

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

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

In the Matter of

**CITY NISSAN INC.,
a corporation, also d/b/a
Ross Nissan of El Monte**

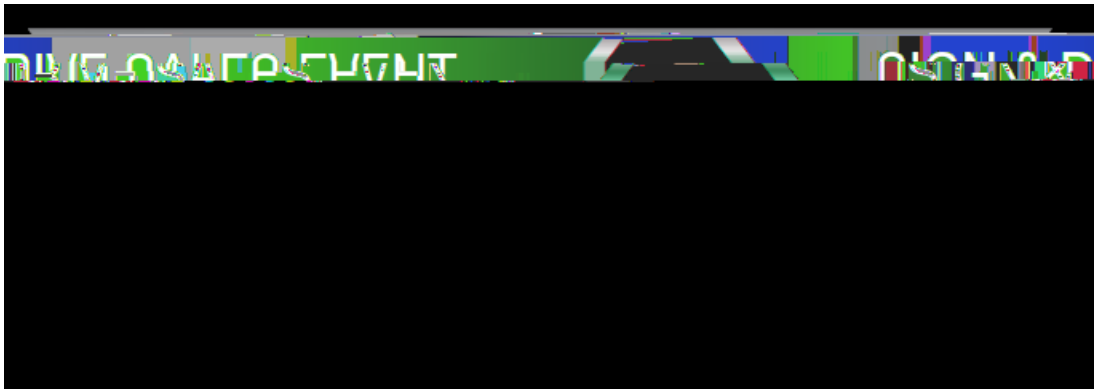
DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that City Nissan Inc. (“City Nissan”), a corporation also doing business as Ross Nissan of El Monte (“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 City Nissan Inc. is a Delaware corporation, also doing business as Ross Nissan of El Monte, with its principal office or place of business at 3428 N. Peck Road, El Monte, CA 91731. 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 August 2012, respondent has disseminated or caused to be disseminated advertisements to the public promoting the purchase, finance, and leasing of automobiles

6. Respondent has placed numerous such advertisements promoting consumer leases for automobiles, or promoting credit sales and other extensions of closed-end credit in consumer credit transactions, in various newspapers, including but not limited to the *Los Angeles Times*, the *San Gabriel Valley Tribune*, the *Pasadena Star*, and *La Opinion*, and also in the *Pennysaver*.
7. Respondent's advertisements deceptively promote lease offers.
8. A copy of one such advertisement, which respondent ran in the *Los Angeles Times*, is attached as Exhibit A. This full-page advertisement contains the statements and depictions described in parts a through e of this Paragraph, below. Respondent has run other advertisements in other editions of the *Los Angeles Times*, in the *San Gabriel Valley Tribune*, and in the *Pasadena Star*, that contain substantially similar statements and depictions.
 - a. The following statement is prominently featured at the top of the advertisement attached as Exhibit A:



- b. Immediately below these "\$0" representations, the advertisement offers three Nissan vehicles for lease ("on approved credit").
 - i. The first vehicle offered for lease is a new 2013 Nissan Sentra SV for \$99 per month plus tax for a 24-month lease.
 - ii. The second vehicle offered for lease is a new 2013 Nissan Rogue S for \$149 per month plus tax for a 39-month lease.
 - iii. The third vehicle offered for lease is a new 2013 Nissan Pathfinder for \$249 per month plus tax for a 39-month lease.
 - c. Although other vehicles are listed for sale in the advertisement, these three vehicles are the only vehicles that are offered for lease in the advertisement.
 - d. Near the bottom of the advertisement, below multiple pictures of other vehicles, the following statements appear in minuscule white type against a black background:

\$99 a month- 24-month lease with \$0 security deposit. \$4100 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 24,000 miles at 15¢ per mile. On approved credit.

\$149 a month 39-month lease with \$0 security deposit. \$5400 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

\$249 a month 39 month lease with \$0 security deposit. \$3113 due at lease signing plus registration and taxes. Lessee responsible for mileage in excess of 39,000 miles at 15¢ per mile. On approved credit.

- e. Thus, the amount that consumers who wanted to lease these vehicles were required to pay to “drive off” with these vehicles was substantially more than the “\$0” that is prominently stated at the top of the advertisements.
9. Respondent has run similar advertisements, written in Spanish, in *La Opinion*. A copy of one such Spanish-language advertisement is attached as Exhibit B. This full-page advertisement contains the statements and depictions described in parts a through f of this Paragraph, below. One or more other advertisements that respondent ran in other editions of *La Opinion* contain substantially similar statements and depictions.
- a. The following statement is prominently featured at the top of the advertisement attached as Exhibit B: “EVENTO DE FIRME Y MANEJE” \$0 DE PAGO INICIAL,” “\$0 DE ENGANCHE,” “\$0 AL FIRMAR EL ARRENDAMIENTO.”

