

IN THE MATTER OF

VALUE RENT-A-CAR, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3420. Complaint, March 29, 1993--Decision, March 29, 1993*

This consent order requires, among other things, a Florida car-rental firm to disclose, in different communications media, applicable airport surcharges, charges based on a driver's age, geographic limitations on unlimited mileage representations, and any other charges related to a contemplated car rental that are mandatory or that cannot reasonably be avoided by consumers.

Appearances

For the Commission: *Ronald L. Waldman and Michael J. Bloom.*

For the respondent: *Deborah Hausman*, in-house counsel, Boca Raton, FL.

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 Value Rent-A-Car, Inc., 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 Value Rent-A-Car, Inc. ("Value"), is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Florida, with its headquarters located at 2500 N. Military Trail, #300, Boca Raton, Florida.

PAR. 2. Respondent, at all times mentioned herein, has maintained a substantial course of business, including the acts and practices as hereinafter set forth, which are in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent advertises, offers for rental, and rents to consumers in Georgia, Arizona, Louisiana, Nevada, and Colorado, rental vehicles that are made available to consumers at its rental offices. Some of respondent's rental offices are located at off-airport sites; an airport surcharge or fee may be imposed at these locations when consumers use an airport shuttle van for transportation to these sites.

PAR. 4. In the course and conduct of its business, and for the purpose of inducing the rental of its rental vehicles, respondent has disseminated and caused the dissemination of promotional information including print and television advertisements. Respondent's advertisements make statements and representations as to the price of contemplated rentals of respondent's vehicles.

PAR. 5. In advertisements respondent has, in numerous instances, stated prices for respondent's rental vehicles without disclosing:

(A) The existence and amount of a mandatory airport surcharge or fee that is imposed on consumers who travel from certain airport locations to one of respondent's rental stations in one of respondent's shuttle vehicles; and

(B) The existence and the amount of an under 25 years of age driver charge.

The existence and amounts of these charges and fees would be material to consumers. The failure to disclose these facts, or in the alternative that there are "additional" or "other" charges, in connection with respondent's representation of prices for rental vehicles, is an unfair or deceptive act or practice.

PAR. 6. In advertisements respondent has, in numerous instances, stated rental vehicles come with unlimited mileage without disclosing that geographic driving restrictions apply.

The existence of geographic driving restrictions would be material to consumers. The failure to disclose geographic driving restrictions, or in the alternative that there are restrictions regarding unlimited mileage, in connection with respondent's representation of unlimited mileage for rental vehicles, is an unfair or deceptive act or practice.

PAR. 7. In the course and conduct of its business, and for the purpose of inducing the rental of its rental vehicles respondent has disseminated and caused the dissemination of promotional information through an 800 telephone number. Respondent's advertisements often invite consumers to reserve through their travel agents or to call respondent's toll-free 800 telephone number to receive further information from respondent's agents and to make reservations. Information imparted to consumers by respondent's 800 telephone number agents in answer to consumer inquiries contains, among other things statements and representations as to the prices of contemplated rentals of respondent's vehicles.

PAR. 8. In oral presentations by respondent's agents in response to consumers' telephone inquiries to respondent's 800 telephone number, respondent's agents have, in numerous instances, stated prices for respondent's rental vehicles without disclosing:

(A) The existence and amount of a mandatory airport surcharge or fee that is imposed on consumers who travel from certain airport locations to one of respondent's rental stations in one of respondent's shuttle vehicles; and

(B) The existence and the amount of an under 25 years of age driver charge.

The existence and amounts of these charges and fees would be material to consumers. The failure to disclose these facts, in light of respondent's representation of prices for rental vehicles in connec-

tion with a representation, discussion, or inquiry, is an unfair or deceptive act or practice.

PAR. 9. In oral presentations in response to consumers' telephone inquiries to respondent's 800 telephone number, respondent's agents have, in numerous instances, stated rental vehicles come with unlimited mileage without disclosing that geographic driving restrictions apply.

The existence of geographic driving restrictions would be material to consumers. The failure to disclose geographic driving restrictions, in light of respondent's representation of unlimited mileage for rental vehicles in connection with a discussion or inquiry, is an unfair or deceptive act or practice.

