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GM's Whitacre ads called deceptive in FTC complaint

Rich Thomaselli

Advertising Age -- May 5, 2010 - 12:01 am ET

UPDATED: 5/5/10 11:35 a.m. ET

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NEW YORK (AdAge.com) -- **General Motors Co.'s** controversial commercial featuring CEO Ed Whitacre has prompted advocacy group Competitive Enterprise Institute to file a complaint with the Federal Trade Commission, charging GM with deceptive advertising.



ENLARGE

An attorney for an advocacy group says GM's recent ads with CEO Ed Whitacre were "completely misleading."

The Washington, D.C.-based group said Tuesday the Detroit carmaker misled the public when it claimed in a national TV ad that it has paid back its bailout loan from the U.S. government. The spot, which was created by McCann-Erickson, Detroit, ended its run last week. A McCann spokeswoman referred calls to the client.

The commercial featured Whitacre walking through an assembly plant and saying "we have repaid our government loan in full, with interest, five years ahead of the original schedule."

Critics, however, argue that the ad is disingenuous, saying the repayment came from another government bailout account - or as one TV pundit described it, "paying off your MasterCard with your Visa."

'False impression'

In the complaint filed with the FTC, the Institute said the ad "gives the false impression that GM has used its own funds to pay back all the bailout money that it received from the federal government. In fact, GM has only repaid a fraction of those funds -- barely 10 percent.

"Moreover, GM apparently repaid its loan by using other federal funds."

Complaints to the FTC can lead to FTC investigations.

Hans Bader, senior attorney for the Institute, said: "GM might argue that its ad is literally accurate, but the fact is it's completely misleading."

The Institute describes itself as a "public interest group dedicated to free enterprise and limited government."

GM spokeswoman Ryndee Carney said the automaker is aware of reports of the claim, but no one from the FTC has contacted GM directly.

"We're confident that our ad meets the FTC's guidelines," she said.

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'Slick marketing campaign'

Republican members of Congress were among the first to contend the commercial was misleading.

Sen. Charles Grassley, R-Iowa, said GM was engaged in "a TARP money shuffle."

In an April 29 letter to Whitacre, Reps. Darrell Issa, R-Calif., and Jim Jordan, R-Ohio, of the House Committee on Oversight and Government Reform, wrote that "your statements and the slick marketing campaign built around them constitute a lie to the American people, who have spent over \$50 billion to bail out GM and currently own over 60 percent of the company.

"We are concerned that GM, under your leadership, has come dangerously close to committing fraud, and that you might have colluded with the United States Treasury to deceive the American public... GM's false advertisements are counterproductive and shameful, and they should stop."

Chrissie Thompson contributed to this report.

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RBD wrote:

Fight Socialism. Buy A Ford.

5/5/2010 5:14 PM EDT

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MondoBoss wrote:

Elmer_Childers....Hears a novel idea. We should only buy American products period. We should have union jobs for everyone. Let the CEOs, Managers etc of big corporations pay themselves whatever they want and run their companies as they see fit...damn it they're Americans. If a foriegn company makes a better product make it illegal unless we can copy it and make it ourselves. I'm sure this economic model will be the envy of the world!!

5/5/2010 4:57 PM EDT

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larcab wrote:

It is one easily fooled who relishes being lied to. We can only hope this is not the new standard of the US auto industry. Wanta buy another Pinto?

5/5/2010 4:36 PM EDT

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Elmer_Childers wrote:

Hear is a novel idea! Why don't all you so called patriotic americans pack your bags and move to a foreign country. GM PAID BACK THE MONEY!!!! That money could have been used or held in escrow collecting intrest but instead was returned. So what if they stated it was paid with intrest! For crying out loud they are trying to recover and all of you so called americans can do nothing but condemn or look for fault. My guess is that 99% of you drive a Toyota, Honda or Nissan. If you have a grip, lets talk about Toyota's recent attempt to cover up saftey issues and the numb skulls who would still choose to put their families in them!

5/5/2010 4:20 PM EDT

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MondoBoss wrote:

The bottom line is this.....GM has an image problem. The problem is centered around a lack of trust and respect. For far too long GM has over promised and under delivered. This is why they were only able to sell cars and trucks by using spiffs, gimmicks, giveaways and zero% loans. In the end this consumer mistrust and lack of respect lead to a full blown bankruptcy. Because GM is an American company, based in the USA that employs thousands of Americans it wasn't put out of its misery and after defaulting on nearly \$100 BILLION in debt has been given a new life. With this rebirth one would hope that as a company it learned from all of its previous mistakes?? Along comes Honest Ed Whitacre and his TV spots. He looks into the camera and states that GM has paid back ALL of its government loans with interest and ahead of schedule?? As we all know these statements are lies. The facts are since coming out of bankruptcy GM has lost BILLIONS. GM paid back \$6.7 BILLION that was in escrow and have borrowed another \$10 billion from The Department Of Energy (still the US government) As stated it's like paying off your Visa with your Mastercard!! It's nothing more than a shell game and certainly isn't anything to be proud of. One needs to question if Whitacre is the right person to lead GM. I say NO because lies and consumer mistrust finished off the original GM and their's no doubt that lies and mistrust will surely bankrupt the new taxpayer owned GM!!

5/5/2010 4:16 PM EDT

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