

IN THE MATTER OF

SUNTRUP BUICK-PONTIAC-GMC TRUCK, 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-3779. Complaint, Jan. 5, 1998--Decision, Jan. 5, 1998

This consent order prohibits, among other things, two St. Louis Missouri-area automobile dealerships and their 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: *Paul Simon, Helfrey, Simon & Jones*, St. Louis, MO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., corporations, and Thomas Suntrup, individually and as an officer of the corporations ("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 Suntrup Buick-Pontiac-GMC Truck, Inc. is a Delaware corporation with its principal office or place of business at 4200 N. Service Road, St. Peters, Missouri. Respondent offers automobiles for sale or lease to consumers.

2. Respondent Suntrup Ford, Inc. is a Missouri corporation with its principal office or place of business at 12750 Saint Charles Rock

Road, Bridgeton, Missouri. Respondent offers automobiles for sale or lease to consumers.

3. Respondent Thomas Suntrup is an officer of the corporate respondents. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporations, including the acts or practices alleged in this complaint. His principal offices or places of business are the same as those of Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc.

4. Respondents have 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.

5. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended.

6. The acts and practices of respondents 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.

LEASE ADVERTISING

7. Respondents have disseminated or have caused to be disseminated consumer lease advertisements ("lease advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A through E. These lease advertisements contain the following statements:

A. "NO PAYMENT TIL APRIL '95 -- '95 GRAND AM SEDAN \$225** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 12,000 mi. per yr. and approved credit."]

* * *

"NO PAYMENT TIL APRIL '95 -- 1995 THUNDERBIRD LX . . . \$275** per mo. lease"

[A fine print statement at the bottom of the ad states, "***24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit." (Exhibit A)]

B. "NO PAYMENT TIL APRIL '95 -- '95 BONNEVILLE SE SEDAN . . . \$281** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 12,000 mi. per yr. and approved credit."]

* * *

"1994 ESCORT LX \$178** per mo. lease"

[A fine print statement at the bottom of the ad states, "***24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit.")(Exhibit B)

C. "1995 PONTIAC GRAND AM COUPE . . . LEASE \$188** 36 MONTHS"

[A fine print statement at the bottom of the ad states, "**All prices include all rebates and incentives, and commercial rebates where applicable. For conv. vans add \$799 for trim kit. Vehicle pictures may differ from actual pictures. 10% of MSRP cap reduction plus first payment sec. deposit and license plus tax with 12,000 miles per year and approved credit."]

* * *

"LEASE \$249** PER MO. \$13,999* 1995 TAURUS"

[A fine print statement at the lower right hand corner of the ad states, "*** 24 mo. Lease with 10% of MSRP cap reduction plus first payment sec. dep & license plus tax with 15,000 mi. per year and approved credit.")(Exhibit C)

D. "NO PAYMENT TIL MARCH '95 -- '95 GRAND AM COUPE SE . . . LEASE \$262** per mo."

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 15,000 mi. per yr. and approved credit.")(Exhibit D)

* * *

"\$1995 PROBE LEASE \$215** PER MO."

[A fine print statement at the bottom of the ad states, "**24 mo. lease with 10% of MSRP cap reduction plus first payment sec. dep. & license plus tax with 15,000 mi. per year and approved credit.")(Exhibit D)

E. "'95 CENTURY SEDAN \$249** per mo. lease"

[A fine print statement at the bottom of the ad states, "***36 mo. lease with 10% of MSRP cap reduction plus first payment sec. deposit & license plus tax with 15,000 mi. per yr. and approved credit.")(Exhibit E)

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

8. In lease advertisements, including but not necessarily limited to Exhibits A, B, and D, respondents have represented, expressly or by implication, that consumers have no monetary obligations at lease signing, including no obligation to pay a periodic payment.

9. In truth and in fact, consumers are required to pay significant amounts at lease signing, including but not limited to one or more of the following: a downpayment, security deposit, documentary fee, a periodic payment, and taxes. Therefore, respondents' representation as alleged in paragraph eight was, and is, false or misleading.

10. Respondents' 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 INCEPTION FEES

11. In lease advertisements, including but not necessarily limited to Exhibits A through E, respondents have 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.

12. These lease advertisements do not adequately disclose additional terms pertaining to obligations at lease inception, including but not necessarily limited to one or more of the following charges: a required downpayment, security deposit, documentary fee, first month's payment, and taxes. This information does not appear at all, appears in very fine print, and/or is referenced by asterisks that do not correspond to the asterisks depicted in the main text of the advertisements.

13. These additional terms would be material to consumers in deciding whether to visit respondents' dealership and/or whether to lease an automobile from respondents. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

14. Respondents' 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).

CONSUMER LEASING ACT AND REGULATION M VIOLATIONS
COUNT III: FAILURE TO DISCLOSE REQUIRED INFORMATION
CLEARLY AND CONSPICUOUSLY

15. In lease advertisements, including but not necessarily limited to Exhibits A through E, respondents have stated a monthly payment amount and/or the number of required payments.

16. These lease advertisements have failed to disclose clearly and conspicuously the following items of information required by Regulation M: 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 scheduled 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, in lieu of disclosure of the price, 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.

17. Respondents' practices have violated Section 184 of the Consumer Leasing Act, 15 U.S.C. 1667c, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c).

CREDIT ADVERTISING

18. Respondents have disseminated or have caused to be disseminated credit sale advertisements ("credit advertisements") for automobiles in the print media, including but not necessarily limited to the attached Exhibits A, B, and E. These advertisements contain the following statements:

A. " '95 FIREBIRDS . . . \$17,995*"

[A fine print statement at the bottom of the ad states, "*All prices include all rebates & incentives. Also includes \$1000 cash or trade equity and commercial rebates where applicable. . ."] (Exhibit A)

B. " '95 SONOMA . . . \$13,995*"

[A fine print statement at the bottom of the ad states, "*All prices include all rebates & incentives. Also includes \$1000 cash or trade equity and commercial rebates where applicable. . ."]

* * *

"FORD CARS 3.9% FINANCING" (Exhibit B)

C. Along with the statements described in paragraph five, Exhibit C contains the following credit terms, "6.75% A.P.R. FINANCING ON CONTOURS for 48 Mos. PLUS \$500 REBATE"

* * *

"3.9% FINANCING or \$600 REBATE . . . 1995 RANGER XLT"
(Exhibit C)

D. "2.9% APR FINANCING FOR 48 MONTHS OR \$750 CASH BACK '95 FORD TAURUS" (Exhibit D)

E. " '95 BONNEVILLE SE SEDAN . . . 3.6% FINANCING Available on Bonneville . . . \$18,995*" [A bar is superimposed over this sale price figure that states "MAKE US AN OFFER!"]

[A fine print statement at the bottom of the ad states, "****\$1000 DOWN CASH OR TRADE EQUITY. FOR QUALIFIED FIRST TIME NEW CAR OR TRUCK BUYERS & GMC REBATE."] (Exhibit E)

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS COUNT IV: FAILURE TO DISCLOSE REQUIRED INFORMATION

19. In credit advertisements, including but not necessarily limited to Exhibits A through E, respondents have stated the amount of a

downpayment and/or the number of payments or period of repayment as terms for financing the purchase of the advertised vehicles.

20. These advertisements have failed to disclose the following items of information required by Regulation Z: the amount or percentage of the downpayment, the terms of repayment, and/or the "annual percentage rate," using that term and if the rate may be increased after consummation, that fact.

21. Respondents' practices have violated Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c).

COUNT V: FAILURE TO STATE RATE OF FINANCE CHARGE AS
AN ANNUAL PERCENTAGE RATE

22. In credit advertisements, including but not necessarily limited to Exhibits B, C, and E, respondents have stated a rate of finance charge without stating that rate as an "annual percentage rate," using that term or the abbreviation "APR," as required by Regulation Z.

