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Please respond to: Tallahassee office

TO: All Myers & Fuller Dealer Clients

FROM: Richard N. Sox, Jr.

DATE: May 8, 2008

LEGAL ALERT

STATE ATTORNEY GENERALS PURSUING DECEPTIVE ADVERTISING

Have you seen the Press Releases?

Massachusetts car dealers settle with Attorney General in ad flap

Florida Attorney General: 'Don't let misleading auto advertising take you for a ride!'

Washington settles with out-of-state car dealer

State Announces Settlement with South Jersey Car Dealership

Two Pennsylvania Dealers to Pay \$250,000 for Deceptive Advertising

Recent press releases highlight that State Attorney Generals are after auto dealers engaging in deceptive advertising. The alleged violations concern advertising, according to at least one dealer, that has been used for the past fifteen years. Target ads "falsely" promise rebates, incentives, free gifts, financing for anyone and "asterisk" pricing. Many times the advertising copy is produced by promotional companies and direct mail advertisers, not by the dealers themselves. The pitch is usually "these always generate tons of traffic" or "we just used this one with a dealer in the South and pulled in monster numbers." Unfortunately, some of the people pulled in by the deceptive ad complain to law enforcement and regulatory authorities. While the direct mailer writes the ad, **the dealer is always held responsible.**

More enforcement efforts are expected. In the damage control we have done on behalf of dealers after the Attorney General office's investigation has begun, we have seen relatively steep fines but just as damaging negative publicity. To bolster his or her reputation with the residents of their State, the Attorney General will always publicize their investigation of your dealership.

How do your advertising practices measure up? All advertising must contain truthful statements. The statements must not only be true but also cannot be misleading. The test is whether the consumer's interpretation or reaction is reasonable.

To manage the risk of increased Attorney General activity make sure all your ads are reviewed by an experienced dealer franchise attorney before the direct mailer or newspaper copy becomes final. Don't wait until the Attorney General comes knocking. That will be a costly lesson, in both money and dealership reputation.

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