



Office of the Secretary

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

May 8, 2007

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RE: Request of United Auto Group, Inc., and smart USA Distributor LLC for Stay of Application of the Franchise Rule

Dear Mr. Lowell:

United Auto Group, Inc., and smart USA Distributor LLC (collectively "Smart USA") have petitioned the Commission for a stay of the Franchise Rule, 16 C.F.R. Part 436. For the reasons stated below, the stay has been granted.

On January 22, 2007, the Commission approved amendments to the Franchise Rule, 16 C.F.R. Part 436, which will go into effect, on a voluntary basis, on July 1, 2007. Among other things, the amended Rule creates new exemptions for sophisticated investors that includes a large investment exemption, section 436.8(a)(5)(i), and a large franchisee exemption, section 436.8(a)(5)(ii). The large investment exemption applies when the "franchisee's initial investment, excluding any financing received from the franchisor or an affiliate and excluding the cost of unimproved land, totals at least \$1 million." The large investment exemption applies when the "franchisee (or its parent or any affiliates) is an entity that has been in business for at least five years and has a net worth of at least \$5 million."

The Commission has reviewed the petition of Smart USA and determined that as of July 1, 2007, Smart USA will be able to take advantage of both the large investment and large franchisee exemptions from disclosure as set forth in the amended Franchise Rule. The Commission has determined that a stay of the Franchise Rule insofar as it applies to Smart USA, pending the effective date of the amended Franchise Rule, is appropriate and shall become effective this date. Accordingly, the Commission grants a stay of the application of the Franchise Rule to Petitioner.

By direction of the Commission.

Donald S. Clark  
Secretary