23. Respondents' practices have violated Section 144 of the TILA, 15 U.S.C. 1664, and Section 226.24(b) of Regulation Z, 12 CFR 226.24(b).

Commissioner Thompson and Commissioner Swindle not participating.

EXHIBIT A

[illegible]

Complaint

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EXHIBIT B



SUNTRUP

1995 NEW YEAR SELL-A-BRATION

4208 N. SERVICE ROAD AT I-70
CAVE SPRINGS, ST. PETERS, MO.
939-0800
TOLL FREE 1-800-262-8425

SALE HOURS:
MON-FRI 9-5
SAT 9-5
SUN 10-5

SERVICE HOURS:
MON-FRI 9-5
SAT 9-5
SUN 10-5



**ST. CHARLES ROCK ROAD AT I-270
BRIDGETON, MO.**
291-2334
FREE 1-800-831-6365

SALE HOURS:
MON-FRI 9-5
SAT 9-5
SUN 10-5

SERVICE HOURS:
MON-FRI 9-5
SAT 9-5
SUN 10-5

BUICK

NO PAYMENT TIL APRIL '95



'94 CENTURY SEDAN
MSRP \$16,602
SALE PRICE \$13,995



'94 BUICK SKYLARK CUSTOM COUPE
MSRP \$14,954
SALE PRICE \$13,695



'94 REGAL CUSTOM COUPE
MSRP \$17,995
SALE PRICE \$17,995



'94 LESABRE CUSTOM SEDAN
MSRP \$23,507
SALE PRICE \$19,395

FORD CARS

3.9% FINANCING



1994 ESCORT LX
MSRP \$9,295
SALE PRICE \$9,295



1995 PROBE
MSRP \$13,795
SALE PRICE \$13,795



'95 FORD TAURUS
MSRP \$15,895
SALE PRICE \$15,895



1995 THUNDERBIRD LX
MSRP \$15,995
SALE PRICE \$15,995

PONTIAC

NO PAYMENT TIL APRIL '95



'95 GRAND PRIX SE SEDAN
MSRP \$16,495
SALE PRICE \$16,495



'95 FIREBIRD
MSRP \$17,995
SALE PRICE \$17,995



'95 BONNEVILLE SE SEDAN
MSRP \$19,595
SALE PRICE \$19,595



'95 GRAND PRIX SE SEDAN
MSRP \$16,495
SALE PRICE \$16,495

FORD TRUCKS



1994 RANGER
MSRP \$9,495
SALE PRICE \$9,495



1994 BRONCO XLT
MSRP \$20,995
SALE PRICE \$20,995



NEW '95 F-150
AIR CONDITIONING!
LIMITED TIME ONLY
MSRP \$12,395
SALE PRICE \$12,395

GMC TRUCK



'95 SONOMA
MSRP \$9,795
SALE PRICE \$9,795



'94 GMC 4x4 JIMMY
MSRP \$20,995
SALE PRICE \$20,995



'95 GMC SIERRA 1/2 TON
MSRP \$13,995
SALE PRICE \$13,995



FULL SIZE VAN
MSRP \$18,995
SALE PRICE \$18,995

FORD VANS



'94 FULL SIZE CONVERSION VAN
MSRP \$16,988
SALE PRICE \$16,988



1994 AEROSTAR
MSRP \$14,995
SALE PRICE \$14,995



'95 WINDSTAR
MSRP \$17,899
SALE PRICE \$17,899

SUNTRUP

Buick-Pontiac-GMC 939-0800

SUNTRUP

Ford Cars-Trucks-Vans 291-2334

EXHIBIT C

ST LOUIS POST-DISPATCH WEDNESDAY, JULY 26, 1995

SUMMER SAVING BLAST

SUNTRUP AUTO

FORD CARS

Up To \$2500 CASH BACK!

3 DAYS ONLY — JULY 28, 29, 31

6.75% A.P.R. FINANCING
ON CONTOURS for 48 Mos.
PLUS \$500 REBATE!

