FEDERAL TRADE COMMISSION DECISIONS

FINDINGS, OPINIONS, AND ORDERS, JANUARY 1, 1972, TO JUNE 30, 1972

IN THE MATTER OF

SPIEGEL, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2123. Complaint, Jan. 2, 1972—Decision, Jan. 3, 1972

Consent order requiring a Chicago, Ill., catalog retailer to cease violating the Truth in Lending Act by failing to disclose in its credit life and disability insurance its annual percentage rate, the method of computing its finance charges, and failing to comply with other provisions of Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Spiegel, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Spiegel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 2511 West 23rd Street, in the city of Chicago, State of Illinois.

PAR. 2. Respondent is a catalog retailer and is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of clothing, household appliances, kitchenware, bedding, furniture, radios, luggage, tools, tires and various other articles of merchandise.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time in the past has

regularly extended, consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of its business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent has caused to be delivered and is delivering to its customers periodic statements, as required by Section 226.7(b) of Regulation Z. By and through the use of these periodic statements, respondent:

1. For a period of time after July 1, 1969, sold credit life insurance to be written in connection with its credit sales:

(a) without obtaining a specific dated and separately signed affirmative written indication of the customer's desire for such insurance, and

(b) without disclosing the cost of such insurance to the customer in the insurance authorization signed by such customer.

Failing to provide for such authorization and disclosure pursuant to Section 226.4(a)(5) of Regulation Z, respondent was required to include the cost of such insurance in the amount of the finance charge, and by failing to do this, respondent failed to state the amount of the finance charge accurately, as required by Section 226.7(b)(4) of Regulation Z, and thereby also failed to state the annual percentage rate accurately, as required by Section 226.7(b)(6) of Regulation Z.

2. In some instances failed and is failing, to disclose the date by which or the period, if any, within which payment of the "New Balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

3. Failed to disclose the lower balance to which the periodic rate applied, when application of the periodic rate did not yield an amount equal to the minimum finance charge, as required by Sections 226.7(b)(5) of Regulation Z.

4. Arranges the sequence of certain disclosures on the face of the aforesaid periodic statements in the following manner:

By and through the use of this language and sequence of disclosures, respondent:

a. Represents, directly or by implication, that it computes the finance charge by applying a periodic rate to the previous balance after deducting payments and other credits made during the previous billing cycle. In fact, respondent computes the finance charge on the previous balance before deducting payments or credits. Therefore,

respondent confuses or misleads the customer and obscures or detracts attention from a certain required disclosure (the method of computing finance charges which appears on the reverse side of the periodic statement), contrary to Section 226.7(c)(4) of Regulation Z.

b. Fails to make the disclosures required by Section 226.7(b) of Regulation Z in a meaningful sequence, as required by Section 226.6(a) of Regulation Z.

PAR. 5. In the ordinary course of its business as aforesaid, for a period of time subsequent to July 1, 1969, respondent caused advertisements to be published, as "advertisement" is defined in Regulation Z. These advertisements aided, promoted or assisted directly or indirectly extensions of consumer credit in connection with the sale of respondent's goods. By and through the use of the advertisements, respondent:

1. In its advertising supplement to the " Cincinnati Enquirer" and in other direct mail advertisements, by using the phrase "Send no money," stated directly or by implication that no downpayment was required, without also clearly and conspicuously setting forth, in terminology prescribed in Section 226.7(b) of Regulation Z, all items required by Section 226.10(c) of Regulation Z.

2. In a schedule of credit terms contained in all of its catalogs, failed and is failing to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

PAR. 6. Pursuant to Section 103(k) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Truth in Lending Act, and the respondent having been served with notice of such determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agree-

ment is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in said complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Spiegel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2511 West 23rd Street in the city of Chicago, State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, Spiegel, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or in connection with any advertisement to aid, promote, or assist directly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), shall cease and desist from:

1. Failing, in any credit transaction, to include and to itemize the amount of premiums for credit life and disability insurance as part of the finance charge, unless the amount of such premiums is excluded from the finance charge because of appropriate exercise of the option available pursuant to Section 226.4(a)(5) of Regulation Z.

2. Failing, on any periodic statement (except in the case of an account which it deems to be uncollectible or with respect to which delinquency collection procedures have been instituted),

(a) to clearly and conspicuously disclose the correct amount of the finance charge determined in accordance with Section 226.4 of Regulation Z, and to itemize and identify such finance charge as required by Section 226.7(b)(4) of Regulation Z;

(b) to disclose the "annual percentage rate" computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.7(b)(6) of Regulation Z;

(c) to disclose the date by which or the period, if any, within which payment of the "new balance" may be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z; and

(d) to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.7(b)(5) of Regulation Z.

3. Separating the disclosures so as to confuse or mislead the customer or obscure or detract attention from the required disclosure of the method of computing finance charges, pursuant to Section 226.7(c)(4) of Regulation Z, by representing that it computes the finance charge in any manner other than that actually used by respondent.

4. Representing in any advertisement, catalog, or brochure, directly or by implication, that no downpayment is required without clearly and conspicuously setting forth, in the terminology prescribed in Section 226.7(b) of Regulation Z, each item required by Section 226.10(c) of Regulation Z, or, as an alternative to the foregoing,
Failing to refer to a schedule or statement of credit terms containing the disclosures required by Section 226.10(c) of Regulation Z by incorporating in immediate conjunction with the representation that no downpayment is required, pursuant to Section 226.10(b) of Regulation Z, a statement similar to the following:

If you elect credit, see credit terms on page —.

5. Failing, in a schedule of credit terms in any of its catalogs or other multiple page advertisements, to disclose the lower balance to which the periodic rate applies, when application of the periodic rate does not yield an amount equal to the minimum finance charge, as required by Section 226.10(c)(4) of Regulation Z.

6. Failing, in any consumer credit transaction or advertisement, to make the disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondent, in connection with each sale of credit life insurance written in connection with its credit sales on or after July 1, 1969, in which respondent failed to obtain a specific dated and separately signed affirmative written indication of the customer's desire for such insurance and thereafter failed to include the charges for such insurance in the amount of finance charge debited to the customer's account monthly, shall mail to each customer to whom such sale of credit life insurance was made and whose account is in open or current status, the following notice, and accompanying letter:

We hereby supply you with the following information concerning your credit life insurance policy:

1. The cost of credit life insurance which has been charged to you since you opened this account with Spiegel, Inc. is 13¢ per hundred dollars of the unpaid balance.

2. Such insurance was not and is not required as a condition to Spiegel's extending credit to you.

3. You have a right to request cancellation of this policy. You may exercise your right to cancel by signing (on line 1) that portion of the enclosed notice cancelling your credit life insurance policy and returning it to Spiegel, Inc., in the accompanying self-addressed envelope. Such cancellation is effective when received by Spiegel, Inc. You understand that once having cancelled you will have no rights under the policy even though the policy may have been in effect up to the time of cancellation.

4. If you desire to continue your credit life insurance policy, you should sign that portion of the enclosed notice (on line 2) which indicates your desire for insurance coverage and return it to Spiegel, Inc. in the accompanying self-addressed envelope.

Credit Life Insurance Notice

I hereby request cancellation of my credit life insurance covering the above account. I understand that upon receipt of this cancellation I will have no benefits under any insurance policy with respect to the above account.

(1) ______________________________ Date ____________.
(Signature of customer in whose name account is recorded)

I desire to continue my credit life insurance policy.

(2) ______________________________ Date ____________.
(Signature of customer in whose name account is recorded)

It is important that you return this notice before___________. ____________

Respondent's obligations under this provision shall not be fulfilled until each customer affected by it has returned the notice specified herein, provided that as long as respondent can demonstrate that any such customer cannot be contacted or that any such customer failed to reply after respondent expended reasonable efforts, in writing or orally, to effect such reply monthly for a period of four months after

mailing the notice to such customer, respondent shall have complied with this provision.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent at its general offices in Chicago who are engaged as head of the particular department, in the extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said copy of this order from each such person.

It is further ordered, That the respondent notify the Commission at least thirty (30) days prior to any proposed change in its corporate form, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other changes in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent shall, within sixty (60) days after the service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

STEWART BROTHERS & ALWARD COMPANY, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C–2124. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring a Newark, Ohio, dealer in furniture and appliances to cease violating the Truth in Lending Act by failing to properly use on its installment contracts the terms "finance charge," "cash down payment," "unpaid balance of cash price," "deferred payment price" and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Stewart Brothers & Alward Company, a corporation, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner,

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individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio.

Respondents Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner are officers of the corporate respondent. They equally formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The addresses of the said officers are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, the same as the corporate respondent.

PAR. 2. Respondents are now, and for some time last past, have been engaged in the offering for sale and sale of furniture and appliances to the public at retail.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents offer to extend and extend credit to natural persons for personal, family or household purposes, which credit, pursuant to an agreement, is payable in more than four installments. Respondents thereby extend "consumer credit."

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute Security Agreements, hereinafter referred to as "the contract," which contain certain consumer credit cost disclosures. Respondents make no consumer credit cost disclosures other than on the contract.

By and through the use of the contract, respondents:

(1) Fail to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Fail to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the

instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Fail to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Fail to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payment, as required by Section 226.8(b)(4) of Regulation Z;

(5) Fail to employ the term "CASH DOWNPAYMENT" to describe downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Fail to describe the difference between the cash price and the total down payment as the "UNPAID BALANCE OF CASH PRICE," as required by Section 226.8(c)(3) of Regulation Z;

(7) Fail to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Fail to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Fail to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid and in connection with their credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute Promissory Notes, hereinafter referred to as "Note," which contain a confession of judgment clause.

