State of Louisiana
LOUISIANA MOTOR VEHICLE COMMISSION

Jeff Landry
Governor

Lessie A. House
Executive Director

February 7, 2025

Bulletin #B-2025-001

TO: LMVC Licensees

FROM: L. A. House, Executive Director

RE: Advertising Sale Prices & Savings Claims; Discounts

If a dealer addendum with non-factory-available options is affixed to the new vehicle, a savings-claim or dealer discount cannot be advertised as a reduction of this vehicle's selling (sale) price in accordance with **§747**, referenced below. If a manufacturer rebate is available for this vehicle, the advertisement cannot display a reduction of the selling price. It must state "A $1,000 Manufacturer Rebate is available on this vehicle".

When advertising only the sale price, it must include the total cost of the dealer addendum items that are affixed to the new vehicle. The only charges that can be excluded from an advertised selling price are tax, title, license, documentary fee, convenience fee, and notarial fee in accordance with **§719**.

For reference, attached are two recent press releases published by the FTC regarding deceptive, unfair, and misleading dealer advertising.

Title 46 Professional and Occupational Standards - Part V. Automotive Industry - Subpart 1 Motor Vehicle Commission - Chapter 7 Advertising

§719. Dealer Price Advertising

A. The featured price of a new or used vehicle, when advertised, must be the full cash price for which the vehicle will be sold to any and all members of the buying public. The only charges that may be excluded from the advertised price are:

1. state and local taxes;
2. license;
3. title; and
4. notarial fees, convenience fees and documentary fees

§747. Savings Claims; Discounts

A. A savings claim or discount offer is prohibited except to advertise a new or demonstrator vehicle, and the advertisement must show the difference between the dealer's selling price and the manufacturer's, distributor's, or converter's total suggested list price or MSRP.

C. If a dealer has added an option obtained from the manufacturer or distributor of the vehicle on which it is installed and disclosed the option and factory suggested retail price of the option on a dealership addendum sticker prior to offering the vehicle for sale at retail, the dealer may advertise a savings claim on that vehicle as long as the difference is shown between the dealer's selling price and the total selling price as disclosed on the dealership addendum sticker and discloses the factory-available options added in the advertisement. If an option that is added by a dealer is not a factory-available option, a savings claim may not be advertised on that vehicle.

Below are examples of sale price advertisements of vehicles that contain **dealer addendums with non-factory available options** (Dealer Adden) that **are LMVC compliant**.

1. $48,500 (A sale price only is advertised.)

   OR

MSRP:	$45,000
Dealer Adden:	+$3,500
Sale Price:	$48,500

   A $1,000 Manufacturer Rebate is available on this vehicle.

2. $44,500 (A sale price only is advertised. This price includes the total cost of all features, factory and non-factory options that are affixed to the vehicle and cannot be removed from the vehicle.)

Below are examples of pricing advertisements of vehicles that contain **dealer addendums with non-factory available options** (Dealer Adden) that are **NOT** LMVC compliant.

1. $10,000 OFF MSRP

2. | | |
   |---|---|
   | MSRP | $45,000 |
   | Dealer Discount | - $2,500 |
   | Sale Price | $42,500 |

3. | | |
   |---|---|
   | MSRP | $45,000 |
   | Dealer Adden | +$3,500 |
   | Dealer Discount | - $2,500 |
   | Sale Price | $46,000 |

4. | | |
   |---|---|
   | MSRP | $45,000 |
   | Dealer Discount | - $2,500 |
   | Rebate | - $1,000 |
   | Sale Price | $41,500 |

5. | | |
   |---|---|
   | MSRP | $45,000 |
   | Dealer Adden | +$3,500 |
   | Rebate | - $1,000 |
   | Sale Price | $47,500 |

There could be more examples of compliance and non-compliance pertaining to advertising selling prices of vehicles with dealer addendums. If there is an advertisement you would like the LMVC to review to determine compliance, email the ad to Neil Rogers, njrogers@lmvc.la.gov. The LMVC does not currently charge a fee for this review.

For Release

FTC, Illinois Take Action Against Leader Automotive Group for Overcharging and Deceiving Consumers Through Add-Ons, Junk Fees, Bogus Reviews

Proposed settlement requires Leader and its Canadian parent company, AutoCanada, to turn over $20 million, include full offering price in ads, and get consent for all charges

December 19, 2024

Tags: Consumer Protection | Regional Offices | Midwest Region | Bureau of Consumer Protection | Cars | deceptive/misleading conduct | Automobiles | Advertising and Marketing | Endorsements, Influencers, and Reviews | Advertising and Marketing Basics

A group of 10 car dealerships doing business as Leader Automotive Group and their parent company, AutoCanada, will be required to pay $20 million to settle allegations they systematically defrauded consumers looking to buy vehicles as a result of a lawsuit by the Federal Trade Commission and state of Illinois.

In addition to paying $20 million, which will be used to refund harmed consumers, the proposed settlement also would require the companies to make clear disclosures of a car's offering price—the actual price any consumer can pay to get the car, excluding only required government charges—and get consent from buyers for any charges. The $20 million proposed monetary judgment is the largest the FTC has secured against an auto dealer.

"Working closely with the Illinois Attorney General, we are holding these dealerships accountable for unlawfully extracting millions of dollars from consumers through a textbook bait-and-switch scheme, and bolstering their poor reputation with fake reviews," said Samuel Levine, Director of the FTC's Bureau of Consumer Protection. "We will continue our work to ensure that consumers are not being overcharged for cars, and that honest dealers do not need to compete with firms that cheat."

"This dealership network engaged in bait-and-switch tactics by luring consumers into their dealerships with lower prices only to either require consumers to purchase allegedly pre-installed add-on products or charge consumers for those products without their knowledge or permission," said Illinois Attorney General Kwame Raoul. "I appreciate the collaboration with the Federal Trade Commission to ensure bad actors are held accountable and our consumers are protected from deceptive business practices."

In a complaint filed by the FTC and the Illinois Attorney General, the agencies charge the companies, along with former vice president of U.S. operations James Douvas with violating federal and state laws. The complaint alleges the defendants have deceived consumers about the price and availability of vehicles, charged them for expensive add-ons without consent, tacked on unwanted junk fees to purchases, posted fake reviews, and failed to disclose that U.S. customers were buying cars imported from Canada, along with other unlawful conduct.

Leader has frequently advertised new and used cars online with low prices designed to entice consumers into their dealerships, but those prices are often false, according to the complaint. When consumers arrive at a Leader dealership, salespeople often tell them the car has preinstalled add-ons like protective coatings (often under the name Xzilon) and theft protection (under the name LoJack) that cost thousands of dollars, and that these add-ons are required despite not being included in the advertised price of the car.

According to the complaint, the add-ons have been wildly profitable for Leader, with dealerships at one point reporting more than 99% profit on them. Leader salespeople have been paid a commission for these add-on products, in many cases making more from the sale of the add-ons than the commission they are paid for selling the car itself.

A survey of Leader customers showed that nearly 80% of them were charged for at least one add-on without authorization or because they were falsely told the add-on was required. The unwanted add-ons also included items tacked on in the financing process like guaranteed asset protection (GAP) coverage and service contracts.

The complaint charges that, even after learning that the FTC was investigating, Leader kept tacking on add-on charges, resulting in consumers paying thousands more than the advertised price. Leader allegedly required the Xzilon add-on for all new and used cars they sold starting in 2021. According to the complaint, Leader has also regularly failed to actually install or apply the add-on products for which they charged consumers without their consent.

Leader's low-price advertising was designed to "get [customers] through the door," according to a message from Douvas cited in the complaint. In many cases, however, Leader has advertised cars that have already been sold. When consumers arrived at the dealership, they were directed to more expensive cars, often ones with junk fees and surprise "market adjustments" added to the price. The complaint cites another message Douvas sent to employees saying that once consumers get to the store, "they're not leaving" without buying a car.