LEASE **\$198** PER MO. **1995 CONTOUR**

LEASE **\$249** PER MO. **1995 TAURUS**

LEASE **\$235** PER MO. **1995 PROBE**

\$500 REBATE DUAL AIR BAGS

LEASE **\$269** PER MO. **1995 THUNDERBIRD LX**

Up To \$300 CASH BACK!

LEASE **\$188** PER MO. **1995 ESCORT**

3.9% FINANCING OR \$000 REBATE

LEASE **\$179** PER MO. **1995 RANGER XLT**

FORD TRUCKS

Up To \$1000 CASH BACK

LEASE **\$255** PER MO. **1995 WINDSTAR**

Up To \$1500 CASH BACK

LEASE **\$179** PER MO. **1994 FULL SIZE CONVERSION VAN**

FORD VANS

LEASE **\$255** PER MO. **1995 WINDSTAR**

LEASE **\$179** PER MO. **1994 FULL SIZE CONVERSION VAN**

St. Charles Rock Road at I-270 Bridgeton, MO

SUNTRUP Ford

291-2334 or 1-800-831-6365

BUICK

1995 BUICK LESABRE

Final Price **\$19,970**

1995 BUICK SKYLARK LIMITED SEDAN

Final Price **\$14,750**

1995 BUICK CENTURY SPECIAL

Final Price **\$14,898**

PONTIAC

1995 PONTIAC GRAND AM COUPE

Final Price **\$19,278**

1995 PONTIAC GRAND PRIX SEDAN

Final Price **\$16,298**

1995 PONTIAC BONNEVILLE

Final Price **\$18,495**

GMC TRUCKS

1995 SIERRA 4X4 EXTENDED CAB

Price from **\$19,390**

1995 SONOMA EXTENDED CAB

Price from **\$14,390**

SHERROD 110" VANDURA

Price from **\$17,990**

2000 North Service Road
St. Louis & Cave Springs
St. Peters, MO

SUNTRUP BUICK PONTIAC GMC TRUCKS

291-2334 or 1-800-831-6365

Complaint

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EXHIBIT D

ST. LOUIS POST-DISPATCH Friday, December 10, 1994

4200 NORTH SERVICE ROAD
ST. PETERS, MO.
939-0800

TOLL FREE 1-800-262-8425

SALE MON-WED-FRI 9-5
THURS 9-4
HOURS: SATURDAY 9-3

SERVICE MON-THRU
FRI 7-4

BUICK PONTIAC
GMC Truck

SUN

1994 YEAR END

BUICK

NO PAYMENTS TIL MARCH '95

'94 CENTURY SEDAN	'94 REGAL CUSTOM COUPE	'94 BUICK PARK AVENUE	'94 BUICK SKYLARK CUSTOM COUPE	'94 LESABRE CUSTOM SEDAN
Stock #10188 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10119 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10228 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more
MSRP LIST \$16,602	MSRP LIST \$17,995	MSRP LIST \$33,734	MSRP LIST \$14,954	MSRP LIST \$23,507
SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$6,239	SUNTRUP VALUE DISCOUNT \$1,259	SUNTRUP VALUE DISCOUNT \$4,112
SALE PRICE \$13,995*	SALE PRICE \$17,995*	SALE PRICE \$27,495*	SALE PRICE \$13,695*	SALE PRICE \$19,395*

PONTIAC

NO PAYMENTS TIL MARCH '95

'95 GRAND AM SEDAN	'95 BONNEVILLE SE SEDAN	'95 GRAND PRIX SE SEDAN	'95 FIREBIRDS
Stock #10188 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10119 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more
MSRP LIST \$14,995	MSRP LIST \$19,595	MSRP LIST \$16,495	MSRP LIST \$17,995
SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$1,259	SUNTRUP VALUE DISCOUNT \$4,112
SALE PRICE \$14,995*	SALE PRICE \$16,995*	SALE PRICE \$16,495*	SALE PRICE \$17,995*

