

December 7, 2023

U.S. Senate Committee on Commerce, Science & Transportation
254 Russell Senate Building
Washington DC, 20510

Re: S. 3014 - FTC REDO Act

Dear Members:

The undersigned 28 consumer advocacy groups write to strongly oppose the FTC REDO Act. This industry-backed legislation targets the Federal Trade Commission for fulfilling its statutory mandate to respond to unfair and deceptive practices in the auto marketplace. The FTC's Motor Vehicle Dealer Rule would save consumers time, money and aggravation by requiring price transparency and prohibiting clearly fraudulent conduct, but industry groups continue their lobbying efforts to undo the work of the FTC.

Car buyers across the United States have overwhelmingly expressed support for the Rule. The FTC has tried – for a decade – to use its other tools to fix problems that are inherent to the marketplace without success. The Rule represents the culmination of lessons learned in the past ten years through enforcement actions, qualitative and thorough data, conversations with numerous stakeholders, and consumer feedback. To give the FTC REDO Act serious consideration would undermine the FTC's existing and well-documented efforts to thoroughly evaluate and respond to problems in the auto marketplace.

1. **Consumers overwhelmingly support the FTC's Auto Dealer Rule.** The FTC received over 25,000 comments in response to its rule proposal in September 2022, with tens of thousands of consumers expressing vigorous support. Additionally, [nearly 10,000 consumers have written to the authors of this legislation, the National Auto Dealers Association](#), specifically asking it to cease its lobbying efforts to kill the Rule. Auto dealer conduct is a [top consumer complaint nationwide](#) and has been for nearly a decade, with their behavior generating hundreds of thousands of complaints to government regulators. The REDO Act asks you to ignore the voice of consumers altogether.
2. **Ethical auto dealers support the FTC's Auto Dealer Rule.** Many auto dealers also commented in support of the Rule, pointing out that honest dealerships are at an unfair disadvantage in a market where their unscrupulous competitors can lure potential car buyers into transactions with false promises of lower prices, then jack up the prices by engaging in unfair and deceptive practices.
3. **The CAR "study" is unscientific and unreliable.** NADA relies on a "study" it funded through the Center for Automotive Research, but the study does not withstand any measure of scientific scrutiny. Notably, NADA selected the participants for the study rather than conducting a random survey. NADA and its handpicked dealers also have a tremendous

incentive to overestimate the time and costs of the Rule, and it is unsurprising that the study therefore produced highly unbelievable responses, such as:

- a. Claiming that it would take **40 minutes per transaction** to provide a one-sentence statement that lower monthly payments over a longer period of time mean a higher total vehicle cost;
- b. Claiming that it will take an **additional 40 minutes per transaction** to avoid lying to consumers;
- c. Claiming that it will take **40 minutes per transaction** to tell consumers what the price of the vehicle is.

Not only are the NADA-selected dealers' responses revealing about the current state of the auto finance marketplace, they also do not withstand a commonsense review.

4. **The Auto Dealer Rule is already supported by research, experience and enforcement.** In the past ten years, the FTC has brought more than 50 motor vehicle-related enforcement actions that show a persistent pattern of discriminatory, unfair, and deceptive conduct. The FTC also conducted an in-depth qualitative study where it conducted thorough in-person interviews of car buyers along with a comprehensive review of their purchase and financing paperwork. Finally, the FTC has evaluated (and participated in) numerous attorney general enforcement actions against auto dealers, conducted stakeholder roundtables, conducted public workshops, and provided public comment opportunities, all of which are summarized in, and support the need for, the Rulemaking. The FTC REDO Act ignores this comprehensive data and falsely claims that the FTC has not done its job.
5. **The Auto Dealer Rule will save consumers time, money and aggravation.** The FTC estimates that consumers will save at least \$30 billion in time savings just through transparent auto pricing. This is a conservative estimate – consumers will save much more than \$30 billion as a result of the Rule overall. The Rule would also save billions more by explicitly prohibiting the sale of worthless and unauthorized add-on products and services. Notably, in a **single enforcement case** against Napleton Auto, the FTC alleged that dealers charged \$70 million in deceptive and unauthorized add-ons. Many consumers commented that the experience of buying a car is exhausting and overwhelming, and the Rule would alleviate some of this widespread frustration. The cost-benefit analysis weighs heavily in favor of adopting the Rule.

We would be happy to meet with you to discuss these issues at your convenience. Please reach out to Erin Witte at Consumer Federation of America (ewitte@consumerfed.org) with any questions.

SIGNERS LISTED ON FOLLOWING PAGE

Sincerely,

20/20 Vision

Accountable.US

American Economic Liberties Project

Americans for Financial Reform

CAARMA

Center for Digital Democracy

Center for Economic Justice

Center for Responsible Lending

Columbia Consumer Education Council

Consumer Action

Consumer Federation of America

Consumer Reports

Consumers for Auto Reliability and Safety

Delaware Community Reinvestment Action Council, Inc.

Economic Action Maryland

Florida Silver Haired Legislature

Georgia Watch

National Association of Consumer Advocates

National Consumer Law Center on behalf of its low-income clients

New Jersey Citizen Action

Public Citizen

Public Good Law Center

South Carolina Appleseed Legal Justice Center

Texas Appleseed

U.S. PIRG

Virginia Citizens Consumer Council

Virginia Poverty Law Center

VOICE (Voices Organized in Civic Engagement) - Oklahoma