

Complaint

125 F.T.C.

IN THE MATTER OF

GREY ADVERTISING, INC.

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

Docket C-3793. Complaint, April 6, 1998--Decision, April 6, 1998

This consent order prohibits, among other things, the New York-based advertising agency of Mitsubishi Motor of America from misrepresenting in any motor vehicle lease advertisement the total amount due at lease signing or delivery, the amount down, and/or the down payment, capitalized cost, reduction, or other amounts that reduce the capitalized cost of the vehicle (or that no such amount is required). The consent order also prohibits the respondent, in any closed-end credit advertisement involving motor vehicles, from misrepresenting the existence and amount of any balloon payment or annual percentage rate.

Appearances

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

For the respondent: *Leonard Orkin, Kay, Collyer & Boose, New York, N.Y.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Grey Advertising, Inc., a corporation ("respondent" or "Grey"), 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 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 Grey Advertising, Inc. is a Delaware corporation with its principal office or place of business at 777 Third Avenue, New York, New York.
2. Respondent, at all times relevant to this complaint, was an advertising agency of Mitsubishi Motor of America, Inc. ("Mitsubishi"). 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. Respondent has 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.

4. 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.

LEASE ADVERTISING

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

A. [Audio:] "Lease for zero down and just two forty-nine a month for thirty-six months."

[Video:] "MITSUBISHI GALANT S \$0 DOWN \$249 A MONTH, 36 MONTHS"

[The advertisement contains the following lease disclosure at the bottom of the screen in dark-colored fine print superimposed on a background of similar shade: "First payment, plus a \$0 down payment and a refundable security deposit of \$250 (in NY, final monthly payment of \$249 in lieu of security deposit) due upon delivery. 36 monthly payments based on MSRP of \$18,043 . . . with a dealer capitalized cost reduction of \$922, excluding tax, title, license, registration, regionally required equipment, dealer options, and charges for a 36-closed month closed-end lease. . . . Total payments: \$8964 Lessee liable for maintenance, non-warrantable repairs, excess wear and tear, and up to 15[cents]/mile over 36,000 miles and \$350 disposition fee and applicable taxes at lease end. Option to purchase at lease end for residual value of \$10,068, plus applicable fees and taxes and purchase option fee of \$150. . . ." The fine print is displayed on three screens, each containing a block of at least seven lines, and each block appearing for approximately three seconds.] (Grey Exhibit A).

B. [Audio:] "Lease for just two forty-nine a month for forty-eight months with a thousand dollars down."

[Video:] "\$1000 DOWN \$249 A MONTH 48 MONTHS"

[The advertisement contains the following lease disclosure at the bottom of the screen in white fine print superimposed on a dark-colored, moving background and accompanied by background sound and other moving images: "First payment, plus a \$1000 down payment and a refundable security deposit of \$250 (in NY, final

monthly payment of \$249 in lieu of security deposit) due upon delivery. 48 monthly payments based on MSRP of \$18,747 . . . with a dealer capitalized cost reduction of \$1,289, excluding tax, title, license, registration, regionally required equipment, dealer options, and charges for a 48-month closed-end lease. . . . Total payments: \$11,952 Lessee liable for maintenance, non-warrantable repairs, excess wear and tear, and up to 15[cents]/mile over 60,000 miles and \$350 disposition fee and applicable taxes at lease end. Option to purchase at lease end for residual value of \$8,436, plus applicable fees, taxes and purchase option fee of \$150. . . ." The fine print is displayed on three screens, each containing a block of seven lines, and each block appearing for approximately three seconds.] (Grey Exhibit B).