- ii. The second vehicle offered for lease is a “NUEVO 2013 NISSAN ROGUE S ARRIENDE POR \$149 AL MES + IMPUESTOS 1 A ESTOS TERMINOS* 39-MESES DE ARRENDAMIENTO.” (This translates to mean “NEW 2013 NISSAN ROGUE S FOR \$149 PER MONTH + TAXES 1 AT THESE TERMS* 39-MONTH LEASE.”) 39-g-5(R)-121()Tj EM2 /6Body <</M60S0 9.9R9OB0

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a. The ad promotes “0 DOWN PAYMENT” in the top right corner, in large bold print, followed in very fine print with the statement “on select Nissan models.” These statements are surrounded by three boxes that promote lease deals on three different vehicles, including a 2013 Nissan Sentra offered at \$99 per month, a 2013 Nissan Rogue S for \$149 per month, and a 2013 Nissan Pathfinder for \$249 per month. These three are the only vehicles in the ad for which specific lease or finance deals are offered. The statements described herein as they appear in the advertisement are depicted below:

b. Various other vehicles are then depicted in the ad, each adjacent to a sales price. Further down the page, below these depictions of vehicles offered for sale, the following statements appear in minuscule white type against a black background:

\$99/Month – 24 month lease with \$0 security deposit.

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12. A copy of one such advertisement, which appeared in the *Pennysaver*, is attached as Exhibit D. This advertisement contains the statements and depictions described in parts a through d of this Paragraph, below. Other advertisements of respondent that appeared in one or more other editions of the *Pennysaver* contain substantially similar statements and depictions.

a. The ad prominently promotes “\$0 DOWN” and “0% APR FINANCING” in the top left corner, in large bright print, followed in very fine print with the statement “on select Nissan models.” These statements as they appear in the advertisement attached as Exhibit D are depicted below:



b. A row of three photographs of three different vehicles immediately follows these statements, with a monthly payment amount prominently featured next to each vehicle, including a 2005 Nissan Sentra S offered at \$99 per month, a 2003 Honda CR-V EX offered at \$139 per month, and a 2006 Honda CR-V EX offered at \$159 per month. A small asterisk follows each of the three dollar amounts. These three are the only vehicles in the ad for which specific finance deals are offered.

c. Below the row of photographs depicting these three finance offers, various other vehicles are depicted, each adjacent to a sales price. Further down the page, below the depictions of the vehicles offered for sale, the following statements appear in minuscule white type against a black background:

*\$7,995 purchase price plus tax and license. 60-monthly terms with \$3500 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

\$10,995 purchase price plus tax and license. 60-monthly terms with \$5000 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

\$12,995 purchase price plus tax and license. 60-monthly terms with \$6000 down payment. 4.0% APR rate with 720+ FICO. On approved credit.

d. Thus, the amount of the down payment that a consumer who wanted to purchase any of these three cars was required to make was substantially more than the “\$0” that is prominently stated at the top of the advertisements, and the annual percentage rate for financing any of these three cars was significantly greater than “0%.”

*\$125/month

\$7995 Precio más impuestos y licencia. 60 pagos mensuales con \$3500 de enganche. 3.9% de APR con calificación de crédito FICO de 720+. Con crédito aprobado. (This translates to mean: “\$7995 Price, plus taxes and license. 60 monthly payments with \$3500 down payment. 3.9% APR for qualified FICO credit [score] of 720+. With credit approved.”)

FEDERAL TRADE COMMISSION ACT VIOLATIONS

Count I

Misrepresentation of Amount Due at Lease Inception

15. Through the means described in Paragraphs 8 through 10, respondent has represented, expressly or by implication, that consumers can pay \$0 at lease inception to lease the vehicles shown in the advertisement

finance the vehicles shown in the advertisements for the advertised monthly payment amount.

22. In truth and in fact, the annual percentage rate that respondent is offering to finance the vehicles shown in the advertisements for the advertised monthly payment amount is substantially greater than 0%. Therefore, the representation set forth in Paragraph 21 was, and is, false or misleading.
23. 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).

