

Complaint

IN THE MATTER OF

NATIONAL PAYMENT NETWORK, INC.CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5(A) OF THE FEDERAL TRADE COMMISSION ACT

Docket No. C-4521; File No. 132 3285
Complaint, May 4, 2015 – Decision, May 4, 2015

This consent order addresses allegations that National Payment Network (“NPN”) deceptively advertised its add-on biweekly auto payments plans. NPN offers auto payment programs to consumers financing the purchase of a motor vehicle. According to the complaint, NPN advertised that consumers enrolling in its biweekly payment program would save money on their total payments, often specifying a certain amount of savings in interest. However, NPN failed to disclose hidden fees and failed to disclose the total amount of these fees. The complaint alleges that NPN’s failure to disclose these facts is a deceptive practice in violation of Section 5 of the FTC Act. The order requires NPN to provide those eligible customers that participated in the biweekly payment program for at least 48 months with a full refund. The consent order further bars NPN from advertising any payment program unless it can substantiate any representations about its benefits, performance or efficacy.

Participants

For the *Commission*: Daniel Dwyer, Bradley Elbein, and
Ioana Rusu.

For the *Respondent*: Joel Winston, Hudson Cook LLP.

COMPLAINT

The Federal Trade Commission, having reason to believe that National Payment Network, Inc., a corporation, also known as NPN, Inc. (“Respondent”), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent National Payment Network, Inc. is a California corporation, with its principal place of business at 1875 S. Grant Street, Suite 250, San Mateo, CA 94402.
2. Respondent has advertised, marketed, distributed, offered for sale, or sold a “Biweekly Payment Program” (hereinafter, the

Complaint

“payment program”) to consumers financing the purchase of automobiles throughout the United States.

3. The acts and practices of the Respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

BUSINESS PRACTICES

4. Since at least 2004 and until at least December 31, 2013, Respondent advertised, marketed, and sold its payment program through a network of authorized auto dealers. Respondent also advertised its payment program on its website, www.nationalpayment.net. Under the payment program, consumers make biweekly payments on their auto financing contract to the Respondent rather than to their financing entity (e.g., a finance company or a bank), and the Respondent makes monthly payments to the financing entity on the consumers’ behalf. Respondent touts the savings the payment program will provide to consumers, but fails to disclose that the significant fees in connection with the program can offset any savings. Respondent also fails to disclose the total amount of these fees, which add up to more than \$775 on a standard five-year auto financing contract.

ENROLLMENT IN RESPONDENT’S PROGRAM

5. Most consumers learned about Respondent’s payment program at the automobile dealership, after they selected a vehicle to buy. When purchasing a vehicle, consumers sign the legal paperwork to close the transaction with the dealer’s Financing and Insurance (“F&I”) department. In many instances, an F&I employee offers other products and services that can be “added on” to the financing contract; these are commonly called “add-on products and services.” Respondent’s payment program was one such add-on service.

RESPONDENT’S PAYMENT STRUCTURE AND FEES

6. Under most auto financing contracts, consumers pay the financing entity a specific amount on a monthly basis. Under Respondent’s payment program, Respondent debits money from a consumer’s bank account on a biweekly basis. The first biweekly

Complaint

debit is in the amount of one full monthly payment. Subsequent biweekly debits consist of half of the consumer's monthly payment, plus a processing fee. Respondent pays the financing entity on the consumer's behalf on a monthly basis.

7. Under a traditional monthly payment plan, consumers make 12 monthly payments each year to their financing entity. Under Respondent's payment program, consumers make 26 biweekly payments each year to the Respondent, which then makes a total of 13 monthly payments to the consumer's financing entity. Thus, under the payment program, consumers make one additional payment a year as compared to a traditional monthly payment plan.

8. Respondent's promotional materials tout the biweekly payment program's ability to save consumers money through these additional payments, but do not disclose that fees it charges in connection with the biweekly payment program can offset any savings. Specifically, Respondent charges at least three fees:

- o Respondent charges every consumer a "Deferred Enrollment Fee" of \$399. Respondent collects a portion of this fee from consumers during the first month of the contract. Respondent deducts the remainder of the enrollment fee from the extra payments made by consumers in the early years of the program by paying biweekly.
- o In addition to the \$399 enrollment fee, in many instances, Respondent charges a \$25 "cancellation fee." Respondent has often charged consumers this fee even when they "cancelled" because they had completed Respondent's biweekly payment program or had finished paying off their financing contract.
- o Respondent also adds a processing fee to every debit from consumers' banks accounts. The fee is currently \$2.99 per debit, but has ranged from \$1.95 up to \$2.99 per debit in prior years. Over the life of a standard five-year auto financing contract, a \$2.99 per-debit fee amounts to more than \$350.

Complaint

9. These fees total an average of \$775 on a standard five-year auto financing contract. Nowhere does Respondent disclose this fact.

RESPONDENT'S SAVINGS CLAIMS

10. Respondent disseminated or caused to be disseminated brochures and videos promoting the payment program to consumers by providing such materials to the auto dealers that sell its payment program. Respondent also promoted its biweekly payment program on its website, www.nationalpayment.net.

11. Two of Respondent's brochures are attached as Exhibits A and B. The brochures both contain the following statements and depictions:

"Our biweekly payment options have helped thousands of customer [sic] save money on their car loan and achieve their long-term financial goals."

....

"Bi-Weekly payments can help you:

- o Save money on your loan
- o Match payments to paychecks
- o Simplify your budgeting
- o Pay off your loan faster"

....

"PROGRAM BENEFITS

- o Save money on your loan
- o No up-front costs
- o Pay off your loan faster
- o No more writing or mailing checks
- o Minimize the impact of vehicle depreciation
- o Simplify your finances"

....

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AUTOMOTIVE EXAMPLE		
\$30,000 loan – 8% APR – 6 Year		
Loan Terms	Bi-Weekly Payments	Monthly Payments
Payment amount:	\$ 263	\$ 527
Time to repay:	66 Months	72 Months
Interest reduction:	\$675	\$0
Increased equity in 4 years	\$2,259	\$0

Thus, Respondent's advertising materials claimed that consumers who enrolled in the biweekly payment program would save money on their loans, and even demonstrated the specific amount of interest savings that a consumer could achieve under certain circumstances. Respondent failed to disclose, however, that in numerous instances, consumers would not achieve savings with Respondent's program due to Respondent's significant fees, amounting to more than \$775 on the average contract. On the contrary, depending on consumers' principal amount, interest rate, and number of payments, in many instances consumers paid more money than they would have under a traditional monthly payment program.

12. In addition, Respondent provided auto dealers authorized to sell its biweekly payment program with marketing tools and other dealer training materials instructing dealers on how to market and sell Respondent's payment program. One such document is a Dealer Reference Guide, attached as Exhibit C. Respondent's Dealer Reference Guide repeatedly states that consumers will experience "reduced interest charges" by enrolling in the biweekly payment program without disclosing that numerous consumers do not experience savings overall and may even end up paying more than they would under a traditional monthly payment program. For example, Respondent represented the following:

Complaint

SAVINGS EXAMPLES

The Biweekly Payment Plan allows consumers to customize the way they make their payments. The result is a loan with reduced interest charges, a lower effective interest rate, a shorter term, and increased equity.

13. Respondent's reference guide also encouraged dealers to use Respondent's online calculator to show consumers how much they can save by enrolling in the biweekly payment program. Dealers were instructed to enter the customer's loan details into the calculator in order to "calculate savings" and generate a "customized savings report." The online calculator appears as follows in the reference guide:

Input the loan terms. Enter the *days to first payment* here. We recommend you do loans at 45 days to allow time for consumer to receive your welcome materials in the mail.

First Lienholder Payment Due Date: 07/06/2006 Days to First Payment: 45

NPN, Inc. © 2006

Biweekly Plan Advantages

Payoff your loan approximately 5 months faster!

	Monthly	Biweekly
Auto Loan Amount:	\$25,000	
Effective Rate:	8.000%	7.37%
Loan Payoff (months):	60	55
Payment:	\$508.47	\$256.19
Equity Acceleration:	\$0	\$2,108
Interest Savings:	\$0	\$425
Equity & Interest Benefit:	\$0	\$2,532
36 Months - Equity & Interest Benefit:	\$0	\$1,515

After entering loan info, click here to calculate savings.