By and through the use of the note, respondents retain or will retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer and, respondents:

(a) Fail to give notice of the customer's right to rescind the transaction by furnishing the customer with two copies of the notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, respondents have caused advertisements to be published, within the meaning of Section 226.10 of Regulation Z, which advertisements aid, promote, or assist directly or indirectly the extension of consumer credit. By and through the use of these advertisements, respondents state the amount of the downpayment required and that there is no charge for credit without also stating, in terminology prescribed under Section 226.8 of Regulation Z, all of the following items, as required by Section 226.10(d)(2) of Regulation Z:

(a) the rate of the finance charge expressed as an annual percentage rate;

(b) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(c) the deferred payment price.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Commission's staff proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conform-

ity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. The respondent, Stewart Brothers & Alward Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 21 West Church Street, Newark, Ohio. The respondent Walter T. Brown is the president, Floyd F. Layman is the vice president, Helen (NMI) Reitter is the secretary, and Howard W. Kraner is the treasurer-manager of the said corporation. They equally formulate, direct, and control the policies, acts, and practices of said corporation, and their business addresses are: Walter T. Brown, 407 Springs Drive, Columbus, Ohio; Floyd F. Layman, 201 North Columbus Street, Lancaster, Ohio; Helen (NMI) Reitter and Howard W. Kraner, same as that of the said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Stewart Brothers & Alward Company, a corporation, and its officers, and Walter T. Brown, Floyd F. Layman, Helen (NMI) Reitter, and Howard W. Kraner, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote, or assist directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

(1) Failing to print the term "FINANCE CHARGE" more conspicuously than other terminology where such term is required to be used, as required by Section 226.6(a) of Regulation Z;

(2) Failing to make full disclosures before the transaction is consummated and to furnish the customers with a duplicate of the instrument or a statement by which the required disclosures are made, as required by Section 226.8(a) of Regulation Z;

(3) Failing to disclose the amount of any odd monthly payment, as required by Section 226.8(b)(3) of Regulation Z;

(4) Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z;

(5) Failing to employ the term "CASH DOWNPAYMENT" to describe any downpayment in money and to disclose the amount of the "TOTAL DOWNPAYMENT," using that term, as required by Section 226.8(c)(2) of Regulation Z;

(6) Failing to employ the term "UNPAID BALANCE OF CASH PRICE" to describe the difference between the cash price and total downpayment, as required by Section 226.8(c)(3) of Regulation Z;

(7) Failing to employ the term "AMOUNT FINANCED" to describe the balance financed and to disclose such amount, as required by Section 226.8(c)(7) of Regulation Z;

(8) Failing to employ the term "DEFERRED PAYMENT PRICE" to describe the sum of the cash price, all other charges which are included in the amount financed but are not a finance charge under Section 226.4 of Regulation Z, and the total amount of the finance charge, if any, as required by Section 226.8(c)(8)(ii) of Regulation Z;

(9) Failing to make the disclosures to the extent applicable as prescribed under Section 226.8 of Regulation Z, when an existing obligation is increased, as required by Section 226.8(j) of Regulation Z;

(10) Failing to give notice of right to rescind in credit transactions in which a security interest is or will be retained or acquired in any real property which is used or is expected to be used as the principal residence of the customer by furnishing two copies of such notice in the form as set forth in Section 226.9(b) of Regulation Z, as required by Section 226.9 of Regulation Z;

(11) Stating in advertising the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, without stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

(i) The cash price.

(ii) The amount of the downpayment required or that no downpayment is required, as applicable.

(iii) The number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate.

(v) The deferred payment price.

(12) Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

GARRISON PRINTING DIVISION, INC., ET AL

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2125. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring Bennington, Vt., wholesalers and retailers of greeting cards to cease preticketing their merchandise or furnishing others the means to mislead purchasers as to the prices of respondents' products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Garrison Printing Division, Inc., a corporation, and Carrie W. Garrison, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Garrison Printing Division, Inc., is a corporation organized, existing and doing business under any by virtue of the laws of the State of New York with its principal office and place of business located at Water Street, Bennington, Vermont.

Respondent Carrie W. Garrison is an individual and officer of the corporate respondent and participates in formulation of the policies, acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Her address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and at all times mentioned herein respondents have been, and now are, in substantial competition in commerce with corporations, firms and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith by the following method and means:

By distributing, or causing to be distributed, to retailers, certain of respondents' Christmas cards in consumer packages upon which are clearly and conspicuously printed prices.

In the manner aforesaid, respondents thereby represent directly or indirectly, that the amounts shown are respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and that they do not appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

In truth and in fact said amounts shown are not respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and they appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

Therefore, the statements and representations set forth above are false, misleading and deceptive.

PAR. 6. By the aforesaid acts and practices, respondents place in the hands of retailers the means and instrumentalities by and through which they may mislead the public as to the usual and regular retail price of said products.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead and deceive the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the

aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.14(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Garrison Printing Division, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at Water Street, Bennington, Vermont.

Respondent Carrie W. Garrison is an individual and an officer of said corporation and participates in the formulation of the policies, acts and practices of the corporate respondent, including the acts and practices under investigation. Her address is the same as that of the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Garrison Printing Division, Inc., a corporation, and its officers, and Carrie W. Garrison, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of greeting cards or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating or distributing any purported retail selling price for respondents' merchandise or preticketing respondents' merchandise with such price amount unless (a) it is respondents' bona fide estimate of the actual retail price of the product in the area where respondents do business and (b) it does not appreciably exceed the highest price at which substantial sales of said product are made in said trade area.

2. Misrepresenting, in any manner, the prices at which respondents' merchandise is sold at retail.

3. Furnishing to others any means or instrumentalities whereby the purchasing public may be misled or deceived as to the retail prices of respondents' products.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

ENGLISH CARDS, LTD., ET AL

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2126. Complaint, Jan. 3, 1972—Decision, Jan. 3, 1972

Consent order requiring New York City wholesalers and retailers of greeting cards to cease preticketing their merchandise or furnishing others the means to mislead purchasers as to the prices of respondents' products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that English Cards, Ltd., a corporation, and Irving Epstein, also known as Irving Evans, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent English Cards, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 230 Fifth Avenue, New York, New York.

Respondent Irving Epstein, also known as Irving Evans, is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respond-

ent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution to wholesalers and retailers of greeting cards for resale to the purchasing public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other states of the United States and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and at all times mentioned herein respondents have been, and now are, in substantial competition in commerce with corporations, firms and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 5. Respondents, for the purpose of inducing the purchase of their products, have engaged in the practice of using fictitious prices in connection therewith by the following method and means:

By distributing, or causing to be distributed, to retailers, certain of respondents' Christmas cards in consumer packages upon which are clearly and conspicuously printed prices.

In the manner aforesaid, respondents thereby represent directly or indirectly, that the amounts shown are respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and that they do not appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

In truth and in fact said amounts shown are not respondents' bona fide estimate of the actual retail prices of said products in respondents' trade area and they appreciably exceed the highest prices at which substantial sales of said products are made at retail in said trade area.

Therefore, the statements and representations set forth above are false, misleading and deceptive.

PAR. 6. By the aforesaid acts and practices, respondents place in the hands of retailers the means and instrumentalities by and through

which they may mislead the public as to the usual and regular retail price of said products.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices has had, and now has, the capacity and tendency to mislead and deceive the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.14(b) of its rules, the

Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent English Cards, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 230 Fifth Avenue, New York, New York.

Respondent Irving Epstein, also known as Irving Evans, is an individual and an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the proposed corporate respondent, including the acts and practices under investigation. His address is the same as that of the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents English Cards, Ltd., a corporation, and its officers, and Irving Epstein, also known as Irving Evans, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of greeting cards, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating or distributing any purported retail selling price for respondents' merchandise or preticketing respondents' merchandise with such price amount unless (a) it is respondents' bona fide estimate of the actual retail price of the product in the area where respondents do business and (b) it does not appreciably exceed the highest price at which substantial sales of said product are made in said trade area.

2. Misrepresenting, in any manner, the prices at which respondents' merchandise is sold at retail.

3. Furnishing to others any means or instrumentalities whereby the purchasing public may be misled or deceived as to the retail prices of respondents' products.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

R P & L, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2127. Complaint, Jan. 4, 1972—Decision, Jan. 4, 1972

Consent order requiring a St. Louis, Mo., school for professional models to cease failing to disclose that the purpose of its advertising is to induce the enrollment of students, misrepresenting that it is an airline company or a job placement service, that its enrollees are assured employment, that the school will make job interview appointments, failing to provide a Notice of the right of students to rescind contracts within three days, and failing to make other disclosures as to the obligations of the school. Respondents are also required to cease violating the Truth in Lending Act by failing to use in their contracts the language required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Truth in Lending Act, and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent R P & L, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 306 North Grand Boulevard, St. Louis, Missouri.

PAR. 2. Respondent Ray Quinlan is an individual and officer of the said corporation, with his principal office and place of business located at 14753 Ventura Boulevard, Sherman Oaks, California. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth.

PAR. 3. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of various courses of instruction, and in the operation of schools, either directly or indirectly, wherein courses of instruction are offered to those

seeking employment as professional models, fashion advisers and coordinators, airline stewardesses, and in various other fields, and in the operation of modeling agencies for the purpose of placing graduates of their schools, and others, in various jobs relating to professional modeling.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three above are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 4. Respondents operate a school of modeling instruction, known as Pat Quinlan Modeling and Finishing School in St. Louis, Missouri, located at 306 North Grand Boulevard. Respondents' school representatives solicit prospective students from the States of Missouri and Illinois by means of advertisements in various St. Louis, Missouri, newspapers, which have an interstate circulation, by television advertising on a station which is viewed in the States of Missouri and Illinois, and, in some instances, by telephone calls to prospective students in the States of Missouri and Illinois. In addition, written communications, advertising bills, checks, letters and other written instruments have been sent and have been received between the individual respondent, Ray Quinlan, at his principal place of business located in California, as aforesaid, and the said school located in St. Louis, Missouri. The individual respondent travels between his principal place of business located in California and the aforesaid school, located in Missouri, on a frequent and regular basis for the purpose of directing, controlling and formulating policies for the said school in Missouri.

PAR. 5. By virtue of the aforesaid acts and practices, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said modeling instruction courses in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. In the course and conduct of their business as aforesaid, and for the purpose of inducing persons to sign contracts for respondents' courses of instruction, respondents' representatives have made and are making numerous statements and representations, concerning said courses of instruction, through oral statements made to prospective students by their employees, representatives, and salesmen, through telephone solicitation calls, and through television and newspaper advertising, with respect to the nature of respondents' offer, their courses of instruction, employment opportunities for

students and graduates, and expected earnings potential for students and graduates of their aforesaid school.

