

United States Senate

WASHINGTON, DC 20510

9/25/2018

The Honorable Joseph Simons
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chairman Simons:

We are writing to encourage the Federal Trade Commission (FTC) to thoroughly consider The Humane Society of the United States and the Animal Legal Defense Fund's recent request urging the FTC to investigate whether "pet leasing" companies and the pet stores they work with may be engaged in unfair or deceptive practices that are in violation of federal consumer protection laws.

As you may know, a number of recent reports suggest that consumers at pet stores looking to obtain a pet will sign what they believe is a financing agreement to purchase the pet on credit, only to learn later that they have signed an agreement (sometimes electronically, with little explanation of the terms of the agreement) to *lease* their pet. Under these lease agreements, consumers usually have to make monthly payments that can cumulatively amount to two or three times the pet's original, in-store price, and an obligation to return the pet at the conclusion of the lease.¹

In many cases, this happens when consumers entering a pet store indicate that they cannot afford a pet's full sticker price upfront and are then offered what they often believe to be a financing plan. In fact, these individuals are signing leases, and the leasing company, as the lessor, actually owns the animal for the entire term of the lease. This raises a number of legal and policy problems—not to mention animal welfare concerns. For example, if the consumer finds he or she cannot make the payments, the leasing company often states that it has the right to repossess the pet.² Even if actual repossessions are rare, the threat of the repossession is used as a way to force consumers to continue high payments required by these leases.

Troublingly, it appears that pet leasing companies use leases to circumvent state usury laws that limit the interest a consumer can be charged on a traditional credit sale.³ For example, one consumer believed she had purchased a puppy through a credit sale contract for \$3,148; however, upon receiving the contract by email, learned that she had signed a lease that would require payments totaling \$7,620, with a \$450 purchase option at the end of the lease.⁴

¹ Animal lovers decry "pet leasing" contracts. CBS News. (July 30, 2018) <https://www.cbsnews.com/news/animal-lovers-decry-pet-leasing-contracts/>

² Please Don't Repo Fido: Lawmakers Look to Ban Pet Leasing. (May 16, 2018) <https://www.usnews.com/news/best-states/new-york/articles/2018-05-16/please-dont-repo-fido-lawmakers-look-to-ban-pet-leasing>

³ Ibid.

⁴ Lease your car, not your pet. The Morning Call. (July 31, 2018) <http://www.mcall.com/news/watchdog/blog/mc-nws-pet-lease-watchdog-20171109-story.html>

As you well know, as the agency tasked with protecting consumers, the FTC has a broad mandate under the Federal Trade Commission Act to “prevent unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce.”⁵ Given the sheer volume of recent reports concerning pet leases, it is crucial that the FTC investigate whether this industry and the pet stores they work with are harming consumers and in violation of federal law.

Pets provide comfort, offer companionship, and bring joy to countless Americans’ lives. Aspiring pet owners should not be duped into exorbitant prices by predatory companies looking to evade consumer protection laws that limit financial charges and require clear disclosures. As you pursue the important consumer protection mission of the FTC, we urge you to consider the Humane Society of the United States and Animal Legal Defense Fund request thoroughly, and protect people and pets by using all available authority to address these issues.

Thank you for your time and consideration.

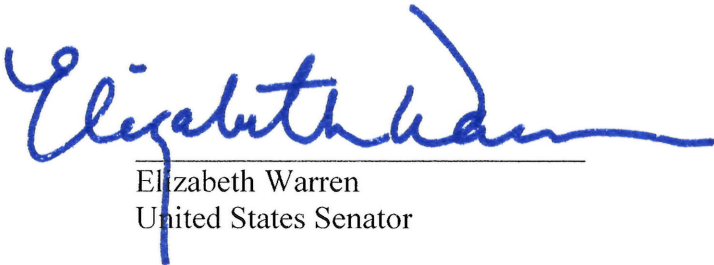
Sincerely,



Catherine Cortez Masto
United States Senator



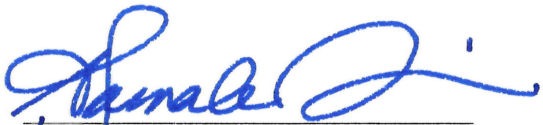
Richard Blumenthal
United States Senator



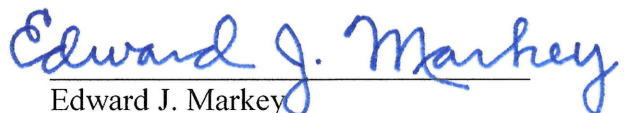
Elizabeth Warren
United States Senator



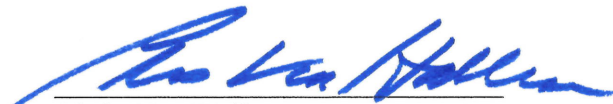
Margaret Wood Hassan
United States Senator



Kamala D. Harris
United States Senator



Edward J. Markey
United States Senator



Chris Van Hollen
United States Senator

⁵ 15 U.S.C. §§ 41-58

CC:

Christine S. Wilson, Commissioner

Noah Joshua Phillips, Commissioner

Rohit Chopra, Commissioner

Rebecca Kelly Slaughter, Commissioner