

**Analysis of Proposed Consent Order to Aid Public Comment**  
***In the Matter of Progressive Chevrolet Company and Progressive Motors, Inc.***  
**File No. 142 3133**

The Federal Trade Commission (“FTC”) has accepted, subject to final approval, an agreement containing a consent order from Progressive Chevrolet Company and Progressive Motors, Inc. The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the FTC will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

The respondents are motor vehicle dealers. According to the FTC complaint, respondents advertised that consumers could lease the advertised vehicles at the monthly payment amounts prominently stated in their advertisements. The complaint alleges that respondents violated Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a), because they failed to disclose, and/or failed to disclose adequately, that the offer requires a minimum credit score that is greater than the credit score of the majority of consumers. This information would be material to consumers in deciding whether to visit respondents’ dealerships and/or whether to lease an automobile from respondents. The complaint also alleges that respondents’ leasing advertisements violated the Consumer Leasing Act (CLA) and Regulation M by failing to disclose or to disclose clearly and conspicuously required terms. Specifically, respondents’ advertisements prominently stated the monthly payment amounts for a vehicle lease—a triggering term under the CLA—but failed to disclose, or inconspicuously disclosed at the bottom of the ad in much smaller type, the required information set forth by the CLA. The proposed order is designed to prevent the respondents from engaging in similar deceptive practices in the future.

- Part I.A. addresses the Section 5 allegation by prohibiting respondents from advertising the amount of any monthly payment, periodic payment, initial payment, or down payment, or the length of payment term, unless the representation is non-misleading, and respondents clearly and conspicuously disclose all qualifications or restrictions on the consumer’s ability to obtain the represented terms, including qualifications or restrictions based on the consumer’s credit score. Additionally, if a majority of consumers likely will not be able to meet a credit score qualification or restriction stated in the advertisement, respondents must clearly and conspicuously disclose that fact.
- Part I.B.1. provides that the respondents shall not misrepresent the cost of financing the purchase of an automobile, including by misrepresenting the amount or percentage of the down payment, the number of payments or period of repayment, the amount of any payment, and the repayment obligation over the full term of the loan, including any balloon payment.
- Part I.B.2. provides that the respondents shall not misrepresent the cost of leasing an automobile, including by misrepresenting the total amount due at lease inception, the

down payment, amount down, acquisition fee, capitalized cost reduction, any other amount required to be paid at lease inception, and the amounts of all monthly or other periodic payments.

- Part I.C. provides that the respondents shall not misrepresent any other material fact about the price, sale, financing, or leasing of any automobile.
- Part II of the order addresses the CLA and Regulation M allegations by prohibiting lease advertisements that:
  - A. State the amount of any payment or that any or no initial payment is required at lease inception, without disclosing clearly and conspicuously the following terms:
    - that the transaction advertised is a lease;
    - the total amount due prior to or at consummation or by delivery, if delivery occurs after consummation;
    - the number, amounts, and timing of scheduled payments;
    - whether or not a security deposit is required; and
    - that an extra charge may be imposed at the end of the lease term where the consumer's liability (if any) is based on the difference between the residual value of the leased property and its realized value at the end of the lease term.
  - B. Fail to comply in any respect with Regulation M, 12 C.F.R. Part 213, as amended, and the Consumer Leasing Act, 15 U.S.C. §§ 1667-1667f, as amended.
- Part III requires respondents to keep copies of relevant advertisements and materials containing representations.
- Part IV requires that respondents provide copies of the order to certain of their personnel.
- Part V requires notification to the Commission regarding changes in corporate structure that might affect compliance obligations under the order. Part VI requires the respondents to file compliance reports with the Commission. Finally, Part VII is a provision "sunsetting" the order after twenty (20) years, with certain exceptions.

The purpose of this analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the complaint or proposed order, or to modify in any way the proposed order's terms.