Typical and illustrative of respondents' printed advertising representations, but not all inclusive thereof, are the following:

HELP WTD—FEMALE–FALL PROMOTION

Fall promotional style show to be presented to insurance executives wives. Must be between 20 and 0. (sic) For interview call 652–4666, 9 to 9 daily.

HELP WTD—FEMALE–YOUNG LADIES

Are needed now for part time work during school year in shopping plaza. Must be able to coordinate fashions. Call OL 2–4667 or OL 2–5376.

HELP WTD—FEMALE–GIRLS—FLY

For St. Louis private airline. Excellent opportunity. Ages 17 to 28. Call for interview, 652–4665.

HELP WTD—FEMALE–ATTRACTIVE GIRL

As fashion assistant to coordinator. Must have flair for fashion. Interesting position; needed immediately. Call Miss Anderson 652–4665.

PAR. 7. By and through the use of the aforesaid statements and representations, and others of similar import and meaning, but not expressly set out herein, respondents have represented, directly or by implication, that:

1. A bona fide offer of employment is made through respondents' advertisements.

2. Respondents' primary business is that of an airline company or job placement service.

3. Graduates of respondents' school of instruction will be qualified for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for employment in various other jobs related to careers in professional modeling.

4. Persons enrolling in respondents' school, who require temporary employment to defray their expenses while attending the courses, are assured of employment sufficient for that purpose.

5. Job interview appointments will be made by respondents' school representatives for students and graduates with airlines, department stores and other business organizations which have indicated an interest in hiring personnel trained by respondents' school.

6. In some instances, students are signing documents other than a contract, during their initial interview with respondents' school representatives, at which time said contracts are executed.

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7. Prospective students and students are assured the return of their investment in the price of the modeling courses of instruction taken through jobs obtained for them by respondents' school representatives either during training, or immediately upon graduation.

PAR. 8. In truth and in fact:

1. A bona fide offer of employment is not made through the respondents' advertisements, but instead, such advertisements are placed for the purpose of obtaining leads as to persons who may be interested in purchasing respondents' courses of instruction.

2. Respondents' primary business is not that of an airline company, nor a job placement service, but, rather, respondents' primary business is that of operating a school of modeling instruction, as aforesaid.

3. Respondents' various courses of instruction do not qualify graduates thereof for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for other jobs related to careers in modeling.

4. Respondents' representatives seldom attempt to obtain employment for students to defray their expenses while attending respondents' training courses after the student has executed a contract and enrolled in said courses. In a few instances, in which jobs have been obtained for students, wages have been much lower than the students were originally led to believe by respondents' representatives, and in some cases, students have not been able to collect wages owed to them by respondents' school for work performed.

5. Job interview appointments are seldom made by respondents' school representatives for students and graduates with airlines, department stores or other business organizations. In fact, very few department stores or other business organizations have indicated any interest in hiring graduates of respondents' school, and in the few cases where respondents' representatives have made job interview appointments, on behalf of the school's students and graduates, such appointments were secured only after insistent demands were made on respondents' representatives by the students and graduates that the appointments be secured. In most instances, even when job interview appointments are made for students and graduates by respondents' representatives, the employment offered, if any, and the remuneration are not of the nature and amount said students and graduates have been led to expect by respondents' representatives.

6. In some instances, students execute contracts with respondents' school to enroll in and pay for training courses, when they sign what they believe to be receipts for downpayment money, or other written

documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from $200 to over $500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

stewardesses, fashion coordinators and in other high-paying positions, contingent upon such prospect's or student's willingness to execute a contract agreeing to take certain of the modeling courses offered by respondents' school. Such prospects and students often discover, during or after completion of the courses they have agreed to take, that the specific employment assured them by respondents' representatives and employees, which originally induced them to execute contracts, is not, in fact, available. When said prospects or students complain to respondents' representatives and employees regarding this matter, other interesting and lucrative employment is assured as a substitute for the original employment promised, and attempts are often made to induce such prospects and students to execute contracts agreeing to enroll in and pay for additional modeling courses, purportedly qualifying them for the substitute employment.

4. Respondents' representatives and employees induce prospective students and students to execute contracts, agreeing to enroll in and pay for certain of the modeling courses offered by respondents' school, through representations that graduates of the said school are in great demand by airline companies, department stores and other business organizations, and can be assured of high-paying jobs as airline stewardesses, professional models, and in other related fields. Some prospective students and students have been guaranteed jobs by respondents' representatives with starting salaries of as much as $200 per week and $20 per hour. In fact, after executing said contracts, prospective students and students come to realize that the guaranteed jobs and salaries are not available as promised.

Therefore, these statements, representations and practices as hereinabove set forth were and are unfair and deceptive.

Par. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of the same general kind and nature as those sold by respondents.

Par. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of respondents' courses of instruction by reason of said erroneous and mistaken belief.

Par. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public

documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from $200 to over $500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

stewardesses, fashion coordinators and in other high-paying positions, contingent upon such prospect's or student's willingness to execute a contract agreeing to take certain of the modeling courses offered by respondents' school. Such prospects and students often discover, during or after completion of the courses they have agreed to take, that the specific employment assured them by respondents' representatives and employees, which originally induced them to execute contracts, is not, in fact, available. When said prospects or students complain to respondents' representatives and employees regarding this matter, other interesting and lucrative employment is assured as a substitute for the original employment promised, and attempts are often made to induce such prospects and students to execute contracts agreeing to enroll in and pay for additional modeling courses, purportedly qualifying them for the substitute employment.

4. Respondents' representatives and employees induce prospective students and students to execute contracts, agreeing to enroll in and pay for certain of the modeling courses offered by respondents' school, through representations that graduates of the said school are in great demand by airline companies, department stores and other business organizations, and can be assured of high-paying jobs as airline stewardesses, professional models, and in other related fields. Some prospective students and students have been guaranteed jobs by respondents' representatives with starting salaries of as much as $200 per week and $20 per hour. In fact, after executing said contracts, prospective students and students come to realize that the guaranteed jobs and salaries are not available as promised.

Therefore, these statements, representations and practices as hereinabove set forth were and are unfair and deceptive.

Par. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of the same general kind and nature as those sold by respondents.

Par. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of respondents' courses of instruction by reason of said erroneous and mistaken belief.

Par. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public

and of respondents' competitors, and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleging violations of the Truth in Lending Act and the implementing regulation promulgated thereunder, and of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three above are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 13. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 14. Subsequent to July 1, 1969, in the ordinary course and conduct of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents' employees and representatives have caused and are causing prospective students and students to execute retail installment contracts, hereinafter referred to as the "contract." By and through the use of the contract, respondents' employees and representatives:

1. Failed to disclose, in a number of instances, the cash price for the modeling courses sold, using the term "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Failed, in a number of instances, to disclose the amount of the downpayment in money, and to designate it as the "cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

3. Failed, in a number of instances to disclose the difference between the cash price and the total downpayment, and to designate that difference as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Failed, in a number of instances, to disclose the sum of the cash price, all charges other than the cash price which are included in the amount financed, but which are not part of the finance charge, and the finance charge, and to designate that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 15. Subsequent to July 1, 1969, respondents, through their employees and representatives, in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have extended and are extending,

in some instances, to their prospective students and students a ten percent (10%) discount from the stated price of the modeling courses, in the event they pay for that modeling course in cash or on or before a specified date. Respondents' employees and representatives thereby:

1. Fail to make the separate disclosures required by Section 226.8(o), as amended, of Regulation Z, on the invoice or other evidence of sale, as required thereby.

2. By failing to deduct the amount of the discount for the purpose of computing and disclosing the cash price, as required by Amended Section 226.8(o)(7) of Regulation Z, fail to state accurately the amount of the cash price, as required by Section 226.8(c)(1) of Regulation Z.

3. Fail to itemize the amount of the discount as part of the finance charge, as required by Sections 226.8(c)(8)(i) and 226.8(o), as amended, of Regulation Z, and to include that amount in the finance charge, when disclosing the amount of the finance charge as required by Section 226.8(c)(8)(i) of Regulation Z, and when computing the annual percentage rate, as provided in Sections 226.8(b)(2) and 226.8(o), as amended, of Regulation Z.

PAR. 16. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the requirements of Regulation Z constitutes a violation of the Act, and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. The respondent R P & L, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 306 North Grand Boulevard, St. Louis, Missouri.

The respondent Ray Quinlan is an individual and officer of said corporate respondent. He formulates, directs, and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 14753 Ventura Boulevard, Sherman Oaks, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

I

It is ordered, That respondents R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, solicitation, offering for sale, or sale of modeling instruction, or other services in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using any advertisement, solicitation, or promotional or sales plan for the purpose of obtaining leads as to prospective purchasers of modeling instruction or to induce persons to come to respondents' school unless respondents disclose fully and conspicuously in each and every advertisement, solicitation, or promotional or sales plan;

a. That the purpose of such advertisement, solicitation or promotional or sales plan is to induce prospective purchasers of modeling instruction courses to come to respondents' school, and

b. That, once at respondents' school, the prospective purchaser will be subjected to attempts by respondents, through

their employees or representatives, to sell said prospective purchasers courses of modeling instruction.

2. Representing directly or by implication that respondents' primary business is that of an airline company or job placement service, or misrepresenting, in any manner, the nature, scope or character of respondents' business.

3. Representing directly or by implication that respondents' modeling instruction will qualify graduates of respondents' school for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or in any other job related to a career in professional modeling.

4. Representing directly or by implication that persons enrolling in respondents' school are assured of employment sufficient for the purpose of defraying their expenses while attending respondents' modeling courses of instruction.

5. Representing directly or by implication that respondents' employees or representatives will make job interview appointments for students and graduates of respondents' school with airlines, department stores, or other business organizations; or representing that any kind of assistance will be given students and graduates of respondents' school in helping them find employment, unless respondents establish that such assistance has, in fact, been afforded in a substantial number of cases in the recent course and conduct of their school's business.