PAR. 10. In the course and conduct of its business, and for the purpose of inducing the rental of its rental vehicles, respondent has disseminated and caused the dissemination of promotional information by inputting information into computer-accessed data bases ("CRS"), such as "System One," "Apollo," and "PARS." The information imparted in this way is intended primarily for the reference of travel agents who assist consumers in their travel plane and in their selection of a rental car company. The information is contained in both company specific "location" screens and comparative rate screens. This information includes, among other things, statements and representations as to the price of the contemplated rental which travel agents impart to consumers.

PAR. 11. The format of the System One, PARS, or Apollo comparative rate screens does not currently permit disclosure of charges which are mandatory or not reasonably avoidable in proximity to price representations for rental vehicles. However, a "remarks" or "details" section (hereinafter referred to as a "booking segment") from Value's company-specific screens automatically is displayed for the travel agent upon booking a rental from these CRS systems.

PAR. 12. In connection with information disseminated through CRS systems' comparative rate screens representing the price of contemplated rentals, respondent has in some instances, failed to disclose in booking segments:

(A) The existence and amount of a mandatory airport surcharge or fee that is imposed on consumers who travel from certain airport locations to one of respondent's rental stations in one of respondent's shuttle vehicles; and

(B) The existence and the amount of an under 25 years of age driver charge.

The existence and amount of these charges would be material to consumers. The failure to disclose these facts in the booking segments, in proximity with respondent's representation of prices for rental vehicles in comparative rate screens, is an unfair or deceptive act or practice.

PAR. 13. In connection with information disseminated through CRS systems' comparative rate screens representing that contemplated rentals come with unlimited mileage, respondent has in some instances, failed to disclose in booking segments that geographic driving restrictions often apply.

The existence of geographic driving restrictions would be material to consumers. The failure to disclose geographic driving restrictions in the booking segments, in proximity with respondent's representation of unlimited mileage for rental vehicles in comparative rate screens, is an unfair or deceptive act or practice.

PAR. 14. The acts and practices of respondent, as herein alleged, constituted, and now constitute, unfair and deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. The acts and practices of respondent, as herein alleged, may continue or recur in the absence of the relief herein requested.

DECISION AND ORDER

Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint which the New York Regional Office proposed to present to the Commission for its consideration and

which, if issued by the Commission, would charge respondent with violation of Federal Trade Commission Act; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order an admission by the respondent of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 3.25 of its Rules, now in further conformity with the procedure prescribed in Section 3.24 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Value Rent-A-Car, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida with its office and principal place of business located at 2500 N. Military Trail, #300, Boca Raton, Florida.

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

ORDER

I.

For the purposes of this order, the following definitions apply:

A. “*Representation*” means any communication made by respondent to consumers other than a “discussion or inquiry” under paragraph B of this section or a communication made through a CRS System.

B. “*Discussion*” or “*Inquiry*” means any oral communication between respondent and consumers either via telephone or at any of respondent’s rental locations;

C. “Charges that are mandatory” and “charges that are not reasonably avoidable” shall not include charges that are: (1) levied by a taxing authority, (2) on a constant basis, (3) on all car renters (rather than on only some car renters or on rental car companies). For example, for purposes of this order a common sales tax is deemed neither a “mandatory charge” nor a “charge that is reasonably avoidable” because: it is imposed by a governmental authority; it is applied at a constant rate; and purchasers are liable to the taxing authority for payment of the charge (notwithstanding that merchants may act for the taxing authority with respect to the collection and remittance of the charges).

For the purposes of this order, all required disclosure shall be made in a clear and conspicuous manner.

It is ordered, That respondent Value Rent-A-Car, Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or any other device, in connection with the promotion, offering for rental or rental of any vehicle, in or affecting commerce, as “commerce” is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

A. Failing to disclose to consumers, in connection with any representation relating to the price of a contemplated rental, all airport surcharges or fees that are applicable to the contemplated rental or are not reasonably avoidable by consumers, or in the alternative that there are “additional” or “other” charges.

