

# FTC cracks down on deceptive auto dealer ads

Chris Woodyard, USA TODAY [\(staff/716/chris-woodyard\)](#) 7:38 p.m. EST January 9, 2014

## Nine auto dealers agree to settlements over a range of advertised promotions



(Photo: FTC)

SHARE

f 36  
CONNECT

26  
TWEET

<https://twitter.com/intent/tweet?url=http://usat.ly/1hAAAdJr&text=FTC%20cracks%20down%20on%20deceptive%20auto%20de>

LOS ANGELES — Nine auto dealers around the country have agreed to settlements with the Federal Trade Commission as part of an agency crackdown on deceptive auto dealer advertising.

The alleged misrepresentations varied from deceptive low-payment deals to a sweepstakes for prizes that didn't exist when customers came to the dealership to collect them.

"We're always on the lookout for deception in the auto marketplace," said Jessica Rich, director of the FTC's Bureau of Consumer Protection, in prepared remarks for a press conference here to announce the crackdown. It's called "Operation Steer Clear."

The dealers named as agreeing to settle with the FTC included four in California: Casino Auto Sales of La Puente, Rainbow Auto Sales of South Gate, Honda of Hollywood and Norm Reeves Honda of Cerritos. Also named were Nissan of South Atlanta in Morrow, Ga.; Infiniti of Clarendon Hills, Ill.; Paramount Kia of Hickory, N.C., and Fowlerville Ford of Fowlerville, Mich.

Another was Southwest Kia, which operates in three locations: New World Auto Imports in Dallas and Rockwall, Texas, and Hampton Two Auto Corporations in Mesquite, Texas.

Among the questionable practices were advertising zero-down finance deals when, in fact, there were substantial fees. The two California dealers were cited for allegedly advertising in English and Spanish that consumers could purchase vehicles at a low price when the price was actually \$5,000 higher.

Fowlerville Ford mailed out 30,000 fliers with a scratch-off number game that told people they had won a prize. When they came in to claim it, they found out they had not won, according to Rich. Not a single participant was able to claim a prize.

Reached for comment, the National Automobile Dealers Association issued a statement: "While we have not reviewed the FTC's proposed order, these allegations, if true, highlight the need for diligence by all auto retailers on selecting advertising vendors and ensuring that their legal counsel review all advertising."

And a lawyer who says he represents hundreds of auto dealers, though none of those named in the FTC case, says he thinks dealers could have steered clear of trouble if they had only made sure that the fine print at the bottom of their ads fully disclosed what was being advertised.

Since at least one of the dealers had a state action pending against it, attorney Alex Kurkin says it makes him wonder if the FTC is going to get more deeply involved with auto dealer practices.

"It suggests to me that federal government feels an obligation to dive into this industry," Kurkin says.

SHARE

f 36  
CONNECT

26  
TWEET

<https://twitter.com/intent/tweet?url=http://usat.ly/1hAAAdJr&text=FTC%20cracks%20down%20on%20deceptive%20auto%20de>

FIND NEW & USED CARS

New **Used**

**Make** *Ex. Audi*

All Makes | ▾

**Model**

All Models | ▾

**Within**

30 Miles | ▾

**Your ZIP**

of

**Maximum Price**

No Max | ▾

**Search Cars**

POWERED BY  
**USA NOW**



[Carolina now: you need to know | USA NOW | what-you-need-to-know-usa-now/](#)

Jan 09, 2014

(  
vi

Digital marketing for  
your local business.



**LEARN MORE** ▶

OR CALL 888-504-6823