

Complaint

123 F.T.C.

IN THE MATTER OF

MAZDA MOTOR OF AMERICA, INC.

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

Docket C-3714. Complaint, Feb. 6, 1997--Decision, Feb. 6, 1997

This consent order prohibits, among other things, a California-based automobile manufacturer from misrepresenting the total amount due at lease inception, requires the manufacturer to provide consumers with clear, readable, and understandable cost information in their car lease and financed purchase advertising, requires advertisements, that reference an initial payment or state that no initial payment is due, to clearly and conspicuously disclose, as applicable, that the deal is a lease, and to disclose the fact that an extra charge may be imposed at the end of the lease based on the residual value of the car.

Appearances

For the Commission: *Rolando Berrelez, Sally Pitofsky and Lauren Steinfeld.*

For the respondent: *Elroy H. Wolff, Sidley & Austin, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Mazda Motor of America, Inc., a corporation ("respondent" or "Mazda"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. 1667-1667e, as amended, and its implementing Regulation M, 12 CFR 213, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Mazda Motor of America, Inc. is a California corporation with its principal office or place of business at 7755 Irvine Center Drive, Irvine, California. Respondent distributes Mazda vehicles.

2. Respondent has 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 CFR 213.2, as amended.

3. The acts and practices of respondent 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.

4. Respondent has disseminated or has caused to be disseminated consumer lease advertisements ("lease advertisements") for Mazda vehicles, including but not necessarily limited to the attached Mazda Exhibits A through D. Mazda Exhibits A through C are television lease advertisements (attached hereto in video and storyboard format) and Exhibit D is a print lease advertisement. These advertisements contain the following statements:

A. [Audio:] "One penny down. Great leases. Very little time. On Protegé. A penny (down). And one eighty-nine. The B2300 SE. A penny down. And one ninety-nine. 626. A penny and two-o-nine. Miata. . . . A penny and two nineteen. Passion for the road. Put your penny down."

[Video:] [open on a man jumping through a rain of pennies.]

"MAZDA ONE PENNY DOWN 36 MO. LEASES [running footage of Protege] \$189 A MO. [over graphic of a penny spinning] [running footage of B2300] \$199 A MO. [over graphic of a penny spinning] [running footage of 626] \$209 A MO. [over graphic of a penny spinning] [running footage of Miata] \$219 A MO."

[over graphic of a penny spinning] [The advertisement contains the following lease disclosure at the bottom of the screen in white colored fine print superimposed on a black background and accompanied by background sounds and images: ". . . Offer on '96 Protegé DX w/Conv. Pkg., MSRP \$14,720. Assumes \$1325 dealer contribution. 36 mo. payments = \$6,809.04. Initial fees = \$439.15. Purchase option at lease end = \$7,654.40 Offer on '96 B2300 SE . . . MSRP \$14,605. Assumes \$859 dealer contribution. 36 mo. payments = \$7,198.92. Initial fees = \$449.98. Purchase option at lease end = \$7,594.60. Offer on '96 626 DX w/Conv. Pkg., MSRP \$17,540. Assumes \$1,241 dealer contribution. 36 mo. payments = \$7,532.64. Initial fees = \$459.25. Purchase option at lease end = \$9,471.60. Offer on '96 Miata . . . MSRP \$19,280. Assumes \$1,198 dealer contribution. 36 monthly payments = \$7,908.84. Initial fees = \$469.70. Purchase option at lease end = \$10,796.80. . . . \$450 Acq. fee plus taxes, title, license, & registration also due at lease signing. Early termination = \$200. Lessee liable for \$.10/mile over 36,000, maintenance, repairs & excess wear/tear. . . ." The fine print is displayed on four screens, each containing a block of at least five lines, and each block appearing for approximately three seconds.](Mazda Exhibit A).

B. [Audio:] "Lease a 626. Zero down, two-o-nine a month."

[Video:] "From \$0 DOWN \$209 A MO. 36 MONTHS."

[The advertisement contains the following lease disclosure at the bottom of the screen in white colored fine print superimposed on a black background and accompanied by background sounds and images: ". . . 36 mo. payments = \$7,551. Initial fees = \$459.75 plus \$450 acq. fee, taxes, title, license & registration. Early termination fee = \$200. Lessee liable for \$.10/mile over 36,000, maintenance, repairs & excess wear/tear. Purchase option at lease end = \$9471.60. . . ." The fine

print is displayed on three screens, each containing a block of at least three lines, and each block appearing for approximately two seconds.](Mazda Exhibit B).

