# UNITED STATES OF AMERICA FEDERAL TRADE COMMISSION

<b>COMMISSIONERS:</b>	<b>Edith Ramirez, Chairwoman</b>

Julie Brill Maureen K. Ohlhausen

Maureen K. Ohlhausen Terrell P. McSweeny

In the Matter of	)	
LITHIA MOTORS, INC., a corporation;	) <b>DOCKET</b> !	NO.
	) )	

# **COMPLAINT**

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

- 1. Respondent is an Oregon corporation with its principal office or place of business at 150 North Bartlett Street, Medford OR 97591. Respondent has marketed, advertised, offered for sale, and sold used motor vehicles.
- 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 January 2015, Respondent has disseminated or has caused to be disseminated advertisements promoting the sale of used motor vehicles.
- 4. Respondent's advertisements include, but are not necessarily limited to, advertisements and marketing materials posted on the website <a href="www.lithia.com">www.lithia.com</a>, excerpts of which are attached as Exhibits A through D. On its website, on a page prominently touting the features of the dealer-backed, Lithia "60 Day/3,000 Mile" warranty Lithia claims that its "60 Day/3,000 Mile vehicles are put through an exhaustive 160-checkpoint Quality Assurance Inspection." It goes on to state, "We want the vehicles to look, feel and smell as new as possible. We inspect everything from the tires and the brakes to suspension, drive train, engine components and even the undercarriage. Only vehicles that pass all

160 checkpoints (as appropriate to vehicle content) can receive our 60 Day/3,000 miles Limited Warranty."

# Exhibit A.

- 5. Even though it makes the claims set forth in Paragraph 4, Respondent has advertised numerous used "60 Day/3,000 Mile" vehicles with open recalls for safety issues on its website.
- 6. In some instances, these open recalls for safety issues have included recalls for defects that can cause serious injury. For example, Respondent has advertised used "60 Day/3,000 Mile" vehicles that have an open recall for safety issues for a key ignition switch defect, which can affect engine power, power steering, power braking, and airbag deployment, thereby increasing the risk of a crash and occupant injury. Respondent also has advertised used vehicles that have an open recall for safety issues for a side impact air bag wiring harness defect, which could result in the failure of side impact airbags and seat belt pretensioners to deploy in a crash, increasing the risk of injury.
- 7. In numerous instances, when Respondent has advertised used "60 Day/3,000 Mile" vehicles that are subject to open recalls for safety issues making the claims set forth in Paragraph 4, it has provided no accompanying clear and conspicuous disclosure of this fact.
- 8. When consumers search for particular categories of vehicles on Respondent's website, there is no disclosure regarding open recalls for safety issues. An example of such search results includes the following:

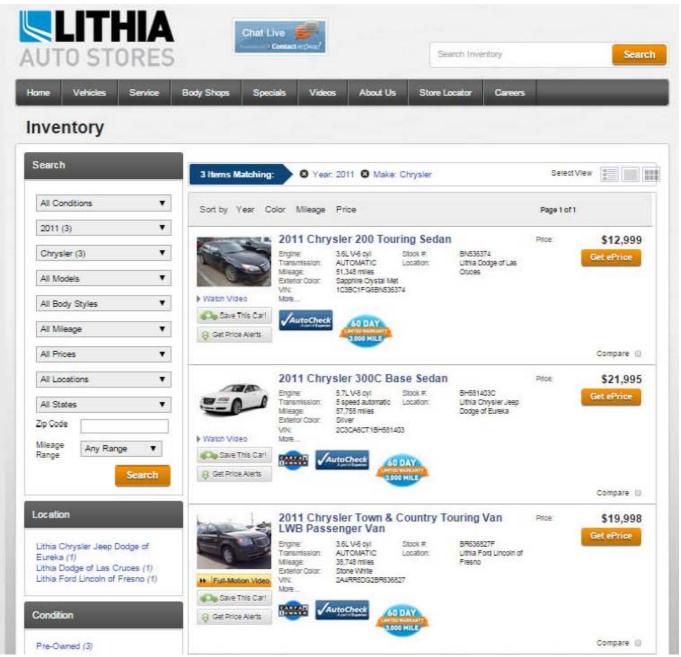
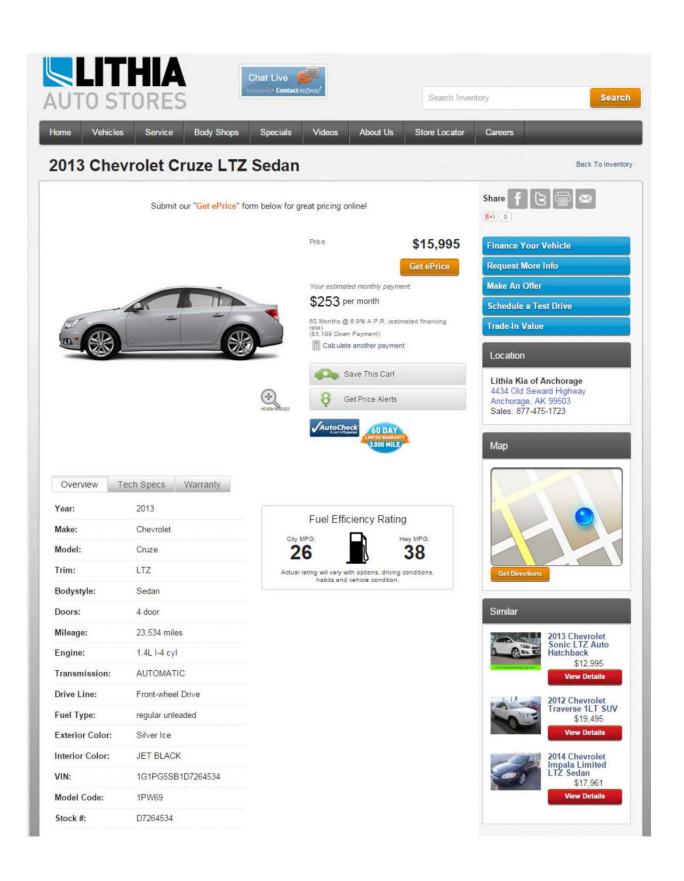


Exhibit B.

9. When consumers view specific vehicle listings on Respondent's website, there is no disclosure of open recalls for safety issues. An example of such a listing with an open safety recall includes the following:



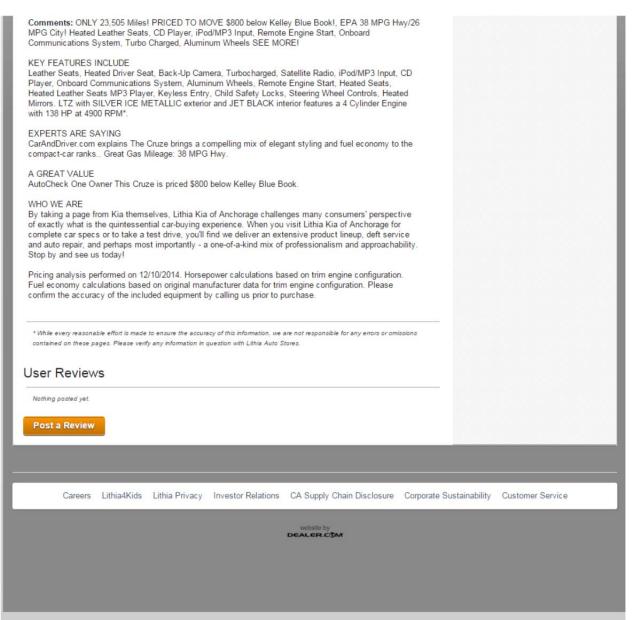
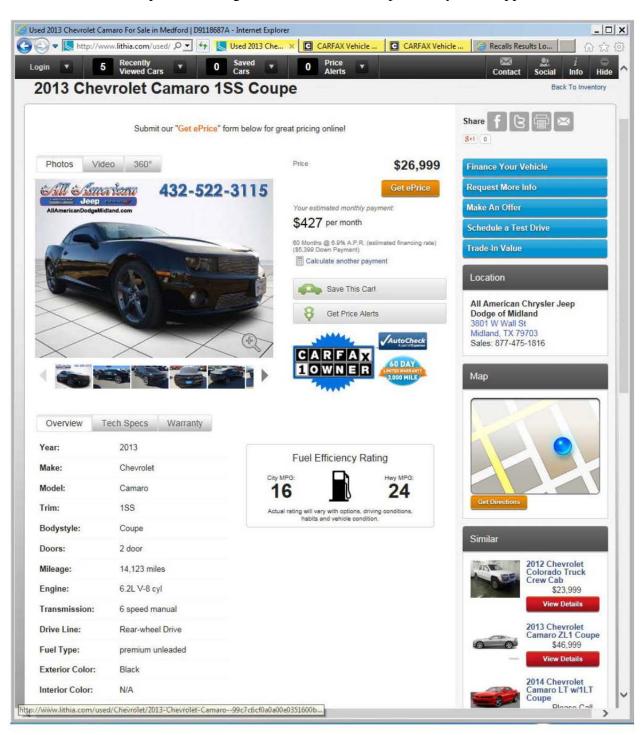


Exhibit C

10. Another example of a listing for a vehicle with an open safety recall appears as follows:



#### Exhibit D.

11. To uncover any information about open recalls for safety issues through Respondent's website, a consumer viewing a listing such as the one shown in Paragraph 10 would have

to locate and click on the "Carfax" links on the search results page or the vehicle listing page to access a vehicle history report. In other instances, such as the listing shown in Paragraph 9, the vehicle history report contains no information about open recalls for safety issues.

# VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

# **Count I**

- 12. In connection with the marketing, advertising, offering for sale, or sale of used motor vehicles, Respondent has represented, directly or indirectly, expressly or by implication, that used motor vehicles it sells have been subject to rigorous inspection, including for safety issues.
- 13. In numerous instances in connection with the representation set forth in Paragraph 12, Respondent has failed to disclose, or disclose adequately, that used vehicles it sells are subject to open recalls for safety issues.
- 14. Respondent's failure to disclose, or disclose adequately, the material information set forth in Paragraph 13 above, in light of the representation described in Paragraph 12, above, constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THEREFORE, the Federal Trade	e Commission, this	_ day of	,, has issued
this complaint against Respondent.			
By the Commission.			
	Donald S. O	Donald S. Clark	
	Secretary		
SEAL:			