

IN THE MATTER OF
TOYOTA MOTOR SALES, U.S.A., INC.

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

Docket C-3776. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the California-based automobile manufacturer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondent to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Rolando Berrelez, Sally Pitofsky and David Medine.*

For the respondent: *Barry Cutler, Baker & Hostetler, Washington, D.C. and Barbara Arnold, in-house counsel, Torrance, CA.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Toyota Motor Sales, U.S.A., Inc., a corporation ("respondent" or "Toyota"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. 45-58, as amended, and 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 Toyota Motor Sales, U.S.A., Inc. is a California corporation with its principal office or place of business at 19001 South Western Avenue, Torrance, California. Respondent manufactures and distributes vehicles and offers such vehicles for sale or lease to consumers.

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 Toyota vehicles, including but not necessarily limited to the attached Toyota Exhibits A - C. Toyota Exhibits A and B are television lease advertisements (attached hereto in video and storyboard format). Toyota Exhibit C is a direct mail advertisement. These advertisements contain the following statements:

A. [Audio:] "... And the car that's become the gold standard can now be leased for as little as \$229 a month, which includes automatic transmission, air conditioning, power windows and door locks and more. The new 1995 Toyota Camry lease, starting at just \$229 a month. So low for a car that aims so high."

[Video:] "Camry Leases Start At \$229/A MO.

First Month's Payment And \$275 Refundable Security Deposit Also Due At Signing."

[The advertisement contains the following lease disclosure at the bottom of the screen in light-colored fine print superimposed on a background of similar shade and accompanied by background sounds and images:]

"95 CAMRY DX, 4-SPD. AT. CLOSED-END LEASE. \$2,354 DUE AT SIGNING. \$16,003 CAPITALIZED COST BASED ON \$1850 DOWN AND DEALER PARTICIPATION...

TAXES, LICENSE, TITLE, INSURANCE, OPTIONAL AND REGIONALLY REQUIRED EQUIP. AND DEALER CHARGES EXTRA. LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR, 10c MI. OVER 15,000 YR. LEASE-END PURCHASE OPTION \$11,097. DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END...

...95 CAMRY LE V6 SHOWN WITH OPTIONAL ALLOW WHEELS AT ADDITIONAL COST."

[The fine print is displayed in blocks on three screens of at least three lines, and each block appearing for approximately three seconds.] (Toyota Exhibit A).

B. [Audio:] [Street Noise. Ballroom Dance Music.]

"You're invited to the 16th Annual Toyotathon featuring Camry starting at \$16,418. And special \$239 lease program on the newly restyled and refined Camry Sedan or Camry Coupe."

[Video:] "\$239/MO."

[The advertisement contains the following lease disclosure in light-colored print superimposed on a light-colored, moving background and accompanied by background sound and other moving images. The information is displayed on two screens, each containing a block of two lines, and each block appearing for approximately four seconds:]

"36-mo. Lease. \$1850 down plus first month's payment and refundable \$275 security deposit due at signing."

[The advertisement contains the following lease disclosure at the bottom of the screen in light-colored fine print superimposed on a background of similar shade and accompanied by background sounds and images:]

"... CAMRY LE V6 WITH OPTIONAL ALLOY WHEELS SHOWN... CLOSED-END LEASE ON '95 CAMRY DX SEDAN 4-CYL. OR '95 CAMRY LE COUPE. 4-CYL. \$2,364 DUE AT SIGNING... MONTHLY PAYMENTS TOTAL \$8,604...LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR AND \$0.10/MI. OVER 15,000/YR. LEASE-END PURCHASE OPTION \$11,097, \$11,013 (COUPE). DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END..."

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

C. "GREAT TOYOTA TOUCH LEASE VALUES!

Factory discounted lease rates for 36 months are available on selected Toyota models during this sale!!! Just look at the special values:

'94 Tercel	'94 4x2 Truck	'94 Corolla
\$149/mo. ¹	\$149/mo. ⁶	\$179/mo. ²
\$500 down/36mo.	\$1,000 down/36mo.	\$500 down/36mo.

'94 Camry	'94 Celica	'94 4Runner
\$249/mo. ⁴	\$259/mo. ³	\$319/mo. ⁵
\$1,500 down/36mo.	\$1,000 down/36mo.	\$2,000 down/36mo."

