

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION

_____	)	
In The Matter of	)	
	)	
NORRISTOWN AUTOMOBILE CO., INC.,	)	DOCKET NO. C-3922
a corporation,	)	
	)	
also d/b/a/ NORRISTOWN FORD, and	)	
	)	
WILLIAM MILLIKEN,	)	
individually and as an	)	
officer of the corporation.	)	
_____	)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Norristown Automobile Co., Inc., a corporation, doing business as Norristown Ford, and William Milliken, individually and as an officer of the corporation, ("respondents"), have 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. §§ 1667-1667f, as amended, and its implementing Regulation M, 12 C.F.R. § 213, as amended, and the Truth in Lending Act, 15 U.S.C. §§ 1601-1667, as amended, and its implementing Regulation Z, 12 C.F.R. § 226, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Norristown Automobile Co., Inc. is a Pennsylvania corporation with its principal office or place of business at Ridge Pike, Norristown, Pennsylvania 19404. Respondent offers automobiles for sale or lease to consumers.

2. Respondent William Milliken is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, controls, and participates in the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

3. Respondents have 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.

4. Respondents have disseminated advertisements to the public that promote credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended.

5. The acts and practices of respondents 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.

6. Respondents have disseminated or have caused to be disseminated advertisements promoting consumer leases ("lease advertisements") and credit sales ("credit advertisements") for automobiles, including but not necessarily limited to the attached Norristown Exhibits A and B. Norristown Exhibits A and B are advertisements in the print media. These lease and/or credit advertisements contain the following statements:

A.

[Norristown Exhibit A states numerous lease and credit offers, including:]

**"NEW 1998 FORD**

All leases are closed end with 1st month payment, security deposit, bank fee, tax and tags due at lease signing. All purchase prices exclude title, tax and tags. . . ."] (Norristown Exhibit A)

B.

[Norristown Exhibit B states numerous lease and credit offers, including:]

**"FINANCING\***

AS **0.9%** . . .  
LOW  
AS

NEW 1998 FORD  
**TAURUS SE SEDAN . . .**

MSRP.....\$20,425  
Rebate.....\$750  
College Grad.....\$400  
Cash or Trade.....\$3,000  
Norristown Discount..\$2,360

**BUY \$13,915**  
FOR

OR **\$195** PER  
LEASE MONTH  
FOR 24  
MONTHS"

[A fine print disclosure at the bottom of the ad states, ". . . Prices and payments on new vehicles and special purchase vehicles are with \$3000 down cash or trade. All rebates including recent 24 months college grad rebate applied. All leases are closed end with 1st month payment, security deposit, bank fee, tax and tags due at lease signing. All purchase prices exclude title, tax and tags. . . ."] (Norristown Exhibit B)

FEDERAL TRADE COMMISSION ACT VIOLATIONS



CONSUMER LEASING ACT AND REGULATION M VIOLATIONS  
Count III: Failure to Disclose, and/or Failure to Disclose  
Clearly and Conspicuously, Required Information

13. Respondents' lease advertisements, including but not necessarily limited to Norristown Exhibits A and B, state a monthly payment amount and downpayment amount, but fail to disclose, and/or fail to disclose clearly and conspicuously, certain additional terms required by the Consumer Leasing Act and Regulation M, including one or more of the following terms:

- 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. This total amount may: 1) exclude third-party fees that vary by state or locality, such as taxes, licenses, and registration fees, and disclose that fact or 2) provide a total that includes third-party fees based on a particular state or locality as long as that fact and the fact that such fees may vary by state or locality are disclosed;
- c. whether or not a security deposit is required;
- d. the number, amounts, and timing of scheduled payments;  
and
- e. that an extra charge may be imposed at the end of the lease term in a lease where the liability of the consumer is based on the difference between the

downpayment amount more prominently than the disclosure of the total amount due at lease signing, in violation of Section 213.7(b)(1) of Regulation M, 12 C.F.R. § 213.7(b)(1).

17. Respondents' practices have violated Section 213.7(b)(1) of Regulation M, 12 C.F.R. § 213.7(b)(1).

TRUTH IN LENDING ACT AND REGULATION Z VIOLATIONS  
C02nC.F.Ri2.mSD(iRégulationM, rbtDh)2h8byFT)Cn7Tb)017:4tal annual 12