



UNITED STATES OF AMERICA  
Federal Trade Commission  
WASHINGTON, D.C. 20580

**Joint Statement of Chair Lina M. Khan,  
Commissioner Noah Joshua Phillips, Commissioner Rebecca Kelly Slaughter,  
and Commissioner Alvaro M. Bedoya  
Regarding the Notice of Proposed Rulemaking  
on a Motor Vehicle Dealers Trade Regulation Rule  
Commission File No. P204800**

**June 23, 2022**

The Commission has voted today to release a Notice of Proposed Rulemaking to address unfair and deceptive practices in car sales. Cars are vital for Americans, especially those living in rural areas or where mass transit is limited. They are crucial for people to get to work, to shop for groceries, and to get to doctor's appointments. For many Americans, buying a car is the most expensive purchase they will ever make. And in this time of rising prices and supply shortages, it is vitally important that Americans not be deceived when purchasing a car, particularly when it comes to "junk fees" or unnecessary add-ons.<sup>1</sup> Add-ons can cost consumers thousands of dollars and can significantly increase the overall cost to the consumer in the transaction.

The proposed rule builds on the FTC's work over decades, which confirmed that add-ons are a significant pain point for the car buying public.<sup>2</sup> FTC staff's in-depth interviews with consumers during a recent study revealed that consumers were unaware which add-ons they had purchased, were unable to identify add-ons in the paperwork, were unclear what those add-ons included, and sometimes did not realize they had purchased any add-ons at all. Indeed, add-ons were the single greatest area of confusion observed in the study.<sup>3</sup>

If this rule is finalized, the FTC will be able to bring enforcement actions to obtain civil penalties or redress for consumers from those who violate the rule's provisions. This tool will be especially important given last year's Supreme Court decision in *AMG*,<sup>4</sup> which held that the FTC cannot use Section 13(b) of the FTC Act to make consumers who are harmed by deception or unfair practices financially whole. The proposed rule also has been crafted carefully not to impose unnecessary burdens on the mostly small businesses in this industry.

This proposed rule is another example of how the FTC is using the full set of tools granted us by Congress to protect Americans from deceptive or unfair practices. Here, we are using—for the first time—authority that Congress gave us back in 2010 through the Dodd-Frank Act,<sup>5</sup> which authorizes the FTC to prescribe rules governing motor vehicle dealers, and to do so pursuant to the FTC Act and the Administrative Procedure Act.

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<sup>1</sup> See NAT'L CONSUMER L. CTR., AUTO ADD-ONS ADD UP: HOW DEALER DISCRETION DRIVES EXCESSIVE, ARBITRARY AND DISCRIMINATORY PRICING (2017), [https://www.nclc.org/images/pdf/car\\_sales/report-auto-add-on.pdf](https://www.nclc.org/images/pdf/car_sales/report-auto-add-on.pdf). Not all add-ons provide no value. The NPRM limits its prohibition to ones that do.

<sup>2</sup> FED. TRADE COMM'N, BUCKLE UP: NAVIGATING AUTO SALES AND FINANCING (2020), [https://www.ftc.gov/system/files/documents/reports/buckle-navigating-auto-sales-financing/bcpstaffreportautofinancing\\_0.pdf](https://www.ftc.gov/system/files/documents/reports/buckle-navigating-auto-sales-financing/bcpstaffreportautofinancing_0.pdf).

<sup>3</sup> *Id.* at 9.

<sup>4</sup> *AMG Capital Mgmt., LLC. v. FTC*, 141 S. Ct. 1341 (2021).

<sup>5</sup> 12 U.S.C. § 5519.

Given the panoply of harms that Americans face from unlawful business practices, bringing an end to unlawful fees that hurt Americans already struggling with high prices is critical. We thank the Bureau of Consumer Protection staff for their excellent work on this effort and look forward to hearing from the public on this vital initiative.

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