6. Misrepresenting, in any manner, the nature or character of respondents' contracts or any of respondents' business papers.

7. Representing directly or by implication that prospective students and students are assured the return of their investment, in the price of the modeling courses of instruction taken, through jobs obtained for them by respondents' school representatives either during training, or immediately upon graduation; or misrepresenting, in any manner, the amount of earnings such prospective students and students may reasonably expect during training or upon graduation.

8. Representing directly or by implication that upon completion of a given course of modeling instruction, a specified standard of proficiency will be achieved when, before the given course is completed or the given standard has been achieved, the student is or will be subjected to sales efforts to induce the purchase of additional modeling instruction.

9. Failing to provide on all contracts or written agreements the following notation in at least 10-point bold type:

NOTICE

You may rescind (cancel) this contract, for any reason whatever, by submitting notice in writing of your intention to do so within three (3) days from the date of making this agreement.

If you rescind (cancel) this contract, the only cost to you will be a fair charge for any course lessons or services actually furnished during the period prior to rescission, and all moneys due will be promptly refunded.

10. Representing directly or by implication that prospective students, students or graduates of respondents' school are assured employment in any specific job, or that employment in any job is contingent upon their willingness to execute a contract with respondents' school agreeing to take the courses of instruction in modeling offered.

11. Entering into a contract with a student, who is already under a contract with respondents' school, that provides for modeling instruction, until fewer than twenty (20) lesson hours remain under the existing contract. Any contract entered into shall state the number of lesson hours remaining under the existing contract, and shall provide that all modeling instruction previously contracted for shall be used or completed prior to the commencement of the additional course lessons.

12. Representing directly or by implication that graduates of respondents' school are assured of, or can obtain, high-paying positions in any field solely by finishing a course or courses of instruction offered by respondents' school.

13. Representing directly or by implication that graduates of respondents' modeling courses are in great demand by airline companies, department stores or other business organizations, for employment as airline stewardesses, professional models, fashion coordinators or in other related fields.

14. Representing directly or by implication that graduates of respondents' school are guaranteed specific lucrative starting salaries, or representing, in any manner, that graduates of respondents' school are guaranteed any specific salary or remuneration.

15. Failing to deliver to each party a copy of every contract entered into by such party providing for modeling instruction or other services.

16. Failing to post, in a prominent place in respondents' school, a copy of this cease and desist order, with the notice

that any student or prospective student may receive a copy on demand.

17. Failing to deliver a copy of this order to cease and desist to all present and future employees, instructors, or other persons engaged in the sale of respondents' services, and failing to secure from each employee or other person a signed statement acknowledging receipt of said order.

II

It is further ordered, That respondents R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit sale of modeling instruction or other services or any advertisement to aid, assist or promote, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to use the term "cash price" to designate the cash price of the service or services which are the subject of the transaction, as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to disclose the amount of any downpayment in money as the "cash downpayment," using the term, as required by Section 226.8(c)(2) of Regulation Z.

3. Failing to disclose the difference between the cash price and the cash downpayment, using the term "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Failing to disclose the sum of the cash price, all charges other than the cash price which are included in the amount financed but which are not part of the finance charge, and the finance charge, using the term "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

5. Failing, in connection with any offer of a discount for prompt payment, to make the separate disclosures required by Section 226.8(o), as amended, of Regulation Z, on the invoice or other evidence of sale, as required thereby.

6. Failing, in connection with any offer of a discount for prompt payment, to exclude from the amount of the cash price the greatest amount of discount for prompt payment of which the customer may avail himself under the terms of the offer, as required by Section 226.8(c)(1) of Regulation Z.

7. Failing, in connection with any offer of a discount for prompt payment, to itemize the amount of the discount as part of the finance charge, as required by Sections 226.8(c)(8)(i) and 226.8(o), as amended, of Regulation Z, and to include that amount in the finance charge when disclosing the amount of the finance charge as required by Section 226.8(c)(8)(i) of Regulation Z and when computing the annual percentage rate, as required by Sections 226.8(b)(2) and 226.8(o), as amended, of Regulation Z.

8. Stating in any advertisement the period of repayment, without stating all of the following items, in the manner and form prescribed by Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

a. the cash price;

b. the amount of the downpayment required;

c. the number, amount and due dates of repayments scheduled to repay the indebtedness;

d. the amount of the finance charge expressed as an annual percentage rate; and

e. the deferred payment price.

9. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents shall forthwith distribute a copy of this order to each of their operating subsidiaries and divisions, and to each and every representative or employee engaged in the sale of courses of instruction, or other services.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the business status of their aforesaid school, such as dissolution, assignment or sale resulting in the emergence of a successor corporation or other business device, the creation or dissolution of subsidiaries which may affect compliance obligations arising out of the order, or any other change in the school which may affect compliance obligations arising out of the order.

It is further ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

RIVERSIDE MOTORS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2128. Complaint, Jan. 4, 1972—Decision, Jan. 4, 1972

Consent order requiring a Harahan, La., seller of used automobiles to cease misrepresenting that it extends credit in selling its automobiles and to cease violating the Truth in Lending Act by failing to make the required disclosures as to downpayments and finance charges as required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulations promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Riverside Motors, Inc., a corporation, and Roy Tannahill and John Stephens, individually and as officers of said corporation, hereinafter referred to as respondents have violated provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Riverside Motors, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 6502 Jefferson Highway, Harahan, Louisiana.

Respondents Roy E. Tannahill and John Stephens are officers of the Riverside Motors, Inc. They formulate, direct and control the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporation.

PAR. 2. Respondents Riverside Motors, Inc., Roy E. Tannahill and John Stephens are now, and for some time last past have been, engaged in the advertising and sale of used cars to the public.

COUNT I

Alleged violation of the Federal Trade Commission Act. The allegations of Paragraphs One and Two above are incorporated by reference as if fully set forth herein.

PAR. 3. In the ordinary course and conduct of its business respondents now cause, and for some time last past have caused, its adver-

tisements to be run in newspapers, *i.e.*, The Times-Picayune and The New Orleans States-Item, which are circulated in the State of Louisiana and various other States of the United States.

PAR. 4. For the purpose of inducing the purchase of respondents' used automobiles, respondents have made various statements in said advertisements respecting said automobiles being offered for sale.

Among and typical, but not all inclusive of said statements, are the following:

A.

$50 DOWN
$40 DOWN

B.

$65 DOWN
$44.22 A MONTH

FULL PRICE	1115.00
Includes Tax and License	
Down Payment	65.00
Balance to Finance	1050.00
Interest for 30 Mos	276.60
Total Time Price	1326.60
30 Mos. Payments	44.22

ANNUAL
PERCENTAGE RATE
16.35%

C.

$50 DOWN
NO FINANCE CHARGES
NO INTEREST OF ANY KIND
$49 A MO. FOR 24 MOS.
TOTAL TIME PRICE $1176

PAR. 5. Through the use of said statements and representations, and others of similar import and meaning but not specifically set out herein, respondents have represented and are now representing, directly or by implication, that they are arrangers and/or extenders of credit.

PAR. 6. In truth and in fact, respondents do not have any arrangements or contracts with finance companies or other lending institutions nor do they carry their own notes.

Therefore, the statements and representations set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. In the conduct of its business, and at all times mentioned herein, respondents have been in substantial competition with corporations, firms and individuals in the sale of used automobiles.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices, has had, and now has, the capacity and tendency to mislead members of the pur-

chasing public into the erroneous and mistaken belief that respondents' said representations and statements were unqualified offers to arrange or extend credit and into the purchase of substantial numbers of respondents' automobiles by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce in violation of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleged violations of the Truth in Lending Act and the implementing regulation promulgated thereunder, the allegations of Paragraphs One through Three are incorporated by reference as if fully set forth herein.

PAR. 10. Subsequent of July 1, 1969, respondents in the ordinary course and conduct of their business have caused advertisements to be published, as "advertisement" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act. These advertisements aided, promoted or assisted directly or indirectly extensions of consumer credit in connection with the sale of respondents' automobiles. By and through the use of the advertisements, respondents:

1. Failed in some instances to disclose the cash price or the amount of the loan as required by Section 226.10(d)(2)(i) of Regulation Z.

2. Failed in some instances to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness as required by Section 226.10(d)(2)(iii) of Regulation Z.

3. Failed in some instances to disclose the amount of the finance charge expressed as annual percentage rate as required by Section 226.10(d)(2)(iv) of Regulation Z.

4. Failed in some instances to disclose the deferred payment price or the sum of the payments as required by Section 226.10(d)(2)(v) of Regulation Z.

PAR. 11. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. The respondent Riverside Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana with its principal office and place of business located at 6502 Jefferson Highway, Harahan, Louisiana.

Respondents Roy E. Tannahill and John Stephens are officers of Riverside Motors, Inc. They formulate, direct and control the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Riverside Motors, Inc., a corporation, and Roy E. Tannahill and John Stephens, individually and as

officers of said corporation, and respondents' agents, representatives, and employees, successors and assigns, directly or through any corporate or other device, in connection with the advertising, offering for sale or sale of used automobiles, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing, directly or by implication, that they arrange or extend credit in relation to the sale of their used automobiles.

It is further ordered, That the respondents Riverside Motors, Inc., a corporation, and Roy E. Tannahill and John Stephens, individually and as officers of said corporation, and respondents' agents, representatives, and employees, successors and assigns, directly or through any corporate or other device, in connection with the advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub. L. 90-321. 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

A. Stating in any advertisement the amount of the downpayment or that no downpayment is required. the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment or that there is no charge for credit, without stating all the following items, the manner and form prescribed by Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

1. The cash price or the amount of the loan, as applicable;
2. The amount of the downpayment required or that no downpayment is required, as applicable;
3. The number, amount and due dates or periods of payments scheduled to repay the indebtedness;
4. The amount of the finance charge expressed as an annual percentage rate;
5. The deferred payment price or the total of payments, as applicable.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resulting in the

emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

TOWN & COUNTRY AUTO SALES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2129. Complaint, Jan. 5, 1972—Decision, Jan. 5, 1972

Consent order requiring a Cleveland, Ohio, seller of used automobiles to cease violating the Truth in Lending Act by failing to make certain consumer credit cost disclosures required by Regulation Z of said Act, failing to provide customers with a Notice of their right to rescind, and failing to give notice that if the customer's note is sold payments must be made to the new owner.

