

**Consumer Action
Center for Auto Safety
Center for Justice and Democracy
Consumers for Auto Reliability and Safety
National Consumers League**

July 2, 2009

Commissioner Jon Leibowitz
Commissioner Pamela Jones Harbour
Commissioner William E. Kovacic
Commissioner J. Thomas Rosch
Federal Trade Commission
600 Pennsylvania Avenue N.W.
Washington, DC 20580

Re: Petition to Modify 16 CFR Part 455, Used Motor Car Trade Regulation Rule, on an Expedited, Emergency Basis

The above-listed non-profit organizations hereby petition the Federal Trade Commission to modify 16 CFR Part 455, the Used Motor Car Trade Regulation Rule, to warn prospective purchasers of over 30 million used Chrysler vehicles they lack basic protections previously provided under state law, under the terms of the Chrysler bankruptcy proceeding.

Due to the serious, immediate threat posed by the vehicles to the purchasers and their passengers, or their survivors, should they suffer debilitating injuries or fatalities due to manufacturer-caused defects, petitioners further request that the rulemaking be conducted on an expedited, emergency basis.

Used Car Rule already requires basic disclosures

The Commission promulgated the Used Car Rule in 1984 and the Rule became effective in 1985. The Used Car Rule is intended primarily to prevent oral misrepresentations and unfair omissions of material facts by used car dealers concerning warranty coverage. To accomplish that goal, the Rule provides a uniform method for disclosing warranty information on a window sticker called the “Buyers Guide” that dealers are required to display on used cars.

The Rule requires used car dealers to disclose on the Buyers Guide whether they are offering a used car for sale with a dealer’s warranty and, if so, the basic terms, including the duration of coverage, the percentage of total repair costs to be paid by the dealer, and the exact systems covered by the warranty. The Rule additionally provides that the Buyers Guide disclosures are to be incorporated by

reference into the sales contract, and are to govern in the event of an inconsistency between the Buyers Guide and the sales contract. The Rule requires Spanish language versions of the Buyers Guide when dealers conduct sales in Spanish.

Chrysler bankruptcy exposes car buyers to significant added risks

Under the Sale Order affirmed by the Second Circuit, the "New Chrysler" is absolved of liability for future claims involving the approximately 30 million used Chrysler vehicles produced prior to May 30, 2009, that are currently registered in the United States. As a result, consumers who purchase those vehicles in the future no longer will have the same protections as they had prior to the bankruptcy proceeding, or that they would have if they purchased a used vehicle produced by another manufacturer.

The Sale Order's elimination of successor liability will harm thousands of people who will be injured by Chrysler's defective vehicles. Furthermore, people who will one day be harmed cannot possibly have received meaningful notice that the bankruptcy proceeding has eliminated their rights or a meaningful opportunity to protect those rights, denying them protection under state laws.

Prospective purchasers of those Chrysler vehicles are likely to be unaware which vehicles were produced prior to the bankruptcy proceeding. This is particularly true since two vehicles that are the same make and model, and are identical in appearance and design, but differ solely by a single day in their date of manufacture, will afford their purchasers entirely different levels of protection.

A purchaser injured due to a manufacturer-designed safety defect in a Chrysler vehicle produced prior to the bankruptcy faces the added risk of being held responsible for millions of dollars in medical expenses, hundreds of thousands of dollars in lost income, and other losses --with no possibility of recompense -- even if their injury was clearly Chrysler's fault.

Certainly the fact that a certain vehicle is no longer covered by state law, in the event of catastrophic injury or death, is a material fact that must be disclosed to prospective purchasers. To omit the disclosure is inherently unfair and deceptive.

Indeed, the bankruptcy court contemplated that consumers would have adequate notice of the lack of protection, in approving the Sale Order. By issuing a modified rule focused solely on the unique circumstances posed by the Chrysler bankruptcy, the FTC would provide a meaningful notice that is posted where it is most useful for consumers -- in writing, on the vehicles themselves.

Attached is a sample warning that we believe would suffice to provide notice. In conformity with the existing Used Car Rule, it should be provided in English and Spanish. We also urge that the notice be required in the other five languages most prevalent in the U.S., if the vehicle is advertised in one of those languages.

Should you or your staff have any questions regarding this petition, or wish to communicate with our organizations regarding this petition, we designate Rosemary Shahan, President of Consumers for Auto Reliability and Safety, as our contact person for purposes of this petition..Address: 1303 J Street, Suite 270, Sacramento, CA 95814. Phone: 530-759-9440.

Thank you for your consideration of our petition. We hope that the FTC will act expeditiously.

WARNING

This vehicle was produced prior to the date when the Chrysler bankruptcy was approved.

If you buy this vehicle and are injured or killed, even if your injuries were caused by the manufacturer, you or your survivors will not be able to recover your losses by taking action against the manufacturer.

If your passengers are injured or killed, even if their injuries were caused by the manufacturer, they and their survivors will not be able to recover their losses by taking action against the manufacturer.

This notice is required by the Federal Trade Commission. For more details, contact _____ [toll free number at FTC with recording in English and Spanish that provides more details] or online at [link to FTC website with more information]