C. "\$0 Down Plus \$500 CASH BACK* Now, Lease for 36 Months or Buy a Galant S* LEASE OR BUY \$0 DOWN \$249 A MONTH"

[The advertisement contains the following lease disclosure at the bottom of the page in small print: " . . . **First payment, plus a \$0 down payment and a refundable security deposit of \$250 (in NY, final monthly payment of \$249 in lieu of security deposit) due upon delivery. 36 monthly payments based on MSRP of \$18,043 for a Galant S with automatic transmission (FOG A88), with a dealer capitalized cost reduction of \$922, excluding tax, title, license, registration, regionally required equipment, dealer options, and charges for a 36-month closed-end lease rounded to the nearest dollar. Total payments: \$8,964. Lessee liable for maintenance, non-warrantable repairs, excess wear and tear, and up to 15 [cents]/mile over 36,000 miles and \$350 disposition fee and applicable taxes at lease end. Option to purchase at lease end for residual value of \$10,068, plus applicable fees and taxes and purchase option fee of \$150. . . ."] (Grey Exhibit C).

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

6. Through the means described in paragraph five, 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.

7. 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 and security deposit, at lease inception. Therefore, respondent's representation as alleged in paragraph six was, and is, false or misleading.

8. Respondent knew or should have known that the representation set forth in paragraph six was, and is, false and misleading.

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 II: FAILURE TO DISCLOSE ADEQUATELY IN LEASE ADVERTISING

10. 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 lease advertisements do not adequately disclose additional terms pertaining to the lease offer, including but not necessarily limited to a required security deposit and first month's payment due at lease inception. The existence of additional terms would be material to consumers in deciding whether to lease a Mitsubishi vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

11. Respondent knew or should have known that the failure to disclose adequately material terms as set forth in paragraph ten was, and is, deceptive.

12. 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

13. Respondent's lease advertisements, including but not necessarily limited to Grey Exhibits A through C, 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.

14. The lease disclosures in respondent's television lease advertisements, including but not necessarily limited to Grey Exhibits A and B, are not clear and conspicuous because they appear on the screen in small type, against a background of similar shade, for a very short duration, with background sounds or images, and/or over a moving background. The lease disclosures in respondent's print lease

advertisements, including but not necessarily limited to Grey Exhibit C, are not clear and conspicuous because they appear in small type.

15. 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.

CREDIT ADVERTISING

16. Respondent has prepared and disseminated or has caused to be prepared and disseminated credit sale advertisements ("credit advertisements") for Mitsubishi vehicles, including but not necessarily limited to the attached Grey Exhibits C, D, and E. Grey Exhibits D and E are television credit advertisements (attached in video and storyboard format). Grey Exhibit C, described above, is also a print credit advertisement. These advertisements contain the following statements:

A. [Audio:] "Buy a new Galant ES with automatic transmission and air conditioning for seven hundred fifty dollars down and one ninety-nine a month." [Video:] "\$199 a mo. \$750 down/ Auto. Transmission Air conditioning. [The advertisement contains the following credit disclosure at the bottom of the screen in light-colored fine print superimposed on a light-colored, moving background with background sounds and images: "Example based on MSRP of \$18,300 and a selling price of \$16,764 for a Galant ES (FOG A83). \$750 down. 5.15% APR Diamond Advantage Plan financing for 60 months: 59 months at \$199 per month and a FINAL PAYMENT OF \$7,320. Tax, title, license, registration, regionally required equipment, dealer options, and charges extra. Under certain conditions you may refinance the final payment or sell the vehicle to Mitsubishi Motors Credit of America, Inc. at end of term . . ." The fine print is displayed on two screens, each containing a block of five lines, and each block appearing for approximately three seconds.] (Grey Exhibit D).

B. [Audio:] "Now you can buy a ninety-four Eclipse for one fifty-nine a month with five hundred down." [Video:] "BUY: \$159 a month/\$500 DOWN" [The advertisement contains the following credit disclosure at the bottom of the screen in white fine print superimposed on a multi-colored, moving background and accompanied by background sound: "Example based on MSRP of \$12,519 and a selling price of \$11,827 for an Eclipse STD M/T (FOG A01). \$500 down. 5.06% APR Diamond Advantage Plan financing for 54 mos.: 53 months at \$159/mo. and a FINAL PAYMENT OF \$4,757. Tax, title, lic., registration, regionally required equipment, dealer options, and charges extra. Under certain conditions you may refinance the final payment or sell the vehicle to Mitsubishi Motors Credit of America, Inc. at end of term. . . ." The fine print is displayed on two screens, each containing a block of five lines, and each block appearing for approximately three seconds.] (Grey Exhibit E).

