

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION

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

COMPLAINT

The Federal Trade Commission, having reason to believe that Matt Blatt Inc. and Glassboro Imports, LLC (collectively, "Respondents") have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges

1. Respondent Matt Blatt Inc. also doing business as Matt Blatt KIA and as Matt Blatt Egg Harbor Township ("Matt Blatt Inc."), is a New Jersey corporation, with its principal place of business at 6211 Black Horse Pike, Egg Harbor Township, New Jersey 08234. At all times material to this Complaint, Matt Blatt Inc. has advertised, marketed, distributed, or sold a

3. 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.

### Business Practices

4. Since at least November 2009, Respondents have advertised, marketed and sold a “Biweekly Payment Plan” (also referred to as the “Biweekly Payment Program”) as an add-on service to consumers financing the purchase of automobiles. Under the Biweekly Payment Plan consumers make payments on their auto financing contract to a third-party company—National Payment Network, Inc. (“NPN”)—rather than to their financing entity (e.g., a finance company or a bank), and this third-party company makes payments to the financing entity on the consumers’ behalf. In many instances, when enrolling consumers in the Biweekly Payment Plan, Respondents, without the savings it will provide to consumers, fail to disclose that the significant fees in connection with the program are not offset by any savings. Respondents also fail to disclose the total amount of these fees, which add up to more than \$775 on a standard five-year auto financing contract.

#### *The Biweekly Payment Plan Is a Third-Party Add-On Service*

5. Respondents have entered into agreements with NPN that describe the Biweekly Payment Plan, including its associated fees, and authorize Respondents to advertise and sell the Biweekly Payment Plan to consumers. Pursuant to these agreements, Respondents receive training and marketing materials, as well as person training on how to describe and sell the Biweekly Payment Plan. Respondents receive a commission for each consumer that Respondents enroll in a Biweekly Payment Plan. Between July 2011 and December 2013, Respondents enrolled approximately 1,084 consumers in a Biweekly Payment Plan.

6. Most consumers learn about the Biweekly Payment Plan after they Tw [ pr lanole Td [(R)35.0

8. Under a traditional monthly payment plan, consumers make 12 monthly payments each year to their financing entity. Under the Biweekly Payment Plan sold by Respondents, consumers make 26 biweekly payments each year to NPN, which then makes a total of 13 monthly payments to the consumer's financing entity. Thus, under the payment program, consumers make one additional payment a year as compared to a traditional monthly payment plan.

9. Under the Biweekly Payment Plan sold by Respondents, consumers pay significant fees that they would not pay if they were making payments directly to the financing entity. Specifically, NPN charges fees that total more than \$775 on a standard five-year automotive financing contract:

- First, every consumer enrolling in the Biweekly Payment Plan is assessed a Deferred Enrollment Fee of \$399. NPN debits a portion of this fee from consumers during the first month of the contract and the remainder from the extra payments made by consumers in the early years of the program by paying biweekly. Only after consumers have paid the entire enrollment fee does NPN send any of the extra payments to the consumers' financing entity.
- In addition to the \$399 enrollment fee, in many instances, consumers who enroll in the Biweekly Payment Plan are charged a \$25 "cancellation fee" by NPN. This often occurs even when consumers "cancel" because they had completed the Biweekly Payment Program or had finished paying off their financing contract.
- A processing fee is also added to every debit from consumers' banks accounts through the Biweekly Payment Plan. The fee is currently \$2.99 per debit, but has ranged from \$1.95 up to \$2.99 per debit in prior years. Over the life of a standard five-year automotive financing contract, a \$2.99 per debit fee amounts to more than \$3509 in extra payments.

12. Respondents' savings claims do not account for the Biweekly Payment Plan's significant fees, which, as noted above, amount to more than \$775 on a standard 30-year financing contract.

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