Click here to view a customized savings report.

Click here to launch the date selection tool (see below).

Print a "take-home" welcome letter and give to customer.

Build Equity Faster - Payoff Loan Faster

Calculator shows estimated figures; actual program benefits, interest savings, term reduction, and payments will vary. Depending on the loan terms, in some cases fees charged to borrower may exceed the "Interest Savings". The "Equity Acceleration" refers to the estimated increased equity (after program fees) at time of loan payoff when compared to standard monthly payments. The "Equity & Interest Benefit" is not a total savings figure; it equals the sum of "Equity Acceleration" and "Interest Savings". The "Effective Rate" does not reflect program fees and is not an interest rate or APR. "Effective Rate" is calculated by applying the percent decrease in interest charges to the actual interest rate.

Respondent's online calculator calculated the specific interest savings each consumer could achieve, but failed to disclose that the specific savings amount would be reduced or even offset by Respondent's significant fees. Only in the small print below the calculator did Respondent state, "Depending on the loan terms, in some cases fees charged to borrower may exceed the 'Interest Savings'."

Complaint

14. Consumers enrolling in Respondent's biweekly payment program were presented with NPN biweekly calculator-generated savings calculations by auto dealers. For example, one consumer received a document labeled "NPN Biweekly Calculator," attached as Exhibit D. The document represents that the consumer will achieve an interest reduction of \$256. Only in the small print below the calculator does Respondent disclose: "Interest Reduction is not a total savings figure; in some cases the fees charged to borrower may exceed the Interest Reduction."

Biweekly Plan Advantages		
Payoff your loan approximately 5 months faster!		
	Monthly	Biweekly
Loan Amount:	\$19,117.51	
Interest Rate:	6.25%	
Loan Payoff (months):	72 →	67
Payment Amount:	\$319.92	\$159.97
Interest Reduction:	\$0	\$256
Equity Acceleration (36 months):	\$0	\$610
Equity Acceleration (at payoff):	\$0	\$1,493

FEDERAL TRADE COMMISSION ACT VIOLATIONS

COUNT I

FAILURE TO DISCLOSE MATERIAL INFORMATION
ABOUT FEES

15. Through the means described in Paragraphs 10-14, Respondent has represented, expressly or by implication, that consumers who enroll in the biweekly payment program will save money.

16. When making the representation described in Paragraph 15, Respondent has failed to disclose or failed to disclose adequately that in many instances, consumers do not save any money due to Respondent's fees, which amount to hundreds of dollars.

Complaint

17. These facts would be material to consumers in their decision to enroll in Respondent's biweekly payment program offered for sale in the advertisements. In light of the representation made, the failure to disclose this fact, or to disclose this fact adequately, was, and is, a deceptive practice.

COUNT II
FAILURE TO DISCLOSE PROGRAM EFFECTS

18. Through the means described in Paragraphs 10-14, Respondent has represented, expressly or by implication, that consumers who enroll in the biweekly payment program will save a specific amount in interest.

19. When making the representation described in Paragraph 18, Respondent has failed to disclose or failed to disclose adequately that numerous consumers do not achieve savings overall.

20. This fact would be material to consumers in their decision to enroll in Respondent's biweekly payment program offered for sale in the advertisements. In light of the representation made, the failure to disclose this fact, or to disclose this fact adequately, was, and is, a deceptive practice.

21. The acts and practices of Respondent as alleged in this complaint constitute unfair or deceptive acts or practices, in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THEREFORE, the Federal Trade Commission this fourth day of May, 2015, has issued this complaint against Respondent.

By the Commission.

Complaint

EXHIBIT A



National Payment Network is one of the nation's leading administrators of loan acceleration programs. To date, NPN has successfully processed payments for approximately \$4 billion in consumer loan values. Our biweekly payment options have helped thousands of customers save money on their car loan and achieve their long-term financial goals.

National Payment Network partners with some of the strongest financial institutions in the nation. These partnerships allow NPN to offer the most secure, accurate and reliable payment processing services available.

These processing partners professionally control the entire ACH process from initiation to settlement. Your funds are held and processed individually, ensuring full FDIC protection of your account. You can rest easy knowing that your payments are handled securely and accurately for the duration of your loan.



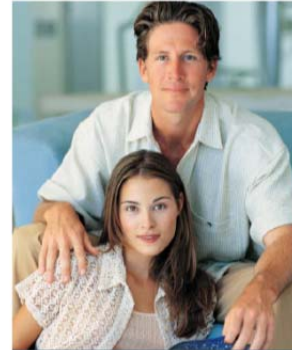
Who do I contact with questions about my account?

888.744.2977

support@nationalpayment.net

THIS DOCUMENT IS A SUMMARY OF THE Bi-Weekly Payment Option. Refer to the Bi-Weekly Agreement at the bottom of this document for details, conditions, disclosures and limitations. ©2010 NATIONAL PAYMENT NETWORK, INC.

NPN-00000001 (2010)



**Accelerate Your Payments.
Accelerate Your Life.**

Bi-Weekly payments can help you:

- Save money on your loan
- Match payments to paychecks
- Simplify your budgeting
- Pay off your loan faster

Ask your dealership how to enroll today!



BI-WEEKLY PAYMENT OPTION

Bi-weekly payment option allows you to simplify your finances and build equity in your vehicle.

Instead of making monthly payments, you will make a half payment every two weeks. This payment pattern will generate additional payments over time and accelerate the payoff of your loan or lease.

National Payment Network is the leading administrator of biweekly payment plans for the automotive industry. We also provide our customers the financial benefit and convenience of the program for mortgages, boats, RV's and student loans.

PROGRAM BENEFITS

- Save money on your loan
- No up-front costs
- Payoff your loan faster
- No more writing or mailing checks
- Minimize the impact of vehicle depreciation
- Simplify your finances



AUTOMOTIVE EXAMPLE \$30,000 loan — 8% APR — 6 Year		
Loan Terms	Bi-Weekly Payments	Monthly Payments
Payment amount:	\$ 263	\$ 527
Time to repay:	66 Months	72 Months
Interest reduction:	\$675	\$0
Increased equity in 4 years	\$2,259	\$0

MORTGAGE ACCELERATION PROGRAM \$250,000 loan — 6% APR — 30 Years		
Loan Terms	Bi-Weekly Payments	Monthly Payments
Payment amount:	\$749	\$1,499
Time to repay:	24 Yrs 7 Mo	30 Yrs
Eliminated payments:	5 Yrs 5 Mo	0 Months
Total Interest Paid	\$228,438	\$289,595
Savings in Interest	\$61,158	\$0

These examples are for illustrative purposes only. This brochure is a summary of the Bi-Weekly Payment program. Refer to the plan's Bi-Weekly Plan Agreement for further details, benefit descriptions, conditions, disclosures and limitations.

FREQUENTLY ASKED QUESTIONS

- Q: What if I plan to sell or trade in my car early?**
A: This payment option helps you pay off your loan or lease faster, ultimately improving your financial position when you trade-in or sell your vehicle.
- Q: Are there additional benefits?**
A: You can simplify your finances and budgeting with convenient, more frequent payments. Even better, all bi-weekly payments are electronic so you no longer have to write or mail checks.
- Q: Is there a cost to enroll?**
A: Yes, but there is no up-front cost to you. All program fees are simply deducted from the prepayments made while on the program.
- Q: How does paying biweekly pay off my loan sooner?**
A: By deducting half of your monthly payment every two weeks, you will gradually make extra payments on your vehicle. As a result, your loan or lease is typically paid off six or more months faster. Simply ask the dealership for your own detailed analysis.
- Q: Is it safe?**
A: Absolutely. NPN partners with leading financial institutions and employs the industry's best technology and banking practices to ensure the security of your payments. You can feel secure knowing that your bi-weekly plan is handled with professionalism and accuracy.
- Q: What happens after I enroll?**
A: Once enrolled, you will receive a welcome letter in the mail confirming your enrollment. If you ever need to make any changes or cancel the plan for any reason, simply contact NPN and a friendly customer support representative will assist you.

Ask your dealership how to enroll today!

Complaint

EXHIBIT B



BI-WEEKLY PAYMENT OPTION

A bi-weekly payment option allows you to simplify your finances and build equity in your vehicle.