[The advertisement contains a lease disclosure that appears at the bottom of the advertisement in fine print.] (Toyota Exhibit C).

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT I: MISREPRESENTATION OF INCEPTION FEES

5. In lease advertisements, including but not necessarily limited to Exhibits A and C, 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, amount "down," and/or other amounts due at lease inception.

6. In truth and in fact, consumers cannot lease the advertised vehicles at the terms prominently stated in the advertisements, including but not necessarily limited to the monthly payment amount, amount "down," and/or other amounts due at lease inception. Consumers must also pay additional fees beyond the prominently stated terms, such as the capitalized cost reduction, first month's payment, and/or security deposit, to lease the advertised vehicles. Therefore, respondent's representation as alleged in paragraph five was, and is, false and 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 lease advertisements, including but not necessarily limited to Exhibits A - C, 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. These advertisements do not adequately disclose additional terms pertaining to the lease offer, such as the total amount of any payments due at lease inception. The existence of these additional terms would be material to consumers in deciding whether to lease a Toyota 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 Toyota Exhibits A - C, state a monthly payment amount but fail to disclose clearly and conspicuously certain additional terms required by the Consumer Leasing Act and Regulation M, including one or more of the following terms: that the transaction advertised is a lease; the total amount of any payments such as a capitalized cost reduction required at lease inception; that a security deposit is required; and the number, amount, and timing of scheduled payments.

11. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Toyota Exhibits A and B, are not clear and conspicuous because they appear on the screen in small type, for a very short duration, against a background of distracting sounds and images. The lease disclosures in respondent's direct mail advertisements, including but not necessarily limited to Toyota Exhibit C, 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, Section 213.5 of

Regulation M, 12 CFR 213.5, and Section 213.7(d) of revised Regulation M, 61 Fed. Reg. at 52,246, 52,261 (October 7, 1996)(to be codified at 12 CFR 213.7(d)), as amended.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

EXHIBIT A

SAATCHI & SAATCHI DFS

TELEVISION COPY

Southern California

File Name: TS-223	Campaign/Project: REVISED MY '95 CAMRY SEDAN TV	AS PRODUCED
Client: TMS	Title: "3RD QTR/LEASE/TOWER"	Page 1 of 1
Job No.: TC5-223	Product: CAMRY SEDAN	Code No.: TYCC 5178/5177-DLR
Acct. Exec.: J. ANASTAS	Date/Time: 04/19/98 12:10 pm	Length: 30. 25/05
Rev. No.:		Writer/rtwp: DC/rtw/vu

AUDIO ONLY

1. ANNCR VO: Onward...
2. ...and upward.
3. The awards, the honors for the Toyota Camry...
4. ...continue to rise.
5. And the car that's become...
6. ...the gold standard...
7. ...can now be leased for as little as \$229 a month...
8. ...which includes automatic transmission, air conditioning...
9. ...power windows and door locks and more.
10. The new 1995 Toyota Camry lease, starting at just \$229 a month.
11. So low for a car...
12. ... that aims so high.
- 13.

SUPER AND DISCLAIMER INFORMATION:

FRAME 7. SUPER: CAMRY LEASES START AT \$229 A MO. DISCLAIMER: '95 CAMRY DX, 4-SPD. AT CLOSED-
END LEASE \$2,354 DUE AT SIGNING. \$16,000 CAPITALIZED COST BASED ON \$1,650 DOWN AND DEALER PARTICIPATION.
MAY VARY BY DEALER. MSRP \$19,815 INCL. FREIGHT. MO. PAYMENTS TOTAL \$8,244. YOUR PAYMENT MAY VARY
DEPENDENT ON FINAL PRICE.

FRAME 8. SUPER: \$229 A MO. DISCLAIMER: TAXES, LICENSE, TITLE, INSURANCE, OPTIONAL AND REGIONALLY
REQUIRED EQUIP. AND DEALER CHARGES EXTRA. LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR. 10¢ MI. OVER
15,000 YR. LEASE END PURCHASE OPTION \$11,097. DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END.

FRAME 9. SUPER: FIRST MONTH'S PAYMENT AND \$275 REFUNDABLE SECURITY DEPOSIT ALSO
DUE AT SIGNING. DISCLAIMER: TO QUALIFIED LESSEES THROUGH TOYOTA MOTOR CREDIT CORPORATION.
SIMILAR LEASE IN AL, FL, GA, NC & SC THROUGH WORLD OMNI FINANCIAL CORPORATION. PAYMENTS HIGHER IN AR, CT,
LA, MA, MO, MS, OK, RI, TX, VA & WV. NOT AVAILABLE IN HI. RETAIL DELIVERY BY 6/30/98. '95 CAMRY LE V6 SHOWN WITH
OPTIONAL ALLOY WHEELS AT ADDITIONAL COST.

FRAME 10. SUPER: SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.

FRAME 13. SUPER & LOGO: TOYOTA CAMRY. I LOVE WHAT YOU DO FOR ME. 1-800-GO-TOYOTA

FEDERAL TRADE COMMISSION

Toyota Exhibit A

020004

EXHIBIT B

SAATCHI & SAATCHI DFS

Southern California

TELEVISION COPY

File Name: TS-086-3-AP	Campaign/Project: DECEMBER SALES EVENT	AS PRODUCED
Client: TMS		Page 1 of 2
Job No.: TDS-086	Title: "PARTY"	Code No.: TYEC 5081/5082
Acct. Exec.: E. FRANCO	Product: CAMRY	Length: 30. 25/05
Rev. No.:	Date/Time: 12/08/94 11:30 am	Writer/Editor: DC/cmvms

AUDIO ONLY

1. (SFX UNDER: STREET NOISE.)
2. (SFX: STREET NOISE CONTINUED.)
3. (SFX UNDER: BALLROOM DANCE MUSIC.)

You're invited to the 16th Annual Toyotathon...

4. ...featuring Camry starting at \$16,418...
5. And special \$239 lease program...
6. ...on the newly restyled and refined Camry Sedan...
7. ...or Camry Coupe.
8. We're celebrating...
9. ...not only the new shape...
10. ...but also, what's taking shape with Camry.
11. So see the...
12. ..."best car built in America"...
13. ...and the best all-star lineup of new Toyotas ever...
14. ...at the 16th Annual Toyotathon.
15. New year, new cars, great Toyotathon deals. At your Toyota dealer now!

SUPER AND DISCLAIMER INFORMATION:

FRAME 4. SUPER: STARTING AT \$16,418. DISCLAIMER: STARTING MSRP W/O FREIGHT FOR '95 CAMRY DX 5-SPD. ACTUAL DEALER PRICES MAY VARY. CAMRY LE V8 WITH OPTIONAL ALLOY WHEELS SHOWN. OFFER NOT AVAILABLE IN HI.

FRAME 5. SUPERS: CAMRY DX SEDAN AND LE COUPE 36-MO. LEASE, \$239/MO. \$1,850 DOWN PLUS FIRST MONTH'S PAYMENT AND... DISCLAIMER: CLOSED-END LEASE ON '95 CAMRY DX SEDAN 4-CYL. OR '95 CAMRY LE COUPE 4-CYL. \$2,384 DUE AT SIGNING. \$16,440 (SEDAN), \$16,321 (COUPE) CAPITALIZED COST. BASED ON \$1,350 DOWN AND DEALER PARTICIPATION MAY VARY BY DEALER. MSRP \$19,815 (SEDAN), \$19,665 (COUPE). INCLUDING FREIGHT. MONTHLY PAYMENTS TOTAL \$8,504.

Complaint

125 F.T.C.

EXHIBIT B

SAATCHI & SAATCHI DFS

TELEVISION COPY

Southern California

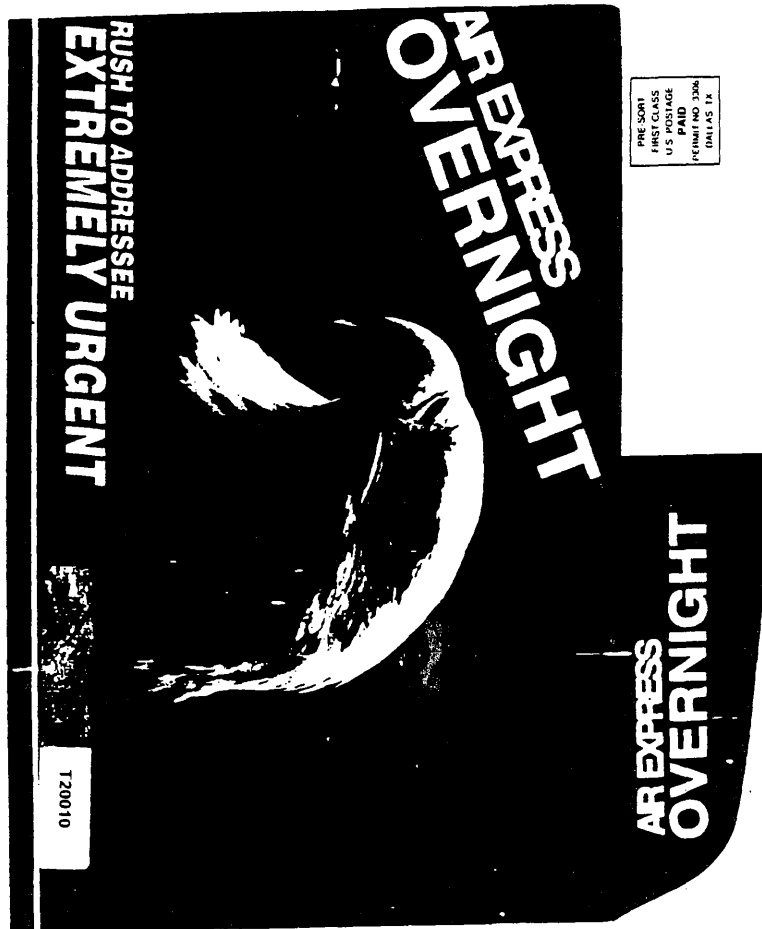
File Name: TS-086-8.AP	Campaign/Project: DECEMBER SALES EVENT	AS PRODUCED
Client: TMS		Page 2 of 2
Job No.: TDS-086	Title: "PARTY"	Code No.: TYEC 5081/5082
Acct. Exec.: E. FRANCO	Product: CAMRY	Length: 30, 25/05
Rev. No.:	Date/Time: 12/08/94 11:30 am	Writer/rev: DC/cv/ms

AUDIO ONLY

- FRAME 6. SUPERS: CAMRY DX SEDAN AND LE COUPE 36-MO. LEASE, \$239/MO. REFUNDABLE \$275 SECURITY DEPOSIT DUE AT SIGNING. DISCLAIMER: YOUR PAYMENT MAY VARY DEPENDING ON FINAL PRICE, TAXES, LICENSE, TITLE, INSURANCE, REGIONALLY REQUIRED EQUIPMENT AND DEALER CHARGES. EXTRA LESSEE PAYS MAINTENANCE, EXCESS WEAR & TEAR AND \$0.10/MI. OVER 15,000/YR. LEASE-END PURCHASE OPTION \$11,097 (SEDAN), \$11,013 (COUPE). DISPOSITION FEE, NOT TO EXCEED \$150, MAY BE DUE AT LEASE END TO QUALIFIED LESSEES THROUGH TOYOTA.
- FRAME 7. DISCLAIMER: MOTOR CREDIT CORPORATION. SIMILAR LEASE IN AL, FL, GA, NC & SC THROUGH WORLD OMNI FINANCIAL CORPORATION. PAYMENTS HIGHER IN AR, CT, LA, MA, MD, MI, OK, RI, TX, VA & WV. OFFER NOT AVAILABLE IN HI. RETAIL DELIVERY BY 1/8/95. SEE YOUR PARTICIPATING TOYOTA DEALER FOR DETAILS.
- FRAME 12. SUPER: "BEST CAR BUILT IN AMERICA." AUTOMOBILE MAGAZINE, MAR. '93.
- FRAME 13. SUPER: MOST CAMRYS ARE BUILT IN THE U.S.
- FRAME 15. SUPER: TOYOTATHON LOGO, ENDS JANUARY 8TH.

Complaint

EXHIBIT C



TOYOTA EXHIBIT C

EXHIBIT C

ADDITIONAL INFORMATION

Information
 Air Express Overnight, Inc.
 1001 Air Mail Street, Suite 100
 St. Louis, Missouri 63103
 (314) 458-2190

Restrictions
 None

Liability
 None

FOR ELECTRONIC TRANSMISSION DISPATCH CALL 214-458-2190
 1001 AIR MAIL STREET, SUITE 100, ST. LOUIS, MO 63103

PRIORITY SHIPPING LABEL

WEIGHT: 9 oz.

