

any liabilities the lease imposes upon the lessee at the end of the term and a statement that the lessee shall be liable for the difference, if any, between the estimated value of the leased property and its realized value at the end of the lease term, if the lessee has such liability.

(Section 184 of the CLA, 15 U.S.C. 1667c, and Section 213.5(c) of Regulation M, 12 CFR 213.5(c).)

B. Stating that a specific lease of any property at specific amounts or terms is available unless the lessor usually and customarily leases or will lease such property at those amounts or terms, as required by Regulation M.

(Section 184 of the CLA, 15 U.S.C. 1667c, and Section 213.5(a) of Regulation M, 12 CFR 213.5(a).)

C. Failing to comply in any other respect with Regulation M and the CLA.

(Regulation M, 12 CFR 213, and the CLA, 15 U.S.C. 1667-1667e, as amended.)

### III

*It is further ordered* that respondents, their successors and assigns shall distribute a copy of this order to any present or future officers, agents, representatives, and employees having responsibility with respect to the subject matter of this order and that respondents, their successors and assigns shall secure from each such person a signed statement acknowledging receipt of said order.

### IV

*It is further ordered* that respondents, their successors and assigns shall promptly notify the Commission at least thirty (30) days prior to any proposed change in the corporate entity such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

### V

*It is further ordered that* for five years after the date of service of this order respondents, their successors and assigns shall maintain and upon request make available all records that will demonstrate compliance with the requirements of this order.

### VI

*It is further ordered* that respondents, their successors and assigns shall, within sixty days (60) days of the date of service of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in

which they have complied with this order.

### Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement to a proposed consent order from respondents Jerry's Ford Sales, Inc., John's Ford, Inc. dba Jerry's Leesburg Ford, Jerry's Chevrolet Geo Oldsmobile, Inc., and Jerry C. Cohen, individually and as an officer of the corporations.<sup>1</sup>

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The complaint alleges that respondents Jerry's Ford and Cohen have disseminated or caused to be disseminated advertisement that state an initial low monthly payment and in fine print, *inter alia*, state an initial number of payments and another amount variously described as "optional final payment," "optional final price," or "COP." The complaint alleges that these advertisements misrepresent that the remaining obligation is optional and fail to disclose that the financing to be signed at purchase requires the consumer to make a substantial balloon payment at the conclusion of the initial payments, which is a mandatory obligation, and have therefore engaged in an unfair and deceptive act or practice, in violation of Section 5(a) of the Federal Trade Commission Act. The complaint also alleges that these advertisements state an initial number and amount of payments required to repay the indebtedness and another amount variously described as "optional final payment," "optional final price," or "COP," but fail to accurately state the terms of repayment, by failing to disclose that the additional amount required is a final payment and by inaccurately stating that the final amount is optional when, in fact, it is mandatory based on the financing to be signed at purchase, in violation of the TILA and Section 226.24(c) of Regulation Z.

<sup>1</sup> In this Analysis to Aid Public Comment, Jerry's Ford Sales, Inc. and John's Ford, Inc. dba Jerry's Leesburg Ford are referred to collectively as "respondent Jerry's Ford." Jerry's Chevrolet Geo Oldsmobile, Inc. is referred to as "respondent Jerry's Chevy." Jerry C. Cohen is referred to as "respondent Cohen."

The complaint also alleges that respondents Jerry's Ford and Cohen have disseminated or caused to be disseminated advertisements that state a rate of finance charge without stating that rate as an "annual percentage rate," using that term or the abbreviation "APR," and have failed to calculate that rate in accordance with Regulation Z, in violation of the TILA and Sections 226.22 and 226.24(b) of Regulation Z, and have also engaged in an unfair and deceptive act or practice, in violation of Section 5(a) of the FTC Act.

The complaint also alleges that respondents Jerry's Chevy and Cohen have disseminated or caused to be disseminated advertisements that state an initial, low monthly payment and an initial number of payments but fail to disclose that the financing to be signed at purchase requires the consumer to make a substantial final balloon payment, and have therefore engaged in an unfair and deceptive act or practice, in violation of Section 5(a) of the FTC Act. The complaint also alleges that these advertisements state an initial number and amount of payments required to repay the indebtedness, but fail to accurately state the terms of repayment, by failing to disclose the amount of the final balloon payment required at the end of the initial payments, based on the financing to be signed at purchase, in violation of the TILA and Section 226.24(c) of Regulation Z.

The complaint also alleges that respondents Jerry's Ford, Jerry's Chevy and Cohen have disseminated or caused to be disseminated advertisements that state the amount of percentage of any downpayment, the number of payments of period of repayment, or the amount of any payment, but fail to state all of the terms required by Regulation Z, as follows: The amount or percentage of the downpayment, the terms of repayment, and the annual percentage rate, using that term or the abbreviation "APR," in violation of the TILA and Section 226.24(c) of Regulation Z.

The complaint also alleges that respondents Jerry's Ford, Jerry's Chevy and Cohen have disseminated or caused to be disseminated advertisements that state the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at consummation of the lease, but fail to state all of the terms required by Regulation M, as applicable and as follows: That the transaction advertised is a lease; the total amount of any payment such as a security deposit or capitalized cost reduction required at the consummation of the lease or that no such payments are required; the