C. [Audio:] "Its Mazda Jump . . . on Summer."

[Video:] "ZERO DOWN LEASES 36 MONTHS"

[cut to Protege badge. Mazda Protege running footage]

[Audio:] "On Protegé. Zero and one eighty-nine." [Video:] "\$0 DOWN PYMT. \$189 A MONTH WELL-EQUIPPED" [cut to B2300 badge. Mazda B2300 running footage] [Audio:] "B2300 SE-5. Zero and one ninety-nine." [Video:] "\$0 DOWN PYMT. \$199 A MONTH FULLY LOADED SE-5." [cut to 626 badge. . . 626 running footage] [Audio:] "Six-two-six. . . Zero and two-o-nine." [Video:] "\$0 DOWN PYMT. \$209 A MONTH WELL-EQUIPPED" [The advertisement contains the following lease disclosure at the bottom of the screen in white colored fine print superimposed on a black background and accompanied by background sounds and images: "Closed-end leases to qualified lessees. Approval of Mazda American Credit & insurance required. Offer on '96 Protégé DX w/ Conv. Pkg., MSRP \$14,720. Assumes \$1,325 dealer contribution. 36 mo. pymts = \$6,836.04. Initial fees = \$439.89. Purchase option at lease end = \$7,507.20. Offer on '96 B2300 SE Reg Cab w/ A/C & Pref. Equip. Grp., MSRP \$14,605. Assumes \$1,888 dealer contribution. 36 mo. pymts = \$7,193.16. Initial fees = \$449.81. Purchase option at lease end = \$7,740.65. Offer on '96 626 DX w/ Conv. Pkg., MSRP \$17,540. Assumes \$1,241 dealer contribution. 36 mo. pymts = \$7,558.20. Initial fees = \$459.95. Purchase option at lease end = \$9,647. All leases incl. freight, excl. CA/MA/NY emissions. \$450 Acq. Fee plus taxes, title, license & registration also due at lease signing. Early termination = \$200. Lessee liable for \$.10/mile over 36,000, maintenance, repairs & excess wear/tear. Must take retail delivery by 6/3/96. SEE PARTICIPATING DEALERS FOR DETAILS AND ACTUAL TERMS." The fine print is displayed on three screens, each containing a block of at least four lines, and each block appearing for approximately three seconds.](Mazda Exhibit C).

D. "MAZDA PENNY DOWN GREAT LEASES OR BUY"

[The advertisement contains lease offers for four vehicles:]

"MAZDA PROTEGÉ. . . LEASE 1¢ DOWN \$189 MO. 36 MOS. . . B2300SE SPORT TRUCK. . . LEASE 1¢ DOWN \$199 MO. 36 MOS. . . 626 SPORT SEDAN. . . LEASE 1¢ DOWN \$209 MO. 36 MOS. . . MAZDA MIATA. . . LEASE 1¢ DOWN \$219 MO. 36 MOS."

[The advertisement contains the following lease disclosure at the bottom of the page in small print: "Offer on '96 Protégé DX (LX shown) w/Conv. Pkg., MSRP \$14,720. Assumes \$1,325 dealer contribution. 36 mo. payments = \$6,809.04. Initial fees = \$439.15. Purchase option at lease end = \$7,654.40. Offer on '96 B2300 SE Reg. Cab (Cab Plus shown) w/ A/C & Pref. Equip. Grp., MSRP \$14,605. Assumes \$859 dealer contribution. 36 mo. payments = \$7,198.92. Initial fees = \$449.98. Purchase option at lease end = \$7,594.60. Offer on '96 626 DX w/ Conv. Pkg., MSRP \$17,540. Assumes \$1,241 dealer contribution. 36 mo. payments = \$7,532.64. Initial fees = \$459.25. Purchase option at lease end = \$9,471.60. Offer on '96 Miata w/ pwr. steering & mats, MSRP \$19,280. Assumes \$1,198 dealer contribution. 36 mo. payments = \$7,908.84. Initial fees = \$469.70. Purchase option at lease end = \$10,796.80. All leases incl. freight. Protégé/626/B2300 SE excl. CA/MA/NY emissions. \$450 Acq. fee + taxes, title, license, & registration also due at lease signing. Early termination = \$200. Lessee liable for \$.10/mile over

36,000, maintenance, repairs & excess wear/tear. Must take retail delivery by 4/1/96. See participating dealer for details & actual terms.")(Mazda Exhibit D)

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION IN LEASE ADVERTISING

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that the amount stated as "down" in respondent's lease advertisements is the total amount consumers must pay at lease inception to lease the advertised vehicles.

