

# Automotive News

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March 29, 2023 01:21 PM | UPDATED 54 MINUTES AGO

## FTC investigating Illinois car dealers Liberty, Leader Auto

The Federal Trade Commission has demanded auto finance-and-insurance documents going back to 2018 at Leader Automotive Group and back to 2019 at Liberty Auto City.

JOHN HUETTER

The Federal Trade Commission has since 2022 been investigating the Illinois car dealers Liberty Auto Group, owned by a NADA board member, and AutoCanada U.S. subsidiary Leader Automotive Group for potential unfair, deceptive or discriminatory behavior.

The [Federal Trade Commission](#) is investigating two Illinois automotive groups for potential unfair, deceptive or discriminatory behavior, demanding years of finance-and-insurance documents as part of the inquiry.

Neither [Liberty Auto City](#) nor [Leader Automotive Group](#) have formally been accused of anything by the agency, which has been looking into them both for potential FTC Act and Equal Credit Opportunity Act violations since at least last year.

FTC commissioners in both cases said they were exploring the groups' "auto sales and lending practices" for unfair or deceptive practices or prohibited discrimination "resulting in higher vehicle sales prices, periodic payments, 'add-on' charges, or other harm to consumers."

Leader Automotive attorney Ira Levin of Burke, Warren, MacKay & Serritella said in a statement Friday the company "does not typically comment on pending legal matters; however, we can share that we are working with the FTC to respond to all reasonable requests for information. The Company regularly trains its employees on sales processes and performs periodic audits," Levin said.

Emails left for Liberty's general manager and owner Joe Massarelli, a National Automobile Dealer Association board member, have not yet been returned. Levin and another Liberty attorney could not be reached for comment on behalf of that client.

The Libertyville, Ill., group has been under investigation since at least April 12, 2022, when the FTC issued a civil investigative demand for records as far back as April 1, 2019.

Commissioner Christine Wilson and other FTC commissioners on June 12, 2022, rejected Liberty's request to drop the agency's records demand or give it more time to produce the documents, establishing a June 22, 2022, deadline for compliance.

Leader, the Chicago-based [U.S. subsidiary of AutoCanada](#), has been under investigation since November 2022. On Feb. 23, 2023, commissioners rejected Leader's request for more time to produce an extensive collection of dealership records demanded by the agency Dec. 27, 2022, including the past two years of deal packets. Records were due March 10.

The FTC's demands to both companies included documents related to customer complaints; auto lenders and their share of Leader's loans; any finance-and-insurance product or other add-on not provided or installed by the manufacturer and its cost, sale price, bundling, cancellability, mandatory status and employee compensation; and certain costs related to preparing a vehicle, such as reconditioning, and whether they appear in advertised prices.

Liberty was required to provide these items for the time period between April 1, 2019, and whatever present date the dealership group completed the agency's request. Leader received a similar mandate dating back to April 1, 2018, for these records and an additional FTC order to provide every unique dealership advertisement and every means of obtaining reviews, including any entity paid for reviews.

The FTC also demanded all Liberty deal jackets, retail installment sales contracts and financial applications on deals with an add-on between April 1, 2019, and April 1, 2022. Leader was required to provide this information on all transactions between Jan. 1, 2021, and the date it completed the FTC's request.

Liberty has a single dealership property in Illinois housing franchises for Subaru and Stellantis' domestic brands. It sells more than 3,000 vehicles per year.

Leader has eight locations in Illinois with franchises for 16 brands. An [AutoCanada](#) annual report said the U.S. group sold 5,028 new vehicles and 11,451 used vehicles and produced

\$664 million in revenue in 2022 and averaged \$2,951 per vehicle in F&I gross profit during the fourth quarter.

Inline Play

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