COMPLAINT

Pursuant to the provisions of the Truth In Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Town & Country Auto Sales, Inc., a corporation, and Harry Eisner and Susan Eisner, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Town & Country Auto Sales, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 15500 Brookpark Road, Cleveland, Ohio.

Respondent Harry Eisner is the president and respondent Susan Eisner is the secretary/treasurer of said corporation. Respondents Harry Eisner and Susan Eisner, as husband and wife, formulate,

direct, and control the policies, acts and practices of said corporation, including the acts and practices hereinafter set forth. Respondents' address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale and sale of used automobiles to the public at retail.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents arrange for the extension of consumer credit or offer to extend or arrange for the extension of such consumer credit as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth In Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course and conduct of their business, and in connection with credit sales as the term "credit sale" is defined in Regulation Z, are now engaged, and for some time last past have been engaged, in the extension of credit as the term "credit" is defined in Regulation Z.

Respondents many times have caused, and are now causing, their customers to execute a Bill of Sale for the purchase of a used automobile on credit at the time the automobile is selected, and a downpayment is made. Such Bills of Sale do not contain consumer credit cost disclosures as required by Regulation Z. Respondents many times have caused, and are now causing, their customers to execute one or more blank or incomplete Retail Installment Contracts and one or more blank or incomplete Cognovit Notes for the purchase of a used automobile on credit. Such Retail Installment Contracts and Cognovit Notes are not properly completed as to consumer credit cost disclosures required by Regulation Z until some time after the transaction has been consummated. Further, respondents many times have failed to provide their customers with a copy of the executed Retail Installment Contract and Cognovit Note at the time of the consummation of the sale or at any time thereafter.

Respondents have caused, and are now causing, their customers to execute a Promissory Note containing a confession of judgment clause (also known as a Cognovit Note provision). Pursuant to Sections 226.9(a) and 226.202 of Regulation Z, the note constitutes a security interest which respondents retain in real property which is used or is expected to be used by some customers as their principal residence. Pursuant to Section 226.9(a) of Regulation Z, those customers therefore have the right to rescind the credit transaction as provided therein.

Respondents, many times, in the ordinary course of their business, negotiate to third parties installment sales contracts or other instruments of indebtedness executed in connection with credit purchases.

PAR. 5. By and through the use of the practices set forth in Paragraph Four, respondents:

[1] Fail to make consumer credit cost disclosures required by Regulation Z, before the transaction is consummated, as required by Section 226.8(a) of the Regulation.

[2] Fail to furnish each customer with a duplicate of the Retail Installment Contract and Cognovit Note or with a statement by which the required consumer credit cost disclosures are made, as required by Section 226.8(a) of Regulation Z.

[3] Fail to provide those customers with the required notice of the right to rescind, in the manner and form specified in Section 226.9 (b) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth In Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents thereby violate the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission, having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Cleveland Field Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and of the Truth In Lending Act and the regulations promulgated thereunder; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions are required by the Commission's rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect and having thereupon accepted the exe-

cuted consent agreement and placed such agreement on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Town & Country Auto Sales, Inc., is a corporation organized, existing, and doing business under and by virtue of the Laws of the State of Ohio, with its sole office and place of business located at 15500 Brookpark Road, Cleveland, Ohio.

Respondents Harry Eisner and Susan Eisner are individuals and are officers of the corporate respondent. They formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Town & Country Auto Sales, Inc., a corporation, and Harry Eisner and Susan Eisner, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device in connection with any extension or offer to extend or arrange for the extension of consumer credit as "consumer credit" is defined in Regulation Z (12 CFR §226) of the Truth In Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 et seq.), do forthwith cease and desist from:

[1] Failing to make the consumer credit cost disclosures required by Regulation Z before the transaction is consummated, as required by Section 226.8(a) of the Regulation.

[2] Failing to furnish each customer, prior to the consummation of the transaction, with a duplicate of the Retail Installment Contract and Cognovit Note or with a statement by which the required consumer credit cost disclosures are made, as required by Section 226.8(a) of Regulation Z.

[3] Failing, in any transaction in which respondents retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer, to provide each customer with the notice of the right to rescind,

in the form and manner specified in Section 226.9(b) of Regulation Z, unless provision is made for waiver of the security interest or lien upon such real property which is used or is expected to be used as the principal residence of the customer.

[4] Failing, in any consumer credit transaction, to make all disclosures required by Sections 226.4, 226.5, 226.6, 226.7, and 226.8, and in any advertising in which consumer credit terms are mentioned, to make full disclosures as required by Section 226.10, all such disclosures to be made in the manner, form, and amount prescribed by Regulation Z.

It is further ordered, That respondents cease and desist from:

Failing, in any consumer credit transaction, to provide each customer with the following statement, which shall be made in writing and in duplicate prior to the consummation of the transaction, with such conspicuousness and clarity as is likely to be read and understood by the purchaser and with provision for the purchaser to retain a copy of such notice and to acknowledge receipt of such notice.

NOTICE

If you are obtaining credit in connection with this purchase, you will be required to sign a promissory note, a sales contract or other instrument of indebtedness which may be purchased from the seller by a bank, finance company, or any other third party. If such is the case, you will be required to make your payments to someone other than the seller. You should be aware that if this happens you may have to pay the note, contract, or other instrument of indebtedness in full to its new owner even if your purchase contract is not fulfilled.

It is further ordered, That respondents prominently display no less than two signs on the premises which will clearly and conspicuously state that a customer must receive a completed copy of the consumer credit cost disclosures, as required by the Truth In Lending Act, in any transaction which is financed, before the transaction is consummated.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of arrangement for the extension of consumer credit or in any aspect of the preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission, within thirty (30) days, of any proposed change in the corporate

respondent, such as dissolution, assignment or sale resultant in the emergence of a successor corporation, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth, in detail, the manner and form in which they have complied with this order.

IN THE MATTER OF

U.S. REMODELING CORP., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2130. Complaint, Jan. 6, 1972—Decision, Jan. 6, 1972

Consent order requiring a Milford, Conn., firm selling home remodeling services and goods to cease violating the Truth in Lending Act by failing to disclose the "cash price," "cash downpayment," "deferred payment price," and failing to furnish customers with notices of their right to rescind contracts, and make other disclosures required by Regulation Z of the Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that U.S. Remodeling Corp., a corporation, and Robert Murray and William A. Van Arsdale, Jr., individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent U.S. Remodeling Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 250 Broad Street, Milford, Connecticut.

Respondents Robert Murray and William A. Van Arsdale, Jr., are officers of the corporate respondent. They formulate, direct and

control its policies, acts and practices, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of home remodeling services and goods used in connection therewith.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondents regularly arrange, and for some time last past have regularly arranged, for the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have arranged for customers to enter into consumer credit transactions with other creditors for the purpose of financing purchases of respondents' goods and services. Respondents thereby arrange for the extension of consumer credit within the meaning of Regulation Z. Respondents provide such customers with documents containing cost of credit disclosures. By and through the use of these documents, respondents:

1. Fail to disclose the cash price of the goods and services which are the subject of the credit transactions, and fail to describe that price as the "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to disclose the amount of the downpayment in money made in connection with the credit sale, and fail to describe that amount as the "cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

3. Fail to disclose the difference between the "cash price" and the "cash downpayment" as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Fail to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and fail to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(iii) of Regulation Z.

PAR. 5. In the regular course of their business and in connection with their credit sales, as aforesaid, respondents retain or acquire a security interest in real property which is used as the principal residence of the customer. Pursuant to Section 226.9(a) of Regulation Z, the customer therefore has the right to rescind such credit

transaction. Having retained or acquired such a security interest, respondents:

1. Fail to provide each customer who is an owner of such property with two copies of a notice of their right to rescind, in the form and manner prescribed in Sections 226.9(b) and 226.9(f) of Regulation Z, and in some instances fail to provide each such customer with any copies of such notice.

2. Make physical changes in the property of the customer and perform work for the customer before the three day rescission period provided for in Section 226.9(a) has expired, contrary to the requirements of Section 226.9(c) of Regulation Z.

PAR. 6. In order to promote the sale of their goods and services respondents have caused advertisements to appear in various newspapers. Such advertisements aid, promote, or assist directly or indirectly the aforesaid extensions of consumer credit which respondents arrange. By and through the use of the advertisements, respondents state that no downpayment is required in connection with their credit sales, without disclosing, in the terminology prescribed by Section 226.8 of Regulation Z, the following additional items required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;

2. The number, amount and due dates or period of repayment scheduled to repay the indebtedness if the credit is extended;

3. The amount of the finance charge expressed as an annual percentage rate; and

4. The deferred payment price of the item advertised.

PAR. 7. Pursuant to Section 103(k) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder, and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by

the respondents of all jurisdictional facts set forth in the complaint to issue herein, a statement that signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure described in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent U. S. Remodeling Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 250 Broad Street, Milford, Connecticut.

Respondents Robert Murray and William A. Van Arsdale, Jr., are officers of said corporation. They formulate, direct and control the consumer credit policies, acts and practices of said corporation and their addresses are the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents U. S. Remodeling Corp., a corporation, and its officers, and Robert Murray and William A. Van Arsdale, Jr., individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit to finance the purchase of respondents' goods or services, or in connection with any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the cash price of the goods and services which are the subject of any credit sale and to describe that price as the "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to disclose the amount of any downpayment in money made in connection with any credit sale, using the term

"cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

3. Failing to disclose the difference between the "cash price" and the "cash downpayment" in any credit sale, using the term "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Failing to disclose the sum of the cash price, all charges which are included in the amount financed but which are not a part of the finance charge, and the finance charge, using the term "deferred payment price," as required by Section 226.8(c)(iii) of Regulation Z.

5. Failing, in any transaction in which respondents retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer, to provide each customer with notice of the right to rescind in the manner and form specified in Sections 226.9(b) and 226.9(f) of Regulation Z, prior to consummation of the transaction.

6. Making any physical changes in a customer's property or performing any work or services on such property before expiration of the three day rescission period, in connection with any credit transaction in which respondents retain or acquire security interest in real property which is used or is expected to be used as the customer's principal residence, as provided in Section 226.9(c) of Regulation Z.

7. Representing, directly or by implication, in any advertisement, the amount of the downpayment required, or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated, in terminology prescribed by Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z.

(i) The cash price;

(ii) The amount of the downpayment required, or that no downpayment is required, as applicable;

(iii) The number, amount and due dates or period of payments scheduled to repay the indebtedness if credit is extended;

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

8. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with

Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of the respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the respective corporations which may affect compliance obligations arising out of this order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF

JOHN H. JEFFCOAT, DOING BUSINESS AS, JEFFCOAT MOTORS

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket No. C-2131. Complaint, Jan. 12, 1972—Decision, Jan. 12, 1972

Consent order requiring a Memphis, Tenn., seller of used automobiles to cease violating the Truth in Lending Act by failing to disclose in his credit transactions the "annual percentage rate," "total of payments," "finance charge," "deferred payment price," the method of computing delinquency charges, and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that John H. Jeffcoat, individually and doing business as Jeffcoat Motors, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the

public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent John H. Jeffcoat is an individual trading and doing business as Jeffcoat Motors, with his principal place of business and office located at 274 Vance Avenue, Memphis, Tennessee.

PAR. 2. Respondent is now, and for sometime last past has been, engaged in the sale of used automobiles to the public.

PAR. 3. In the ordinary course and conduct of his business, as aforesaid, respondent regularly extends and arranges for the extension of consumer credit, as consumer credit is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondent in the ordinary course and conduct of his business and in connection with his arranging for consumer credit, prepares documents containing consumer credit cost disclosures required by Section 226.8 of Regulation Z and obtains from customers written acknowledgment of receipt of these disclosures. In some instances, where there is no finance charge, in those transactions requiring payment in more than four installments, respondent fails to provide the customer with a copy of such disclosures, as required by Section 226.8(a) of Regulation Z.

PAR. 5. In the disclosure statements for credit other than open end used by respondent, referred to in Paragraph Four hereof, respondent:

1. Failed in some instances to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5(b)(1) of Regulation Z.

2. Failed in some instances to print the term "annual percentage rate" more conspicuously than the other terminology as required by Section 226.6(a) of Regulation Z.

3. Failed in some instances to identify the payments which were more than twice the amount of an otherwise regularly scheduled equal payment by the term "balloon payment" as is required by Section 226.8(b)(3) of Regulation Z.

4. Failed in some instances to use the term "total of payments" as required by Section 226.8(b)(3) of Regulation Z.

5. Failed in some instances to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments as required by Section 226.8(b)(4) of Regulation Z.

6. Failed in some instances to use the term "finance charge" as required by Section 226.8(c)(8)(i) of Regulation Z.

7. Failed in some instances to use the term "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

8. Failed in some instances to disclose the correct "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent John H. Jeffcoat is an individual trading and doing business as Jeffcoat Motors, with his principal place of business and office located at 274 Vance Avenue, Memphis, Tennessee.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent John H. Jeffcoat, individually and trading and doing business as Jeffcoat Motors, and respondent's agents, representatives, and employees directly or through any corporate or other device, in connection with any extension or arrangement for the extension of consumer credit, or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to provide customers with copies of a Consumer Cost Disclosure Statement as required by Section 226.8(a) of Regulation Z.

2. Failing to disclose the "Annual Percentage Rate" accurately to the nearest quarter of 1 percent, in accordance with Section 226.5(b)(1) of Regulation Z.

3. Failing to print the term "Annual Percentage Rate" more conspicuously than the other terminology as required by Section 226.6(a) of Regulation Z.

4. Failing to identify the payments which are more than twice the amount of an otherwise regularly scheduled equal payment by the term "balloon payment" as is required by Section 226.8 (b)(3) of Regulation Z.

5. Failing to use the term "Total of Payments" as required by Section 226.8(b)(3) of Regulation Z.

6. Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments as required by Section 226.8(b)(4) of Regulation Z.

7. Failing to use the term "Finance Charge" as required by Section 226.8(c)(8)(i) of Regulation Z.

8. Failing to use the term "Deferred Payment Price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

9. Failing to disclose the correct "Deferred Payment Price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

10. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5, in the manner, form and amount required by Sections 226.6, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent

engaged in the consummation of any extension of consumer credit or any aspects of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the business which may affect compliance obligations arising out of the order.

It is further ordered, That respondent shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

PPG INDUSTRIES, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2132. Complaint, Jan. 13, 1972—Decision, Jan. 13, 1972

Consent order requiring a Pittsburgh, Pa., seller of aviation fuel additive PRIST and other merchandise to cease misrepresenting that any of its products have been approved by the Federal Aviation Agency, that its fuel additive will eliminate carburetor icing, and that it meets the standards of the United States Air Force for its turbine aircraft engines.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that PPG Industries, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent PPG Industries, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with its office and

principal place of business located at 1 Gateway Center, in the city of Pittsburgh, Commonwealth of Pennsylvania.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, and sale of the aircraft fuel additive PRIST, and other articles of merchandise, to the public.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, PRIST, when sold, to be shipped from its manufacturing plant at Beaumont, Texas, operated by the Houston Chemical Company, a division of the respondent, to purchasers thereof located in various other States of the United States, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its aforesaid business, and for the purpose of inducing the purchase of said aircraft fuel additive, respondent has made numerous statements and representations in circulars, periodicals, and other materials with respect to the performance characteristics of said product and Federal Aviation Administration approval of said product.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

> In an action described as an aviation "milestone", the Federal Aviation Administration (FAA) has for the first time approved the use of PRIST anti-icing and biocidal fuel additive in reciprocating aircraft engines.
>
> * * * * * * *
>
> PRIST IS THE FIRST INFALLIBLE DE-ICER. It cannot fail. Your safety no longer depends on a mechanical function.
>
> * * * * * * *
>
> STOP Carburetor Icing. Use Prist.
>
> * * * * * * *
>
> Carburetor icing can occur when you least expect it. * * * What safeguard can you give your plane? A 6-½ ounce aerosol can of Lo-Flo Prist Anti-Icing and Biocidal Fuel Additive provides your safeguard. * * * So don't take chances with unexpected engine failure due to carburetor ice. Use Prist Additive at each refueling.
>
> * * * * * * *
>
> Ice is for igloos. Not carburetors. Use Prist.
>
> * * * * * * *
>
> With Lo-Flo PRIST, your reciprocating engine gets the same protection required by the Air Force for turbine jets, including Air Force One, the President's private plane.
>
> * * * * * * *

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning not expressly set out herein, respondent represents, and has represented, directly or by implication:

1. That the Federal Aviation Administration has approved PRIST as an effective anti-icing and biocidal fuel additive for use in reciprocating aircraft engines.

2. That PRIST will eliminate carburetor icing in reciprocating aircraft engines, thereby doing away with the need for other carburetor icing preventive measures.

3. That PRIST will provide reciprocating aircraft engines with the same anti-icing and anti-microbial protection as the United States Air Force requires for its turbine aircraft engines.

4. That each of the use or performance representations made by respondent for PRIST when used in reciprocating aircraft engines, has been substantiated by respondent through competent scientific tests or by authenticated, controlled, and duly recorded user tests, or both.

PAR. 6. In truth and in fact:

1. The Federal Aviation Administration acceptance of the use of PRIST in Lycoming reciprocating engines does not include approval of its functional effectiveness against carburetor icing or its anti-microbial effect. To the contrary, the Federal Aviation Administration approved the use of PRIST in Lycoming reciprocating engines from the standpoint of compatibility only.

2. PRIST will not eliminate carburetor icing in reciprocating aircraft engines. To the contrary, the use of PRIST does not replace carburetor heat or heaters and, thus, instructions provided in aircraft and reciprocating engine operating manuals regarding the use of carburetor heat must be strictly followed.

3. PRIST will not provide reciprocating aircraft engines with the same anti-icing and anti-microbial protection as the United States Air Force requires for its turbine aircraft engines.

4. Use or performance characteristics made by respondent for PRIST when used in reciprocating aircraft engines have not been substantiated by respondent through competent scientific tests or by authenticated, controlled, and duly recorded user tests.

Therefore, the statements and representations as set forth in Paragraph Four and Paragraph Five hereof were and are false, misleading, and deceptive.

PAR. 7. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and is now, in

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substantial competition, in commerce, with corporations, firms, and individuals in the sale of products of the same general kind and nature as those sold by respondent.

PAR. 8. The use by respondent of aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such statements and representations were and are true and into the purchase of substantial quantities of respondent's product by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission, having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Cleveland Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent, PPG Industries, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with its office and principal place of business located at 1 Gateway Center, in the city of Pittsburgh, Commonwealth of Pennsylvania.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent, PPG Industries, Inc., a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, its successors and assigns, and respondent's agents, representatives, salesmen, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale, or distribution of the aircraft fuel additive PRIST, or any product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that the aircraft fuel additive, PRIST, or any other product, has been approved by the Federal Aviation Administration or any other agency of the United States Government to be a functionally effective anti-icing agent or a functionally effective anti-microbial additive for use in reciprocating aircraft engines.

2. Representing, directly or by implication, that the aircraft fuel additive, PRIST, or any other product, will eliminate carburetor icing in reciprocating aircraft engines, thereby doing away with the need for other carburetor icing preventative measures such as carburetor heat or heaters, without affirmatively disclosing that instructions provided in aircraft and reciprocating aircraft engine operating manuals regarding the use of manufacturer-recommended carburetor icing preventative measures must be strictly followed.

3. Representing, directly or by implication, that the aircraft fuel additive, PRIST, or any product, will provide reciprocating aircraft engines with the same anti-icing and anti-microbial protection as the United States Air Force requires for its turbine aircraft engines.

4. Representing, directly or by implication, that the aircraft fuel additive, PRIST, or any product, has any use or performance characteristics or will accomplish any results when used in reciprocating aircraft engines, unless said uses, performance,

or accomplishment claims have been fully and completely substantiated through competent scientific tests performed either by respondent or others, or by authenticated, controlled, and duly recorded user tests.

It is further ordered, That respondent shall notify the Commission at least thirty (30) days prior to any resumption by it, within three years from the date of this order, of any advertising of PRIST, or any other product, promoting its use in reciprocating aircraft engines, and shall submit to the Commission with such notification a copy of the proposed advertisement, together with its basis for all relevant claims therein.

It is further ordered, That respondent shall notify the Commission, at least thirty (30) days prior to any proposed change in its business organization such as dissolution, assignment, incorporation, or sale resulting from the emergence of a successor firm, partnership, or corporation, or any other change which may affect compliance obligations arising out of the order.

It is further ordered, That respondent shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth, in detail, the manner and form in which it has complied with this order.

IN THE MATTER OF

JOAL FURNITURE CORP., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2133. Complaint, Jan. 13, 1972—Decision, Jan. 13, 1972

Consent order requiring a Brooklyn, N.Y., seller of furniture, electrical appliances and other merchandise to cease violating the Truth in Lending Act by causing their customers to sign blank or partially executed retail installment contracts and failing to make other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Joal Furniture Corporation, a corporation and Alvin Gold and

Joseph Kamph, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Joal Furniture Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and sole place of business located at 886 DeKalb Avenue, Brooklyn, New York.

Respondents Alvin Gold and Joseph Kamph are officers of the corporate respondent. They formulate, direct and control the consumer credit policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the sale of furniture, electrical appliances, and other merchandise to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend, and for some time in the past, have regularly extended consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures.

PAR. 5. By and through the use of the contract set forth in Paragraph Four respondents have:

1. Caused their customers to sign blank or partially executed retail installment contracts at the time the transactions were consummated. Respondents thereby failed to make all or most of the required disclosures to these customers before the transactions were consummated, in violation of Sections 226.6 and 226.8 of Regulation Z.

2. Continued to use printed retail installment contract forms subsequent to December 31, 1969 which did not conform to the specific

disclosure requirements of Regulation Z, in violation of Section 226.6 (k) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34 (b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Joal Furniture Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 886 DeKalb Avenue, in the County of Kings, City and State of New York.

Respondents Joseph Kamph and Alvin Gold are the president and secretary/treasurer, respectively, of said corporation. They formulate, direct and control the consumer credit policies, acts and practices of said corporation and their principal office and place of business is located at the above stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents, Joal Furniture Corp., a corporation, and its officers, Alvin Gold and Joseph Kamph, individually and as officers of said corporation, and respondents' agents, representatives, employees, successors and assigns, directly or through any corporate or other device or under any other name in connection with any consumer credit sale, as "consumer credit" and "credit sale" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Causing their customers to sign blank or partially executed retail installment contracts and failing to make all required disclosures to these customers before the transactions are consummated, as required by Sections 226.6 and 226.8 of Regulation Z.
2. Failing to use printed retail installment contract forms which conform to the specific disclosure requirements of Sections 226.6 and 226.8 of Regulation Z.
3. Failing, in any consumer credit transaction or advertisement, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

PLAZA CLUB, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2134. Complaint, Jan. 14, 1972—Decision, Jan. 14, 1972

Consent order requiring Kansas City, Mo., operators of four physical fitness and/or health salons to cease misrepresenting that their membership prices are special or reduced, failing to disclose that the purpose of their promotions is to sell memberships, failing to disclose the nature of the facilities at each club, misrepresenting that members can alleviate various health problems, failing to give notice that promissory notes may be sold to third parties, failing to furnish each customer with a copy of his contract, and not to negotiate any finance paper to a third party prior to midnight of the third day.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Plaza Club, Inc., a corporation, Health Spa, Inc., a corporation, European Health Spa, Inc., a corporation, James R. Booker, individually and as an officer of said corporations, and George E. Shore, individually and as a stockholder of said corporations, and European Health Spa & Country Club, Inc., and James R. Booker and George E. Shore, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Plaza Club, Inc., Health Spa, Inc., European Health Spa, Inc., and European Health Spa and Country Club, Inc., are corporations organized, existing, and doing business under and by virtue of the laws of the State of Missouri, with their principal office and place of business located at 5030 Main Street, in the city of Kansas City, State of Missouri.

Respondent James R. Booker is an individual and an officer of the corporate respondents. He formulates, directs, and controls the acts and practices of all of the corporate respondents, including the acts and practices hereinafter set forth. His address is 5030 Main Street, Kansas City, Missouri.

Respondent George E. Shore is an individual and an officer of the corporate respondent, European Health Spa and Country Club, Inc., and he is an individual and stockholder of the corporate respondents, Plaza Club, Inc., Health Spa, Inc., and European Health Spa, Inc. He formulates, directs, and controls the acts and practices of these corporate respondents, including the acts and practices hereinafter set forth. His address is 5030 Main Street, Kansas City Missouri.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been engaged in the operation of physical fitness and/or health salons, and in the advertising, offering for sale, and sale, of memberships and related services to the public in said physical fitness and/or health salons.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their memberships to be advertised and sold to purchasers thereof located in various other states of the United States, and maintain and, at all times mentioned herein, have maintained, a substantial course of trade in said memberships and related services in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition in commerce with corporations, firms, and individuals in the sale of memberships and related services in their physical fitness and/or health salons; said memberships and services being of the same general kind and nature as those sold by respondents' competition.

PAR. 5. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their memberships and related services, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of general interstate circulation, and by means of television broadcasts. Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

Call now; $1.00 per visit on a course individually designed for you; rates good at all Spas.

LADIES! TODAY IS MARCH 17th

PICK OUT *YOUR* EASTER DRESS SIZE:

—IF YOU ARE A SIZE 14.—You can be a perfect size 12 by Easter
—IF YOU ARE A SIZE 16.—You can be a perfect size 14 by Easter

—IF YOU ARE A SIZE 18.—You can be a perfect size 14 by Easter
—IF YOU ARE A SIZE 20.—You can be a perfect size 14 by Easter.

Lose 15 to 25 pounds the quick, easy mini/max way regardless of your age—usually without dieting.

20 INDIVIDUAL TREATMENTS–NOW ONLY $10.00–
THAT'S THE FULL PRICE.
12 INDIVIDUAL TREATMENTS FOR ONLY $7.00
FIRST 20 WHO CALL WILL RECEIVE 12 ADDITIONAL INDIVIDUAL
TREATMENTS FREE AT NO ADDITIONAL COST
FOR A LIMITED TIME ONLY PREFERRED MEMBERSHIP
NOW AVAILABLE
$2.70 Average per week—FIRST 30 ONLY

LOSE UP TO 20 POUNDS IN JUST 20 VISITS REGARDLESS
OF YOUR AGE

JANE ZAX, AGE 33, MADE THESE CHANGES IN HER
FIGURE IN ONLY 68 DAYS! LOST 39 POUNDS

BEFORE SPA		AFTER SPA
38b	BUST	36c.
27″	WAIST	23″
42″	HIPS	36″
24″	THIGHS	19″

CLOSING OUT OUR LOW SUMMER RATES
$1.00 PER VISIT * * *

LOSE 10–20–30 POUNDS OR MORE
IN JUST 60 TO 90 DAYS

SPECIAL MINI COURSES
6 DAYS $3.00 LIMITED QUOTA

BACK-TO-SCHOOL SPECIAL
CALL NOW ½ PRICE

TV ADVERTISEMENTS:

* * * GRAND OPENING SPECIAL TRIAL PROGRAM OF 5 VISITS FOR $5.00! * * * LOSE UP TO 5 INCHES AND 5 POUNDS DURING YOUR SPECIAL FIVE VISIT PROGRAM

LADIES, YOU CAN LOSE UP TO 15 POUNDS IN 15 VISITS FOR ONLY $7.50! YOU'LL HAVE PERSONAL SUPERVISION WHILE YOU USE ALL THOSE FABULOUS FACILITIES * * *

PAR. 6. By and through the use of the above-quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, and through their agents and representatives, the respondents have represented, directly or by implication, that:

(1) Respondents are accepting contest registrations from which a drawing will be held and prizes awarded, including a valuable free membership in one of respondents' physical fitness and/or health facilities.

(2) The recipient has been selected to receive a valuable and unconditionally free membership in one of respondents' physical fitness and/or health salons.

(3) The recipient has been selected to receive a valuable and unconditionally free membership in one of respondents' physical fitness and/or health salons and the recipient must only pay the dues and/or the maintenance cost of the equipment.

(4) Purchasers will only pay for their membership in respondents' health salons and/or physical fitness facilities if they attend and utilize the facilities.

(5) The purchaser may purchase a membership in one of respondents' physical fitness and/or health salons valued at nine hundred sixty dollars ($960) for as little as two hundred sixty dollars ($260), and thereby realize a savings of as much as seven hundred dollars ($700).

(6) The purchaser may purchase a membership in one of respondents' physical fitness and/or health salons for one dollar ($1) per visit, or seven dollars ($7) for twenty (20) treatments.

(7) Participation in and use of the respondents' health salons and/or physical fitness facilities will eliminate or alleviate certain health problems, including constipation, arthritis, and high blood pressure.

(8) Participation in and use of respondents' health salons and/or physical fitness facilities will cause the purchaser to lose from fifteen (15) to twenty-five (25) pounds quickly, and usually without dieting, regardless of age.

(9) Participation in and use of respondents' health salons and/or physical fitness facilities will cause the purchaser to lose fifteen (15) pounds within fifteen (15) visits.

(10) Jane Zax, age 33, lost thirty-nine (39) pounds within sixty-eight (68) days as a result of using respondents' physical fitness and/or health salon facilities.

