

# **Fall Auto Dealer Roundtable**

**“Advertising Do’s and Don’ts:  
Protecting Yourself from the AG,  
the FTC and Your Competitors”**

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# **Automotive Advertising**

**What are the rules?**

**Who enforces them?**

# The Rules include:

## Florida Statutes

501.976(16)

- Advertised Price

320.27(9)(6)3

- Misrepresentation or false, deceptive or misleading statements in any advertising as to sale or financing

# The Rules include:

- March 2004 AG letter
- FTC and AG:
  - Advertising disclosures shall be in a type, size and location (or volume or cadence) sufficient for an ordinary customer to notice, read and comprehend it\*

# The Rules include:

- Understandable language and syntax\*
- TILA (Reg. Z, M)

\*Print, internet, TV, radio

“Starting from”

“As low as”

**Do the Rules  
allow these?**

+++

“up to”

!

\*

“select models”

“plus dealer fee”

“small print”

# New 2013 Chevy Volt \$35,000!!!



!!! All prices plus applicable taxes and tag and dealer fee;  
price includes \$3,000 cash down payment or trade equity  
and \$2,000 tax credit and \$1,000 rebate.

Is this allowed by the Rules??

# **New 2013 Chevy Volt**

## **\$35,000!!!**



**!!! Price plus applicable taxes and tag and dealer fee; price based on \$3,000 cash down payment or trade equity and \$2,000 tax credit and \$1,000 rebate.**



The advertised  
price must include  
all fees or charges  
that the customer  
must pay

(except taxes, tag, registration  
and title) – 501.976(16)

**Is the advertised  
price \$35,000  
or  
\$42,000  
(\$999 dealer fee; \$3,000  
down; \$2,000 tax  
credit; \$1,000 rebate)**

**Who enforces the rules?**

**You**

# **WE DO NOT**

- ☛ Have Dealer Fees
- ☛ Have Salespeople
- ☛ Advertise with a LARGE partial payment that makes the price appear lower
- ☛ Have Fine print or Asterisks\*

**We will pay off  
your trade-in  
vehicle, no matter  
how much you owe!**

**Does the customer have a  
further obligation on the  
remaining loan balance?**



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## FTC Takes Action To Stop Deceptive Car Dealership Ads

### FTC Alleges Dealers Falsely Promised To Pay Off Trade-ins, No Matter What Consumers Owed

Five car dealers around the country have agreed to Federal Trade Commission settlement orders that require them to [stop running ads in which they promise to pay off a consumer's trade-in no matter what the consumer owes on the vehicle.](#)

The FTC charged that the ads, which ran on the dealers' websites and on sites such as YouTube.com, deceived consumers into thinking they would no longer be responsible for paying off the loan balance on their trade-in, even if it exceeded the trade-in's value (i.e., the trade-in had "negative equity"). Instead, the dealers rolled the negative equity into the consumer's new vehicle loan or, in the case of one dealer, required consumers to pay it out of pocket.



The proposed settlements, reached as part of the [FTC's ongoing efforts to protect consumers in financial distress](#), bar all of the dealers from making similar deceptive representations in the future. The cases are the first of their kind brought by the FTC. The Commission also issued a new consumer education publication titled ["Negative Equity Ads and Auto-Trade-ins"](#) to help consumers understand these types of ads.

#### E-mail this News Release

If you send this link to someone else, the FTC will not collect any personal information about you or the recipient.

#### Related Items:

##### [In the Matter of Key Hyundai of Manchester, LLC](#)

FTC File No. 112 3204

##### [In the Matter of Frank Myers AutoMaxx, LLC](#)

FTC File No. 112 3206

##### [In the Matter of Ramey Motors, Inc.](#)

FTC File No. 112 3207

##### [In the Matter of Billion Auto, Inc.](#)

FTC File No. 112 3209

- [Sample video ad spot - Billion Auto \(.wmv\)](#)
- [Sample video ad spot - Key Hyundai \(.wmv\)](#)
- [Sample video ad spot - Ramey Motors \(.wmv\)](#)



# NEW 2012 CHEVROLET **CRUZE**



AUDIO SYSTEM, AM/FM, CD PLAYER, MP3 PLAYBACK, 6-SPEAKER SYSTEM, TRUNK  
EMERGENCY RELEASE, TIRE PRESSURE MONITOR, REMOTE KEYLESS ENTRY, OIL LIFE  
MONITORING SYSTEM, POWER WINDOWS/LOCKS, AIR

STARTING FROM

**\$14,990**

**SAVE MORE GAS 42MPG!**

THANKS FOR READING THE FINE PRINT,  
PRICES PLUS \$3000 CASH OR TRADE.



Payments as  
low as  
\$499 a  
month

- Term
- Down payment

Dealer Fee  
Pre-delivery Service Fee  
Doc Fee

Is the dealer fee clearly, proximately  
and prominently displayed in  
a manner to draw the consumer's  
attention?



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March 1, 2004



Dear Mr. [REDACTED]

Recently, certain dealerships which have been subject to enforcement actions by this office have expressed a desire that our position as to specific acts and practices relating to advertisements for the sale of motor vehicles be clarified. One particular area of concern pertains to the method of disclosure of dealers fees.

Florida Statute 501 Part VI describes particular acts and practices which are considered unfair and deceptive, and thus actionable, under Florida's Deceptive and Unfair Trade Practices Act. Section 501.976 (16) states, in part, that:

**...The advertised price must include all fees or charges that the customer must pay, including freight or destination charge, dealer preparation charge, and charges for undercoating or rust-proofing. State and local taxes, tags, registration fees, and title fees, unless otherwise required by local law or standard, need not be disclosed in the advertisement....(emphasis added)**

In terms of traditional forms of advertising, including but not limited to print advertising, "advertised price" is the price most prominently displayed as to a particular vehicle. That price should include any and all fees or charges that the customer must pay, including dealer preparation fees, but excluding tax, tag, registration and title fees. From an enforcement standpoint, however, we look at the totality of the circumstances and evaluate each case independently. When deciding whether to initiate an action based on the advertisements of a particular dealership (where the issue concerns the disclosure of dealer fees), we consider numerous factors including, but not limited to:

- a) if the dealer fee is not included in the most prominent advertised price, is that additional fee **clearly, proximately and prominently** displayed in a manner that will draw the attention of the consumer;
- b) are there other facets of the advertisement (or series of advertisements) that would be considered unfair or deceptive;

# Questions?



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