

**Analysis of Proposed Consent Order to Aid Public Comment**  
***In the Matter of Norm Reeves, Inc., File No. 132-3151***

The Federal Trade Commission (“FTC”) has accepted, subject to final approval, an agreement containing a consent order from Norm Reeves, 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 motor vehicle dealer. According to the FTC complaint, respondent has advertised cars for leasing, and has also advertised financing offers. In connection with its advertising of lease offers, the complaint alleges, the respondent has advertised that consumers can pay “\$0” up-front to lease a car, and has depicted several cars in its advertisements to which this offer applies, listing a specific monthly lease payment for each such car. The complaint alleges that, in fact, for a \$0 up-front payment, consumers cannot lease the cars shown in the advertisements for the advertised monthly payment amounts, and that instead, consumers must also pay a security deposit and/or significant fees, including but not limited to an acquisition fee. The complaint alleges that, therefore, the respondent’s representations are false or misleading in violation of Section 5 of the FTC Act. In addition, the complaint alleges a violation of the Consumer Leasing Act and Regulation M for failing to clearly and conspicuously disclose the costs and terms of certain leases offered, despite the respondent’s use of certain triggering terms in the advertisements.

The complaint further alleges, in connection with its advertising of financing offers, that the respondent has advertised that it offers 0% APR financing on all new cars. According to the complaint, the respondent’s advertisements have failed to disclose adequately that consumers who finance more than a certain amount—*e.g.*, \$12,000—will be charged more than 0% APR.

The complaint alleges that, therefore

Part I.A prohibits the respondent from disclosing the interest rate, and the repayment obligation over the full term of the loan.  
Part I.B prohibits the respondent from misrepresenting any other terms of the sale, financing, or leasing of any vehicle.

Part II of the proposed order prohibits the respondent from making any representation regarding an annual percentage rate or other interest rate, unless the representation clearly and conspicuously discloses any material limitation on obtaining the rate, including whether different rates apply based on the amount financed, and if so, the different rates that apply.

Part III of the proposed order addresses the CLA allegation. It requires that the respondent clearly and conspicuously make all of the disclosures required by CLA and Regulation M when any of its advertisements states relevant triggering terms. In addition, Part III prohibits any other violation of CLA and Regulation M.

Part IV of the proposed order addresses the TILA allegation. It requires that the respondent make all of the disclosures required by TILA and Regulation Z when any of its advertisements states relevant triggering terms. In addition, Part IV prohibits any other violation of TILA and Regulation Z.

Part V of the proposed order requires respondent to keep copies of relevant advertisements and materials substantiating claims made in the advertisements. Part VI requires that respondent provide copies of the order to certain of its personnel. Part VII requires notification to the Commission regarding changes in corporate structure that might affect compliance obligations under the order. Part VIII requires the respondent to file compliance reports with the Commission. Finally, Part IX 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.