Leader has also regularly advertised cars as being "certified pre-owned," and available at a specific price but then charge consumers hundreds or even thousands of dollars in additional "certification fees." In many cases, despite advertising the cars as being certified and charging consumers undisclosed fees for that certification, Leader has failed to actually do the certification work required by the manufacturer of the car, leaving consumers without the extended warranty that makes certified pre-owned cars attractive in the first place.

Even on non-certified used cars, Leader has charged exorbitant "reconditioning" fees, which one former sales manager described as "fake fees," according to the complaint.

Leader also has sold cars in its U.S. dealerships that were manufactured for the Canadian market without disclosing that to consumers, according to the complaint. Even when done legally, importing these cars into the U.S. typically voids their manufacturer's original warranty. Leader still deceptively advertised many of these cars as being covered by those warranties.

In addition, the complaint alleges that employees were required by management to post fake positive reviews about their dealerships on Google and other review sites. Managers have threatened to withhold bonuses and other compensation from employees who don't post fake reviews, and have paid employees bonuses for posting fake reviews, according to the complaint. One email from Douvas encouraging more reviews said: "Those of you with a low review score and low volume of reviews its

[sic] an easy fix. If you have 10 employees and they have 5 family members or friends you can have 50 reviews right away." The complaint also alleges that dealerships have bullied and pressured consumers into posting five-star reviews, citing one instance in which a dealership refused to give a consumer the keys to a car she purchased until she posted a positive review.

The proposed settlement with Leader and AutoCanada would require them to pay $20 million to be used to provide refunds to consumers. In addition, they would be required to disclose the offering price for vehicles in advertising and other communications, as well as provide the total cost of the vehicle when discussing leases or financing with consumers. The settlement would also require the company to have consumers' express informed consent before charging them for add-ons and other fees. The case against Douvas is still ongoing.

Leader operates North City Honda; Crystal Lake Chrysler Dodge Jeep Ram; Hyundai of Lincolnwood; Kia of Lincolnwood; Bloomington Normal Auto Mall (Mercedes-Benz of Bloomington, Lincoln of Normal, Volkswagen of Bloomington Normal, Volvo Cars Normal, Subaru of Bloomington Normal, and Audi Bloomington Normal); Autohaus Motors (Mercedes-Benz of Peoria, Porsche Peoria, Volkswagen of Peoria, and Audi Peoria); Chevrolet of Palatine; Hyundai of Palatine; Toyota of Lincoln Park; and Toyota of Lincolnwood.

The Commission vote authorizing the staff to file the complaint and stipulated final order was 5-0. The FTC filed the complaint and final order in the U.S. District Court for the Northern District of Illinois.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. Stipulated final injunctions/orders have the force of law when approved and signed by the District Court judge.

The staff attorneys on this matter are James Davis, Rachel Sifuentes, and Rachel Granetz of the FTC's Midwest Region.

Contact Information

Contact for Consumers

FTC Consumer Response Center
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https://reportfraud.ftc.gov

Media Contact

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For Release

FTC, Maryland Attorney General Act to Stop Lindsay Auto from Falsely Touting Low Prices and Overcharging Consumers for Unwanted Fees and Add-Ons

Complaint charges that Washington-area dealership group overcharged consumers millions

December 27, 2024

Tags: Consumer Protection | Bureau of Consumer Protection | Cars | deceptive/misleading conduct | Automobiles | Advertising and Marketing | Advertising and Marketing Basics | Credit and Finance | Credit and Loans

The Federal Trade Commission and Maryland Attorney General have charged Lindsay Automotive Group with systematically deceiving and overcharging car-buying consumers for years, costing them millions of dollars in junk fees and unwanted add-on products.

The agencies' complaint also alleges that Lindsay advertised prices it refused to honor and falsely claimed consumers needed to obtain financing through Lindsay. The agencies' complaint alleges that three Lindsay dealerships and their management company, along with the company's part-owner and president Michael Lindsay, COO John Smallwood, and the dealerships' former general manager Paul Smyth, engaged in pervasive unlawful conduct.

"Auto dealers who trick consumers with bait-and-switch advertising, financing sleights of hand, and unwanted add-ons should expect to hear from the FTC," said Samuel Levine, Director of the FTC's Bureau of Consumer Protection. "The FTC and its state partners will continue working to combat this illegal conduct."

"Buying a car is a significant financial investment. Marylanders deserve to know upfront how much they will actually pay for a vehicle and should not be surprised by hidden charges that they did not budget for," said Attorney General Anthony G. Brown. "Our Office will not let car dealerships profit from unfair and deceptive practices."

According to the complaint, Lindsay regularly advertises deceptive prices on its website and in its advertising, promoting vehicles for sale at a price that is not actually available to the vast majority of consumers. Lindsay employees continue the deception when consumers call, claiming the advertised price is real.

Only when consumers get to the dealership do they learn that the price is hundreds or even thousands more than advertised because they do not qualify for a raft of rebate programs, or because they must pay thousands of dollars in additional fees. One dealership manager cited in the complaint told a consumer that the price on the website "was not realistic" and that "no one would qualify for it because it was nearly impossible to qualify for all the rebates to get to that price." In fact, Michael Lindsay told Smallwood and others, "we never deliver the vehicle anywhere near the stated price."

The complaint cites numerous examples in which customers, who sometimes traveled significant time and distance, including booking flights from other states, to get to Lindsay dealerships based on the low advertised prices, were hit with supposedly mandatory fees of thousands of dollars. In other cases, dealership employees simply told consumers directly that the advertised price wasn't true, according to the complaint.

A sample of Lindsay's transactions shows that 88 percent of consumers who bought a car from the defendants' dealerships from 2020 to 2023 paid more than the advertised price—on average over $2,000 more—according to the complaint.

Additionally, the complaint charges that Lindsay's unlawful conduct didn't stop at the vehicle's purchase price. Instead, after consumers navigate the often arduous process of negotiating a price, they then face further challenges when Lindsay deceptively claims that they must finance their car through the dealership.

Lindsay receives what it calls "kickbacks" from financing companies when consumers finance a car through the dealership, according to the complaint. Consumers who arrive at Lindsay dealerships looking to pay cash or with pre-approved financing from another financial institution are regularly told that the advertised price won't be honored.

The complaint cites multiple instances in which consumers were directed to financing offers through Lindsay that charged higher interest than what they'd obtained on their own—and would cost them thousands more over the life of the loan. A survey cited in the complaint showed that more than a third of Lindsay shoppers were told that financing through the dealer was mandatory to purchase the car or to obtain the advertised price.

Finally, the complaint alleges that Lindsay systematically charged consumers for add-on products—such as extra service plans, tire and rim protection, and "guaranteed asset protection" coverage—they did not consent to purchase or falsely told consumers the add-ons are mandatory. In fact, a survey cited in the complaint shows 68% of consumers were charged for at least one add-on they did not agree to buy or were falsely told was required. These charges often amount to hundreds or thousands of dollars for each consumer.

The complaint charges that Lindsay Chevrolet of Woodbridge; Lindsay Ford of Wheaton; Lindsay Chrysler-Dodge-Jeep-Ram; Lindsay Management Company, LLC; and individual defendants Lindsay, Smallwood, and Smyth violated the FTC Act as well as Maryland's Consumer Protection Act. The complaint asks the court to stop Lindsay's unlawful actions and provide redress to the consumers harmed by those actions.

The Commission vote authorizing the staff to file the complaint was 5-0. The complaint was filed in the U.S. District Court for the Eastern District of Virginia.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The staff attorneys on this matter are Mary Weaver and Evan Zullow of the FTC's Bureau of Consumer Protection.

The Federal Trade Commission works to promote competition and protect and educate consumers. The FTC will never demand money, make threats, tell you to transfer money, or promise you a prize. Learn more about consumer topics at consumer.ftc.gov, or report fraud, scams, and bad business practices at ReportFraud.ftc.gov. Follow the FTC on social media, read consumer alerts and the business blog, and sign up to get the latest FTC news and alerts.

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