

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

COMMISSIONERS: Robert Pitofsky, Chairman
Mary L. Azcuenaga
Janet D. Steiger
Roscoe B. Starek, III
Christine A. Varney

In the Matter of)	
)	DOCKET NO. C-3674
)	
BUDGET RENT A CAR SYSTEMS, INC.,)	
a corporation.)	DECISION AND ORDER
)	
)	

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Seattle Regional Office 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; and

The respondent, its general counsel, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other

Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Budget Rent A Car Systems, Inc., is a Delaware corporation with its principal office and place of business located at 4225 Naperville Road, Lisle, Illinois 60532-3662.

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

ORDER

Definitions

For purposes of this order:

A. "Turnback" means any preset price, premium, bonus, or formula that could result in respondent receiving more than the vehicle's fair market value upon repurchase by the vehicle's original vendor, financier, or their designee.

B. "Fair market value" means the vehicle's price as listed in an industry-wide and generally accepted publication or directory of used car values, or the resale price received in a commercially reasonable sale.

C. "LDW" means any option that respondent offers that limits or eliminates a renter's liability to respondent for loss of or damage to the respondent's vehicle during the pendency of the rental agreement.

D. "Insurance" means the renter's own standard vehicle

A. Failing to disclose, clearly and prominently, in connection with any representation relating to the renter's liability for loss of or damage to a rental vehicle, including any representation about LDW, that in the event of loss of or

IT IS FURTHER ORDERED that respondent, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any partnership, corporation, subsidiary, division, or other device, in connection with the promoting, offering for rental, or rental of any vehicle, in or for any rental location where it seeks loss of turnback or turnback value in any form for vehicles rented in that location, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, does forthwith cease and desist from misrepresenting, in any manner, directly or by implication:

(1) the obligation of the renter to make any payment as the result of the loss of or damage to a rental vehicle; and

(2) the value of a vehicle that has been lost or damaged.

III.

IT IS FURTHER ORDERED that no provision of this order is intended to preempt any state law, regulation, or administrative interpretation that may limit or prevent respondent from collecting loss of turnback from a renter.

IV.

IT IS FURTHER ORDERED that respondent shall pay into an interest-bearing escrow account designated by the Commission, under the control of the Commission's designated agent, the sum of \$75,000 on or before five days from the date of service of this order. This shall fully satisfy all monetary claims asserted by the Commission in the complaint filed herein against this respondent and shall be used to provide redress to consumers who made a payment to respondent and to pay any attendant expenses of administration. If the Commission determines, in its sole discretion, that redress to consumers is wholly or partially impracticable, any funds not so used shall be deposited into the United States Treasury. No portion of respondent's payment shall be deemed a payment of any fine, penalty, or punitive assessment. Respondent shall be notified as to how funds are disbursed but shall have no right to contest the manner of distribution chosen by the Commission.

V.

IT IS FURTHER ORDERED that respondent shall, for three years from the date of service upon it of this order, distribute, or cause to be distributed, a copy of this order to all present and future division, regional, branch, and subrogation managers who have management responsibilities relating to the collection of collision or theft damages from renters.

VI.

IT IS FURTHER ORDERED that respondent shall, for three years from the date of service of this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying all documents relating to compliance with this order.

VII.

IT IS FURTHER ORDERED that respondent shall, for 10 years from the date of service of this order, notify the FTC in writing at least 30 days prior to the effective date of any proposed change in its corporate structure, such as dissolution, assignment, or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries, or any other changes in the corporation that may affect compliance obligations arising out of this order.

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ISSUED: June 17, 1996