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I. Introduction

Good morning. And thank you for having me here today to talk about the Federal Trade Commission's ongoing work to protect consumers and educate dealers in the auto marketplace. We have enjoyed a very constructive, decades-old partnership with NIADA that has helped improve dealers' understanding of how to comply with the fundamental consumer protection laws we enforce. In fact, just last week, with NIADA's significant assistance, the Commission released a detailed set of Frequently Asked Questions and answers for auto dealers on the recently-amended Used Car Rule. Given our work together, and the vital role that you play in the industry, I am very pleased to be joining you today.

I should also note that the views I express are my own and do not necessarily reflect the views of the Commission or any individual Commissioner.

This morning, I plan to talk primarily about two things. First, I want to discuss the FTC's recent approach and priorities under the leadership of Acting Chairman Ohlhausen. Second, I plan to talk about our recent and ongoing work in the auto marketplace – including our law enforcement work. But I also want to emphasize our significant work to provide useful business guidance and our other important outreach efforts to help market participants stay on the right side of consumer protection law.

Overall, in keeping with the Acting Chairman's goals for the agency,

1. Deceptive Advertising Claims

Of course, one fundamental principle that underlies the FTC's enforcement efforts is that dealers should make truthful advertising claims to consumers. When they fail to do so, they harm not only consumers, but also competitors who are complying with the law. The agency has taken a variety of actions to stop dealers from making deceptive claims about important aspects of auto transactions.

Deceptive purchasing, financing and leasing claims. The Commission has brought a number of recent cases against dealers

typical consumer. For instance, in last year's *Progressive Chevrolet* matter, the Commission issued an order against auto dealers who advertised attractive lease terms, like "zero down," when in fact fewer than 20% of consumers would qualify for these terms based on credit score requirements. The dealers in this case allegedly buried this important restriction in a confusing fine print disclaimer that consumers would be unlikely to notice or understand – and, thus, violated the FTC Act. And so the order in that case prohibits the promotion of attractive terms without clearly and conspicuously disclosing qualifications or restrictions on the consumer's ability to obtain those terms, including if a majority of consumers are unlikely to meet applicable credit score requirements.

Deceptive Claims Regarding Add-Ons. The Commission has also pursued deceptive practices associated with the marketing of add-ons, like payment programs, extended warranties, or GAP insurance offered to consumers by dealers' F&I departments after they have selected a car. In 2015, we brought an action that charged the *Matt Blatt* dealerships with deceptively touting that a "Biweekly Payment Plan" would save consumers money, while failing to disclose that, in many instances, consumers were charged hundreds of dollars in fees and ended up paying *more* money under this plan. At the same time, the Commission also charged the third-party company that administered this payment plan for similar, deceptive marketing claims. These cases also highlight that the FTC Act's protections against deception extend beyond general

misleading claims that relate to this case – for example, promotional offers that falsely imply they are associated with the

1. Business Guidance & Education

Let me start with our large suite of business guidance and educational materials:

FAQs & Other Guidance on the Amended Used Car Rule. As I've mentioned, just last week, with the collaboration of NIADA, the FTC issued a detailed set of Frequently Asked Questions for auto dealers on the amended Used Car Rule. We have also updated our other business guidance on the Rule to reflect the recent amendments.

As you know, the Used Car Rule generally requires that dealers display a Buyers Guide window sticker on vehicles providing warranty and other important information. In late 2016, the Commission issued amendments to the Rule designed to provide consumers with more information and make it easier for dealers to disclose warranties. Among other things, the amended Buyers Guide sticker will recommend that consumers get a vehicle history report before buying a car and direct them to the Department of Transportation's safercar.gov website for information about safety recalls. It will also clarify the meaning of "As Is" sales, and add boxes dealers can check to disclose third-party warranties, available service contracts, and unexpired manufacturer warranties. Further, the Guide will direct Spanish-speaking consumers to ask for a copy in Spanish if the dealer conducts the sale in Spanish.

Our new FAQs on the Used Car Rule are designed to help dealers understand and implement the endp(idac.3(coll)-9(aJ(aca)18.5()-9.3(re)-9.7(p20vidi)-18-9.1dl.3(r a cop)-1874 -2.30[()-

information on how to avoid scams and protect consumers' personal information. That's at ftc.gov/smallbusiness. And our own senior attorney, Lesley Fair, even writes a monthly column for *Used Car Dealer* magazine!

Needless to say, the agency has worked hard to provide auto dealers with a wide variety of relevant, actionable guidance to make it easier and cheaper to comply with the legal requirements we enforce. And we will continue to look for opportunities to do so,

implications of these technologies. In all