6. In truth and in fact, the amount stated as "down" in respondent's lease advertisements is not the total amount consumers must pay at lease inception to lease the advertised vehicles. Consumers must also pay additional fees beyond the amount stated as "down," such as the first month's payment, a security deposit, and/or an acquisition fee, at lease inception. Therefore, the representation as alleged in paragraph five was, and is, false or misleading.

7. Respondent's 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 ADEQUATELY IN LEASE ADVERTISING

8. In its lease advertisements, respondent has 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 and/or amount stated as "down." These advertisements do not adequately disclose additional terms pertaining to the lease offer, including but not necessarily limited to a required security deposit, an acquisition fee, and/or the first month's payment due at lease inception. The existence of additional terms would be material to consumers in deciding whether to lease a Mazda vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

9. Respondent's 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 III: CONSUMER LEASING ACT AND REGULATION M VIOLATIONS

10. Respondent's lease advertisements, including but not necessarily limited to Mazda Exhibits A through D, state a monthly payment amount, the number of required payments, and/or an amount "down." The lease disclosures in these advertisements contain one or more of the following terms required by Regulation M: that the transaction advertised is a lease; the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the total of periodic payments due under the lease; a statement of whether or not the lessee has the option to purchase the leased property and at what price and time or the method of determining the purchase-option price; and a statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee at the end of the term.

11. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Mazda Exhibits A through C, are not clear and conspicuous because they appear on the screen in small type for a very short duration, accompanied by background sounds or images. The lease disclosures in respondent's print lease advertisements, including but not necessarily limited to Mazda Exhibit D, are not clear and conspicuous because they appear in small type.

12. Respondent's practices violate Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, as amended, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c), as amended.

Complaint

EXHIBIT A

Heurik
FCB FOOTE, CONE & BELDING
 4 Hutton Centre Drive, Santa Ana, CA 92707
 (714) 662-8500

CLIENT: MAZDA MOTOR OF AMERICA

As Produced: 3/10/96

JOB# : MAZD-DTP-T3626
 PRODUCT: Lease/Penny Down
 LENGTH: :30
 TITLE: Penny Down-Protege/626/Miata/Trk-L-30
 ORIGINAL ISC1:
 NEW ISC1: JQDB 0832

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VIDEOAUDIO:

- | | |
|---|---|
| <p>1. OPEN ON MAN JUMPING THROUGH A RAIN OF PENNIES.
 <u>SUPERS:</u> MAZDA
 ONE PENNY DOWN
 ZOOMS IN AND FADES ON.</p> <p>2. CUT TO PROTEGE RUNNING FOOTAGE. CUT TO B2300 RUNNING FOOTAGE. SUPER APPEARS AS LINE AT BOTTOM WITH PENNY SPINNING APPEARS.
 <u>SUPER:</u> 36 MO. LEASES.
 <u>SUPER:</u> ENDS APRIL 1ST
 <u>DISC:</u> Closed-end leases to qualified lessees. Approval of Mazda American Credit & insurance required. Offer on '96 Protege DX w/ Conv. Pkg., MSRP \$14,720. Assumes \$1,325 dealer contribution. 36 mo. payments = \$6,809.04. Initial fees = \$439.15. Purchase option at lease end = \$7,654.40. Offer on '96 B2300 SE Reg. Cab w/ A/C</p> <p>3. CUT TO PROTEGE BADGE. CUT TO PROTEGE RUNNING FOOTAGE.
 <u>DISC:</u>(cont) and Pref. Equip. Grp., MSRP \$14,605. Assumes \$839 dealer contribution. 36 mo. payments = \$7,198.92. Initial fees = \$449.98. Purchase option at lease end = \$7,594.60. Offer on '96 626 DX w/ Conv. Pkg., MSRP \$17,540. Assumes \$1,241 dealer contribution. 36 mo. payments = \$7,532.64. Initial fees</p> <p>4. CUT TO PROTEGE RUNNING WITH GRAPHIC OF A PENNY SPINNING INTO FRAME.</p> <p>5. <u>SUPER:</u> \$189 A MO.</p> | <p>1. <u>SINGERS:</u> Mazda...One penny down.</p> <p>2. <u>VO:</u> One penny down. Great leases. Very little time.</p> <p>3. <u>VO:</u> On Protege.</p> <p>4. <u>SINGERS:</u> A penny (down).</p> <p>5. <u>VO:</u> And one eighty-nine.</p> |
|---|---|

