



Colorado Automobile Dealers Association

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**\* \* \* IMPORTANT DEALER ALERT \* \* \***

**Internet Advertising Violations**

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**TO:** CADA Members  
**FROM:** Tim Jackson  
**RE:** Auto Industry Division alert regarding pervasive Internet advertising violations  
**DATE:** January 10, 2007

The Auto Industry Division (AID) has alerted CADA to some key advertising violations they have recently identified among Colorado dealers. AID is providing us with this opportunity to give you advance notice and warning to clarify various aspects of current advertising rules. After adequate notice and time, AID will be actively monitoring and citing dealers for violations. Most Colorado dealers have reviewed the key advertising rules. This is to remind you of the following restrictions.

1. Overall, keep in mind that “advertisement” is defined very broadly and includes Internet postings:

*C.R.S. (Colorado Revised Statutes) 12-6-102(1.5).* Means any commercial message in any newspaper, magazine, leaflet, flyer, or catalog, on radio, televisions or public address system, in direct mail literature or other printed material, on any interior or exterior sign or display, in any window display, on a computer display, or in any point-of-transaction literature or price tag that is delivered or made available to a customer or prospective customer in any manner whatsoever: except that such term does not include materials required to be displayed by federal or state law.

2. AID has begun to review a number of Internet ads (i.e., [www.craigslist.org](http://www.craigslist.org), [www.autotrader.com](http://www.autotrader.com), [www.postnewsmarketplace.com](http://www.postnewsmarketplace.com)) and found the following particular violations:

- The same car cannot be advertised on the Internet and in print at **different prices**
  - However, it is allowable to provide a “coupon” available online only (it is the advertised price that must be the same).

- Many online advertisements in particular are **missing stock numbers**.

*Rule 3. Advertising a specific motor vehicle for sale or lease with price or terms quoted, without fully identifying the vehicle as to year, make, model and dealer stock number. Such vehicle shall be willfully shown and sold at the advertised price and/or terms while such vehicle remains unsold or unleased, for a period of five days following the last date the ad was published, unless the ad states that the advertised price and terms are good only for a specific time and such time has elapsed. If a specific number of motor vehicles is advertised, such vehicles MUST have been invoiced to the dealer.*

- A number of ads do not indicate the **name of the dealership** that placed the ad

*C.R.S. 12-6-125. Advertisement - inclusion of dealer name.* No motor vehicle dealer or used motor vehicle dealer or any agent of either of said dealers shall advertise any offer for the sale, lease, or purchase of a motor vehicle or a used motor vehicle which creates the false impression that the vehicle is being offered by a private party or by a motor vehicle agent or which does not contain the name of the dealer or the word “dealer” or, if the name is contained in the offer and does not clearly reflect that the business is a dealer, both the name of the dealer and the word “dealer”.

3. In the series of advertising seminars CADA coordinated—in conjunction with AID—the following surfaced as additional key areas of dealer non-compliance:

- NADA book value must have month and year
- A prior, advertised price by itself is not deemed to be an allowable “basis”

*Rule 10. Advertising sales prices for used motor vehicles which claim or imply a specific savings or discount without clearly and accurately documenting the basis for the savings or discount.*

- D&H can NOT be added to an advertised price (if an advertised price is negotiated below the advertised price, D&H can only be added, IF the final price does not exceed the advertised price.

*Rule 13. Advertising the price of a vehicle without including all costs to the purchaser at the time of delivery, except sales tax, finance charges, cost of emissions test, and transportation costs, incurred after sale, to deliver the vehicle to the purchaser at the purchaser's request.*

4. Please take time to review all of the regulations (see attached and available online at <http://www.revenue.state.co.us/dlr/pdfs/adrules.pdf>), and ask questions if necessary to ensure you are in compliance. Do keep in mind that the regulations noted above are all clarifications for an overall statutory obligation to ensure advertising is not “misleading” and does not “misrepresent”:

C.R.S. 12-6-118(3)(k). To intentionally publish or circulate any advertising which is misleading or inaccurate in any material particular or which misrepresents any of the products sold or furnished by a licensed dealer.

5. Additionally, under Federal Regulation M (which AID also actively enforces) covering certain consumer lease advertisements, the “most common violation” they find is a failure to state whether or not the security deposit is required. State “No security deposit required” if one is not required.

CADA organized seven Advertising Compliance Seminars, in conjunction with Auto Industry Division and our outside counsel, Bill Walters, over the past year. If you have not sent someone from your dealership to this class, we would strongly encourage you to do so. While we do not yet have another class scheduled at this time, if you would like to be added to a specific notice list once we do have a date/time, please send an email to [training@cadaonline.org](mailto:training@cadaonline.org) and include in the subject line: “add to advertising training list.”

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If you have questions or need further information, please contact CADA:

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