Instead of making monthly payments, you will make a half payment every two weeks. This payment pattern will generate additional payments over time and accelerate the payoff of your loan or lease.

National Payment Network is the leading administrator of bi-weekly payment plans for the automotive industry. We also provide our customers the financial benefit and convenience of the program for mortgages, boats, RVs and student loans.

PROGRAM BENEFITS

- * Save money on your loan
- * No up-front costs
- * Pay off your loan faster
- * No more writing or mailing checks
- * Minimize the impact of vehicle depreciation
- * Simplify your finances

**NATIONAL PAYMENT
npnINC
NETWORK**

AUTOMOTIVE EXAMPLE

**\$30,000 loan
6% APR - 6 Year**

Loan Terms:	Bi-Weekly Payments	Monthly Payments
Payment Amount:	\$ 263	\$ 527
Time to repay:	66 Months	72 Months
Interest reduction:	\$ 675	\$ 0
Increased equity in 4 years:	\$ 2,259	\$ 0

MORTGAGE ACCELERATION PROGRAM

**\$250,000 loan
6% APR - 30 Years**

Loan Terms:	Bi-Weekly Payments	Monthly Payments
Payment amount:	\$ 749	\$1,499
Time to repay:	24 yrs 7 Mo	30 Yrs
Eliminated payments:	5 yrs 5 Mo	0 Months
Total Interest Paid	\$ 228,438	\$ 289,595
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FREQUENTLY ASKED QUESTIONS

Q: What if I plan to sell or trade in my car early?
A: This payment option helps you pay off your loan or lease faster, ultimately improving your financial position when you trade-in or sell your vehicle.

Q: Are there additional benefits?
A: You can simplify your finances and budgeting with convenient, more frequent payments. Even better, all bi-weekly payments are electronic so you no longer have to write or mail checks.

Q: Is there a cost to enroll?
A: Yes, but there is no up-front cost to you. All program fees are simply deducted from the prepayments made while on the program.

Q: How does paying biweekly pay off my loan sooner?
A: By deduction half of your monthly payment every two weeks, you will gradually make extra payments on your vehicle. As a result your loan or lease is typically paid off six or more months faster. Simply ask the dealership for you own detailed analysis.

Q: Is it safe?
A: Absolutely. npn partners with leading financial institutions and employs the industry's best technology and banking practices to ensure the security of your payments. You can feel secure knowing that your bi-weekly plan is handled with professionalism and accuracy.

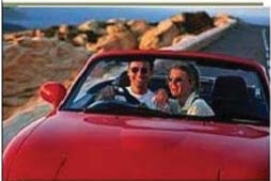
Q: What happens after I enroll?
A: Once enrolled, you will receive a welcome letter in the mail confirming your enrollment. If you ever need to make any changes or cancel the plan for any reason, simply contact npn and a friendly customer support representative will assist you.

Ask your dealership how to enroll today!

National Payment Network is one of the nation's leading administrators of loan acceleration programs. To date, NPN has successfully processed payments for approximately \$4 billion in consumer loan values. Our biweekly payment options have helped thousands of customer save money on their car loan and achieve their long-term financial goals.

National Payment Network partners with some of the strongest financial institutions in the nation. These partnerships allow NPN to offer the most secure, accurate and reliable payment processing services available.

There processing partners professionally control the entire ACH process from initiation to settlement. Your funds are held and processed individually, ensuring full FDIC protection of your account. You can rest easy knowing that your payments are handled securely and accurately for the duration of your loan.



**NATIONAL PAYMENT
npnINC
NETWORK**



Who do I contact with questions about my account?

888.744.2977
support@nationalpayment.net

This brochure is a summary of the Bi-Weekly Payment Option. Refer to the plan's Bi-Weekly Agreement for further details, benefit descriptions, conditions, disclosures and limitations.

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NPN Broch-Mkt (0413)



Accelerate Your Payments. Accelerate Your Life.

Bi-Weekly payments can help you:

- * Save money on your loan
- * Match payments to paychecks
- * Simplify your budgeting
- * Pay off your loan faster

Ask your dealership how to enroll today!

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EXHIBIT C

NATIONAL PAYMENT
npiINC
NETWORK

www.nationalpayment.net

BIWEEKLY PAYMENT PROGRAM
dealer reference guide

- Boost F&I Profits
- Reduce Trade-in Cycles
- Online Reporting & Tracking
- Full Customer & Dealer Support

Portal: portal.nationalpayment.net

Dealer ID:

Password:

Complaint

EXHIBIT C

TABLE OF CONTENTS

Program Overview 2

Selling Features 4

Savings Examples 7

Customer Presentations 8

Enrolling Customers 10

Customer Enrollment Form 11

Customer Welcome Letter 12

Overcoming Objections 13

Using the Online Calculator 14

Using the Online Reporting Tools 15

Complaint

EXHIBIT C

PROGRAM OVERVIEW

The Biweekly Payment Plan is a financial service for consumers that helps them build equity in their vehicle and payoff their loan or lease faster. The concept is that consumers will pay half of their monthly loan payment every 2 weeks. These half payments are automatically debited from their bank accounts and can be easily customized to match the way they budget or the way they receive their pay checks. Because the debits occur biweekly (every 14 days), the consumer has 26 half debits each year (52 weeks per year = 26 half debits), or 13 monthly payment amounts in a 12 month period. These drafts are transferred to the lender on a monthly basis, and the extra payments are applied directly to the loan's principal balance. These extra payments accelerate the amortization of the loan, reduce interest charges, and eliminate between 4–8 months on a typical auto loan.

National Payment Network, Inc. is one of the nation's largest providers of loan acceleration products for the automotive industry. To date, National Payment Network has successfully processed payments for roughly \$3 billion in consumer loan values. Further, our processing partners guarantee that our clients are covered 100% for any funds improperly removed from their bank account while using these services.

Additionally, client security is a primary focus for National Payment Network, Inc. Our processing partners hold all client funds in secured, FDIC insured trust accounts with the nation's largest financial institutions and banks. All funds transferred are processed through the National Automated Clearing House under strict regulation of the Federal Reserve.

The key points regarding the biweekly program and how it works are listed below. Please review these items carefully as they have the potential to be misunderstood by the customer if not properly explained.

(1) Financial Service: The Biweekly Payment Plan does not change the customer's loan in any way. Rather, the Biweekly Payment Program is a financial service that works with the customer's existing loan. Enrollment in the program is based on information that is taken from the customer's Enrollment Form.

Complaint

EXHIBIT C

PROGRAM OVERVIEW

(cont'd)

(2) Drafting Schedule: Debits are electronically drafted from the customer's bank account. This means the customer does not need to mail payments or send in payment coupons. Drafting always occurs every other Friday (every 14 days). The customer will be provided with a confirmation letter that reviews and confirms their drafting dates.

(3) Principal Payments: The biweekly drafting schedule generates 26 half payments each year; equal to 13 monthly payment amounts or 2 extra half payments. The extra half payments are sent to the lender (after the deferred service charge is collected) and applied to the loan's principal balance approximately every 6 months. This prepayment pattern accelerates the loan payoff, reduces interest charges, and increases the rate of equity build-up in the loan.

(4) Loan Payments: Payments are made on the customer's loan electronically or with a paper check. The customer may continue to receive monthly statements or payment coupons from the lender — however, the customer does not need to make any loan payments on their own.

(5) Program Fees: Customers pay a fee to enroll in the Biweekly Payment Program. This fee is deducted from the customer's prepayments until paid in full. Dealer commissions are paid as this fee is collected. In addition to the enrollment fee, consumers will pay a transaction fee of \$1.95 for each debit. This fee is automatically added to each biweekly debit.

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EXHIBIT C

SELLING FEATURES

How It Works

NPN is the nation's leading administrator of biweekly payment programs. NPN partners directly with leading financial institutions, including Wells Fargo Bank and/or M&I Bank, to ensure the security of all consumer funds transfers.

The biweekly payment program is sold to customers directly through the F&I department at the time of purchase. Customers that enroll in the program will enjoy the following benefits:

- Match the timing of the vehicle payments to their paycheck cycle.
- Payoff the loan faster and reduce interest charges.
- Build vehicle equity faster and improve their trade-in position.
- Smaller half payments every 2 weeks are easier to manage.
- Making half monthly payments every 2 weeks effectively makes 1 extra monthly payment each year (52 weeks per year = 26 half payments = 13 payments).

Best of all there are no fees collected at the time of enrollment. Administration fees are built into the biweekly debits and paid over time.

Dealer Benefits**Need to make room in the deal to sell product?**

Extend the loan term from 60 to 66 month and keep the payments the same. Then simply show the customer that by signing up for the biweekly payment plan the loan is still paid off in 60 months. This will create more revenue in the deal to sell the customer a warranty, gap policy, alarm, etc. The result is more profit for F&I and a happier customer.

Customer wants lower payments?

Simply extend the loan term from 60 to 66 months to lower the monthly payments. Next, use the biweekly calculator to show how the biweekly payment plan will have their 66 month loan paid off in 60 months. With this approach, the customer has manageable biweekly payments and the loan is still paid off in 60 months.

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EXHIBIT C

SELLING FEATURES

(cont'd)

Looking to reduce your defaults?

With NPN's biweekly payment program, customers actually make their biweekly payments well before the funds are due to the lender. By helping customers make payments in advance, the biweekly program helps ensure that loans post on time and late payments are avoided.

Want a repeat retail customer sooner?

Because customers prepay their loan balance and accelerate their payoff, dealers see fewer negative-equity situations and can eliminate upside-down buyers. The biweekly payment program puts customers in a financial position to trade-in their vehicle sooner.

Want a repeat lease customer sooner?

Lease customers who sign up for the biweekly plan will satisfy the lease months earlier. This allows customers to come back and lease a new car several months sooner.

Want to make your advertising stand out from your competition?

Make your advertising stand out from your competition by offering lower biweekly payments. Quote a \$225 biweekly payment instead of a \$450 monthly payment.

Made no F&I profit on the Credit Union "one pay" deals?

With this program, dealers can make commissions on Credit Union and Banks "one pays" by selling them our biweekly program. Enter the customers loan information into our biweekly calculator and show the customer how they can build equity, reduce interest charges and pay off their loan sooner by signing up for the NPN biweekly payment program.

Need a lower effective rate to close the deal?

Enter your best rate into our biweekly calculator and show your customer how the biweekly program can reduce interest charges and create a lower "effective rate". Although not an APR, this lower rate could beat your competition's rate and help close the deal. The "Effective Rate" is calculated by applying the percent decrease in interest charges to the actual interest rate.

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EXHIBIT C**SELLING FEATURES**

(cont'd)

The lower payments close!

For example, a \$250 biweekly payment sounds more appealing than a \$500 per month payment.

Customer wants a shorter loan term?

Simply keep the loan "as is". Then show the customer how they will pay off their vehicle faster, build equity more quickly, reduce the interest charges, and be in a better trade in position much sooner.

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EXHIBIT C**SAVINGS EXAMPLES**

The Biweekly Payment Plan allows consumers to customize the way they make their payments. The result is a loan with reduced interest charges, a lower effective interest rate, a shorter term, and increased equity.

Example 1	Monthly	Biweekly
Auto Loan Amount:	\$30,000	
Interest rate:	12%	
Loan Term (months):	60	55
Payment:	\$670.67	\$335.34
* Equity Acceleration:	\$0	\$3,000
36 Months — Equity Acceleration:	\$0	\$1,600

Example 2	Monthly	Biweekly
Auto Loan Amount:	\$25,000	
Interest rate:	10%	
Loan Term (months):	72	66
Payment:	\$465.08	\$232.54
* Equity Acceleration:	\$0	\$2,300
36 Months — Equity Acceleration:	\$0	\$1,000

* Equity acceleration refers to the estimated increased equity at the time of loan payoff.

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EXHIBIT C

CUSTOMER PRESENTATIONS

Customer Presentation I

F&I Manager:

Ms. Customer, since you agree that our service agreement is obviously a valuable thing to have, shall we add it to your vehicle?

Customer:

I would really like the service agreement, but I just can't afford higher payments and I really do not want a loan for longer than 60 months.

F&I Manager:

I completely understand. What I think would make sense for you is a biweekly payment option. With this program, we slightly extend the term out to 66 months to lower your monthly payment amount. Then we can add the service contract and set you up with a biweekly payment option that will still payoff your loan in 60 months.

Customer:

Okay, if I can still have the loan paid off in 60 months, then that sounds great. I'd love to have the service agreement.

Simply extend the loan to a 66 month term while keeping the payment amount the same. Now include the service contract, and then sign up the customer for the Biweekly Payment Plan to reduce the term back down to 60 months. Finally, be sure to review the debit schedule and program fees. By offering the Biweekly Payment Plan to your customer, you were also able to easily up-sell a service contract.

Complaint

EXHIBIT C

CUSTOMER PRESENTATIONS

(cont'd)

Customer Presentation 2

Simply place the retail installment agreement and biweekly enrollment form **side by side** and review the payment option as described below:

F&I Manager:

Mr. Customer, we have two payment options available for you today. You can have the loan paid off in 66 months, have your bank keep all the interest charges, and have no increased equity in your car. Or you can enroll in the biweekly payment option where you will see a half debit every 2 weeks — breaks it up to make it a bit easier to pay. Now with the biweekly payment option, you'll have loan paid on in 59 months, accelerate your equity build-up by \$4,448. So would you like to pay the full 66 month term, or the 59 month term?

Be sure to review the debit schedule and program fees.

As you can see on the enrollment form, there is a per-debit fee and a start up fee for enrolling in the program. These fees are actually deducted from your payments so there's no up-front cost. And the equity acceleration of \$4,448 is net of all the fees.

I want to point out one more thing. In order for the payment to get to your lender on time, they will debit a full payment on this date (refer to the enrollment form) and then your regular biweekly payments will start on this date here (again, refer to the enrollment form).

Congratulations! Please sign here and we'll also need a voided check to setup the automatic debits. They will be sending you a welcome packet in the mail that reviews all of this information for you.

Complaint

EXHIBIT C**ENROLLING CUSTOMERS**

It is important that you follow these steps to ensure proper enrollment in the Biweekly Payment Plan:

(1) Enter Customer Information:

During the customer's enrollment, you will be prompted to enter the customer's banking details (account number and routing number) and the program start dates.

(2) Review Program Details:

Review the debit dates with the customer and explain that they may still receive monthly statements or payment coupons; however they do not need to make the payments on their own. The biweekly plan will handle their payments for them. The statements or coupons they receive can simply be filed away.

(3) Review the Enrollment Fee:

Explain that although there is no up-front cost to enroll in the program, there is an enrollment fee that is deducted from the prepayments that are made while on the biweekly payment plan. Half of the first full debit is applied to this fee.

(4) Customer's Signature:

Make sure the customer signs section 5 of the Enrollment Form.

(5) Voided Check:

Be sure to include a voided check along with the Enrollment Form. The enrollment form and voided check are required to ensure proper processing.

(6) Fax Completed Form

Fax the completed enrollment form and voided check back to 310-943-2304.

Be sure to notify National Payment Network immediately if (1) loan information changes, (2) payment amount changes, or (3) customer is not approved.

Please contact 888-744-2977 immediately and speak with a customer service representative.

Complaint

EXHIBIT C

CUSTOMER ENROLLMENT FORM

BIWEEKLY PLAN AGREEMENT Enrollment Form and Automatic Debit Authorization				FORM 300-01 1-1-97	
Read This Agreement! If Agreement is mailed by first-class Registered Priority Mail, Inc. or its design ("Administrator"), then the individual named herein ("Client"), from administration responsibilities as described herein, may be provided by third-party financial institutions. The Client and the Administrator agree as follows:					
1. CREDIT CONTACT INFORMATION					
FIRST NAME _____		LAST NAME _____		DOB _____	
NATURAL ADDRESS _____		CITY/STATE/ZIP _____		CITY/STATE/ZIP _____	
CITY _____		STATE _____		ZIP CODE _____	
PHONE NUMBER _____		TELEPHONE NUMBER _____			
Please allow 4-6 weeks for automatic debit processing. If you are unable to pay your bill, please call 800-744-7971 for assistance. Please allow 4-6 weeks for automatic debit processing. If you are unable to pay your bill, please call 800-744-7971 for assistance.					
2. ACCOUNT INFORMATION					
ACCOUNT NUMBER _____				OTHER PHONE NUMBER _____	
ACCOUNT HOLDER'S NAME _____					
CITY _____ STATE _____ ZIP CODE _____					
Customer Support 800-744-7971					
3. AUTOMATIC DEBIT AUTHORIZATION					
Client authorizes the Administrator to initiate debit entries to the account identified below, or the enclosed enclosed check or deposit slip. Client authorizes a fee system of 1.2% when a debit is used for a withdrawal. If the system is transferred to a different member, or the account is designated for any reason, Client authorizes the Administrator to change the fee system for the system as specified under Payment Terms provided including the year term of the Client's authorization. Client authorizes the Administrator to change the fee system for the system as specified under Payment Terms provided including the year term of the Client's authorization. Client agrees that the fee system is equal to the fee system payment system. All of the fee system will be provided to the ordered service order and only including amounts of assets for the ordered service. Change will be provided from the system's payment system only.					
CREDIT CARD NAME _____		CREDIT CARD NUMBER _____		EXPIRATION DATE _____	
TYPE OF ACCOUNT _____		FUNDING NUMBER _____		ACCOUNT NUMBER _____	
(1) CREDIT CARD (2) BANK (3) OTHER _____		FUNDING NUMBER _____		ACCOUNT NUMBER _____	
FEE CODE _____		FEE CODE NUMBER _____		FEE CODE NUMBER _____	
FEE CODE NUMBER _____		FEE CODE NUMBER _____		FEE CODE NUMBER _____	
4. CONTACT INFORMATION					
Client agrees that the Administrator may have access to and use of the information in Paragraphs 1 through 3 (including 4) and may provide the information to third parties and may use the information for the purposes of Paragraphs 1 through 3 (including 4) and may provide the information to third parties and may use the information for the purposes of Paragraphs 1 through 3 (including 4).					
SIGNATURE OF CLIENT _____ DATE _____					
NPI Debit Fee: _____ NPI Debit Fee: _____ NPI Debit Fee: _____ NPI Debit Fee: _____					
WHITE = NEW TO ADMINISTRATOR YELLOW = CUSTOMER FAX WHITE COPY TO: 310-243-3304 or 413-778-2330 (INCLUDE A VERBOS CODE OR DEPOSIT SLIP)					
Page 1 of 2 FORM 300-01-1-1 © 2005 National Payment Network, Inc. All rights reserved.					

Complaint

EXHIBIT C

CUSTOMER WELCOME LETTER

confirmation

Biweekly Plan Processing Dept PO Box 6025 Redondo Beach, CA 90277-6025	Biweekly Plan *Please Review Information Carefully
RE: 2006 Nissan Altima Kenneth Jones 1600 N Main Street Anchorage, AK 99503	1-888-744-2977 800-744-2977
	Your Client ID # 8045801
Dear Kenneth Jones,	
Congratulations and welcome to the Biweekly Plan for your 2006 Nissan Altima. Please review the Important Information below. If you have any questions about your payments, please call 888-744-2977, from 8pm PST, M-F (toll free). Please do not call the dealership where you purchased the vehicle. They will not have any information regarding your payments.	
What is the Biweekly Plan? This is the customized payment option you requested for your new 2006 Nissan Altima. This payment option will build equity faster and reduce the term of the loan.	
What do I need to do? Once you receive your first payment coupon or loan statement, please fax a copy to our processing center at (310) 943-2304 (24 hrs/day, 7 days/week). Please write your Client ID number of 8045801 on the fax. This information is needed to help ensure your payments are processed correctly.	
Do I still need to mail in payments? No. Instead of mailing in monthly payments, funds will be drafted automatically from your bank account. Your first full withdrawal will occur on 3/27/2006. Your biweekly withdrawals for half of your monthly payment amount will then continue every other Friday. (See the enclosed withdrawal schedule).	
Will I still receive monthly statements? Yes. You will still receive monthly payment statements and/or payment coupons. However, once your plan begins you do not need to make these payments -- we will handle that for you!	
What if my loan changes or is paid off? Please contact Customer Support if your loan changes in any way (for example: loan is paid off, refinanced, lender changes, payment amount changes, etc.)	
Thank you again for enrolling your loan in the Biweekly Plan.	
Customer Support National Payment Network Biweekly Plan Processing Dept P.O. 1-888-744-2977 (from 8pm PST, M-F, toll free) FAX: 1-310-943-2304	

Complaint

EXHIBIT C

OVERCOMING OBJECTIONS

The following is a collection of the most common customer objections. The responses provided are proven, effective ways to overcome these objections.

Could I just mail in extra payments to my loan by myself?

You could, but the reason the Biweekly Payment Program is so successful, is that it provides a structured, disciplined way to prepay your loan. Most people have every intention of prepaying their loan, but never follow through. In fact, without this payment option, less than 3% of Americans say they will pay off their loan faster, and less than 1% actually does.

Why is there a transaction fee of \$1.95 added to each debit?

This fee covers the cost of processing your biweekly payments. They also perform extensive verification on your account to make sure that your payments are posting to your loan properly.

Are the automatic withdrawals from my bank account safe?

The institutions that debit funds from your bank account are trusted financial companies that have processed billion of dollars in automated funds transfers worldwide.

How does the program pay off my loan faster?

With the biweekly payment plan, they will debit half of your monthly payment amount every 2 weeks. Because the debits go through every 2 weeks, there are actually 26 half payments each year. This is equal to 13 monthly payment amounts. In short, this means you'll be prepaying an extra half payment to your principal balance about every 6 months. This prepayment pattern is what pays off your loan faster, reduces the interest charges, and builds your equity more quickly.

Can I payoff my loan even faster? And eliminate even more interest charges?

Absolutely. Simply call the toll free customer support number and ask them to increase your payment amounts. You can increase and decrease your payment amounts any time, free of charge. You can also send in extra payments on your own whenever you'd like.

What if I need to stop the program or change my payment dates?

No problem. Simply call the toll free customer support number and they can make those changes for your right over the phone. Changing your payment dates or canceling the program is extremely simple.

Complaint

EXHIBIT C

USING THE ONLINE CALCULATOR

Input the loan terms. Enter the **days to first payment** here. We recommend you do loans at 45 days to allow time for consumer to receive your welcome materials in the mail.

First Lienholder Payment Due Date: 07/05/2006 Days to First Payment: 45

NPNL, Inc. © 2006

Biweekly Plan Advantages

Payoff your loan approximately 5 months faster!

	Monthly	Biweekly
Auto Loan Amount:	\$25,000	
Effective Rate:	8.000%	7.37%
Loan Payoff (months):	60	55
Payment:	\$508.47	\$256.19
Equity Acceleration:	\$0	\$2,106
Interest Savings:	\$0	\$425
Equity & Interest Benefit:	\$0	\$2,532
36 Months - Equity & Interest Benefit:	\$0	\$1,515

Buttons: calculate, view report, show dates, welcome letter

Build Equity Faster - Payoff Loan Faster

Calculator shows estimated figures; actual program benefits, interest savings, term reduction, and payments will vary. Depending on the loan terms, in some cases fees charged to borrower may exceed the "Interest Savings". The "Equity Acceleration" refers to the estimated increased equity (after program fees) at time of loan payoff when compared to standard monthly payments. The "Equity & Interest Benefit" is not a total savings figure; it equals the sum of "Equity Acceleration" and "Interest Savings". The "Effective Rate" does not reflect program fees and is not an interest rate or APR. "Effective Rate" is calculated by applying the percent decrease in interest charges to the actual interest rate.

Debit Dates & Amounts

Debit Option 1:	First Full Debit Date:	4/14/2006	Full Debit Amount:	\$510.42
	Biweekly Debit Date:	4/30/2006	Biweekly Amount:	\$256.19
Debit Option 2:	First Full Debit Date:	6/19/2006	Full Debit Amount:	\$510.42
	Biweekly Debit Date:	6/25/2006	Biweekly Amount:	\$256.19

Annotations:

- After entering loan info, click here to calculate savings.
- Click here to view a customized savings report.
- Click here to launch the date selection tool (see below).
- Print a "take-home" welcome letter and give to customer.
- You have 2 options for start dates. Option one is the default date that prints on the enrollment form.

Complaint

EXHIBIT C

USING THE ONLINE REPORTING TOOLS

The Online Reporting tools allow dealers to easily track enrollment activity and commission payments. Simply select the appropriate report to view revenue that was earned in a prior month, a forecast of pending commissions, and a total account summary of all accounts that have been enrolled.

The most important report is the **Error Summary** report. This report shows all enrollments that were submitted with incorrect enrollment forms. For example, enrollment forms that are missing bank account information or social security numbers will show up in this report. Simply contact customer support to provide the missing information so that the enrollment form can be properly processed.

Printed: 02/01/2015 10:00 AM

Total Accounts Summary

- ▶ **Account Summary**
- ▶ **Enrollment Summary**
- ▶ **Enrollment Summary**
- ▶ **Enrollment Summary**
- ▶ **Enrollment Summary**
- ▶ **Enrollment Summary**

Date Range:

From:

01/01/2015

01/01/2015

To:

01/01/2015

01/01/2015

Enrollment Summary
 Enrollment Summary
 Enrollment Summary
 Enrollment Summary

Enrollment Summary				Enrollment Summary				Enrollment Summary			
Account ID	Account Name	Account Type	Account Status	Account ID	Account Name	Account Type	Account Status	Account ID	Account Name	Account Type	Account Status
100001	John Doe	Individual	Active	100002	Jane Smith	Individual	Active	100003	Bob Johnson	Individual	Active
100004	Alice Brown	Individual	Active	100005	Charlie Davis	Individual	Active	100006	Diana Evans	Individual	Active
100007	Frank Green	Individual	Active	100008	Grace Hill	Individual	Active	100009	Henry King	Individual	Active
100010	Ivy Lee	Individual	Active	100011	Jack Miller	Individual	Active	100012	Karen Wilson	Individual	Active
100013	Leo White	Individual	Active	100014	Mia Black	Individual	Active	100015	Noah Gray	Individual	Active
100016	Olivia Brown	Individual	Active	100017	Peter Green	Individual	Active	100018	Quinn White	Individual	Active
100019	Rachel Black	Individual	Active	100020	Sam Gray	Individual	Active	100021	Tina Brown	Individual	Active
100022	Uma Green	Individual	Active	100023	Victor White	Individual	Active	100024	Wendy Black	Individual	Active
100025	Xavier Gray	Individual	Active	100026	Yara Brown	Individual	Active	100027	Zoe Green	Individual	Active
100028	Adam White	Individual	Active	100029	Bella Black	Individual	Active	100030	Carl Gray	Individual	Active
100031	Dora Brown	Individual	Active	100032	Ethan Green	Individual	Active	100033	Fiona White	Individual	Active
100034	Gavin Black	Individual	Active	100035	Hannah Gray	Individual	Active	100036	Ian Brown	Individual	Active
100037	Jessica Green	Individual	Active	100038	Kyle White	Individual	Active	100039	Laura Black	Individual	Active
100040	Mason Gray	Individual	Active	100041	Natalie Brown	Individual	Active	100042	Oscar Green	Individual	Active
100043	Pamela White	Individual	Active	100044	Quinn Black	Individual	Active	100045	Rachel Gray	Individual	Active
100046	Samuel Brown	Individual	Active	100047	Tina Green	Individual	Active	100048	Uma White	Individual	Active
100049	Victor Black	Individual	Active	100050	Wendy Gray	Individual	Active	100051	Xavier Brown	Individual	Active
100052	Yara Green	Individual	Active	100053	Zoe White	Individual	Active	100054	Adam Black	Individual	Active
100055	Bella Gray	Individual	Active	100056	Carl Brown	Individual	Active	100057	Dora Green	Individual	Active
100058	Ethan White	Individual	Active	100059	Fiona Black	Individual	Active	100060	Gavin Gray	Individual	Active
100061	Hannah Brown	Individual	Active	100062	Ian Green	Individual	Active	100063	Jessica White	Individual	Active
100064	Kyle Black	Individual	Active	100065	Laura Gray	Individual	Active	100066	Mason Brown	Individual	Active
100067	Natalie Green	Individual	Active	100068	Oscar White	Individual	Active	100069	Pamela Black	Individual	Active
100070	Quinn Gray	Individual	Active	100071	Rachel Brown	Individual	Active	100072	Samuel Green	Individual	Active
100073	Tina White	Individual	Active	100074	Uma Black	Individual	Active	100075	Victor Gray	Individual	Active
100076	Wendy Brown	Individual	Active	100077	Xavier Green	Individual	Active	100078	Yara White	Individual	Active
100079	Zoe Black	Individual	Active	100080	Adam Gray	Individual	Active	100081	Bella Brown	Individual	Active
100082	Carl Green	Individual	Active	100083	Dora White	Individual	Active	100084	Ethan Black	Individual	Active
100085	Fiona Gray	Individual	Active	100086	Gavin Brown	Individual	Active	100087	Hannah Green	Individual	Active
100088	Ian White	Individual	Active	100089	Jessica Black	Individual	Active	100090	Kyle Gray	Individual	Active
100091	Laura Brown	Individual	Active	100092	Mason Green	Individual	Active	100093	Natalie White	Individual	Active
100094	Oscar Black	Individual	Active	100095	Pamela Gray	Individual	Active	100096	Quinn Brown	Individual	Active
100097	Rachel Green	Individual	Active	100098	Samuel White	Individual	Active	100099	Tina Black	Individual	Active
100100	Uma Gray	Individual	Active	100101	Victor Brown	Individual	Active	100102	Wendy Green	Individual	Active
100103	Xavier White	Individual	Active	100104	Yara Black	Individual	Active	100105	Zoe Gray	Individual	Active
100106	Adam Brown	Individual	Active	100107	Bella Green	Individual	Active	100108	Carl White	Individual	Active
100109	Dora Black	Individual	Active	100110	Ethan Gray	Individual	Active	100111	Fiona Brown	Individual	Active
100112	Gavin Green	Individual	Active	100113	Hannah White	Individual	Active	100114	Ian Black	Individual	Active
100115	Jessica Gray	Individual	Active	100116	Kyle Brown	Individual	Active	100117	Laura Green	Individual	Active
100118	Mason White	Individual	Active	100119	Natalie Black	Individual	Active	100120	Oscar Gray	Individual	Active
100121	Pamela Brown	Individual	Active	100122	Quinn Green	Individual	Active	100123	Rachel White	Individual	Active
100124	Samuel Black	Individual	Active	100125	Tina Gray	Individual	Active	100126	Uma Brown	Individual	Active
100127	Victor Green	Individual	Active	100128	Wendy White	Individual	Active	100129	Xavier Black	Individual	Active
100130	Yara Gray	Individual	Active	100131	Zoe Brown	Individual	Active	100132	Adam Green	Individual	Active
100133	Bella White	Individual	Active	100134	Carl Black	Individual	Active	100135	Dora Gray	Individual	Active
100136	Ethan Brown	Individual	Active	100137	Fiona Green	Individual	Active	100138	Gavin White	Individual	Active
100139	Hannah Black	Individual	Active	100140	Ian Gray	Individual	Active	100141	Jessica Brown	Individual	Active
100142	Kyle Green	Individual	Active	100143	Laura White	Individual	Active	100144	Mason Black	Individual	Active
100145	Natalie Gray	Individual	Active	100146	Oscar Brown	Individual	Active	100147	Pamela Green	Individual	Active
100148	Quinn White	Individual	Active	100149	Rachel Black	Individual	Active	100150	Samuel Gray	Individual	Active

Page 1 of 1

Complaint

EXHIBIT D

NPN Biweekly Calculator

Page 1 of 2



I have been informed of the benefits of the Biweekly Plan.
However, I DO NOT wish to take advantage of the program at this time.
Signature: _____

First monthly payment due to Lender: 04/24/2008

Deal date: 03/10/2008

Days to First Payment: 45

Biweekly Plan Advantages**Payoff your loan approximately 5 months faster!**

	Monthly	Biweekly	
Loan Amount:	\$19,117.51		calculate
Interest Rate:	6.25%		view reports
Loan Payoff (months):	72	67	show dates
Payment Amount:	\$319.92	\$159.97	welcome letter
Interest Reduction:	\$0	\$256	lease calculator
Equity Acceleration (36 months):	\$0	\$610	dealer tools
Equity Acceleration (at payoff):	\$0	\$1,493	print

Debit Dates & Amounts

Debit Option 1: First Full Debit Date: 04/04/2008

Full Debit Amount: \$321.87

Complaint

EXHIBIT D

Biweekly Debit Date:	04/18/2008	Biweekly Amount:	\$161.92	
Debit Option 2:	First Full Debit Date:	03/28/2008	Full Debit Amount:	\$321.87
Biweekly Debit Date:	04/11/2008	Biweekly Amount:	\$161.92	

Build Equity Faster - Payoff Loan Faster

Important Terms and Definitions: The purpose of this program is to accelerate the loan or lease payoff. This calculator shows estimated figures; actual program benefits, interest reduction, loan payoff (months), payment amounts, and other figures will vary. Interest Reduction is not a total savings figure; in some cases the fees charged to borrower may exceed the Interest Reduction. Consumer is responsible for ensuring lender applies any loan prepayments to principal balance to create interest reduction. Equity Acceleration is not a total savings figure; it refers to the estimated difference in loan balance when compared to standard monthly payments.

Decision and Order

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 Respondent having been furnished thereafter with a copy of a draft 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 Respondent with violation of the Federal Trade Commission Act (“FTC Act”) , 15 U.S.C. § 45 *et seq.*; and

Respondent and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), which includes a statement by Respondent that it neither admits nor denies any of the allegations in the draft complaint, except as specifically stated in the Consent Agreement, and, only for purposes of this action, admits the facts necessary to establish jurisdiction; and waives and other provisions as required by the Commission’s Rules;

The parties, having agreed that the complaint may be used in construing the terms of the order and that no agreement, understanding, representation, or interpretation not contained in the order or in the agreement may be used to vary or contradict the terms of this order; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the FTC Act and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure prescribed in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent, National Payment Network, Inc., also known as NPN, Inc. is a California corporation, with

Decision and Order

its principal place of business at 1875 S. Grant Street, Suite 250, San Mateo, California 94402.

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

ORDER**DEFINITIONS**

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

- A. Unless otherwise specified, “Respondent” means National Payment Network, Inc., also known as NPN, Inc., and its successors and assigns.
- B. “Add on product or service” means any product or service relating to the sale, lease, or financing of a motor vehicle that is offered, provided, or arranged by the dealer that is not provided or installed by the motor vehicle manufacturer, including but not limited to extended warranties, payment programs, guaranteed automobile protection (“GAP”) or “GAP insurance,” etching, service contracts, theft protection or security devices, global positioning systems or starter interrupt devices, undercoating, rustproofing, fabric protection, road service or club memberships, appearance products, credit life insurance, credit accident or disability insurance, credit loss of income insurance, and debt cancellation and debt suspension coverage. The term excludes any such product or service that the dealer provides to the consumer at no charge.
- C. “Clearly and conspicuously” shall mean as follows:
 1. 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.

Decision and Order

2. In an electronic medium, an audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. A video disclosure shall be of a size and shade and appear on the screen for a duration, and in a location, sufficient for an ordinary consumer to read and comprehend it.
 3. In a television or video advertisement, an audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. A video disclosure shall be of a size and shade, and appear on the screen for a duration, and in a location, sufficient for an ordinary consumer to read and comprehend it.
 4. In a radio advertisement, the disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it.
 5. In all advertisements, the disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or promotion.
- D. “Competent and reliable evidence” means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
- E. “Current customers” means all customers who are enrolled in Respondent’s biweekly payment program as of October 1, 2014.
- F. “Fee waiver period” means the period beginning 30 days after the date of service of the order and concluding when no current customer is enrolled in Respondent’s biweekly payment program.

Decision and Order

- G. “Payment program” means any product, service, plan, or program represented, expressly or by implication, to provide payment or meet other terms of a financing contract between a consumer and (1) a creditor, including an auto dealer, or (2) another financing entity, including a finance company, a bank, or another assignee.

I.

IT IS ORDERED that Respondent, its officers, agents, representatives, and employees, directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any payment program and add-on product or service, shall not in any manner, expressly or by implication:

- A. Represent that the payment program or add-on product or service will save any consumer money, including interest, unless:
1. The amount of savings a consumer will achieve is greater than the total amount of fees and costs charged in connection with the payment program or add-on product or service and the representation is otherwise true, or
 2. Any qualifying information relating to the savings a consumer might achieve from the payment program or add-on product or service is clearly and conspicuously disclosed, including, but not limited to, information about the total amount of fees and costs charged in connection with such payment program or add-on product or service.
- B. Represent that the payment program or add-on product or service will save any consumer a specific amount of money, including interest, unless:
1. The specified amount is the amount of savings after deducting any fees or costs charged in connection with the payment program or add-on product or service and the representation is otherwise true, or

Decision and Order

2. Any qualifying information relating to the savings a consumer might achieve from the payment program or add-on product or service is clearly and conspicuously disclosed, including, but not limited to, information about the total amount of fees and costs charged in connection with such payment program or add-on product or service.

II.

IT IS FURTHER ORDERED that Respondent and its officers, agents, representatives, and employees, directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any payment program shall not misrepresent, in any manner, expressly or by implication:

- A. The existence, amount, timing, or manner of any fee or cost charged by Respondent or a third party in connection with such payment program;
- B. That such payment program has the ability to improve, repair or otherwise affect a consumer's credit record, credit history, credit rating, or ability to obtain credit; and
- C. The benefits, performance, or efficacy of the payment program.

III.

IT IS FURTHER ORDERED that Respondent and its officers, agents, representatives, and employees, directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any add-on product or service shall not misrepresent, in any manner, expressly or by implication:

- A. The total costs to purchase, receive, or use, or the quantity of, the add-on product or service;
- B. Any restriction, limitation, or condition on purchasing, receiving, or using the add-on product or service;

Decision and Order

- C. Any aspect of the benefits, performance, or efficacy of the add-on product or service;
- D. Any aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer; and
- E. That any add-on product or service has the ability to improve, repair or otherwise affect a consumer's credit record, credit history, credit rating, or ability to obtain credit.

IV.

IT IS FURTHER ORDERED that Respondent and its officers, agents, representatives, and employees, directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any payment program or add-on product or service shall not make any representation or assist others in making any representation, expressly or by implication, about the benefits, performance, or efficacy of any add-on product or service or payment program, unless at the time such representation is made, the Respondent possesses and relies upon competent and reliable evidence that substantiates that the representation is true.

V.

IT IS FURTHER ORDERED that Respondent and its officers, agents, representatives, and employees, whether acting directly or indirectly, shall not assess, collect, or attempt to collect any cancellation fees from current customers who complete Respondent's biweekly payment program or finish paying off their financing contract.

VI.

IT IS FURTHER ORDERED that Respondent shall pay two million four hundred and seventy five thousand dollars (\$2,475,000.00) as follows:

Decision and Order

- A. Respondent shall refund customers one million five hundred and twenty-six thousand dollars (\$1,526,000.00) within thirty (30) days of the date of service of this order, or remit the balance to the FTC within forty (45) days of the date of service of this order. Such refunds shall include refunds of all cancellation fees paid by customers who remained in Respondent's biweekly payment program for 48 months or more, and for the remaining amount of the \$1,526,000.00, pro rata refunds of fees assessed to current customers. Within forty five (45) days of the date of service of this order, Respondent shall provide records to the Commission sufficient to show all payments made pursuant to this Section VI.A.
- B. Respondent shall waive an additional nine hundred and forty-nine thousand dollars (\$949,000.00) in fees for current customers during the fee waiver period, or remit the balance to the FTC within fifteen (15) days of the conclusion of the fee waiver period. Such waived fees shall include all remaining enrollment fees and cancellation fees, and at least 50% of each ACH fee, and may include other fees. Respondent shall provide the Commission with quarterly reports within thirty (30) days after the end of each quarter sufficient to show all fee waivers made during that quarter, until the entire amount of \$949,000.00 is waived or the balance is remitted to the FTC.
- C. In the event of default on the obligation pursuant to Sections VI.A and VI.B of this order, interest, computed pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for ten (10) calendar days beyond the date that payment is due, the entire amount shall immediately become due and payable.
- D. In the event that Respondent remits any balance to the FTC pursuant to Sections VI.A and VI.B, Respondent shall also provide to the Commission a searchable electronic file containing the name and contact

Decision and Order

information of all consumers who enrolled in Respondent's biweekly payment program, to the extent it has such information in its possession or control, including information available upon request from auto dealers and others. Such file: (1) shall include each consumer's name and address, the date of enrollment, the total amount of payments made under the biweekly payment program, the total amount of all fees paid in connection with the biweekly payment program less any amounts credited for refunds or waived by Respondent, and, if available, the consumer's telephone number and email address; (2) shall be updated through the National Change of Address database; and (3) shall be accompanied by a sworn affidavit attesting to its accuracy.

- E. All funds paid to the Commission pursuant to Sections VI.A and VI.B of this order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Respondent's practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Respondent has no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection. No portion of any payment under the judgment herein shall be deemed a payment of any fine, penalty, or punitive assessment.
- F. Respondent relinquishes all dominion, control, and title to the funds paid to the fullest extent permitted by law. Respondent shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise.

Decision and Order

- G. Respondent agrees that the facts as alleged in the complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment pursuant to this order, including but not limited to a nondischargeability complaint in any bankruptcy case. Respondent further agrees that the facts alleged in the complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this order shall have collateral estoppel effect for such purposes.
- H. Respondent acknowledges that its Taxpayer Identification Number (or Employer Identification Number), which Respondent must submit to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this order, in accordance with 31 U.S.C. § 7701.
- I. Proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this order.

VII.

IT IS FURTHER ORDERED that Respondent 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:

- A. All advertisements and promotional materials containing the representations;
- B. All materials that were relied upon in disseminating the representations;
- C. All evidence in its possession or control that contradicts, qualifies, or calls into question the representations, or the basis relied upon for the

Decision and Order

representations, including complaints and other communications with consumers or with governmental or consumer protection organizations; and

- D. Any documents reasonably necessary to demonstrate full compliance with each provision of this order, including but not limited to all documents obtained, created, generated, or that in any way relate to the requirements, provisions, or terms of this order, and all reports submitted to the Commission pursuant to this order.

VIII.

IT IS FURTHER ORDERED that Respondent 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, including auto dealerships who sell Respondent's payment programs or Respondent's add-on products and services, 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. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

IX.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any change in the entity that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the entity's 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

Decision and Order

knowledge. Unless otherwise directed by a representative of the Commission in writing, all notices required by this Section shall be emailed to Debrief@ftc.gov or sent by overnight courier (not U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC, 20580. The subject line must begin: FTC v. NPN, Inc.

X.

IT IS FURTHER ORDERED that Respondent, within sixty (60) days after the date of service of this order, shall file with the Commission a true and accurate report, in writing, setting forth in detail the manner and form of its own compliance with this order. Within ten (10) days of receipt of written notice from a representative of the Commission, it shall submit additional true and accurate written reports.

XI.

This order will terminate on May 4, 2035, 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 Section 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;
- C. This order if such complaint is filed after the order has terminated pursuant to this Section.

Provided, further, that if such complaint is dismissed or a federal court rules that Respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld

Analysis to Aid Public Comment

on appeal, then the order will terminate according to this Section 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.

By the Commission.

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission (“FTC”) has accepted, subject to final approval, an agreement containing a consent order from National Payment Network, Inc., also known as NPN, Inc. The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the FTC will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

The respondent is a company that offers an auto payment program to consumers financing a motor vehicle. The matter involves its advertising of the auto payment program to consumers. According to the FTC complaint, respondent has represented that consumers who enroll in its biweekly payment program in order to pay off their auto-financing contract will save money, often including a specific amount of savings in interest. Respondent failed to disclose, however, that it charged fees that in many cases offset any savings under the program, and also failed to disclose the total amount of these fees. These facts would be material to consumers in their decision to enroll in respondent’s biweekly payment program. The complaint alleges therefore that respondent’s failure to disclose the above-mentioned facts is a deceptive practice in violation of Section 5 of the FTC Act.

Analysis to Aid Public Comment

The proposed order is designed to prevent respondent from engaging in similar deceptive practices in the future. Section I prohibits respondent from representing that a payment program or add-on product or service will save consumers money, including interest, unless the amount of savings is greater than the total amount of fees associated with the product or service or any qualifying information is clearly and conspicuously disclosed. Section I also prohibits respondent from representing that a payment program or add-on product or service will save any consumer a specific amount of money, including interest, unless the specified amount is the amount of savings after deducting any fees or any qualifying information relating to savings is clearly and conspicuously disclosed.

Section II of the proposed order prohibits respondent from making misrepresentations related to any payment programs, including regarding the existence, amount, timing, or manner of any fees, the program's benefits, performance, or efficacy, or the ability of any payment program to affect consumer credit.

Section III of the proposed order prohibits respondent from making misrepresentations related to any add-on products or services, including regarding the total costs of the add-on and the benefits, performance, or efficacy of the add-on, any restrictions or conditions associated with the add-on, the nature or terms of any refund, cancellation, or exchange of an add-on and that any add-on product can improve, repair or otherwise affect a consumer's credit.

Section IV requires respondent to substantiate any representations about the benefits, performance or efficacy of any add-on product or service or any payment program.

Section V prohibits respondent from collecting cancellation fees from consumers who have finished paying off their financing contract through NPN's Plan.

Section VI of the proposed order requires respondent to pay consumers two million four hundred and seventy-five thousand dollars (\$2,475,000.00) in monetary relief. The proposed order permits respondent to pay the monetary relief amount by: (1)

Analysis to Aid Public Comment

refunding customers a total of \$1,526,000.00 within thirty days of service of the order; (2) waiving an additional \$949,000.00 in fees for current customers. If respondent is unable to provide refunds or fee waivers in the stated amount, it must remit the balance to the Commission.

Section VII of the proposed order requires respondent to keep copies of relevant advertisements and materials substantiating claims made in the advertisements. Section VIII requires that respondent provide copies of the order to certain of its personnel. Section IX requires notification of the Commission regarding changes in corporate structure that might affect compliance obligations under the order. Section X requires the respondent to file compliance reports with the Commission. Finally, Section XI is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order’s terms.

Complaint

IN THE MATTER OF

CITY NISSAN INC. D/B/A ROSS NISSAN OF EL MONTE

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT, SEC. 184 OF THE CONSUMER LEASING ACT, SEC. 213.7 OF REGULATION M, SEC. 144 OF THE TRUTH IN LENDING ACT, AND SEC. 226.24(D) OF REGULATION Z

*Docket No. C-4524; File No. 132 3114
Complaint, May 4, 2015 – Decision, May 4, 2015*

This consent order resolves concerns that City Nissan Inc. (“Ross Nissan”) misled consumers with deceptive promotions of its vehicle financing and leasing terms. According to the complaint, Ross Nissan advertised that consumers could finance its vehicles at an annual percentage rate of 0%. In fact, the annual percentage rate charged is substantially greater than 0%. The complaint further alleges that Ross Nissan falsely advertised that consumers could pay \$0 at lease signing to lease its vehicles, when in fact, consumers were required to pay substantially more to drive off with these vehicles. Ross Nissan’s failure to disclose or to disclose clearly and conspicuously certain costs and terms when advertising credit violated the Consumer Leasing Act, Regulation M, the Truth in Lending Act (“TILA”), and Regulations Z. The consent order requires Ross Nissan to make all disclosures required by TILA and Regulation Z when any of its advertisements state relevant triggering terms.

Participants

For the *Commission*: Sana Chriss and John Jacobs.

For the *Respondent*: Timothy Robinett, Manning Leaver Bruder & Berberich.

COMPLAINT

The Federal Trade Commission, having reason to believe that City Nissan Inc. (“City Nissan”), a corporation also doing business as Ross Nissan of El Monte (“Respondent”), has violated provisions of the Federal Trade Commission Act (“FTC Act”), the Consumer Leasing Act (“CLA”), and its implementing Regulation M, and the Truth in Lending Act (“TILA”), and its implementing