Exhibit A

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Complaint

123 F.T.C.

EXHIBIT A



FOOTE, CONE & BELDING
4 Hudson Centre Drive, Santa Ana, CA 92707
(714) 862-6500

CLIENT: MAZDA MOTOR OF AMERICA

As Produced: 3/10/96

JOB# : MAZD-DTP-T3626

PRODUCT: Lease/Penny Down

LENGTH: :30

TITLE: Penny Down-Protege/626/Miata/Trk-I - 30

ORIGINAL ISCI:

NEW ISCI: JQDB 0832

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VIDEO:AUDIO:

- | | |
|---|--|
| <p>6. CUT TO B2300 BADGE. CUT TO BOY JUMPING THROUGH RAIN OF PENNIES.</p> <p>7. CUT TO RUNNING FOOTAGE OF TRUCK WITH GRAPHIC OF A PENNY SPINNING INTO FRAME.
<u>DISC:</u> (cont) = \$499.25. Purchase option at lease end = \$9,471.60. Offer on '96 Miata w/ pwr. steering & mats, MSRP \$19,280. Assumes \$1,198 dealer contribution. 36 mo payments = \$7,908.84. Initial fees = \$469.70. Purchase option at lease end = \$10,796.80. All leases incl. freight. Protege/626/B2300 SE excl. CA/MA/NY</p> <p>8. <u>SUPER:</u> \$199 A MO.</p> <p>9. CUT TO 626 BADGE.</p> <p>10. CUT TO MAN GRABBING PENNY.</p> <p>11. CUT TO 626 RUNNING WITH GRAPHIC OF A PENNY WIPING ON SUPER.
<u>DISC:</u> (cont) emissions. \$450 Acq. fee plus taxes, title, license & registration also due at lease signing. Early termination = \$200. Lessee liable for \$.10/mile over 36,000, maintenance, repairs & excess wear/tear. Must take retail delivery by 4/1/96. SEE PARTICIPATING DEALER FOR DETAILS AND ACTUAL TERMS.
<u>SUPER:</u> \$209 A MONTH</p> <p>12. RUNNING FOOTAGE OF MIATA.</p> <p>13. CUT TO GIRL WITH HAT.</p> | <p>6. <u>VO:</u> The B2300 SE.</p> <p>7. <u>SINGERS:</u> A penny down...</p> <p>8. <u>VO:</u> and one ninety-nine.</p> <p>9. <u>VO:</u> Six-two-six.</p> <p>10. <u>SINGERS:</u> A penny (down)...</p> <p>11. <u>VO:</u> and two-o-nine.</p> <p>12. <u>VO:</u> Miata.</p> <p>13. <u>SINGERS:</u> Mazda!</p> |
|---|--|

Exhibit A

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Complaint

EXHIBIT A



FOOTE, CONE & BELDING

4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

As Produced: 3/10/96

JOBS : MAZD-DTP-T3626

PRODUCT: Lease/Penny Down

LENGTH: :30

TITLE: Penny Down-Protoge/626/Miata/Trk-L-30

ORIGINAL ISCI:

NEW ISCI: JQDB 0832

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VIDEO:AUDIO:

14. CUT TO GIRL WITH HAT IN MIATA.
CUT TO MIATA RUNNING FOOTAGE
WITH GRAPHIC OF SPINNING PENNY.
SUPER: \$219 A MO.
15. CUT TO PROTEGE DRIVING AWAY
LOGO: MAZDA
PASSION FOR THE ROAD™
- 16.
17. CUT TO FALLING PENNIES WITH
MAN HOLDING ON TO ONE.
SUPER: ENDS APRIL 1.

14. YO: A penny and two nineteen.
15. SOLO: Passion for the road ...
SINGERS: Put your penny down!
- 16.
17. YO: Ends April 1st.

Exhibit A

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Complaint

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EXHIBIT B



FOOTE, CONE & BELDING
4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500



JOB#: MAZD-NTP-T3632

PRODUCT: '96 626 DX

LENGTH: :30

TITLE: Passion -626 DX-0 Down/209 L-30

CLIENT: MAZDA MOTOR OF AMERICA

AS PRODUCED: 3/28/96

ORIGINAL ISCI: JQDB 0816

NEW ISCI: JQNB 0840

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VIDEOAUDIO

- | | |
|---|---|
| 1. OPEN ON QUICK CUTS OF DRIVER STARTING CAR AND 626 WITH EXPLOSION. | 1. SONG: I got a passion. |
| 2. QUICK CUTS OF LOCKED FENCE, 626 DRIVING ACROSS GRAPHIC WITH RUNNER FOLLOWED BY MORE EXPLOSIONS.
<u>SUPER: 626</u> | 2. VO: Six two six. |
| 3. 626 DRIVES OVER FRAME AS WOMAN APPEARS IN SKY WITH 626 IN BACKGROUND. | 3. SONG: Passion. |
| 4. CUT TO RUNNING FOOTAGE OF 626. | 4. VO: Total luxury. |
| 5. CUT TO GEAR SHIFT WITH LIGHTENING AS CAR DRIVES THROUGH TUNNEL.
<u>DISC:</u>
See dealer for limited-warranty details. Based on MSRP. | 5. SFX: (THUNDER CRASH)
VO: Priced like a base Altima. |
| 6. QUICK CUTS OF 626 EXITING TUNNEL AND DRIVING ACROSS DESERT WITH MAN LOOKING ON. | 6. VO: Best basic warranty in its class. |
| 7. <u>SUPER: MAZDA</u>
FLOATS ACROSS SCREEN AS CAR DRIVES THROUGH DESERT. | 7. SONG: Mazda! |
| 8. QUICK CLOSE UPS OF 626. QUICK CUT OF 626 BADGE. | 8. VO: Six two six. |
| 9. QUICK CUTS OF 626 DRIVING IN FRONT OF PYRAMIDS. WOMAN WITH CAT EYES APPEARS IN FOREGROUND. | 9. SONG: Passion for the Road. |

Exhibit B

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Complaint

EXHIBIT B



FOOTE, CONE & BELDING

4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

JOB# : MAZD-NTP-T3632

PRODUCT: '96 626 DX

LENGTH: :30

TITLE: Passion -626 DX-0 Down/209 L-3'

AS PRODUCED: 3/28/96

ORIGINAL ISCI: JQDB 0816

NEW ISCI: JQNB 0840

Page 2 of 2

VIDEOAUDIO

- | | | | |
|-----|---|-----|--------------------------------|
| 10. | QUICK CUTS OF RUNNING FOOTAGE OF 626. | 10. | VO: Lease a 626 ... |
| 11. | CUT TO TITLES.
SUPER: From \$0 DOWN
\$209 A MO.
36 MONTHS. | 11. | zero down, two-o-nine a month. |
| 12. | CUT TO 626 DRIVING ACROSS DESERT.
DISC: 626 LX shown, net MSRP \$17,695. Closed-end lease to qualified lessees on a '96 626 DX with Conv. Pkg., MSRP \$17,540 incl. freight, excl. CA/NY/MA emissions. Assumes \$1,241 dealer contribution. Approval of Mazda | 12. | SONG: Ooh, ooh Mazda! |
| 13. | CONTINUE RUNNING FOOTAGE ACROSS DESERT AS SCREEN SPLITS AS CAR DRIVES ON AND MATCH IS BLOWN OUT.
DISC: (cont.) American Credit & insurance required. 36 monthly payments = \$7,531. Initial fees = \$459.75 plus \$450 acq. fee, taxes, title, license & registration. Early termination fee = \$200. Lessee liable for \$.10/mi over 36,000. | 13. | |
| 14. | CONTINUE RUNNING FOOTAGE OF 626 AS SUPER COMES UP.
SUPER: 626
DISC: (cont.) maintenance, repairs & excess wear/tear. Purchase option at lease end = \$9,471.60. Must take delivery by 4/30/96. SEE PARTICIPATING DEALERS FOR DETAILS AND ACTUAL TERMS. Prices slightly higher in HI. | 14. | VO: Six two six. |
| 15. | CUT TO 626 DRIVING AWAY ACROSS DESERT.
SUPER:
MAZDA
Passion for the Road™ | 15. | SONG: Passion for the Road. |

Exhibit B

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Complaint

123 F.T.C.

EXHIBIT C



FOOTE, CONE & BELDING
4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

TYPE OF SCRIPT:

☒ **NATIONAL**
☐ **REGIONAL**

JOB#: MAZD-DTP-T3631

PRODUCT: 626, Protégé, B2300 SE-5

LENGTH: :30

TITLE: Jump-626/Prot/SE-5-L-30

As Produced: 5/9/96

ORIGINAL ISCI:

NEW ISCI: JQNB 0900

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VIDEO**AUDIO**

- | | |
|--|--|
| 1. OPEN ON BIG MAZDA LOGO. LOGO ZOOMS IN, AWAY FROM CAMERA. | 1. <u>MUSIC UP</u>
<u>SINGERS: MAZDA...</u> |
| 2. CUT TO MAN JUMPING INTO FRAME, IN FRONT OF LOGO. | 2. <u>SINGERS: ...JUMP!</u> |
| 3. EVENT TITLE BUILDS OVER HYPER STREET. | 3. <u>ANNCR VO: It's Mazda Jump...</u> |
| 4. <u>SUPER:</u>
MAZDA JUMP ON SUMMER | 4. <u>ANNCR VO: ...On Summer.</u> |
| 5. CAR PUSHES THROUGH EVENT TITLE
<u>SUPER:</u>
ZERO DOWN LEASES
36 MONTHS | 5. <u>ANNCR VO: Zero down leases.</u> |
| 6. <u>SUPER:</u>
ENDS JUNE 3RD | 6. <u>ANNCR VO: Ends June 3rd.</u> |
| 7. CUT TO WOMAN BY VEHICLE. SHE DOES A "PSYCHED" JUMP. | 7. <u>SINGERS: JUMP!</u> |
| 8. CUT TO PROTEGE BADGE. | 8. <u>ANNCR VO: On Protégé.</u> |
| 9. MAZDA PROTEGE RUNNING FOOTAGE.
<u>SUPER:</u>
\$0 DOWN PYMT. | 9. <u>ANNCR VO: Zero,</u> |

Exhibit C

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EXHIBIT C



FOOTE, CONE & BELDING
4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

TYPE OF SCRIPT:

☒ **NATIONAL**
☐ **REGIONAL**

JOB#: MAZD-DTP-T3631

PRODUCT: 626, Protegé, B2300 SE-5

LENGTH: :30

TITLE: Jump-626/Prot/SE-5-L-30

As Produced: 5/9/96

ORIGINAL ISCI:

NEW ISCI: JQNB 0900

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VIDEO**AUDIO**

- | | |
|--|--|
| <p>10. PROTEGE RUNNING FOOTAGE.
<u>SUPER:</u>
\$189 A MONTH WELL-EQUIPPED
<u>DISC:</u> Closed-end leases to qualified lessees. Approval of Mazda American Credit & insurance required. Offer on '96 Protegé DX w/ Conv. Pkg., MSRP \$14,720. Assumes \$1,325 dealer contribution. 36 mo. pymts = \$6,836.04. Initial fees = \$439.89. Purchase option at lease end = \$7,507.20. Offer on '96 B2300 SE Reg Cab w/ A/C &</p> | <p>10. <u>ANNCR VO:</u> and one eighty-nine.</p> |
| <p>11. CUT TO MAN</p> | <p>11. <u>SINGERS:</u>
JUMP! JUMP! JUMP!</p> |
| <p>12. CUT TO B2300 BADGE.</p> | <p>12. <u>ANNCR VO:</u>
B2300 SE-5.</p> |
| <p>13. MAZDA B2300 RUNNING FOOTAGE.
<u>SUPER:</u>
\$0 DOWN PYMT.</p> | <p>13. <u>ANNCR VO:</u>
Zero.</p> |
| <p>14. B2300 RUNNING FOOTAGE.
<u>SUPER:</u>
\$199 A MONTH FULLY LOADED SE-5.
<u>DISC:</u> (cont) Pref. Equip. Grp., MSRP \$14,605. Assumes \$1,888 dealer contribution. 36 mo. pymts = \$7,193.16. Initial fees = \$449.81. Purchase option at lease end = \$7,740.65. Offer on '96 626 DX w/ Conv. Pkg., MSRP \$17,540. Assumes \$1,241 dealer contribution. 36 mo. pymts = \$7,558.20. Initial fees = \$459.95. Purchase option at lease end = \$9,647.</p> | <p>14. <u>ANNCR VO:</u> and one ninety-nine.</p> |

