

In the Matter of

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

DOCKET NO.C-4524

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

\$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.

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\$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: hA(18(hA(18(hA(18\$e2fO DE(s)-1(s)-FTJ 3I)Tw RTc 0Me)4(E(s)-1Y1

- 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. \$4100 due at lease sigO6v53(t leySe leySe leySe leySe 1)-3(a)

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:

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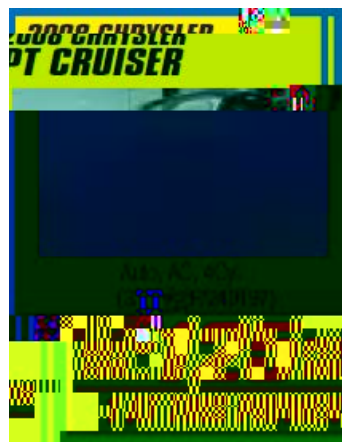
13. A copy of another advertisement that promotes offers of closed-end credit, which Respondent ran in the *Los Angeles Times*, is attached as Exhibit E. This full-page advertisement contains the statements and depictions described in parts a through c of this Paragraph, below. Respondent ran other advertisements in other editions of the *Los Angeles Times*, as well as in the *San Gabriel Valley Tribune*, that contain substantially similar statements and depictions.

a. The ad prominently promotes 1.99% APR financing for a term of up to 48 months. These statements as they appear in the advertisement attached as Exhibit E are depicted below:



The advertisement does not disclose the amount or percentage of the down payment, or the full terms of repayment, that are associated with this offer.

b. The bottom half of the advertisement attached as Exhibit E, which begins immediately below the statements that are described in part a of this Paragraph, includes multiple rows and columns of photographs of vehicles offered for sale. Immediately below each photograph is a boldly printed dollar figure. The far-left column consists of three photographs of three different vehicles, next to each of which is printed a monthly payment amount: \$125 for the first, \$165 for the second, and \$175 for the third. No asterisks or other symbols prompt consumers to look for disclosures elsewhere in the ad. For example, the following is a copy of the photo and information that is printed at the top of the far-left column:



c. Toward the bottom of the advertisement, below the multiple rows of photographs, the following statements appear in minuscule white type against a medium blue background:

*\$125/month - \$10,995 plus tax and license. 60 months at 3.9% APR. \$5000 down payment. 720+ FICO score. On approved credit. \$165/month: \$11,995 plus tax and license. 60 months at 4.9% APR. \$4500 down payment. 720+ FICO score. On approved credit. \$175/month - \$10,995 plus tax and license. 60 months at 3.9% APR. \$2800 down payment. 720+ FICO score. On approved credit.

14. Respondent has also run advertisements, written in Spanish, in *La Opinion*, that promote offers of closed-end credit. A copy of one such Spanish-language advertisement is attached as Exhibit F. This full-page advertisement contains the statements and

\$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 advertisements for the advertised monthly payment amount.
16. In truth and in fact, consumers cannot pay \$0 at lease inception to lease the vehicles shown in the advertisements for the advertised monthly payment amount. Therefore, the representation set forth in Paragraph 15 was, and is, false or misleading.
17. 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).

Count II

Misrepresentation of Amount of Down Payment

18. Through the means described in Paragraph 12, Respondent has represented, expressly or by implication, that consumers are not required to make any down payment to finance the vehicles shown in the advertisements for the advertised monthly payment amount.
19. In truth and in fact, consumers are required to make a down payment to finance the vehicles shown in the advertisements for the advertised monthly payment amount. Therefore, the representation set forth in Paragraph 18 was, and is, false or misleading.
20. 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).

Count III

Misrepresentation of Amount of the Annual Percentage Rate

21. Through the means described in Paragraph 12, Respondent has represented, expressly or by implication, that Respondent is offering consumers an annual percentage rate of 0% to 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).

VIOLATION OF THE CONSUMER LEASING ACT AND REGULATION M

24. Under Section 184 of the CLA and Section 213.7 of Regulation M, advertisements promoting consumer leases are required to make certain disclosures ("CLA additional terms") if they state any of several terms, such as the amount of any payment ("CLA triggering terms"). 15 U.S.C. § 1667c; 12 C.F.R. § 213.7.
25. Respondent's advertisements promoting consumer leases, including but not necessarily limited to the advertisements described in Paragraphs 8 through 10, are subject to the requirements of the CLA and Regulation M.

Count IV

Failure to Disclose or to Disclose Clearly and Conspicuously Required Lease Information

26. Respondent's advertisements promoting consumer leases, including but not necessarily limited to the advertisements described in Paragraphs 8 through 10, have included CLA triggering terms, but have failed to disclose or to disclose clearly and conspicuously CLA additional terms required by the CLA and Regulation M, including one or more of the following:
 - 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.
 - c. Whether or not a security deposit is required.
 - d. The number, amount, and timing of scheduled payments.
 - e. With respect to a lease in which the liability of the consumer at the end of the lease

VIOLATIONS OF THE TRUTH IN LENDING ACT AND REGULATION Z

28. Under Section 144 of the TILA and Section 226.24(d) of Regulation Z, as amended, advertisements promoting closed-end credit in consumer credit transactions are required to make certain disclosures (“TILA additional terms”) if they state any of several terms, such as the monthly payment (“TILA triggering terms”).
29. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 12 through 14, are subject to the requirements of the TILA and Regulation Z.

Count V

Failure to Disclose or Disclose Clearly and Conspicuously Required Credit Information

30. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraphs 12 through 14, have included TILA triggering terms, but have failed to disclose or disclose clearly and conspicuously TILA additional terms required by the TILA and Regulation Z, including one or more of the following:
 - a. The amount or percentage of the downpayment-the dow failed to disclose or disc10(g)10(t)-12(e)