EXTREMELY URGENT

TO: ▼

CARRIER DELIVER TO:

NAME: _____

STREET ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

COPY ONE - FOR AIR EXPRESS TRANSMISSION

Complaint

EXHIBIT C



John E. Kramer
General Manager
Chicago Region

April 23, 1994

Dear Toyota Prospect:

It gives me great pleasure to invite you to the biggest sales event in the history of your Indianapolis Toyota dealers.

As all Indianapolis natives know, Spring is when you start to think about buying that new car or truck that you have always wanted. To help convince you that your next car or truck should be the highest quality vehicle in the world...**TOYOTA**...! have challenged my associates and all of the Indianapolis Toyota dealers to put together the enclosed "Toyota. No Comparison!" sales event.

Toyota's great-looking, all-new 1994 cars and trucks were the hit of the recent leading consumer magazine's automotive issue. With unquestioned, "best in class" quality, Toyota has a line-up of products you'll enjoy driving for many years to come. I know you'll be impressed and you'll find that new Toyotas are affordable!

So, if you are not already in your car on your way to your local Toyota dealer to buy the new Toyota car or truck of your dreams, get there soon because the sale will not be extended beyond the dates published in the enclosed brochure.

Hurry on down to get the best selection at the biggest sales event in Indianapolis Toyota history.

Sincerely,

A handwritten signature in dark ink, appearing to read "J.E. Kramer", is written over a horizontal line.

John E. Kramer

Complaint

125 F.T.C.

EXHIBIT C

T100 CASH BONUS OFFER FROM TOYOTA "TOYOTA. NO COMPARISON!" Indianapolis Toyota Dealers \$500 CERTIFICATE Valid Through May 3, 1994	
Customer Name _____	Dealership Name _____
Customer Phone# _____	Dealer Code _____
U Home U Work _____	
Date Issued* _____	Dealer Signature _____
*See reverse side for details.	
 TOYOTA TOYOTA MOTOR SALES U.S.A., INC.	
Valid only with purchase of T100	

Complaint

EXHIBIT C

Endorse Here (Customer)

T100 V.I.N. or Serial # _____

☐ Check payable to customer.☐ Check payable to Toyota Dealer.

Customer mailing address:

Address _____

City _____

State _____ Zip Code _____

Phone () _____

This certificate entitles you to \$500.00 savings on a new & unused 1993/1994 Toyota T100. Negotiate your best price with any authorized U.S.A. Toyota dealer, present this certificate, have the dealer validate your purchase, then send the certificate and a copy of the final customer Bill of Sale to Toyota In Touch Headquarters and a check will be mailed directly to you, or use the amount of the certificate toward your down payment. Redemption instructions are below.

REDEMPTION INSTRUCTIONS

1. Offer valid April 28, 1994 through May 3, 1994.
2. Offer not valid on a T100 purchase prior to certificate issue date (indicated on front of certificate). Must take retail delivery of a new 1993/1994 Toyota T100 out of dealer stock by May 3, 1994.
3. Application for a check or down payment must be received before June 2, 1994.
4. Offer void where prohibited.
5. Only the original certificate will be honored. Mechanical reproductions or facsimiles are not valid.
6. Only one certificate per eligible retail purchase or lease.
7. Certificate valid on any new 1993/1994 Toyota T100 purchase from an authorized Toyota dealer.
8. After you negotiate your best price with your dealer, present this certificate. Your dealer will then validate the certificate. Send the validated certificate and a copy of the final Bill of Sale on your T100 to: Toyota In Touch Headquarters, 1225 19th Street, Suite 260, Gardena, CA 90248.
9. See your participating dealer for details.
10. Make sure T100 V.I.N. or serial number is clearly printed in the space above.
11. When customer uses certificate as a down payment, the dealer must completely fill out the certificate and send it to Program Headquarters (note address above) with a copy of the final Bill of Sale for reimbursement.

EXHIBIT C

You and your family are invited to attend a 5-Day, "By-Invitation-Only", Exclusive, Factory-Authorized, Toyota Sales Event, sponsored by Toyota and your nearest Indianapolis Toyota Dealer!

During this "Toyota. No Comparison" Sales Event —
Take advantage of Tremendous Savings, Drastic Discounts,
Low Interest Rates, Low Lease Payments and a Huge Selection
of Over 800 1994 Toyota Cars, Trucks, 4Runners and Minivans!!!

Also, included with this invitation, you may take advantage of Special Factory-Sponsored, Low 3.9% A.P.R.* financing on all new 1993 & 1994 Toyotas, low lease rates and an exclusive \$500 Cash Bonus Offer on T100 Pickups!!!

3.9%
Annual Percentage

Annual
Percentage
Rate*

FREE GIFT * * FREE GIFT * * FREE GIFT

Every letter-holder attending this sale and presenting their envelope and invitation will receive FREE... an Official, 100% Cotton, Indianapolis Colts Ball Cap!! Just for attending — no purchase necessary!!!

When: Thursday, April 28th, 1994
Friday, April 29th, 1994
Saturday, April 30th, 1994
Monday, May 2nd, 1994
Tuesday, May 3rd, 1994

Hours: 9:00 am to 9:00 pm; all five days!!!

Where: Your nearest Indianapolis Toyota Dealer

(See map on reverse side for easy directions)

Please present this invitation at the sale entrance.

►Great Toyota Touch Lease Values!

Factory discounted lease rates for 36 months are available on selected Toyota models during this sale!!! Just look at these special values:

'94 Tercel

\$149 /mo.¹
\$500 down/36 mo.

'94 Camry

\$249/mo.
\$1,500 down/36 mo.

'94 4x2 Truck

\$149_{mo.}⁶
\$1,000 down/36 mo.

'94 Celica

\$259 /mo.³
\$1,000 down/36 mo.

'94 Corolla

\$179^{mo.}
\$500 down/36 mo.

'94 4Runner

\$319 /mo.⁵
\$2,000 down/36 mo

You will Save Time and Money at this Sale!!!

- Over 800 New Toyotas — All models — All colors priced for immediate sale.
 - Paseo • Tercel • Camry
 - Corolla • Previa • MR2 • Celica
 - Supra • Land Cruiser • 4Runner
 - 4x2 and 4x4 Trucks • T100
- Low down-payments.
- Low monthly payments.
- Used vehicle appraisers on-hand to offer highest trade-in possible.
- Low factory-authorized finance rate.
- No payments for 90 days!
- Great factory discounted lease plans available...

Here is how you can save even more with your T100 purchase!!!
Use the enclosed T100 Cash Bonus Offer Certificate for \$500 toward
the purchase of any T100 Pickup!!!