GMC

NO PAYMENTS TIL MARCH '95

'95 SONOMA SLS	'95 GMC SIERRA 1/2 TON	'94 GMC 4x4 JIMMY	GMC SAFARI EXTENDED MINIVAN
Stock #10188 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10119 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more	Stock #10118 Sun Service Seat, Rear Window Defogger, Cruise Control and more more
MSRP LIST \$11,695	MSRP LIST \$14,495	MSRP LIST \$20,995	MSRP LIST \$16,995
SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$2,607	SUNTRUP VALUE DISCOUNT \$4,112	SUNTRUP VALUE DISCOUNT \$4,112
SALE PRICE \$11,695*	SALE PRICE \$14,495*	SALE PRICE \$20,995*	SALE PRICE \$16,995*

from \$18,995*

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Complaint

EXHIBIT D

TRUP  **CLOSEOUT SALE**

ST. CHARLES ROCK ROAD AT I-270
BRIDGETON, MO.
291-2334
TOLL FREE 1-800-831-6365

SALE HOURS: M-W-F 9-5, Tu-Th 9-6, Sat 9-5
SERVICE HOURS: M-F 7-4, Sat 8-4

FORD CARS & TRUCKS

1995 PROBE
Stk. #173. Auto. Air. AM/FM Cassette.
LEASE \$215/mo.
OVER 50 TO CHOOSE FROM
\$13,795*

'94 ASPIRE
Stk. #2609. 2 Dr. Rear Window Defroster. 5 spd.
LEASE \$168/mo.
DUAL AIR BAGS & FREE ROADSIDE ASSISTANCE
Starting At **\$6799***

1994 ESCORT LX
Driver Side Air Bag. 5 spd. 1.9 Liter. 4 Cyl. Air Conditioning. AM/FM Stereo. Power Mirrors. Your Choice of 4 or 5 Dr. or Wagon. Excellent Value.
LEASE \$176/mo.
OVER 40 TO CHOOSE FROM
Starting At **\$9595***

2.9% APR FINANCING FOR 48 MONTHS
OR \$750 CASH BACK
'95 FORD TAURUS
Stk. #2923. Air Conditioning. Rear Window Defroster. Power Steering. AM/FM Stereo. Dual Air Bags.
LEASE \$209/mo.
OVER 40 TO CHOOSE FROM
\$14,738*

'95 MUSTANG GT
Stk. #102. 249A Pkg. V8 5 Liter. 5 Spd. Anti-Lock Brakes. Dual Air Bags. Loaded.
LEASE \$355/mo.
Starting At **\$17,995***

1995 THUNDERBIRD LX
Stock #256. V-8. Power Windows. Power Door Locks. Cruise. Floor Mats.
LEASE \$275/mo.
Starting At **\$15,995***

1994 RANGER
Stock #4553. Pkg. 884A. FLT. AM/FM Stereo. Cassette. Sliding Rear Window. Chrome Rear Side Bumper. Floor Console. Cuts. Alum. Wheels. 90/10 Sport Bench Seat.
LEASE \$152/mo.
\$9495*

1994 FORD EXPLORER
Stk. #5465. Auto. Power Windows. Power Locks. Luggage Rack. Aluminum Wheels.
LEASE \$348/mo.
\$21,395*

NEW '95 F-150
Stock #5303. AIR CONDITIONING. 4.9 Ltr. 5 Spd. Manual. P235 Tires. Headliner Insulation Pkg. Rear Side Bumper.
LIMITED TIME ONLY
\$12,595*

MIDWEST LARGEST FORD CONVERSION VAN DEALER!

