment payment, the dollar amount of any finance charge, the number of installments or period of repayment, or that there is no charge for credit, unless the terminology of Regulation Z is used; and publishing any consumer credit advertising without making all disclosures required by Regulation Z.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Chrysler Corporation, Chrysler Motors Corporation and Young & Rubicam, Inc., corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulations, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Chrysler Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 341 Massachusetts Avenue, Highland Park, Michigan.

Respondent Chrysler Motors Corporation is a corporation organized, existing and doing business under and by virtue of the laws

of the State of Delaware, with its principal office and place of business located at 26311 Lawrence, Centerline, Michigan. Respondent Chrysler Motors Corporation is a wholly-owned subsidiary of respondent Chrysler Corporation.

Respondent Young & Rubicam, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 285 Madison Avenue, New York, New York.

PAR. 2. Respondent Chrysler Corporation is now and for some time last past has been engaged in the manufacture and distribution of automobiles for ultimate sale to the public under various trade names, including but not limited to "Chrysler," "Sunbeam" and "Simca."

Respondent Chrysler Motors Corporation, as agent for respondent Chrysler Corporation which has ultimate responsibility for its acts, is now and for some time last past has been engaged in the sale and distribution of respondent Chrysler Corporation's automobiles to franchised dealers for resale to the public.

Respondent Young & Rubicam, Inc., is now and for some time last past has been an advertising agency engaged in the business of creating, producing, preparing and placing advertising for its clients, one of which is respondent Chrysler Motors Corporation.

PAR. 3. In the ordinary course and conduct of its business, as aforesaid, respondent Chrysler Motors Corporation sells automobiles to franchised dealers who in the ordinary course and conduct of their business sell such automobiles to the public. Such franchised dealers in the ordinary course and conduct of their business, in order to facilitate the sales of respondent Chrysler Corporation's automobiles, regularly extend or arrange for the extension of consumer credit as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. In order to promote the sale of its Sunbeam and Simca automobiles, respondent Chrysler Corporation through its agent and subsidiary Chrysler Motors Corporation has caused advertisements to be placed in various media. Certain of these advertisements to promote, aid, or assist directly or indirectly consumer credit sales were created, prepared, produced and placed for respondents Chrysler Corporation and Chrysler Motors Corporation by respondent Young & Rubicam, Inc. Certain of these advertisements were published on July 13, 1969, and the following are typical and illustrative but not necessarily all inclusive thereof.*

*Two pictorial advertisements were omitted in printing.

PAR. 5. By and through the use of the advertisements set forth in Paragraph Four hereof, the respondents have represented, directly or by implication, that franchised Simca/Sunbeam dealers usually and customarily arrange monthly installments in the amounts represented.

PAR. 6. In truth and in fact, the franchised Simca/Sunbeam dealers do not usually and customarily arrange monthly installments in the amounts represented. Therefore, such representations violated Section 226.10(a) of Regulation Z.

PAR. 7. By and through the use of the advertisements set forth in Paragraph Four hereof, the respondents have represented in connection with an extension of consumer credit the amount of an installment payment, the number of installments and the period of repayment without disclosing all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d) (2) of Regulation Z:

- 1 The cash price;
2. The amount of downpayment required;
3. The amount of payments scheduled to repay the indebtedness if the credit is extended;
4. The amount of the finance charge expressed as an annual percentage rate; and
5. The deferred payment price of the item advertised.

PAR. 8. By causing to be placed for publication the advertisements referred to in Paragraphs Four, Five, Six and Seven hereof, respondents failed to comply with the requirements of Regulation Z, the implementing regulations of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 105 of that Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing Regulation promulgated thereunder, and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and comments thereon having been received, considered, and adopted in part by the Commission, and the agreement having been placed on the public record for an additional period of thirty (30) days during which time no comments were received, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Chrysler Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 341 Massachusetts Avenue, Highland Park, Michigan.

Respondent Chrysler Motors Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 26311 Lawrence, Centerline, Michigan. Respondent Chrysler Motors Corporation is a wholly owned subsidiary of respondent Chrysler Corporation.

Respondent Young & Rubicam, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 285 Madison Avenue, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Chrysler Corporation and Chrysler Motors Corporation, corporations, and their officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement to aid, promote,

or assist directly or indirectly any extension of consumer credit in connection with the sale of automobiles, as "consumer credit" is defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Representing, directly or by implication, that a specific amount of credit or installment amount can be arranged unless such amount is usually and customarily made available to purchasers of such automobiles by a substantial number of dealers in the areas in which the advertisement is to appear. Unless it has been ascertained that all dealers in such areas arrange credit in the amount advertised, the advertisement shall indicate that the amount shown is not necessarily available from all dealers.

2. Representing, directly or by implication, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

- (i) The cash price;
- (ii) The amount of the downpayment required or that no downpayment is required, as applicable;
- (iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (iv) The amount of the finance charge expressed as an annual percentage rate; and
- (v) The deferred payment price.

3. Causing to be published any consumer credit advertisement without making all disclosures that are required by Sections 226.10(a) and (d) of Regulation Z to be made in connection with that advertisement, in the manner and form prescribed in Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation and placing of advertising on behalf of respondents, and failing to secure from each such person or agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondent Young & Rubicam, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement to aid, promote, or assist, directly or indirectly any extension of "consumer credit" in connection with the sale of automobiles, as "consumer credit" is defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Representing, directly or by implication, that a specific amount of credit or installment amount can be arranged unless such amount is usually and customarily made available to purchasers of such automobiles by a substantial number of dealers in the areas in which the advertisement is to appear. Unless it has been ascertained that all dealers in such areas arrange credit in the amount advertised, the advertisement shall indicate that the amount shown is not necessarily available from all dealers.

2. Representing, directly or by implication, in any advertisement on behalf of any advertiser the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

- (i) The cash price;
- (ii) The amount of the downpayment required or that no downpayment is required, as applicable;
- (iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (iv) The amount of the finance charge expressed as an annual percentage rate; and
- (v) The deferred payment price.

3. Creating or causing to be published any consumer credit advertisement without making all disclosures that are required by Sections 226.10(a) and (d) of Regulation Z to be made in connection with that advertisement, in the manner and form prescribed by Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in reviewing the legal sufficiency of advertising prepared, created, or placed on behalf of any advertiser, and failing to secure from

each such person a signed statement acknowledging receipt of said order.

It is further ordered, That each respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with the order to cease and desist contained herein.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IN THE MATTER OF

MATSUSHITA ELECTRIC OF HAWAII, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF