

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**        **Jon Leibowitz, Chairman**  
                                  **J. Thomas Rosch**  
                                  **Edith Ramirez**  
                                  **Julie Brill**  
                                  **Maureen K. Ohlhausen**

**In the Matter of**

**RAMEY MOTORS, INC.,  
a corporation.**

**DOCKET NO. C-4354**

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Ramey Motors, Inc., a corporation (“Respondent”), has violated provisions of the Federal Trade Commission Act (“FTC Act”) and the Truth in Lending Act (“TILA”), and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is a West Virginia corporation with its principal place of business at Route 460 East, Princeton, WV, 24720. Respondent offers automobiles for sale.
2. The acts or practices of Respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. Since at least July 2010, Respondent has disseminated or has caused to be disseminated advertisements promoting the purchase, financing, and leasing of its automobiles.
4. Respondent’s advertisements include, but are not necessarily limited to, advertisements posted on the website YouTube.com, copies of which are attached as Exhibits A through C. These advertisements include the following statements:
  - a. “Ramey will pay off your trade no matter what you owe. . . . Even if you’re upside down, Ramey will pay off your trade.” (Exhibit A (DVD containing 7/6/11 capture of YouTube Advertisement “2010 Toyota of Princeton Pay Off Trade Event Princeton West Virginia” at 0:08-0:12)).

b. “Even if you’re upside down, Ramey will pay off your trade.” (Exhibit B (DVD containing 7/14/11 capture of YouTube advertisement “2010 Ramey Chrysler Jeep Dodge Pay Off Trade Event Princeton WV” at 0:19-0:23)).

c. “Ramey will pay off your trade no matter what you owe.” (Exhibit C (DVD containing 7/14/11 capture of YouTube advertisement “2010 Ramey Chevrolet Pay Off Trade Event Princeton WV” at 0:07-0:11)).

The advertisements are accompanied by small, typically illegible text. In one of the advertisements, the text appears to state that the negative equity will be included in any new loan. In at least one of the advertisements, the text is completely illegible. To the extent there are any disclosures, they appear in small, illegible print for a short period of time.

5. Respondent also has disseminated or has caused to be disseminated advertisements promoting credit sales and other extensions of closed-end credit in consumer credit transactions, as the terms “advertisement,” “closed-end credit,” “credit sale,” and “consumer credit” are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended, on the website YouTube.com, copies of which is attached as Exhibits B and D. These advertisements include the following statements:

a. “New 2010 Dodge Caliber . . . \$249 per mo” (Exhibit B at 0:14-0:15).

b. “New 2010 Ram 1500 . . . \$283 per mo” (id. at 0:19-0:20).

c. “0% financing available” (Exhibit D (DVD containing 8/12/11 capture of YouTube advertisement “Labor Day Sales Event Ramey Auto Group Princeton WV” at 0:16-0:18)).

The disclosures required by Regulation Z, if provided, are not clear and conspicuous because they appear in small, blurred print for a short period of time.

## **VIOLATION OF THE FEDERAL TRADE COMMISSION ACT**

### **Misrepresentation of Financing Terms**

6. Through the means described in Paragraph 4, Respondent has represented expressly or by implication that, when a consumer trades in a used vehicle in order to purchase another vehicle, Respondent will pay off the balance of the loan on the trade-in vehicle such that the consumer will have no remaining obligation for any amount of that loan.
7. In truth and in fact, in many instances, when a consumer trades in a used vehicle with a loan balance that exceeds the vehicle’s value (*i.e.* the trade-in has negative equity) in order to purchase another vehicle, Respondent will not pay off the balance of the loan on the trade-in vehicle such that the consumer will have no remaining obligation for any

amount of that loan. Instead, Respondent includes the amount of the negative equity in the loan for the newly purchased vehicle.

8. Therefore, the representation set forth in Paragraph 6 of this Complaint was, and is, false or misleading in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **VIOLATIONS OF THE TRUTH IN LENDING ACT AND REGULATION Z**

9. Under Section 144 of the TILA and Section 226.24(d) of Regulation Z, advertisements promoting closed-end credit in consumer credit transactions are required to make certain disclosures if they state any of several terms, such as the monthly payment (“TILA triggering terms”). In addition, the rate of the finance charge must be stated as an “annual percentage rate” using that term or the abbreviation “APR.” 15 U.S.C. § 1664; 12 C.F.R. § 226.24(c).
10. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraph 5, are subject to the requirements of the TILA and Regulation Z.

#### **Failure to Disclose or Disclose Clearly and Conspicuously Required Credit Information**

11. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraph 5, have included TILA triggering terms, but have failed to disclose or disclose clearly and conspicuously, additional terms required by the TILA and Regulation Z, including one or more of the following:
  - a. The amount or percentage of the downpayment.
  - b. The terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment.
  - c. The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.
12. Therefore, the practices set forth in Paragraph 11 of this Complaint have violated Section 144 of the TILA, 15 U.S.C. § 1664, and Section 226.24(d) of Regulation Z, 12 C.F.R. § 226.24(d), as amended.

#### **Failure to State Rate of Finance Charge as Annual Percentage Rate**

13. Respondent’s advertisements promoting closed-end credit, including but not necessarily limited to those described in Paragraph 5, have stated a rate of finance charge without stating that rate as an “annual percentage rate” using that term or the abbreviation “APR.”

14. Therefore, the practices set forth in Paragraph 13 of this Complaint have violated Section 144 of the TILA, 15 U.S.C. § 1664, and Section 226.24(c) of Regulation Z, 12 C.F.R. § 226.24(c).
15. The acts and practices of Respondent as alleged in this complaint constitute deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act and violations of the Truth in Lending Act and Regulation Z.

**THEREFORE**, the Federal Trade Commission, this nineteenth day of April, 2012, has issued this complaint against Respondent.

By the Commission, Commissioner Ohlhausen not participating.

Donald S. Clark  
Secretary

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