

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Edith Ramirez, Chairwoman**
 Julie Brill
 Maureen K. Ohlhausen
 Joshua D. Wright

In the Matter of

NORM REEVES, INC.,
 a corporation, also d/b/a
 Norm Reeves Honda Superstore

DOCKET NO. _____

COMPLAINT

The Federal Trade Commission, having reason to believe that Norm Reeves, Inc., a corporation also doing business as Norm Reeves Honda Superstore (“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 Regulation Z, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Norm Reeves, Inc. is a California corporation, also doing business as Norm Reeves Honda Superstore, with its principal office or place of business at 18500 Studebaker Road, Cerritos, California 90703. Respondent offers automobiles for sale or lease to consumers.
2. The acts or practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. Since at least March 16

- a. The following statement promoting “0% APR” financing on all new Hondas is prominently featured at or near the top of the advertisement:
- b. The advertisement also includes the following statement promoting 0% APR financing on new models of the “2012 Honda Civic Natural Gas”:
- c. However, the text in fine print below each of the statements depicted immediately above states that the 0% APR does not apply if consumers finance more than a certain amount. For example, the fine print under the statement promoting 0% APR financing on all new Hondas states the following:

0% APR financing available up to \$12,000 financed on approved tier one credit. 0% APR financing for 60 months on all new Honda models is \$16.67 per month per \$1,000 financed. If more than \$12,000 is financed, then the 0% goes to 0.9% on approved tier one credit. Dealer participation may affect consumer cost.

FEDERAL TRADE COMMISSION ACT VIOLATIONS

10. In truth and in fact, consumers cannot pay \$0 at lease inception to lease the vehicles shown in the advertisement for the advertised monthly payment amount. Consumers must also pay a security deposit and/or significant fees, including but not limited to an acquisition fee. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.
11. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II

Failure to Adequately Disclose APR

12. Through the means described in Paragraph 8, respondent has represented that consumers who finance new vehicles purchased from respondent will be charged 0% APR on the amount financed. Respondent has failed to disclose adequately that consumers who finance more than a certain amount will be charged more than 0% APR. This fact would be material to consumers. The failure to disclose this fact, in light of the representations made, was, and is, a deceptive practice.
13. Respondent's practices constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATION OF THE CONSUMER LEASING ACT AND REGULATION M

14. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("CLA additional terms") if they state any of several terms, such as the amount of any payment ("CLA triggering terms"). 15 U.S.C. § 1667c; 12 C.F.R. § 213.7.
15. Respondent's advertisements promoting consumer leases, including but not necessarily limited to

- a. That the transaction advertised is a lease.
 - b. The total amount due prior to or at consummation or by delivery, if delivery occurs after consummation.
 - c. Whether or not a security deposit is required.
 - d. The number, amount, and timing of scheduled payments.
 - e. With respect to a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the property, that an extra charge may be imposed at the end of the lease term.
17. Therefore, the practices set forth in Paragraph 16 of this Complaint have violated Section 184 of the CLA, 15 U.S.C. § 1667c, and Section 213.7 of Regulation M, 12 C.F.R. § 213.7.

VIOLATIONS OF THE TRUTH IN LENDING ACT AND REGULATION Z

18. Under Section 144 of the TILA and Section 226.24(d) of Regulation Z, as amended, th

THEREFORE, the Federal Trade Commission, this _____ day of _____, 2014, has issued this complaint against respondent.

By the Commission.

Donald S. Clark
Secretary