B. Failing to disclose to consumers, in connection with any representation relating to price of a contemplated rental, all charges resulting from a driver's age that are applicable to the contemplated rental, or in the alternative that there are "additional" or "other" charges.

C. Failing to disclose to consumers, in connection with any representation relating to the price of a contemplated rental, where contemplated rentals come with unlimited mileage, all geographic driving restrictions that are applicable to the contemplated rental or are not reasonably avoidable by consumers, or in the alternative that there are restrictions regarding unlimited mileage.

D. Failing to disclose to consumers, in connection with any representation relating to the price of a contemplated rental, any other charges that are applicable to the contemplated rental which are mandatory or which are not reasonably avoidable by consumers, or in the alternative that there are "additional" or "other" charges.

E. Failing to disclose to consumers in connection with any discussion or inquiry relating to the price of a contemplated rental, all airport surcharges or fees that are applicable to the contemplated rental or are not reasonably avoidable by consumers.

F. Failing to disclose to consumers in connection with any discussion or inquiry relating to the price of a contemplated rental, all charges resulting from a driver's age that are applicable to the contemplated rental.

G. Failing to disclose to consumers in connection with any discussion or inquiry relating to the price of a contemplated rental where contemplated rentals come with unlimited mileage, all geographic driving restrictions that are applicable to the contemplated rental or are not reasonably avoidable by consumers.

H. Failing to disclose to consumers in connection with any discussion or inquiry relating to the price of a contemplated rental, any other charges that are applicable to the contemplated rental which are mandatory or which are not reasonably avoidable by consumers.

I. Failing to disclose in proximity with any price representations of a contemplated rental made through inputs in the "details" (also

known as “booking segment”) section of the “comparative rate” screen of computer-accessed data bases (also known as “CRS” systems), such as “System One,” “Apollo,” and “PARS,” all airport surcharges or fees, charges resulting from a driver’s age, or any other charges that are applicable to the contemplated rental which are mandatory or which are not reasonably avoidable by consumers.

J. Failing to disclose in proximity with unlimited mileage representations made through inputs in the “details” (also known as “booking segment”) section of the “comparative rate” screen of computer-accessed data bases (also known as “CRS” systems), such as “System One,” “Apollo,” and “PARS” geographic driving restrictions that are applicable to the contemplated rental or are not reasonably avoidable by consumers.

II.

It is further ordered, That respondent shall for a period of three (3) years distribute, or cause to be distributed, a copy of this order to any present and future operating divisions, subsidiaries, franchisees, dealers, and all managerial employees that have or may have management responsibilities with respect to compliance with this order, including, but not limited to, all managerial employees having responsibilities relating to the communication of prices or other terms of car rentals, directly or indirectly, to the public.

III.

It is further ordered, That for three (3) years from the date of service of this order, respondent shall maintain and upon request make available to the Federal Trade Commission for inspection and copying all documents relating to compliance with this order.

IV.

It is further ordered, That, for a period of ten years, respondent shall notify the Commission at least thirty (30) days prior to any

proposed change in its corporate status that may affect compliance obligations arising out of this order, such as dissolution, assignment of its business, or the emergence of a successor corporation.

V.

It is further ordered, That 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 this order.

IN THE MATTER OF

DOLLAR RENT-A-CAR SYSTEMS, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3421. Complaint, March 29, 1993 -- Decision, March 29, 1993

This consent order requires, among other things, a California-based car-rental firm to disclose, in different communications media, applicable airport surcharges, fuel charges, charges based on a driver's age, geographic limitations on unlimited mileage representations, and any other charges related to a contemplated car rental that are mandatory or that cannot reasonably be avoided by consumers.

Appearances

For the Commission: *Ronald L. Waldman and Michael J. Bloom.*

For the respondent: *Pete Smoot, Rintala, Smoot, Jaenicke & Brunswick*, Los Angeles, CA. *Randy Holder*, in-house counsel for Pentastar Services, Inc. (parent company), Tulsa, OK. *Lewis Goldfarb*, in-house counsel for Chrysler Corp. (parent company), Highland Park, MI.

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 Dollar Rent-A-Car, Inc., 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: