

# Advertising the Price Right

September 4, 2013

All advertisers need to exercise caution in advertising special prices or discounts. Car dealerships need to be especially careful, right now. The FTC [announced](#) preliminary settlements with two car dealerships – one in Maryland and one in Ohio – over allegations of deceptive price advertising.

The FTC alleges that the two dealerships violated the FTC Act by failing to disclose material facts about prices advertised on the dealerships' websites and in local newspapers. The FTC alleges that one of the dealerships offered "dealer discounts" and "internet prices" without disclosing that the prices were subject to restrictions and limitations, such the buyer being a member of the military or a recent college graduate. According to the FTC, the other dealership failed to disclose that advertised discounts on certain vehicle lines (e.g., "NEW 2013 FORD F-150 \$12,000 OFF MSRP!") did not apply to the entire line, but instead, only applied to one or two more expensive models within the line.

Upon final approval, the proposed injunctive orders would prohibit the dealerships from advertising any "discount, rebate, bonus, incentive or price" in the future "unless the representation clearly and conspicuously discloses all material qualifications or restrictions, if any . . ." The orders state what the FTC will consider to be a clear and conspicuous disclosure depending on the type of media. For instance, the orders state that "[i]n a radio advertisement, [a required, material disclosure] shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it."

The preliminary settlements are subject to a 30-day public comment period, which will end on October 3, 2013. The FTC's press release called the new settlements "part of the FTC's continuing crackdown on deceptive motor vehicle dealer practices." Over the past two years, enforcement actions against dealerships have related to advertising practices, as well as the FTC's Used Car Sales Rule.