1992-1993, 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024, 2024-2025, 2025-2026, 2026-2027, 2027-2028, 2028-2029, 2029-2030, 2030-2031, 2031-2032, 2032-2033, 2033-2034, 2034-2035, 2035-2036, 2036-2037, 2037-2038, 2038-2039, 2039-2040, 2040-2041, 2041-2042, 2042-2043, 2043-2044, 2044-2045, 2045-2046, 2046-2047, 2047-2048, 2048-2049, 2049-2050, 2050-2051, 2051-2052, 2052-2053, 2053-2054, 2054-2055, 2055-2056, 2056-2057, 2057-2058, 2058-2059, 2059-2060, 2060-2061, 2061-2062, 2062-2063, 2063-2064, 2064-2065, 2065-2066, 2066-2067, 2067-2068, 2068-2069, 2069-2070, 2070-2071, 2071-2072, 2072-2073, 2073-2074, 2074-2075, 2075-2076, 2076-2077, 2077-2078, 2078-2079, 2079-2080, 2080-2081, 2081-2082, 2082-2083, 2083-2084, 2084-2085, 2085-2086, 2086-2087, 2087-2088, 2088-2089, 2089-2090, 2090-2091, 2091-2092, 2092-2093, 2093-2094, 2094-2095, 2095-2096, 2096-2097, 2097-2098, 2098-2099, 2099-2100, 2100-2101, 2101-2102, 2102-2103, 2103-2104, 2104-2105, 2105-2106, 2106-2107, 2107-2108, 2108-2109, 2109-2110, 2110-2111, 2111-2112, 2112-2113, 2113-2114, 2114-2115, 2115-2116, 2116-2117, 2117-2118, 2118-2119, 2119-2120, 2120-2121, 2121-2122, 2122-2123, 2123-2124, 2124-2125, 2125-2126, 2126-2127, 2127-2128, 2128-2129, 2129-2130, 2130-2131, 2131-2132, 2132-2133, 2133-2134, 2134-2135, 2135-2136, 2136-2137, 2137-2138, 2138-2139, 2139-2140, 2140-2141, 2141-2142, 2142-2143, 2143-2144, 2144-2145, 2145-2146, 2146-2147, 2147-2148, 2148-2149, 2149-2150, 2150-2151, 2151-2152, 2152-2153, 2153-2154, 2154-2155, 2155-2156, 2156-2157, 2157-2158, 2158-2159, 2159-2160, 2160-2161, 2161-2162, 2162-2163, 2163-2164, 2164-2165, 2165-2166, 2166-2167, 2167-2168, 2168-2169, 2169-2170, 2170-2171, 2171-2172, 2172-2173, 2173-2174, 2174-2175, 2175-2176, 2176-2177, 2177-2178, 2178-2179, 2179-2180, 2180-2181, 2181-2182, 2182-2183, 2183-2184, 2184-2185, 2185-2186, 2186-2187, 2187-2188, 2188-2189, 2189-2190, 2190-2191, 2191-2192, 2192-2193, 2193-2194, 2194-2195, 2195-2196, 2196-2197, 2197-2198, 2198-2199, 2199-2200, 2200-2201, 2201-2202, 2202-2203, 2203-2204, 2204-2205, 2205-2206, 2206-2207, 2207-2208, 2208-2209, 2209-2210, 2210-2211, 2211-2212, 2212-2213, 2213-2214, 2214-2215, 2215-2216, 2216-2217, 2217-2218, 2218-2219, 2219-2220, 2220-2221, 2221-2222, 2222-2223, 2223-2224, 2224-2225, 2225-2226, 2226-2227, 2227-2228, 2228-2229, 2229-2230, 2230-2231, 2231-2232, 2232-2233, 2233-2234, 2234-2235, 2235-2236, 2236-2237, 2237-2238, 2238-2239, 2239-2240, 2240-2241, 2241-2242, 2242-2243, 2243-2244, 2244-2245, 2245-2246, 2246-2247, 2247-2248, 2248-2249, 2249-2250, 2250-2251, 2251-2252, 2252-2253, 2253-2254, 2254-2255, 2255-2256, 2256-2257, 2257-2258, 2258-2259, 2259-2260, 2260-2261, 2261-2262, 2262-2263, 2263-2264, 2264-2265, 2265-2266, 2266-2267, 2267-2268, 2268-2269, 2269-2270, 2270-2271, 2271-2272, 2272-2273, 2273-2274, 2274-2275, 2275-2276, 2276-2277, 2277-2278, 2278-2279, 2279-2280, 2280-2281, 2281-2282, 2282-2283, 2283-2284, 2284-2285, 2285-2286, 2286-2287, 2287-2288, 2288-2289, 2289-2290, 2290-2291, 2291-2292, 2292-2293, 2293-2294, 2294-2295, 2295-2296, 2296-2297, 2297-2298, 2298-2299, 2299-2300, 2300-2301, 2301-2302, 2302-2303, 2303-2304, 2304-2305, 2305-2306, 2306-2307, 2307-2308, 2308-2309, 2309-2310, 2310-2311, 2311-2312, 2312-2313, 2313-2314, 2314-2315, 2315-2316, 2316-2317, 2317-2318, 2318-2319, 2319-2320, 2320-2321, 2321-2322, 2322-2323, 2323-2324, 2324-2325, 2325-2326, 2326-2327, 2327-2328, 2328-2329, 2329-2330, 2330-2331, 2331-2332, 2332-2333, 2333-2334, 2334-2335, 2335-2336, 2336-2337, 2337-2338, 2338-2339, 2339-2340, 2340-2341, 2341-2342, 2342-2343, 2343-2344, 2344-2345, 2345-2346, 2346-2347, 2347-2348, 2348-2349, 2349-2350, 2350-2351, 2351-2352, 2352-2353, 2353-2354, 2354-2355, 2355-2356, 2356-2357, 2357-2358, 2358-2359, 2359-2360, 2360-2361, 2361-2362, 2362-2363, 2363-2364,