Exhibit C

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Complaint

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EXHIBIT C



FOOTE, CONE & BELDING
4 Hutton Centre Drive, Santa Ana, CA 92707
(714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

TYPE OF SCRIPT:

☒ NATIONAL☐ REGIONAL

JOB#: MAZD-DTP-T3631

PRODUCT: 626, Protegé, B2300 SE-5

LENGTH: :30

TITLE: Jump-626/Prot/SE-5-L-30

As Produced: 5/9/96

ORIGINAL ISCI:

NEW ISCI: JQNB 0900

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VIDEOAUDIO

- | | |
|---|---|
| 15. WOMAN JUMPING OFF BED OF TRUCK ONTO GUY'S BACK. | 15. <u>SINGERS:</u> JUMP! |
| 16. CUT TO 626 BADGE. | 16. <u>ANNCR VO:</u>
six-two-six. |
| 17. CUT TO WOMAN DOING HIGH FIVE. | 17. <u>SINGERS:</u> MAZDA ... |
| 18. 626 RUNNING FOOTAGE.
<u>SUPER:</u>
\$0 DOWN PYMT. | 18. <u>ANNCR VO:</u>
Zero, |
| 19. 626 RUNNING FOOTAGE.
<u>SUPER:</u>
\$209 A MONTH WELL-EQUIPPED.
<u>DISC:</u> (cont) All leases incl. freight, excl. CA/MA/NY emissions. \$450 Acq. Fee plus taxes, title, license & registration also due at lease signing. Early termination = \$200. Lessee liable for \$.10/mile over 36,000, maintenance, repairs & excess wear/tear. Must take retail delivery by 6/3/96. SEE PARTICIPATING DEALERS FOR DETAILS AND ACTUAL TERMS. | 19. <u>ANNCR VO:</u>
and two-o-nine. |
| 20. MAZDA LOGO COMES UP OVER DESERT ROAD.
<u>SUPER:</u>
MAZDA
PASSION FOR THE ROAD™ | 20. <u>SINGERS:</u>
...PASSION FOR THE ROAD. |
| 21. <u>SUPER:</u> MAZDA JUMP ON-SUMMER. | 21. |

Exhibit C

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Complaint

EXHIBIT C



FOOTE, CONE & BELDING
 4 Hudson Centre Drive, Santa Ana, CA 92707
 (714) 662-6500

CLIENT: MAZDA MOTOR OF AMERICA

TYPE OF SCRIPT:

☒ **NATIONAL**
☐ **REGIONAL**

JOB#: MAZD-DTP-T3631

PRODUCT: 626, Protégé, B2300 SE-5

LENGTH: :30

TITLE: Jump-626/Prot/SE-5-L-30

ORIGINAL ISCI:

NEW ISCI: JQNB 0900

Page 4 of 4

As Produced: 5/9/96

VIDEO

AUDIO

22. CLOSE UP OF WOMAN JUMPING
INTO AIR TOWARDS CAMERA.
23. **SUPER:**
ZERO DOWN LEASES
36 MONTHS
24. **SUPER:**
ENDS JUNE 3RD.
25. TITLE JUMPS IN SYNC WITH
MUSIC.

22. **ANNCR VO:**
Jump on it.
23. **SINGERS:**
Jump
24. **ANNCR VO:** Zero down ...
ends June 3rd.
25. **SINGERS:** JUMP!

Exhibit C

Page 4 of 4 Pages

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 of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the 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 aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true 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 respondent has violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Mazda Motor of America, Inc. is a California corporation with its principal office or place of business located at 7755 Irvine Center Drive, Irvine, 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

DEFINITIONS

1. "*Clearly and conspicuously*" as used herein shall mean: 1) video or written disclosures must be made in a manner that is readable and understandable to a reasonable consumer and 2) audio or oral disclosures must be made in a manner that is audible and understandable to a reasonable consumer.

2. "*Total amount due at lease inception*" as used herein shall mean the total amount of any initial payments required to be paid by the lessee on or before consummation of the lease or delivery of the vehicle, whichever is later, excluding dealer and government mandated fees and charges (if any).

3. Unless otherwise specified, "*respondent*" as used herein shall mean Mazda Motor of America, Inc., its successors and assigns, and its officers, agents, representatives, and employees.

4. "*In or affecting commerce*" as used herein shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

I.

It is ordered, That respondent, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to aid, promote, or assist, directly or indirectly any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of revised Regulation M, 61 Fed. Reg. 52,246, 52,258 (Oct. 7, 1996)(to be codified at 12 CFR 213.2) ("revised Regulation M"), as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the total amount due at lease inception, the amount down, and/or the downpayment, capitalized cost reduction, or other amount that reduces the capitalized cost of the vehicle (or that no such amount is required).

B. Make any reference to any charge that is part of the total amount due at lease inception or that no such charge is required, not including a statement of the periodic payment, more prominently than the disclosure of the total amount due at lease inception.

C. State the amount of any payment or that any or no initial payment is required at lease inception unless all of the following items are disclosed clearly and conspicuously, as applicable:

1. That the transaction advertised is a lease;
2. The total amount due at lease inception;
3. That a security deposit is required;
4. The number, amount, and timing of scheduled payments; and
5. That an extra charge may be imposed at the end of the lease term in a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the vehicle.

II.

It is further ordered, That an advertisement that complies with subparagraph I.C shall be deemed to satisfy the requirements of Section 184(a) of the Consumer Leasing Act, 15 U.S.C. 1667c(a), as amended by Title II, Section 2605 of the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, Pub. L. No. 104-208, 110 Stat. 3009, _____ (Sept. 30, 1996) ("revised CLA"), as amended, and Section 213.7(d)(2) of revised Regulation M, 61 Fed. Reg. at 52,261 (to be codified at 12 CFR 213.7(d)(2)), as amended.

III.

It is further ordered, That if the revised CLA, as amended, or revised Regulation M, as amended, are amended in the future to alter definition 2 of this order ("total amount due at lease inception") or to require or permit advertising disclosures that are different from those set forth in subparagraphs I.B or I.C of this order, then the change or changes shall be incorporated in subparagraph I.B, subparagraph I.C, and/or definition 2 for the purpose of complying with subparagraphs I.B and I.C only, as appropriate; provided however, that all other requirements of this order, including definition 1 ("clearly and conspicuously"), will survive any such revisions.

IV.

It is further ordered, That respondent Mazda Motor of America, Inc., and its successors and assigns, shall, for five (5) years after the date of service of this order, maintain and upon request make

available to the Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

V.

It is further ordered, That respondent Mazda Motor of America, Inc. and its successors and assigns, shall distribute a copy of this order to all current and future principals, officers, directors, managers, employees, agents, and representatives having responsibilities with respect to the subject matter of this order and to all advertising agencies; and shall secure from each such person or entity a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel or entities within thirty (30) days after the date of service of this order, and to such future personnel or entities within thirty (30) days after the person or entity assumes such position or responsibilities.

VI.

It is further ordered, That respondent Mazda Motor of America, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation(s) that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VII.

It is further ordered, That respondent Mazda Motor of America, Inc. and its successors and assigns shall, within one hundred and

twenty (120) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VIII.

This order will terminate on February 6, 2017, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any Part in this order that terminates in less than twenty (20) years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Complaint

123 F.T.C.

IN THE MATTER OF

CALIFORNIA SUNCARE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3715. Complaint, Feb. 11, 1997--Decision, Feb. 11, 1997*

This consent order prohibits, among other things, a California-based company and its president from misrepresenting the safety, benefits, performance or efficacy of tanning products and UV exposure, or any tests, studies or endorsements of their tanning products. The consent order requires the respondents to possess scientific evidence to substantiate such claims, and to send letters to distributors and retailers summarizing the Commission's action.

Appearances

For the Commission: *Joel Winston, Nancy Warder, Laura Fremont and Toby M. Levin.*

For the respondents: *Andrew J. Strenio, Jr., Hunton & Williams, Washington, D.C. and Norm D. St. Landau, Tucker, Flyer & Lewis, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that California SunCare, Inc., a corporation, and Donald J. Christal, individually and as an officer of said corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent California SunCare, Inc., is a California corporation, with its principal office or place of business at 1100 Glendon Avenue, Suite 1250, Los Angeles, California.

Respondent Donald J. Christal is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. His principal office and place of business is the same as that of the corporate respondent.

PAR. 2. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed skin care products for use in