FORD VANS

GULF STREAM SPORT VAN
24 Month Lease
LEASE \$277/mo.
\$18,995*

STARQUEST CONV. VAN
24 Month Lease
LEASE \$333/mo.
\$22,900*

CARRIAGE LUXURY VAN
24 Month Lease
LEASE \$348/mo.
\$22,900*

ALL NEW '95 WINDSTAR
24 Month Lease
LEASE \$256/mo.
\$17,899*

1995 AEROSTAR
Stk. #5455.
LEASE FOR ONLY
\$348³²*/mo.

EXHIBIT E

1994 VOLVO 740 GLE
 1994 5-THRU 9-6
 SATURDAY 9-5
SERVICE HOURS:
 1000
 1000
 1000 7-6

SALES & SERVICE

BUICK PONTIAC

GMC HEADQUARTERS

1800-265-9425
 1930-0610

24 HOURS SERVICE 1-800-871-1111
 (DATE SPECIFIC AT PETERS, INC.)

1995 CENTURY SEDAN

\$219

1995 BUICK REGAL CUSTOM COUPE

\$319

1995 SKYLARK LIMITED SEDAN

\$249

1995 LESABRE CUSTOM SEDAN

\$330

1995 GRAND AM SEDAN

\$219

1995 GRAND PRIX SE SEDAN

\$249

1995 CONQUEST SE SEDAN

\$299

1995 FIREBIRDS

\$269

1995 3.0L V-6 1000

\$14,500

1995 3.0L V-6 1000

\$15,000

1995 3.0L V-6 1000

\$15,000

1995 3.0L V-6 1000

\$15,000

SALE!

1995 GMC SIERRA 1/2 TON

\$213

1995 SONOMA SLS

\$40,000

1995 CARRIAGE CONVERSION VAN

\$20,000

1995 JIMMY

\$20,000

SALE!

1995 PONTIAC GRAND AM

\$11,489

1995 PONTIAC FIREBIRD

\$8,979

1995 PONTIAC GRAND AM

\$11,489

1995 PONTIAC FIREBIRD

\$11,489

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents 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 respondents with violation of the Federal Trade Commission Act, the Consumer Leasing Act and its implementing Regulation M, and the Truth in Lending Act and its implementing Regulation Z; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents have violated the said Acts and Regulations, 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 Suntrup Buick-Pontiac-GMC Truck, Inc. is a Delaware corporation with its principal office or place of business at 4200 N. Service Road, Saint Peters, Missouri.

2. Respondent Suntrup Ford, Inc. is a Missouri corporation with its principal office or place of business at 12750 Saint Charles Rock Road, Bridgeton, Missouri.

3. Thomas Suntrup is an officer of the corporate respondents. His principal offices or places of business are the same as those of Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc.

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

ORDER

DEFINITIONS

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

1. *"Clearly and conspicuously"* shall mean as follows:

a. In a television or video advertisement, the audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

b. In a print advertisement, the disclosure shall be in a type size, location, and in print that contrasts with the background against which it appears, sufficient for an ordinary consumer to notice, read, and comprehend it.

c. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

2. *"Equal prominence"* shall mean as follows:

a. In a television or video advertisement, the video disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, duration, and placement. The audio disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

b. In a print advertisement, the disclosure shall be presented in the same or similar format, including but not necessarily limited to type size, shade, contrast, and placement.

c. In a radio advertisement, the disclosure shall be delivered in the same or similar manner, including but not necessarily limited to volume, cadence, pace, and placement.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

3. "*Total amount due at lease inception*" 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.

4. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

5. Unless otherwise specified, "*respondents*" shall mean Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., corporations, their successors and assigns and their officers; Thomas Suntrup, individually and as an officer of the corporations; and each of the above's agents, representatives, and employees.

I.

It is ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any consumer lease in or affecting commerce, as "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 CFR 213.2, as amended, shall not, in any manner, expressly or by implication:

A. Misrepresent the costs of leasing a vehicle, including but not necessarily limited to the total amount due at lease inception.

B. State any amount due at lease inception (or that no such amount is required), except for the statement of a periodic payment, unless the advertisement also states with equal prominence the total amount due at lease inception.