EXHIBIT C

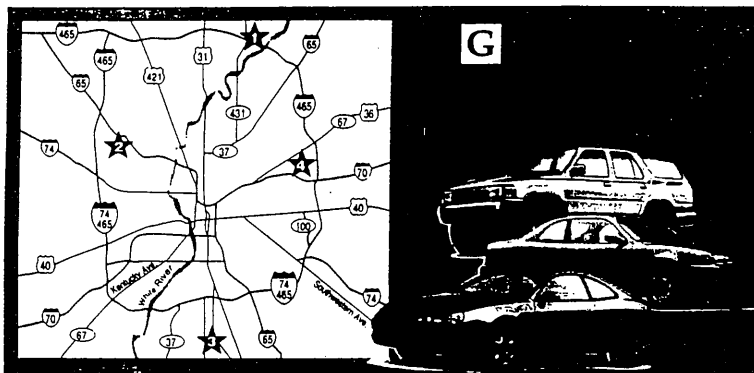
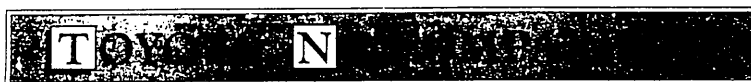
Your Participating Indianapolis Toyota Dealers:

★ **Butler Toyota**
96th and N. Keystone
Indianapolis, IN 46240
(317) 846-9600

★ **Beck Toyota**
8055 U.S. 31 South
Indianapolis, IN 46227
(317) 882-2600

★ **Tom Wood Toyota**
4202 Lafayette Road
Indianapolis, IN 46254
(317) 297-2444

★ **O'Brien Toyota**
2550 N. Shadeland
Indianapolis, IN 46219
(317) 351-7000



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 Toyota Motor Sales, U.S.A., Inc. is a California corporation with its principal office or place of business located at 19001 South Western Avenue, Torrance, 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 signing or delivery*" 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. The total amount due at lease signing or delivery may 1) exclude third-party fees, such as taxes, licenses, and registration fees, and disclose that fact, or 2) provide a total that includes third-party fees based on a particular state or locality as long as that fact and the fact that fees may vary by state or locality are disclosed.

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

4. "*Commerce*" as used herein shall mean as defined in Section 4 of the Federal Trade Commission Act ("FTC 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) and 62 Fed. Reg. 15,364 (April 1, 1997)(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 signing or delivery, 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 signing or delivery 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 signing or delivery.

C. State the amount of any payment or that any or no initial payment is required at lease signing or delivery 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 signing or delivery;
3. Whether or not 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, 3009-473 (Sept. 30, 1996) ("revised CLA"), as amended, and Section 213.7(d)(2) of revised Regulation M, 61 Fed. Reg. at 52,261 and 62 Fed. Reg. at 15,368 (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 signing or delivery") 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 Toyota Motor Sales, U.S.A., 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 Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall deliver 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 Toyota Motor Sales, U.S.A., Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to 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 Toyota Motor Sales, U.S.A., 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 January 5, 2018, 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 deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF
BEUCKMAN FORD, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
CONSUMER LEASING ACT, THE TRUTH IN LENDING ACT AND
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3777. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, the St. Louis Missouri-area automobile dealership and its officer from omitting or burying key cost information in small, and at times, unreadable print in their automobile lease advertisements and from misrepresenting the costs of leasing, including the total amount due at lease signing. The consent order requires the respondents to disclose certain information clearly and conspicuously and to comply with all provisions of the specified acts and regulations.

Appearances

For the Commission: *Lauren Steinfeld* and *David Medine*.

For the respondents: *Joe D. Jacobson, Green, Schaaf & Margo*,
St. Louis, MO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Beuckman Ford, Inc., a corporation, and Fred J. Beuckman, III, individually and as an officer of the corporation ("respondents"), have 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 the Truth in Lending Act, 15 U.S.C. 1601-1667, as amended, and its implementing Regulation Z, 12 CFR 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Beuckman Ford, Inc. is a Missouri corporation with its principal office or place of business at 15675 Manchester Road, Ballwin, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Fred J. Beuckman, III is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation,