

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION

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In The Matter of )  
 )  
 ) DOCKET NO. C-3712  
AMERICAN ISUZU MOTORS INC., )  
a corporation. )  
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COMPLAINT

The Federal Trade Commission, having reason to believe that American Isuzu Motors Inc., a corporation ("respondent" or "Isuzu"), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. §§ 45-58, as amended, the Consumer Leasing Act, 15 U.S.C. §§ 1667-1667e, as amended, and its implementing Regulation M, 12 C.F.R. § 213, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent American Isuzu Motors Inc. is a California corporation with its principal office or place of business at 2300 Pellissier Place, Whittier, California 90601. Respondent distributes Isuzu vehicles.
2. Respondent has disseminated advertisements to the public that promote consumer leases, as the terms "advertisement" and "consumer lease" are defined in Section 213.2 of Regulation M, 12 C.F.R. § 213.2, as amended.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
4. Respondent has disseminated or has caused to be disseminated consumer lease advertisements ( "lease advertisements ") for Isuzu vehicles, including but not necessarily limited to the attached Isuzu Exhibits A through C. Isuzu Exhibits A through C are television lease advertisements (attached in video and storyboard format). These advertisements contain the following statements:

A. [Audio:] "Hey, hey, hey, hey. What the heck does this mean? Very simply, it means for \$999 down, you can lease a brand new Trooper for only \$319 a month."

[Video:] "THE TROOPER LEASE EXPLAINED.  
[highlighted in yellow].

\$319 MONTH FOR 24 MONTHS.

\$999 CUSTOMER CAPITALIZED COST REDUCTION.  
[highlighted in yellow]. "

[The advertisement contains the following lease disclosure which appears on the screen for a brief duration, in a scrolling format, interrupted or obscured by other images, and accompanied by background sound: "\*ADVERTISED PAYMENT APPLICABLE TO 4WD TROOPER S MODEL MANUAL TRANSMISSION ONLY. First month's payment of \$319 plus a refundable Security Deposit of \$350 (or a non-refundable last month's payment in IL, IN, KS, ME, and NY) plus a customer down payment of \$999 for a total of \$1,668 due at lease signing. Based on a 24 month low mileage closed-end lease offered to qualified customers by GE Capital Auto Lease through participating dealers through June 30, 1994 -- Subject to availability. Prices based on \$23,000 MSRP and capitalized cost of \$20,075 for a 1994 model Isuzu Trooper S with manual transmission including destination charges and a dealer capitalized cost reduction of \$2,376, excluding taxes, registration, title, license, dealer prep, options and other charges. Prices/monthly payments may vary. 24 monthly payments total \$7,660 plus tax as applicable. Option to purchase at lease end for \$14,030 plus a \$250 purchase option fee. Lessee pays for maintenance, insurance, repairs, excessive wear and tear and mileage charges of up to .15 cents per mile over 24,000 miles at lease end. Program not available in Alaska. 800-726-9200. See your participating Isuzu dealer for details."]  
(Isuzu Exhibit A).

B. [Audio:] "Okay. It says here for \$1,999 down you can lease a Trooper LS with standard dual airbags for just \$339 a month.

[The advertisement contains the following lease disclosure which appears on the screen for a brief duration, in a scrolling format, interrupted or obscured by other images, and accompanied by background sound: "First month's payment of \$339, a refundable Security Deposit of \$350 (or a non-refundable last month's payment of \$339, in IL, IN, KS, ME, and NY) and a customer capitalized cost reduction of \$1,999 for a total of \$2,688 due at lease signing. Total monthly payments: \$10,170. Taxes, license, title fees, options and insurance are extra. 30 month, closed-end lease example based on \$30,425 MSRP (includes destination charge), a dealer capitalized cost reduction of \$2,995 and a total capitalized cost of \$25,926. Your payments may be higher or lower. Option to purchase at lease end for \$19,472 plus \$250 purchase option fee. Mileage charge of \$.15 per mile over 30,000 miles. Lessee pays excessive wear and use. You must take retail delivery out of dealer stock by July 10, 1995. Program not available in Alaska. 800-726-9200. See your participating dealer for details." ] (Isuzu Exhibit B).

- C. [Audio:] "Now you can drive off-road without getting soaked. The Rodeo Lease. See your dealer for details."

[Video:] "\$249/MO. The 1993 Rodeo Lease."

[The advertisement contains the following lease disclosure in white fine print superimposed over a black background and accompanied by background sound: "ADVERTISED PAYMENT APPLICABLE TO THE RODEO S MODEL ONLY. OPTIONAL EQUIPMENT SHOWN. First month's payment of \$249 plus refundable security deposit of \$249 (or non-refundable last month's payment in IL, IN, KS, ME and NY), plus a customer capitalized cost reduction of \$1,000 for a total of \$1,498 due at lease signing. Based on a 36-month closed-end lease offered to qualified consumers by GE Capital Auto Lease through participating dealers through 3/31/93. Subject to availability. Prices based on \$\_\_\_\_ MSRP and a capitalized cost of \$\_\_\_\_ for a 1993 Isuzu Rodeo \_\_\_\_ with manual transmission, including destination charges, excluding taxes, registration, title, license, dealer prep., options and charges. Dealer \_\_\_\_ monthly payments may vary. 36 monthly payments total \$\_\_\_\_ plus tax as applicable. Option to purchase at lease end for

\$\_\_\_\_\_ plus a \$250 disposition fee. Lessee pays for maintenance, insurance, repairs, excessive wear and tear, and mileage charges of up to .15 cents/mile over 45,000 miles at lease end. Lease program not available in Alaska and Hawaii. See your participating Isuzu dealer for details." The fine print is displayed on the screen in a block of print containing 11 lines and appearing on the screen for approximately three seconds.] ( Isuzu Exhibit C).

Federal Trade Commission Act Violations  
COUNT I: Misrepresentation in Lease Advertising

5. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that the amount stated as "down" in respondent's lease advertisements is the total amount consumers must pay at lease inception to lease the advertised vehicles.

6.

an amount "down.