

IN THE MATTER OF

CHRYSLER CORPORATION, ET AL.

MODIFYING ORDER, IN REGARD TO ALLEGED VIOLATION OF SEC.
5 OF THE FEDERAL TRADE COMMISSION ACT*Docket 9072. Final Order, Feb. 18, 1981—Modifying Order, Feb. 17, 1982*

This order reopens the proceedings and modifies the Commission's order issued on February 18, 1981, 97 F.T.C. 139; 45 FR 70883. The modification sets a single effective date for implementing both sets of retail installment contract revisions.

ORDER REOPENING AND MODIFYING CONSENT ORDER

On February 18, 1981 the Commission issued a Decision and Order against respondents Chrysler Corporation and Chrysler Credit Corporation¹ in connection with the extension and enforcement of motor vehicle retail credit obligations and the disposition of repossessed motor vehicles. There is now before the Commission a request by Chrysler Credit Corporation (filed December 4, 1981) for reopening and modification of that Order pursuant to Section 2.51 of the Commission's Rules of Practice, 16 C.F.R. 2.51.

The Order (Paragraph VI.C) required Chrysler Credit to cease, by February 18, 1982, all use of retail installment contract forms which erroneously state debtors' liability for a deficiency upon repossession. Another provision required such Chrysler Credit contracts to include recitals of debtors' rights to any repossession surplus. Under Paragraph VI.B, contract forms reflecting the latter revision were to be distributed for dealer use within a year after Commission issuance of a final rule or adjudicated order relative to such rights.

Desirous of making the necessary changes at once rather than in successive steps, Chrysler Credit's request asks that April 1, 1982 be fixed as the date for effectuation of both sets of retail installment contract revisions required of it by our February 18, 1981 Order.² With respect to deficiency recitals this would involve a delay of approximately six weeks; with respect to the recitals of surplus rights it would advance the required implementation date by an indeterminable number of months.³

¹ A separate consent order issued simultaneously as to a correspondent, Aurora Chrysler-Plymouth, Inc., is not involved in the modification request addressed herein.

² Because the timing of the actions specified in Paragraphs VI.A and D depends on Paragraphs VI.B and C, no modification of Paragraphs A and D is necessary to accomplish Chrysler Credit's desired result. Chrysler Credit has abandoned its request for change of Paragraphs VI.A and D.

³ Our only adjudicated order concerning repossession surpluses is not yet final. *Francis Ford, Inc. v. FTC*, 654 F.2d 599 (9th Cir. 1980), petition for rehearing pending.

Modifying Order

99 F.T.C.

The Commission is of the opinion that the minor six week delay in implementation as to deficiency recitals is more than offset by the benefits of establishing a date certain for Chrysler Credit's effectuation as to surplus rights. The public interest will be served by modifying the Order as requested. *Therefore,*

It is ordered, That Docket 9072 be, and hereby is, reopened for the limited purpose of effecting the following changes in the Order as to Chrysler Credit Corporation.

It is further ordered, That Paragraph VI.B be modified to read as follows:

B. Shall distribute on or before April 1, 1982 the revised retail installment contract forms to all Dealers who use Chrysler Credit installment contract forms.

It is further ordered, That Paragraph VI.C be modified to read as follows:

C. Shall, no later than April 1, 1982, cease and desist the use of any Chrysler Credit retail installment contract form which represents that the debtor may be liable to pay a deficiency where Chrysler Credit knows or should know that it is not entitled under state or federal law to collect a deficiency.

IN THE MATTER OF
CHRYSLER CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-3084. Complaint, Feb. 17, 1982—Decision, Feb. 17, 1982

This consent order requires a Highland Park, Mich. motor vehicle manufacturer and distributor, among other things, to cease misrepresenting or failing to disclose the limited applicability of material standards for its oil filters and other products; and failing to have competent and reliable substantiation for claims concerning such standards. The firm is required to notify aftermarket manufacturers, dealers and owners of certain vehicles of the inaccuracy of its oil filter material standard, and provide them with ways to avoid or remedy any resulting problems. Further, all future owner and service manuals must contain accurate oil filter use information. The order additionally requires the company to maintain a reasonably-priced subscription service to provide subscribers with up-to-date material standards; and advertise the existence of this service in *Automotive News*.

Appearances

For the Commission: *Jeffrey M. Karp* and *Arturo Gonzalez-Alfonso*.

For the respondent: *Robert T. Talbot-Stern*, *Dennis Goschka* and *Judith B. Shumaker*, in-house counsel, Highland Park, Mich.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Chrysler Corporation, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of said Act, 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 12000 Lynn Townsend Drive, Highland Park, Michigan.

PAR. 2. Respondent is now, and has been, engaged in the offering for sale, sale, and distribution of vehicles and vehicle parts to the public at retail.

PAR. 3. In the course and conduct of its aforesaid business,