C. State the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease unless all of the following items are disclosed, clearly and conspicuously, as required by Regulation M, as amended:

(1) That the transaction advertised is a lease;

(2) 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;

(3) The number, amounts, due dates or periods of scheduled payments, and the total of such payments under the lease;

(4) A statement of whether or not the lessee has the option to purchase the leased property and at what price and time (the method of determining the price may be substituted for disclosure of the price); and

(5) 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 and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

For all lease advertisements, respondents may comply with the requirements of this subparagraph by utilizing Section 184(a) of the Consumer Leasing Act ("CLA"), 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) (to be codified at 15 U.S.C. 1667c(a)) ("Section 184(a) of the revised CLA"), as amended, or by utilizing Section 213.7(d) of revised Regulation M, 61 Fed. Reg. 52246, 52261 (October 7, 1996) and 62 Fed. Reg. 15364, 15368 (Apr. 1, 1997) (to be codified at 12 CFR 213.7(d)) ("revised Regulation M"), as amended. For radio lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 184(b) of the CLA, 15 U.S.C. 1667c(b), 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) (to be codified at 15 U.S.C. 1667c(c)) ("Section 184(c) of the revised CLA"), as amended, or by utilizing Section 213.7(f) of revised Regulation M (to be codified at 12 CFR 213.7(f)), as amended. For television lease advertisements, respondents may also comply with the requirements of this subparagraph by utilizing Section 213.7(f) of revised Regulation M, as amended.

D. Fail to comply in any other respect with Regulation M, 12 CFR 213, as amended, and the CLA, 15 U.S.C. 1667-1667e, as amended. Respondents may comply with the requirements of this subparagraph by utilizing revised Regulation M, 61 Fed. Reg. 52246 (Oct. 7, 1996) and 62 Fed. Reg. 15364 (Apr. 1, 1997) (to be codified at 12 CFR 213), as amended.

II.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as "advertisement" and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 CFR 226.2, as amended, shall not, in any manner, expressly or by implication:

A. State the amount or percentage of any downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge, without disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act ("TILA"), 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(c), as amended, as follows:

1. The amount or percentage of the downpayment;
2. The terms of repayment, including but not necessarily limited to the amount of any balloon payment; and
3. The annual percentage rate, using that term or the abbreviation "APR." If the annual percentage rate may be increased after consummation of the credit transaction, that fact must also be disclosed.

B. State a rate of finance charge without stating the rate as an "annual percentage rate" or the abbreviation "APR," using that term, as required by Section 144 of the TILA, 15 U.S.C. 1664, as amended, and Section 226.24(b) of Regulation Z, 12 CFR 226.24(b), as amended, as more fully set out in Section 226.24(b) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 CFR 226.24(b), as amended.

C. Fail to comply in any other respect with Regulation Z, 12 CFR 226, as amended, and the TILA, 15 U.S.C. 1601-1667, as amended.

III.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and

assigns, and respondent Thomas Suntrup shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all records that will demonstrate compliance with the requirements of this order.

IV.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, and respondent Thomas Suntrup shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

V.

It is further ordered, That respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporations that may affect compliance obligations arising under this order, including but not necessarily 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 respondents learn less than thirty (30) days prior to the date such action is to take place, respondents 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.

VI.

It is further ordered, That respondent Thomas Suntrup, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of a "consumer lease," as that term is defined in the CLA and its implementing Regulation M, or the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. 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 respondents Suntrup Buick-Pontiac-GMC Truck, Inc. and Suntrup Ford, Inc., and their successors and assigns, and respondent Thomas Suntrup shall, within sixty (60) 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 it has 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 of the 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

LOU FUSZ AUTOMOTIVE NETWORK, 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-3780. 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: *E. Perry Johnson*, *Bryan Cave, LLP*, St. Louis, MO. and *Elaine Foreman*, *Bryan Cave, LLP*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Lou Fusz Automotive Network, Inc., a corporation, and Louis J. Fusz, Jr., individually and as an officer of the corporation ("respondents" or "Lou Fusz"), 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 Lou Fusz Automotive Network, Inc. is a Missouri corporation with its principal office or place of business at 925 North Lindbergh Blvd., St. Louis, Missouri. Respondent offers automobiles for sale or lease to consumers.