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**NEWS FOR IMMEDIATE RELEASE**

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**FTC and Wisconsin Take Action Against Rhinelander Auto Center for  
Illegally Discriminating Against American Indian Customers and Charging  
Unlawful Junk Fees**

*Current and former owners agree to settlements that will stop unlawful actions,  
return \$1.1 million for consumer refunds*

MADISON, Wis. – The Federal Trade Commission and the Wisconsin Department of Justice are [taking action](#) against Wisconsin auto dealer group Rhinelander Auto Center, its current and former owners, and general manager Daniel Towne for deceiving consumers by tacking hundreds or even thousands of dollars in illegal junk fees onto car prices and for discriminating against American Indian customers by charging them higher financing costs and fees.

The defendants have agreed to proposed court orders that will require Rhinelander’s current owners and Towne to stop their unlawful practices and provide \$1.1 million to be used for refunds to consumers.

“Working closely with the State of Wisconsin, we are holding these dealerships accountable for discriminating against American Indian customers and sneaking junk fees onto consumers’ bills,” said Samuel Levine, Director of the FTC’s Bureau of Consumer Protection. “A vehicle is one of the most expensive purchases families make, and we are fully committed to ensuring that all consumers navigating the car-buying process can do so without facing unlawful discrimination or paying for products and services they do not want.”

“Companies must not be permitted to engage in discriminatory practices or improperly charge customers for ‘add-on’ products or services,” said Wisconsin

Attorney General Josh Kaul. “Thank you to those at Wisconsin DOJ, the FTC, and other agencies whose work led to the filing of this complaint.”

In their complaint, the FTC and Wisconsin DOJ say that Rhinelander and Towne regularly charged many of their customers junk fees for “add-on” products or services without their consent. The complaint cites one survey of Rhinelander customers that shows half of the dealer’s customers said they were charged for add-ons without authorization or through deception. One consumer was told—deceptively—that Guaranteed Asset Protection (commonly referred to as “GAP,” or “GAP insurance”) was required for her car purchase, even though she didn’t want to buy it; it cost her more than \$1,000 in fees and additional interest on her loan.

Rhinelander and Towne discriminated against American Indian customers in the cost of financing by adding more “markup” to their interest rates, according to the FTC’s complaint. This additional markup cost American Indian customers \$401 more on average compared to non-Latino white customers. The complaint also notes that, since Rhinelander changed ownership in 2019, the disparity has only increased.

In addition, the complaint alleges that American Indian customers were charged for unwanted add-ons at a higher rate than non-Latino white customers. These additional junk fees can significantly drive up the amount that customers finance when they purchase their vehicle, which in turn leads to higher cost over the life of the loan. In total, American Indians paid on average approximately \$1,362 more for add-ons in credit transactions than non-Latino White customers since 2016, and \$1,374 more since the new ownership took over, according to the complaint.

The proposed settlement with Rhinelander’s current owners and Towne will require the company to stop deceiving consumers about whether add-ons are required for a purchase and obtain consumers’ express informed consent before charging them for add-ons. The settlement will also require the defendants to establish a comprehensive fair lending program that, among other components, will allow consumers to seek outside financing for a purchase and cap the additional interest markup Rhinelander can charge consumers. The current owners and Towne will also be required to pay \$1 million to be used to refund affected consumers.

The former owners, Rhinelander Auto Center, Inc. and Rhinelander Motor Company, have agreed to a separate settlement that would require the companies to permanently wind down the businesses and pay \$100,000 to be used to refund affected consumers.

The Commission vote to authorize FTC staff to file the complaint and to approve the proposed stipulated final orders was 3-0. The complaint and proposed final orders were filed in the U.S. District Court for the Western District of Wisconsin.

The FTC, Wisconsin DOJ, Wisconsin's Department of Transportation; Department of Financial Institutions; and Department of Agriculture, Trade and Consumer Protection, as well as the Better Business Bureau of Wisconsin, all assisted with this matter.

The settlement with the State of Wisconsin is dependent on approval by Wisconsin's Joint Committee on Finance per the requirements of 2017 Wisconsin Act 369.