C. "\$0 Down Plus \$500 CASH BACK* Now, Lease for 36 Months or Buy a Galant S * LEASE OR BUY \$0 DOWN \$249 A MONTH"

Exhibit C contains the following credit disclosure at the bottom of the page in small print: "... For example: 2.9% APR Diamond Retail Plan financing available for 24 months at \$801 per month for a Galant S with automatic transmission (FOG A88), with a selling price of \$18,043. \$0 down. Tax, title, license, registration, regionally required equipment, dealer options, and charges extra ... Example based on MSRP of \$18,043 and a selling price of \$17,121 for a Galant S with automatic transmission (FOG A88). \$0 down. 5.53% APR Diamond Advantage Plan financing for 42 months: 41 months at \$249 per month and a FINAL PAYMENT OF \$9,509. Tax, title, license, registration, regionally required equipment, dealer options, and charges extra. Under certain conditions, you may refinance the final payment or sell the vehicle to Mitsubishi Motors Credit of America, Inc. at end of term. ..."] (Grey Exhibit C).

FEDERAL TRADE COMMISSION ACT VIOLATIONS
COUNT IV: MISREPRESENTATION IN CREDIT ADVERTISING

17. Through the means described in paragraphs five and sixteen, respondent has represented, expressly or by implication, that consumers can buy the advertised Mitsubishi 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."

18. In truth and in fact, consumers cannot buy the advertised Mitsubishi 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." Consumers are also responsible for a final balloon payment of several thousand dollars to purchase the advertised vehicles. Therefore, respondent's representation as alleged in paragraph seventeen was, and is, false or misleading.

19. Respondent knew or should have known that the representation set forth in paragraph seventeen was, and is, false and misleading.

20. 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 V: FAILURE TO DISCLOSE ADEQUATELY IN CREDIT ADVERTISING

21. In its credit advertisements, respondent has represented, expressly or by implication, that consumers can buy 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 credit offer,

including but not necessarily limited to a final balloon payment of several thousand dollars and the annual percentage rate. The existence of these additional terms would be material to consumers in deciding whether to buy a Mitsubishi vehicle. The failure to disclose adequately these additional terms, in light of the representation made, was, and is, a deceptive practice.

22. Respondent knew or should have known that the failure to disclose adequately material terms as set forth in paragraph twenty-one was, and is, deceptive.

23. 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 VI: TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS

24. Respondent's credit advertisements, including but not necessarily limited to Grey Exhibits C, D, and E, state a monthly payment amount and/or an amount "down." The credit disclosures in these advertisements contain the following terms required by Regulation Z: the annual percentage rate and the terms of repayment.

25. The credit disclosures in respondent's television credit advertisements, including but not necessarily limited to Grey Exhibits D and E, are not clear and conspicuous because they appear on the screen in small type, against a background of similar shade, for a very short duration, with background sounds and images, and/or over a moving background. The credit disclosures in respondent's print credit advertisements, including but not necessarily limited to Grey Exhibit C, are not clear and conspicuous because they appear in small print.

26. Respondent's practices violate Section 144 of the Truth in Lending Act, 15 U.S.C. 1664, as amended, and Section 226.24(c) of Regulation Z, 12 CFR 226.24(c), as amended.

Commissioner Thompson and Commissioner Swindle not participating.

EXHIBIT A

AS PRODUCED TELEVISION

Grey Advertising, Inc.
One Pacific Plaza
1711 Center Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MMMA		PRODUCT: Galant	
TITLE: Galant Summer of Thunder Lease VICQM-1570		JOB NUMBER:	
DATE: 7/26/95	PAGE NUMBER: 1	REVISION: 1	LENGTH:
COPYWRITER: I STONE	FILM: () Yes () No	TAPE: () Yes () No	AS REC: (X) Yes () No

Video

SUMMER OF THUNDER

SUPER:
GALANT S PREFERRED
EQUIPMENT PACKAGE

SUPER:
MITSUBISHI GALANT S
\$0 DOWN
\$249 A MONTH, 36 MONTHS
DISCLAIMER:

