



State of Louisiana
LOUISIANA MOTOR VEHICLE COMMISSION

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Governor

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BULLETIN #B-2002-03

TO: All Franchised, Licensed New Motor Vehicle Dealers

RE: ADVERTISING VIOLATIONS

Advertising violations have been on the increase. In that regard, we have listed below the most abused advertising rules, as well as, some comments; words of similar import which would be considered a violation of the particular rule; etc. which are indicated next to the symbol ¶ and in bold, italic print. As you will note, not all advertising Rules are listed, only the most abused.

Section 20. Licensees shall not use unfair, misleading or bait advertisement.

¶ *The Commission at various Commission Meetings have considered and ruled the following are misleading:*

- *Lease advertisements that feature "½ off MSRP"*
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Section 20, Rule 1. Every price advertisement shall include all charges except local and/or state sales tax, license and insurance.

¶ *The advertised price, for example \$8,999, must INCLUDE everything EXCEPT local and/or state sales tax, license and insurance. To add any additional cost unless specifically requested by the consumer would be a violation. This even applies to the pre-printed amounts on the buyers orders, i.e. consumer services, transportation, dealer prep, etc.*

Section 20, Rule 2. Full and complete information shall be shown in describing the new motor vehicle so advertised and shall include:

A. Make and Year.

¶ *Current or previous year models must state if "NEW" or "USED."*

B. Series (Manufacturer's name plate).

C. Number of doors.

model, type, condition, equipment, price, trade-in allowance, terms, etc., shall be clearly set forth and based upon facts.

(a) The use of stock numbers will not preempt the requirements of full disclosures as stated above, except that the listing of equipment is not required when a manufacturer's list price, if an automobile, or Manufacturer's Suggested Retail Price, if a truck, is also advertised.

Section 20, Rule 3. CREDIT SALES PLANS advertised must include:

A. The requirements contained in 2, above, with regard to description and illustration of the advertised product shall be adhered to in credit sales plan advertisements.

B. The amount of any required down payment.

☞ ***"0 Down" or "Zero Down" would be a violation. Must use "Down Payment" Reason: "0 down" or "Zero Down" means consumer does not pay any monies including TT & L; however, "0 downpayment" in which TT & L would be required at signing.***

C. The number, amount, or period of payments scheduled to repay the debt.

D. The finance charge expressed as an annual percentage rate.

Section 20, Rule 5. LEASE ADVERTISING: Lease advertising regulation is required because it represents an alternative to buying on credit. The following disclosures are required in lease advertising:

A. The requirements contained in 2, above, with regard to description and illustration of the advertised product shall also be adhered to in lease advertisements.

B. That the transaction advertised is a lease.

(1) The disclosure that the transaction is a lease must be equal to the featured size and prominence as the amount of payment and the down payment (or lack thereof) disclosure.

☞ ***Not showing the word "LEASE" by the monthly payment.***

C. The total amount of any payment such as security deposit or capitalized cost reduction required at the consummation of the lease, or that no such payments are required.

☞ ***Not showing total due at lease signing and stating whether it includes a security deposit.***

D. The number, amount, periods of scheduled payments, residual value, if any.

☞ ***Not showing the word "Lease" by the monthly payment***

E. A statement of whether or not the lessee has the option to purchase the leased property and at what price and time.

F. A statement of the amount or method of determining the amount of any liabilities the lease imposes upon the lessee shall be liable for the difference, if any, between the estimated value of the lease property and realized value at the end of the lease term if the lessee has such liability.

- ☞ **Cash Giveaway's - Dealers cannot offer cash.**

Section 20, Rule 9. UNDERSELLING CLAIMS AND VOLUME DEALING: Unsupported underselling claims shall not be used. Claims such as "First", "Largest", "Biggest" must be qualified as to validity (using valid source data) and the time period of claim.

- ☞ ***Failure to qualify the claim utilizing valid source date and the time period of the claim.***
- ☞ ***Lower overhead means lower prices cannot be qualified and therefore may not be used.***
- ☞ ***Use of "Lowest Prices of the Year" cannot be qualified and therefore may not be used; however, "XYZ Dealer's Lowest Prices of the Year" or "Our Lowest Prices of the year" would be acceptable.***

Section 20, Rule 10. SAVINGS CLAIMS - DISCOUNTS: (1) Specific claims or discount offers shall not be used in connection with any motor vehicle other than new or a Demonstrator and then only to show the difference between the dealer's own current selling price and the bona fide Manufacturer's Suggested List Price, if an automobile, or Manufacturer's Suggested Retail Price, if a truck. Full explanation must be given, as for example, "Save or discount \$ _ from Manufacturer's List/Retail Price."

- ☞ ***All discounts must be off of MSRP. Cannot use manufacturer package savings (Note: some dealerships are using the top line number on the Maroney and claiming huge discounts which the manufacturer already shows on the Maroney instead of the final line price which is the actual selling price of the vehicle.)***
- ☞ ***Rebates must indicate which advertised vehicle they go with.***
- ☞ ***When advertising USED inventory: The advertisement needs to state the month, year, and region of the NADA book being utilized and whether the dollar amount used is the "trade in", "loan" or "retail amount." Use of "Near or below NADA book value" is not permitted.***

(2) Such statements as "Up To", "As Much As", "From" - "To", etc., shall not be used in connection with savings claims.

- ☞ ***Word of similar import: "As high as"; "As low as"; Rebates or discounts "from" "to"; "Starting at"; "Up to"***
- ☞ ***Reminder: Current or previous year models must state if "NEW" or "USED."***

Section 20, Rule 11. MANUFACTURER AND DISTRIBUTOR REBATES: It shall be unlawful for an manufacturer or distributor, either directly or indirectly, to advertise, publicize or represent to the public by any means or in any medium, any offer to purchasers of vehicles sold by the manufacturer or distributor, of a rebate, refund, discount or other financial inducement or incentive, which is either payable to or for the benefit of the purchaser of the vehicle or which reduces the

purchasers of vehicles sold by the dealer, of a manufacturer's or distributor's rebate, refund, discount or other financial inducement or incentive of the type described in 11, above, unless such advertising or publicizing clearly and discernible discloses the following:

A. The dealer's contribution may affect the final negotiated price of the vehicle.

☞ ***With regard to Rule 11 and 12, Rebates must be listed in the disclosure to indicate which vehicle they go with.***

Section 20, Rule 13. UNTRUE AND AMBIGUOUS STATEMENTS SHALL NOT BE USED: Statements such as "Write your own deal", "Name your own price", "Name your own monthly payments", "Appraise your own motor vehicle", and phrases of similar import are obviously untrue and shall not be used.

☞ ***Words of similar import:***

- ***"We'll beat any deal"***
- ***"We'll meet or beat any deal"***
- ***"Appraise your own motor vehicle"***
- ***"Authorized test market"***
- ***"Official Site"***
- ***"Test market"***
- ***"Below market financing"***
- ***"Factory sponsored"***
- ***"Every reasonable offer will be considered"***
- ***"Factory authorized"***
- ***"Has been selected as the site . . ."***
- ***"Name your own price"***
- ***"Name your own monthly payments"***
- ***"Nobody beats our prices"***
- ***"No reasonable offer will be refused"***
- ***"Pick your price"***
- ***"We finance everyone"***
- ***"Write your own deal"***
- ***"We'll beat any advertised price"***
- ***"When we make a deal we'll pay off your trade no matter what you owe"***
- ***"Guaranteed trade-in of \$—, no matter whether you have to push, pull, or drag it in"***
- ***"Bank repossessions", unless specifically stated that vehicles are used and obtained through auctions"***
- ***"Acquisition Fee and then take on payments" (Note: Acquisition Fee is a term used with leasing and should not be used to indicated a down payment. Additionally, this phrase leads the consumer to believe that they are picking up notes on a vehicle which someone else had repossessed or was surrendered to a lender- which is not so.)***
- ***"Procurement Fee and then take on payments" (Note: This is the same as Acquisition Fee in theory)***
- ***"Disposal"***
- ***"Disposal Sale"***
- ***"Fleet Reduction Sale"***
- ***"Must eliminate this overstocked inventory"***
- ***"Must be sacrificed immediately"***
- ***"No negotiations necessary!"***

program vehicles especially if the advertisement contains new and used vehicles in the same advertisement.)

Additionally, you are reminded a Bulletin was forwarded to you December of 1997 and again in 2000 which stated:

DEALER ADVERTISING: Dealers may advertise ***ONLY*** under the name that appears on their Manufacturers Franchise and/or Sales and Service Agreement, and their Motor Vehicle Dealer License issued by the Louisiana Motor Vehicle Commission. Failure to comply could result in a civil penalty being imposed as provided by LSA-R.S. 32:1256.