

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

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

In the Matter of

NEW WORLD AUTO IMPORTS, INC.,
d/b/a Southwest Kia a corporation,

NEW WORLD AUTO IMPORTS OF
ROCKWALL, INC.,
d/b/a Southwest Kia, and Southwest Kia of
Rockwall, a corporation,

and

HAMPTON TWO AUTO
CORPORATION,
d/b/a Southwest Kia, Southwest KiaNW,
and Southwest Kia Mesquite a corporation.

DOCKET NO. _____

COMPLAINT

The Federal Trade Commission, having reason to believe that New World Auto Imports, Inc., d/b/a Southwest Kia, a corporation, New World Auto Imports of Rockwall, Inc. d/b/a Southwest Kia and Southwest Kia of Rockwall, a corporation, and Hampton Two Auto Corporation, d/b/a Southwest Kia, Southwest Kia-NW, and Southwest Kia Mesquite, a corporation (respondents), have violated provisions of the Federal Trade Commission Act ("FTC Act"), the Truth in Lending Act ("TILA"), and its implementing Regulation Z, and the Consumer Leasing Act ("CLA"), and its implementing Regulation M, and appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent New World Auto Imports, Inc., d/b/a Southwest Kia ("New World Auto") is a Texas corporation with its principal office or place of business at 39650 Lyndon B. Johnson Freeway, Dallas, TX 75237. New World Auto offers automobiles for sale or lease to consumers.
2. Respondent New World Auto Imports of Rockwall, Inc. d/b/a Southwest Kia and Southwest Kia of Rockwall ("New World Auto Rockwall") is a Texas corporation with

its principal office or place of business at 1790 East Interstate 30, Rockwall, TX 75087. New World Auto Rockwall offers automobiles for sale or lease to consumers.

3. Respondent Hampton Two Auto Corporation, d/b/a Southwest Kia, Southwest Kia- and Southwest Kia Mesquite ("Hampton Two Auto") is a Texas corporation with its principal office or place of business at 1919 Oates Drive, Mesquite, TX 75150. Hampton Two Auto offers automobiles for sale or lease to consumers.
4. The acts or practices of respondents 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.
5. Since at least April 2012, respondents have disseminated or caused to be disseminated advertisements to the public promoting the purchase and finance of automobiles. Since at least April 2013, respondents have disseminated or caused to be disseminated advertisements to the public promoting the leasing of automobiles.
6. Respondents have disseminated or caused to be disseminated advertisements to the public promoting credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms "advertisement," "closed credit," "credit sale," and "consumer credit" are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended.
7. Respondents have disseminated or caused to be disseminated advertisements promoting

While these representations appear on screen over states, “\$0 down delivers a brand new Kia Soul for only \$209 a month” and “you can drive a brand new Kia Soul for \$0 down, and only \$209 a month.”

Also, for part of the time while these representations appear on screen

Based on the terms set forth in small text, consumers' monthly payments will amount to a fraction of the total cost of the vehicle. Consumers thus will be able to pay a balloon payment of many thousands of dollars for this transaction

10. Other examples of the credit advertisements that respondents have disseminated or caused to be disseminated have been posted on these companies' websites at southwestkia.com (ads for New World Auto, New World Auto Rockwall and Hampton Two Auto); Southwestkia.rockwall.com(ads for New World Auto Rockwall); and Southwest Kia-Mesquite.com (ads for Southwest Kia-Mesquite). The screenshot of an ad at www.Southwestkia.com attached as Exhibit E-F depicts a new Kia Optima and new Kia Sorento.

Exhibit E-1 depicts the landing page at www.Southwestkia.com, showing the Kia Optima with the following prominent offer. Exhibit E-2 depicts the landing page at www.Southwestkia.com, showing the Kia Sorento with the following prominent offer.

2013 KIA OPTIMA **\$27** DOWN & **\$189** MONTH*

2013 KIA SORENTO **\$27** DOWN & **\$239** Mo*

Beneath the offers are blurred, miniscule fine print statements that are illegible. Links to additional information appear in small print at the bottom of the offers.

Exhibit F depicts the page that is shown when consumers click the above links. The page shows the same vehicles and prominent offers

2013 KIA OPTIMA **\$27** DOWN & **\$189** MONTH*

2013 KIA SORENTO **\$27** DOWN & **\$239** Mo*

At the bottom of this screen are two fine print statements, one for the Optima and another for the Sorento:

- a. Optima fine print statement:

38 Month KMP retail balloon @ 189.00 per month w/ \$27 down . . .
Balloon payment of \$11,740 (52%). \$289 Payment based on .70% APR
With KMF balloon program . . .

- b. Sorento fine print statement:

38 Month KMF retail balloon @ 239.00 per month w \$27.00 down . . .

Balloon payment of \$12,187.50 (50%). Payment based on 1.8% APR with KMF balloon program.. .

Based on the terms set forth in fine print, consumers' monthly payments will amount to a fraction of the total cost of the vehicles. Consumers thus will be able to go pay a balloon payment of many thousands of dollars for these transactions.

11. Examples of the lease advertisements that respondents disseminated or caused to be disseminated have been posted on these companies' websites at Southwest Kia.com (ads for New World Auto, New World Auto Rockwall and Hampton Two Auto); Southwest Kia-Rockwall.com (ads for New World Auto Rockwall); and Southwest Kia-Mesquite.com (ads for Southwest Kia-Mesquite). The screenshot of an ad at www.Southwestkia.com attached as Exhibit H depicts a new Kia Soul, Kia Optima, and Kia Sorento.

Exhibit G depicts the landing page at www.Southwestkia.com, with the Kia Soul, Kia

