



Written by [Gary Benoit](#) on May 5, 2010

CEI Files Complaint Against Deceptive GM Ad

The Competitive Enterprise Institute filed a complaint with the Federal Trade Commission on May 4, saying that General Motors is misleadingly claiming in a TV advertisement that it has already paid back its government loan in full.

In the ad, GM CEO Ed Whitacre boasts: “A lot of Americans didn’t agree with giving GM a second chance. Quite frankly, I can respect that. We want to make this a company all Americans can be proud of again. That’s why I’m here to announce we have repaid our government loan, in full, with interest, five years ahead of the original schedule.”



In reality, the CEI complaint points out, “GM used taxpayer money to make the repayment — specifically, government bailout money from the Troubled Asset Relief Program.” Moreover, “repayment” actually amounts to “only a little over 10 percent of the money that the government put into GM to bail it out.”

You see, the \$6.7 billion U.S. government loan that GM is boasting is now paid in full is only part of the \$52 billion in U.S. government bailout funds it received. Most of the bailout money was converted into stock in the company, giving the U.S. government a 61 percent equity share in the company and giving birth to the GM nickname “Government Motors.” Of course, the government’s equity share of GM is supposed to be bought out and the taxpayers are supposed to get their money back. But contrary to GM deceptive advertisement that ignores the government-owned stock in GM, the taxpayers have not gotten their money back.

As for the “repayment” of the \$6.7 billion loan, Senator Charles Grassley, in a letter to Treasury Secretary Timothy Geithner, said that “it appears to be nothing more than an elaborate TARP money shuffle.” He elaborated: “The bottom line seems to be that the TARP loans were ‘repaid’ with other TARP funds in a Treasury escrow account. The TARP loans were not repaid from money GM is earning selling cars, as GM and the Administration have claimed in their speeches, press releases and television commercials.”

Senator Grassley also pointed to a recent television interview wherein GM vice chairman Stephen Girsky was asked: “Are you just paying the government back with government money?” Girsky replied: “Well listen, that is in effect true, but a year ago nobody thought we’d be able to pay this back.”

Thumbnail photo: Ed Whitacre in GM TV ad



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