First payment, plus a \$0 down payment and a refundable security deposit of \$250 (in NY, final monthly payment of \$249 in lieu of security deposit) due upon delivery. 36 monthly payments based on MSRP of \$18,043 for a Galant S with automatic transmission (POG A88), with a dealer capitalized cost reduction of \$922, excluding tax, title, license, registration, regionally required equipment, dealer options, and charges for a 36-month closed-end lease rounded to the nearest dollar. Total payments: \$8,964. Lessee liable for maintenance, non-warrantable repairs, excess wear and tear, and

Audio

Mitsubishi's Summer of Thunder
continues...

with our best offer ever on a Galant S
with the Preferred Equipment
Package.

Lease for zero down, and just two
forty-nine a month for thirty-six
months,

NOT EXHIBIT A

Complaint

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EXHIBIT A

TELEVISION

CM Advertising Inc.
One Pacific Plaza
7711 Center Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MUSA		PRODUCT: Galant	
TITLE: Galant Summer of Thunder Lease MGM-1570		CB NUMBER: 415-10-324	
DATE: 7/26/95	PAGE NUMBER: 2	REVISION:	LENGTH: 30
COPYWRITER: J. Stone	FILM: () Yes () No	TAPE: () Yes () No	AS REC: (X) Yes () No

SUPER:
\$0 DOWN
\$245 A MONTH, 36 MONTHS
AUTOMATIC TRANSMISSION
AIR CONDITIONING
POWER WINDOWS AND DOOR
LOCKS
CRUISE CONTROL
DISCLAIMER:
up to 15¢/mile over 36,000 miles and \$350
disposition fee and applicable taxes at
lease end. Option to purchase at lease end
for residual value of \$10,068, plus
applicable fees and taxes and purchase
option fee of \$150. Purchase option during
lease (after first 12 months) for Initial
Lease Balance of \$17,521 reduced by the
depreciation portion of the monthly
payments, plus applicable fees and taxes,
plus purchase option fee of \$150.
Depreciation is determined on a level
yield basis following the rules for journal
entries for lessors under "Direct Financing
Leases" in statement of Financial
Accounting Standards No. 13 issued by
the Financial Accounting Standards
Board and will reduce the Initial Lease
Balance to the residual value at the end
of the lease term. Lease offered to
qualified customers with approved credit
and insurance. Program for 1995 models
only through Mitsubishi Motors Credit of
America, Inc. and not available in HI on
these terms. Program scheduled to end
July 31, 1995. DEALER PRICE AND
TERMS MAY VARY. SEE
PARTICIPATING DEALERS FOR
DETAILS.

and get automatic transmission, air
conditioning, power windows and
door locks, and much more.

EXHIBIT A

C2

TELEVISION

G2 Advertising Inc.
One Pacific Plaza
7711 Canine Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MMSA		PRODUCT: Galant	
TITLE: Galant Summer of Thunder/Lease		JOB NUMBER: 415-10-824	
MGMM-1570			
DATE: 7/26/95	PAGE NUMBER: 3	REVISION:	LENGTH: :30
COPYWRITER:	FILM: ()Yes ()No	TAPE: ()Yes ()No	AS REC: (X)Yes ()No
J. Stone			

SUPER
PLUS \$500 CASH BACK
DISCLAIMER:
\$500 cash back when financed through Mitsubishi Motors Credit of America, Inc. \$1,100 savings includes \$500 cash back plus \$602 savings on PEP which is based on MSRP for air conditioning, power windows and door locks, cruise control, six-speaker stereo cassette, large door armrests and pockets, molded door trim with fabric inserts, full trunk trim, and courtesy door lights.

Plus, right now, get five hundred dollars cash back. That's eleven hundred dollars in savings.

SUPER:
\$ 0 DOWN PLUS \$500 CASH BACK

Zero down, plus cash back, for a limited time,

during the Summer of Thunder,

LOGO: Mitsubishi.
The New Thinking in
Automobiles™
1-800-55MITSU

from Mitsubishi. The New Thinking in Automobiles™.

Complaint

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EXHIBIT B

AS PRODUC

30 Advertising Inc.
 1711 Center Avenue, Suite 100
 Huntington Beach, CA 92647
 (714) 372-6600

CLIENT: MMISA		PRODUCT: Eclipse	
TITLE: Final Storm - Eclipse Lease		CASE NUMBER: 413-12-829	
MGMM 2514			
DATE: 9/29/95	PAGE NUMBER: 1	REVISION: 2	LENGTH: 30
WRITER:	FILM: Yes/No	TAPE: Yes/No	AS REC: Yes/No

Video

Audio

MUSIC UNDER)

Mortise of clouds expands

This summer's hottest event just got
hotterGraphic type treatment of Thunder
with clouds back dropMovie's Summer of Thunder heats
up with an electrifying offer on an
Eclipse CD

EXHIBIT B

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Complaint

EXHIBIT B

32 Advertising, Inc.
 1711 Center Avenue, Suite 400
 Huntington Beach, CA 92647
 (714) 372-6600

CLIENT: MMSA		PRODUCT: Eclipse	
TITLE: Final Storm - Eclipse Lease		JOB NUMBER: 415-12-829	
MGMM 2514			
DATE: 9/29/95	PAGE NUMBER: 2	REVISION: 2	LENGTH: 30
WRITER:	FILM: ☐ Yes ☐ No	TAPE: ☐ Yes ☐ No	AS REC. ☐ Yes ☐ No

SUPER:
 \$249 A MONTH, 48 MONTHS
 \$1,000 DOWN

DISCLAIMER:

First payment, plus a \$1,000 down payment and a refundable security deposit of \$250 (in NY, final monthly payment of \$249 in lieu of security deposit) due upon delivery. 48 monthly payments based on MSRP of \$13,747 for an Eclipse GS with manual transmission (FOG A87), with a dealer capitalized cost reduction of \$1,289, excluding tax, title, license, registration, regionally required equipment, dealer options, and charges for a 48-month closed-end lease rounded to the nearest dollar. Total payments: \$11,952. Lessee liable for maintenance, non-warrantable repairs, excess wear and tear, and up to 15¢/mile over 60,000 miles and \$350 disposition fee and applicable taxes at lease end. Option to purchase at lease end for residual value of \$8,436, plus applicable fees and taxes and purchase option fee of \$150. Purchase option during lease (after first 12 months) for Initial Lease Balance of \$16,858 reduced by the depreciation portion of the monthly payments, plus applicable fees and taxes, plus purchase option fee of \$150. Depreciation is determined on a level yield basis following the rules for journal entries for lessors under "Direct Financing Leases" in statement of Financial Accounting Standards No. 13 issued by the Financial Accounting Standards Board and will reduce the Initial Lease Balance to the residual value at the end of the lease term. Lease offered to qualified customers with approved credit and insurance. Program for 1995 models only through Mitsubishi Motors Credit of America, Inc. and not available in HI on these terms. Program scheduled to end September 11, 1995. DEALER PRICE AND TERMS MAY VARY SEE

Lease for just two forty-nine a month for forty-eight months with a thousand dollars down.

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EXHIBIT B

G2 Advertising, Inc.
 7711 Center Avenue, Suite 400
 Huntington Beach, CA 92647
 (714) 372-6600

CLIENT: MMSA		PRODUCT: Eclipse	
TITLE: Final Storm - Eclipse Lease MGM 2514		JOB NUMBER: 415-12-829	
DATE: 9/29/95	PAGE NUMBER: 3	REVISION: 2	LENGTH: 30
WRITER:	FILM: ☐ Yes ☐ No	TAPE: ☐ Yes ☐ No	AS REC: ☐ Yes ☒ No

SUPER:
 AIR CONDITIONER
 POWER WINDOWS AND DOOR
 LOCKS
 ALLOY WHEELS
 SIX-SPEAKER STEREO CASSETTE

But hurry in. Because this offer ends
 soon.

And so does the Summer of Thunder.

LOGO: Mitsubishi
 The New Thinking in
 Automobiles™
 1-800-55MITSU

From Mitsubishi.
 The New Thinking in Automobiles.

EXHIBIT C

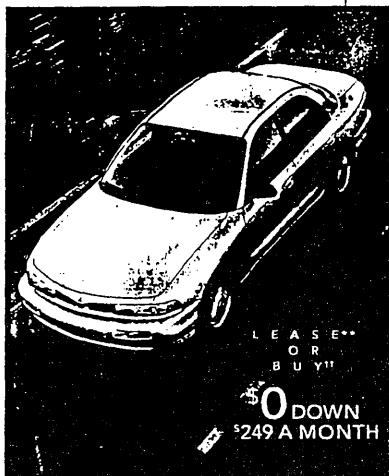
OC - THURSDAY, JUNE 15, 1995 - USA TODAY

\$0
DOWN PLUS
\$500
CASH BACK

SAVE OVER \$1,100
ON A GALANT S*

AIR CONDITIONING
•
POWER WINDOWS AND DOOR LOCKS
•
CRUISE CONTROL
•
SIX-SPEAKER STEREO CASSETTE
•
AND MUCH MORE.

YOU SAVE \$600 ON THIS SPECIAL PACKAGE. PLUS, YOU GET \$500 CASH BACK. TOTAL SAVINGS: \$1,100. ALSO, ASK YOUR DEALER ABOUT 2.9% FINANCING.* BUT HURRY IN, BECAUSE THE SUMMER OF THUNDER AND THESE HOT DEALS WON'T LAST FOREVER.



G A L A N T
MITSUBISHI
 The New Thinking in Automobiles

[illegible]

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EXHIBIT D

G2 Advertising, Inc.
 1711 Center Avenue, Suite 400
 Huntington Beach, CA 92647
 (714) 372-6600

CLIENT: MMSA		PRODUCT: Galant	
TITLE: "Favorite Things" \$199 Buy (AS REC) MGMM-1473		JOB NUMBER: 415-10-712	
DATE: 9/25/95	PAGE NUMBER: 1	REVISION: 2	LENGTH: 30
WRITER: J. Stone	FILM: () Yes () No	TAPE: () Yes () No	AS REC: (X) Yes () No

Video

ROSE IN VASE WITH DRIVER'S
 SEAT RECLINING

7/8 OVERHEAD FRONT BEAUTY
 SHOT, DRIVER'S SIDE W/
 BADGING

DRIVER'S SEAT MOVES BACK
 AND RECLINES

ARMREST LIFTS OPEN

CRUISE INDICATOR COMES ON

POWER ANTENNA COMES UP

Footage of Galant S appears with buy
 mention.

SUPER: \$199 a mo. \$750 down/
 Auto. transmission
 Air conditioning.

DISCLAIMER:

Example based on MSRP of 18,300, and a
 selling price of \$16,764 for a Galant ES, (POG
 A83). \$750 down. 5.15% APR Diamond
 Advantage Plan financing for 60 months: 59
 months at \$199 per month and a FINAL
 PAYMENT OF \$7,320. Tax, title, license,
 registration, regionally required equipment,
 dealer options, and charges extra. Under
 certain conditions you may refinance the final
 payment or sell the vehicle to Mitsubishi
 Motors Credit or America's Used Car Rental.

Audio

(MUSIC UNDER)

"RAINDROPS ON ROSES AND ...

"WHISKERS ON KITTENS..."

The all-new Mitsubishi Galant. Filled
 with thoughtful details.

"THESE ARE A ...

"...FEW OF MY ...

"...FAVORITE ...

"...THINGS."

Buy a new Galant ES with automatic
 transmission and air conditioning for
 seven hundred fifty dollars down and
 one ninety-nine a month.

EXHIBIT D

CZ.

TELEVISIO

G2 Advertising, Inc.
7711 Center Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MMSA		PRODUCT: Galant	
TITLE: "Favorite Things" \$199 Buy (AS REC) MGMM-1473		JOB NUMBER: 415-10-712	
DATE: 9/25/95	PAGE NUMBER: 2	REVISION: 2	LENGTH: 30
WRITER: J. Stone	FILM: ()Yes ()No	TAPE: ()Yes ()No	AS REC: (X)Yes ()No

Diamond Advantage Plan offered to qualified customers with approved credit and insurance. Program for 1994 models only through Mitsubishi Motors Credit of America, Inc. and not available in HI on these terms. Diamond Advantage Plan financing not available in NC. Program scheduled to end June 30, 1994. DEALER PRICE AND TERMS MAY VARY. SEE PARTICIPATING DEALERS FOR DETAILS. AVAILABILITY OF SPECIFIC MODELS MAY VARY BY DEALER.

HEIGHT ADJUSTABLE SAFETY
BELT

"THESE ARE A...

REAR SEAT ARMREST FOLDS DOWN

...FEW OF...

DUAL AIR BAGS DEPLOY

...MY FAVORITE THINGS."

SUPER: Always wear safety belts.

3/4 Overhead front beauty shot, driver side.

The affordable Galant ES offer.
Perhaps the most ...

SUPER: \$199 a mo. \$750 down./
Auto. transmission
Air conditioning.

LOGO: Mitsubishi
The New Thinking in
Automobiles.™
1-800-55MITSU

... favorite thing of all.

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EXHIBIT E

TELEVISIC

CA Advertising
One Pacific Plaza
7711 Center Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MMSA		PRODUCT: ECLIPSE	
TITLE: Eclipse ad others R4 MGM-2414		JOB NUMBER: 415-02-713	
DATE: 3/24/93	PAGE NUMBER: 1	REVISION:	LENGTH: 30
WORD COUNT:	FLM: () Yes () No	TAPE: () Yes () No	AS REC (X) Yes () No

Video

Audio

FRONT VIEW OF BUS DRIVING
FORWARD

MUSIC BEAT

BUS DRIVES RIGHT TO LEFT OF
SCREEN

ANNCR: If you're looking for a way to
get from here to there

SIDE VIEW OF BUS SHOWING A
BILLBOARD OF THE MITSUBISHI
ECLIPSE

MUSIC BEAT

CLOSE-UP OF ECLIPSE BILLBOARD
THE CAR IS BEGINNING TO COME
ALIVE

that eclipses all other forms of
transportation.

THE ECLIPSE HAS DRIVEN OFF THE
BILLBOARD

look at this. The Mitsubishi Eclipse.

RUNNING FOOTAGE OF ECLIPSE

MUSIC BEAT

RUNNING FOOTAGE OF ECLIPSE
SUPER: BUY: \$159 A MONTH/\$500
DOWN
DISCLAIMER:
(SEE ATTACHED FOR DETAILS)
SUPER: \$1,000 FACTORY CASH BACK
DISCLAIMER: Factory cash back on the
purchase of any '94 Eclipse model, offer ends
June 30, 1994. See your participating Mitsubishi
Motors Dealer for details.

ANNCR: Now you can buy a ninety-
four Eclipse for one fifty-nine a month
with five hundred down. Or, buy any
ninety-four Eclipse and get factory
cash back.

REAR VIEW OF ECLIPSE DRIVING OFF

The Eclipse from Mitsubishi.

MITSUBISHI LOGO
1-800-55MITSU

The New Thinking in Automobiles.

EXHIBIT E

548

Complaint

EXHIBIT E

G2

MITSUBISHI CREDIT

TELEVISION

32 Advertising
One Pacific Plaza
7711 Center Avenue, Suite 400
Huntington Beach, CA 92647
(714) 372-6600

CLIENT: MMSA		PRODUCT: ECLIPSE	
TITLE: Eclipse ad others R4 MGMM-2414		JOB NUMBER: 415-02-713	
DATE: 3/24/94	PAGE NUMBER: 2	REVISION:	LENGTH: 30
WORD COUNT:	FLM: ()Yes ()No	TAPE: ()Yes ()No	AS REC (X)Yes ()No

Example based on MSRP of \$12,519 and a selling price of \$11,927 for an Eclipse STD M/T (FOG A01). \$500 down. 5.06% APR Diamond Advantage Plan financing for 54 months: 53 months at \$159/mo. and a FINAL PAYMENT OF \$4,757. Tax, title, lic., registration, regionally required equipment, dealer options, and charges extra. Under certain conditions you may refinance the final payment or sell the vehicle to Mitsubishi Motors Credit of America, Inc. at end of term. Diamond Advantage Plan offered to qualified customers with approved credit and insurance. Program for 1994 models only through Mitsubishi Motors Credit of America, Inc. and not available in HI on these terms. Diamond Advantage Plan financing not available in NC. Program scheduled to end June 30, 1994.

DEALER PRICE AND TERMS MAY VARY. SEE PARTICIPATING DEALERS FOR DETAILS.

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 Grey Advertising, Inc. is a New York corporation with its principal office or place of business at 777 Third Avenue, New York, New York.

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. "*Balloon payment*" as used herein shall mean any scheduled payment with respect to a consumer credit transaction that is at least twice as large as the average of earlier scheduled payments.

4. Unless otherwise specified, "*respondent*" as used herein shall mean Grey Advertising, Inc., its successors and assigns, and its officers, agents, representatives, and employees.

5. "*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 involving motor vehicles 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, 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 extension of closed-end credit involving motor vehicles in or affecting commerce, as "advertisement" and "closed-end 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. Misrepresent the existence and amount of any balloon payment or the annual percentage rate.

B. State the amount of any payment, including but not limited to any monthly payment, in any advertisement unless the amount of any balloon payment is disclosed prominently and in close proximity to the most prominent of the above statements.

C. 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 Regulation Z, as follows:

1. The amount or percentage of the downpayment;
2. The terms of repayment, including but not limited to the amount of any balloon payment; and
3. The correct 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.

(Sections 107 and 144(d) of the TILA, 15 U.S.C. 1606 and 1664(d), as amended, or Sections 226.22 and 226.24(c) of Regulation Z, 12 CFR 226.22 and 226.24(c), as amended.)

V.

It is further ordered, That respondent Grey Advertising, 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.

VI.

It is further ordered, That respondent Grey Advertising, Inc., and its successors and assigns, shall:

A. Within thirty (30) days after the date of service of this order, distribute a copy of this order to all current principals, officers, directors, managers, employees, agents, and representatives having responsibilities involving motor vehicle lease and/or motor vehicle closed-end credit advertising; and

B. For a period of ten (10) years from the date of service of this order, distribute a copy of this order to all future principals, officers, directors, managers, employees, agents, and representatives having responsibilities involving motor vehicle lease and/or motor vehicle

closed-end credit advertising, within thirty (30) days after the person or entity assumes such position or responsibilities.

VII.

It is further ordered, That respondent Grey Advertising, 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.

VIII.

It is further ordered, That respondent Grey Advertising, 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.

IX.

This order will terminate on April 6, 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.

Complaint

125 F.T.C.

IN THE MATTER OF

RUBIN POSTAER AND ASSOCIATES, INC.

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

Docket C-3794. Complaint, April 6, 1998--Decision, April 6, 1998

This consent order prohibits, among other things, the California-based advertising agency of American Honda Motor Co. from misrepresenting in any motor vehicle lease advertisement the total amount due at lease signing or delivery, the amount down, and/or the down payment, capitalized cost, reduction, or other amounts that reduce the capitalized cost of the vehicle (or that no such amount is required).

Appearances

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

For the respondent: *Stephen P. Durschlag, Winston & Strawn, Chicago, IL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Rubin Postaer and Associates, Inc., a corporation ("respondent" or "Rubin Postaer"), 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 Rubin Postaer and Associates, Inc. is a California corporation with its principal office or place of business at 1333 Second Street, Santa Monica, California.

2. Respondent, at all times relevant to this complaint, was an advertising agency of American Honda Motor Co., Inc. ("Honda"), and prepared and disseminated advertisements to promote consumer leases of Honda vehicles, 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.