

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:

PARAGRAPH 1. Respondent Dollar Rent-A-Car Systems, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, with its headquarters located at 6141 W. Century Boulevard, Los Angeles, California.

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. Throughout the United States, respondent advertises, offers for rental, and rents to consumers, for itself and its franchisees, rental vehicles that are made available to consumers at numerous Dollar rental offices nationwide. (The term "Dollar" is here and subsequently used to refer to facilities, vehicles, and vehicle rental prices and conditions of respondent Dollar Rent-A-Car Systems, Inc. and/or any of its franchisees.) Some Dollar 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 and those of its franchisees, 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 Dollar rental vehicles without disclosing:

- (A) The existence and amount of a mandatory fuel charge;
- (B) The existence and amount of a mandatory airport surcharge or fee that is imposed on consumers who travel from certain airport locations to Dollar rental stations in a Dollar shuttle vehicle; and
- (C) 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 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 typically 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 Dollar vehicles.

PAR. 7. In oral representations by respondent's 800 telephone number agents in response to consumers' telephone inquiries to respondent's 800 telephone number, respondent has, in numerous instances, stated prices for Dollar rental vehicles without disclosing:

- (A) The existence and amount of a mandatory fuel charge;
- (B) The existence and amount of a mandatory airport surcharge or fee that is imposed on consumers who travel from certain airport locations to Dollar rental stations in Dollar shuttle vehicles; and
- (C) 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 connection with a discussion or inquiry, is an unfair or deceptive act or practice.

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 where

callers indicated that there would be an additional driver, stated prices for Dollar rental vehicles without disclosing the existence and amount of a charge for additional drivers.

The existence and amount of this charge would be material to consumers who indicate that there will be an additional driver. The failure to disclose the charge for an additional driver, in light of respondent's representation of prices for rental vehicles in connection with a discussion or inquiry in which a consumer has indicated that there would be an additional driver, 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 that vehicle rentals 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 vehicle rentals 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 Dollar 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 plans 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 prices of contemplated rentals, which travel agents impart to consumers.

PAR. 11. In connection with information disseminated through CRS systems' company-specific location screens representing the prices of contemplated rentals, respondent has failed to disclose the existence and amount of a mandatory fuel charge.

The existence and amount of this charge would be material to consumers. The failure to disclose this charge, in connection with CRS systems' company-specific location screens' representations of prices for rental vehicles, is an unfair or deceptive act or practice.

PAR. 12. 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

The 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 issued its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Dollar Rent-A-Car, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of California with its office and principal place of business located at 6141 W. Century Boulevard, Los Angeles, California.

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 disclosures shall be made in a clear and conspicuous manner.

It is ordered, That respondent Dollar Rent-A-Car, Systems 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 fuel charges that are applicable to the contemplated rental and are not reasonably avoidable by consumers, or in the alternative that there are “additional” or “other” charges, or that fuel is “extra.”

B. 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.

C. Failing to disclose to consumers, in connection with any representation relating to the price of a contemplated rental, all charges resulting from a driver's age 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.

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 fuel charges that are applicable to the contemplated rental and 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 airport surcharges or fees that are applicable to the contemplated rental or are not reasonably avoidable by consumers.

G. 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.

H. Failing to disclose to consumers, in connection with any discussion or inquiry relating to the price of a contemplated rental, all charges that are applicable to additional drivers in the contemplated rental.

I. 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.

J. 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.

K. Failing to disclose in proximity with any representation as to the price of a contemplated rental through its inputs in the "company-specific location" part of computer-accessed data bases (also known as "CRS" systems), such as "System One," "Apollo," and "PARS," all fuel charges that are applicable to the contemplated rental or are not reasonably avoidable by consumers or any other charges that are applicable to the contemplated rental which are mandatory or which are not reasonably avoidable by consumers.

II.

Notwithstanding anything contained in part I hereof, respondent shall not be held liable for any failure to disclose information required to be disclosed under part I provided that it establishes by a preponderance of evidence that:

A. Such failure to disclose resulted solely from franchisee failure to furnish respondent with timely, complete, and accurate information;

B. Respondent previously had adopted, maintained, monitored, and enforced procedures reasonably calculated to ensure timely,

complete, and accurate communication of disclosable information to respondent by its franchisees; and

C. Respondent shall have required its franchisees to adopt, maintain, and comply with procedures necessary to respondent's timely receipt of complete and accurate disclosable information, and shall have terminated all franchisees who continued, after notice, to fail to adopt, maintain, and comply with such procedures; *provided, however*, that if respondent's contract with any franchisee precludes termination, as described above, respondent shall have exercised all available disciplinary procedures, including termination, to induce and ensure franchisee adoption, maintenance, and compliance with procedures necessary to respondent's timely receipt of complete and accurate disclosable information. Further, respondent shall, as soon as it lawfully may, modify each franchisee's contract to provide that respondent may terminate each franchisee who continued, after notice, to fail to adopt, maintain, and comply with procedures necessary to respondent's timely receipt of complete and accurate disclosable information.

III.

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 all 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.

IV.

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.

V.

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.

VI.

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.

Complaint

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IN THE MATTER OF

I.R.S.C., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FAIR CREDIT REPORTING ACT AND SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-3422. Complaint, April 14, 1993--Decision, April 14, 1993*

This consent order requires, among other things, a California corporation and one of its officers to cease and desist from furnishing any consumer report to any person that they have reason to believe intends to use the information for any insurance-related purpose other than the underwriting of insurance involving the consumer on whom the report is furnished; or from furnishing any consumer report under any other circumstances not permitted by Section 604 of the Fair Credit Reporting Act. In addition, respondents are required to notify the consumer whenever a consumer report is furnished for employment purposes and contains information that may adversely affect the consumer's ability to obtain employment.

Appearances

For the Commission: *David Medine, Ronald G. Isaac and David G. Grimes.*

For the respondents: *Michael K. Madden, Breed, Abbott & Morgan, Washington, D.C.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, 15 U.S.C. 41 *et seq.*, and the Fair Credit Reporting Act, 15 U.S.C. 1681 *et seq.*, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that I.R.S.C., Inc., a corporation doing business as Information Resource Service Company, and Jack H. Reed, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect