

BMW Leads Funding Round for Ex-TrueCar CEO's Flexible Lease App

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October 20, 2017, 6:00 AM EDT

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- Daimler, Penske Auto also invest in Painter-led startup Fair
 - Company is taking on \$1 billion of debt to expand inventory
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BMW AG and Daimler AG are investing in a used-car leasing startup led by the co-founder of [TrueCar Inc.](#) that's trying to upend the way drivers find and finance their wheels.

Fair, started by former TrueCar CEO Scott Painter and Tesla Inc. finance executive Georg Bauer, will use funds raised through a BMW i Ventures-led financing round to expand across the U.S. and acquire more cars to lease out via its mobile app. Penske Automotive Group Inc. also is investing, and Fair isn't disclosing the amount raised.

A hybrid of car-sharing and traditional leasing, Fair is letting consumers lease a used vehicle for however long its customers want. The company runs a credit check off applicants' drivers licenses and allows them to select cars from local dealers listed along with monthly payment amounts. The car can be returned at any time with five days' notice and there's no traditional financing process needed because Fair maintains ownership of the vehicle.

Fair is another bet by Painter on changing auto industry dynamics. As the U.S. car sector tries to absorb a surge of [off-lease vehicles](#), the used-car market is facing a "pricing Armageddon," he said in an interview last month. The glut of used cars, which has depressed pricing, combined with millennials' taste for digital shopping and flexible ownership puts the company in a sweet spot, he said in a phone interview Thursday.

TrueCar History

Painter, who [stepped down](https://www.bloomberg.com/news/articles/2015-08-06/truecar-co-founder-to-retire-as-ceo-remain-as-board-chairman) from TrueCar in 2015 amid a spat with dealers who bristled at his push for more online price transparency, is now relying on them to provide inventory to Fair's users. To make its service appealing for them, the company lets dealers offer inventory on the app for free. The startup makes money by charging users a fee that's baked into the price of their monthly payment.

The equity raised from Daimler's Mercedes-Benz, Penske and i Ventures -- BMW's corporate venture capital arm -- will allow Fair to borrow, Painter said. The Santa Monica, California-based company is raising \$1 billion in debt from investment banks and a mobility fund created by venture firm Sherpa Capital.

Dealership group Penske's physical infrastructure will serve as a "foundation" for Fair's new leasing model. The company has been sourcing cars from dealers in Los Angeles and is planning to expand throughout California by the end of the year and to

other select U.S. markets in 2018.

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