Par. 7. In truth and in fact:

(1) The purchasers are not winners of any contest nor specifically selected to receive one of respondents' physical fitness and/or health salon memberships, but will be required to pay the customary purchase price ranging from two hundred sixty dollars ($260) to four hundred eighty dollars ($480).

(2) The recipient has not been selected to receive a valuable and unconditionally free membership in one of respondents' physical fitness and/or health salons, but on arrival at respondents' facilities will be subjected to high-pressure selling techniques, and will be required to pay for any membership obtained from respondents and/or their representatives.

(3) The respondents do not sell their memberships for nine hundred sixty dollars ($960), or for as little as one dollar ($1) per visit, but usually and customarily sell such memberships for prices ranging between two hundred sixty dollars ($260) and four hundred eighty dollars ($480), depending upon the prospective purchasers' sales resistance.

(4) Purchasers of memberships in respondents' physical fitness and/or health salons do not realize savings in the amount of seven hundred dollars ($700), or any other amount, but in fact are required to purchase a membership which generally sells for two hundred sixty dollars ($260) to four hundred eighty dollars ($480).

(5) Individuals purchasing memberships in respondents' health salons and/or physical fitness facilities are required to sign a promissory note which is discounted to a finance company, and the purchasers are required to pay for such memberships whether or not respondents' facilities are used.

(6) Participation in, and use of, the respondents' health salons and/or physical fitness facilities generally will not eliminate and/or alleviate certain health problems, including arthritis, constipation, and/or high blood pressure.

(7) Participation in the use of respondents' health salons and/or physical fitness facilities will not cause a purchaser to lose from fifteen (15) to twenty-five (25) pounds quickly, and usually without dieting, or fifteen (15) pounds within fifteen (15) visits.

(8) Jane Zax is not a member of any of respondents' health salons and/or physical fitness facilities, and in fact, is unknown to respondents, and it is unknown whether she lost thirty-nine (39) pounds within sixty-eight (68) days.

Therefore, the statements, representations, and practices as set forth in Paragraphs Five and Six hereof were, and are, false, misleading, and deceptive.

Par. 8. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations, and practices has had, and now has, a capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations are true, and into the purchase of

memberships in respondents' health salons and/or physical fitness facilities by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were all to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute, unfair methods of competition in commerce, and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents Plaza Club, Inc.; Health Spa, Inc.; European Health Spa, Inc.; and European Health Spa & Country Club, Inc., are corporations organized, existing, and doing business under and by virtue of the laws of the State of Missouri with their principal office and place of business at 5030 Main Street, Kansas City, Missouri.

Respondent James R. Booker is an individual and officer of said corporations. He formulates, directs, and controls the acts and practices of said corporations, and his address is the same as that of the corporations.

Respondent George E. Shore is an individual and officer of European Health Spa & Country Club, Inc., and an individual and stockholder in Plaza Club, Inc.; Health Spa, Inc.; and European Health Spa., Inc. He formulates, directs, and controls the acts and practices of said corporations, and his address is the same as that of the corporations.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

It is ordered, That Plaza Club, Inc., Health Spa, Inc., and European Health Spa, Inc., corporations, and their officers, and James R. Booker, individually and as an officer of said corporations, and George E. Shore, individually and as a stockholder of said corporations, and European Health Spa & Country Club, Inc., a corporation, and its officers, and James R. Booker and George E. Shore, individually and as officers of said corporation, and respondents' agents, representatives, salesmen, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, and sale of health club memberships or other services or products, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

I. A. Representing, directly or by implication, that any price charged for respondents' memberships and/or services is a special or reduced price, or misrepresenting, in any manner, the savings available to purchasers.

B. Representing, directly or by implication, that health club memberships are available for any period of time less than the shortest period for which a significant number of memberships are in fact sold to the public.

C. Using any promotion for the purpose of obtaining leads to prospective purchasers of memberships in respondents' health salons and/or physical fitness facilities, unless respondents disclose fully and conspicuously in each and every announcement, advertisement, or other description of such promotion:

(1) That, the purpose of such promotion is to induce prospective purchasers of physical fitness and/or health salon memberships to come to respondents' place of business, and

(2) That, once at respondents' place of business, the prospective purchaser will be subjected to attempts by respondents, through their employees or representatives, to sell said

prospective purchasers a membership in one of respondents' physical fitness and/or health salon facilities.

D. Using any advertising, sales plan or procedure involving the use of false, deceptive, or misleading statements, or representations, which are designed to obtain leads or prospects for the sale of memberships in respondents' physical fitness and/or health salon facilities.

E. Representing, directly or by implication, that any facilities are available at all clubs referred to in any particular advertisement and are available to persons of either sex at all said clubs during all of said clubs' business hours. If the facilities are not available to all members at all hours at each club referred to in such advertisement, such representation shall be qualified by a clear and conspicuous disclosure in immediate conjunction therewith providing that "such facilities and hours may differ at each location." Such disclosure shall appear in a type size larger than the size used to set out the facilities.

F. Representing, directly or by implication, that participation in and use of respondents' physical fitness and/or health salon facilities will eliminate or alleviate constipation, arthritis, high blood pressure and/or any other health problems.

G. Representing, directly or by implication, that purchasers of memberships in respondents' physical fitness and/or health salon facilities will lose weight as a result of using the facilities of respondents' physical fitness and/or health salons without regulating caloric intake.

H. Representing, directly or by implication, that any individual has realized a loss in weight or has reduced or increased said individual's physical measurements, unless such individual is actually a member at one of respondents' physical fitness and/or health salons and has actually experienced such loss of weight or increase or decrease in physical measurements.

I. Using any picture of any individual in connection with any testimonial, unless such individual is the person experiencing such claims and is a member of one of respondents' physical fitness and/or health salon facilities at the time of said advertisement.

J. Failing to incorporate the following statement on the face of all contracts executed by respondents' customers with such conspicuousness and clarity as is likely to be observed, read, and understood by the purchaser:

IMPORTANT NOTICE

If you are obtaining credit in connection with this contract, you will be required to sign a promissory note. This note may be purchased by a bank, finance company or any other third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled.

K. Representing, directly or by implication:

(1) That any amount is respondents' usual and customary retail price for memberships in their physical fitness and/or health salons, unless such amount is the price at which said memberships have been usually and customarily sold at retail by respondents in the recent regular course of business.

(2) That any savings is afforded in the purchase of memberships to respondents' physical fitness and/or health salons in the retail price, unless the price at which the membership is offered constitutes a reduction from the price at which said membership is usually and customarily sold at retail by respondents in the recent regular course of business.

L. Failing to deliver to each party a copy of every contract entered into by such party providing for membership and/or other services in respondents' physical fitness and/or health salons.

M. Failing to deliver a copy of this order to cease and desist to all present and future employees, instructors, or other persons engaged in the sale of respondents' memberships and/or services, and failing to secure from each employee or other person, a signed statement acknowledging receipt of said order.

N. Failing to post in a prominent place in each physical fitness and/or health salon, a copy of this cease and desist order, with a notice that any member or prospective member may receive a copy on demand.

O. Failing, after the acceptance of the initial report of compliance, to submit a report to the Commission once every year during the next three years, describing all complaints respecting unauthorized representations, all complaints received from customers respecting representations by salesmen, which are claimed to have been deceptive, the facts uncovered by respondents in their investigation thereof, and the action taken by such respondents with respect to each such complaint.

II. *It is further ordered*, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corpo-

rate respondents, such as dissolution, assignment or sale, resulting in the emergence of a successor corporation and/or corporations, the creation or dissolution of subsidiaries or any other changes in the corporation and/or corporations, which may affect compliance obligations arising out of this order.

III. *It is further ordered*, That respondents not negotiate any conditional sales contract, promissory note, or other instrument of indebtedness to a finance company or other third party prior to midnight of the third day, excluding Sundays and legal holidays, after the date of execution by the buyer.

IV. *It is further ordered*, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

SAFETY FINANCE SERVICE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2135. Complaint, Jan. 14, 1972—Decision, Jan. 14, 1972

Consent order requiring three New Orleans, La., finance companies to cease violating the Truth in Lending Act by failure to disclose in its credit transactions the "annual percentage rate," the number, amounts and due dates of periodic repayments, the "amount financed," the "finance charge," and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Safety Finance Service, Inc., a corporation; and Safety Finance Service of Carrollton, Inc., a corporation; and Jack A. Porobil, Sr. and Joseph Franceivich, copartners trading as Safety Finance Company; and Jack A. Porobil, Sr., individually, and as an officer of said corporations; and Jack A. Porobil, Jr., individually, and as an officer of Safety Finance Service, Inc., hereinafter sometimes referred to as respondents, have violated the provisions of said Acts and regulation, and it appearing to the Commission that a proceeding

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by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Safety Finance Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at Suite 634 Audubon Building, 931 Canal Street, New Orleans, Louisiana.

Respondent Safety Finance Service of Carrollton, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal place of business located at 2414 S. Carrollton Avenue, New Orleans, Louisiana.

Respondents Jack A. Porobil, Sr. and Joseph Franceivich are copartners trading as Safety Finance Company. In the recent past it has conducted its business in the name of Safety Auto Finance Company. Its principal place of business is located at 2000 St. Claude Avenue, New Orleans, Louisiana.

Respondent Jack A. Porobil, Sr. is an officer of the named corporate respondents, and Jack A. Porobil, Jr. is an officer of Safety Finance Service, Inc. They formulate, direct and control the acts and practices of the corporate respondents herein named, including the acts and practices hereinafter set forth. Their addresses are the same as that of Safety Finance Service, Inc.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the lending of money to the public.

PAR. 3. In the ordinary course and conduct of their business, as foresaid, respondents regularly extend and arrange for the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business, as aforesaid, and in connection with their loan transactions, have caused and are causing customers to execute promissory notes, some unsecured, others secured by chattel mortgages or real estate mortgages, and in connection with these transactions, provide these customers with loan disclosure statements, hereinafter referred to as "statement."

By and through the use of the statement, respondents:

1. Fail, when a specific dated and separately signed affirmative written indication of the customer's desire for credit life and disability insurance is not obtained, to include the amount of the charge

for such insurance in the finance charge as required by Section 226.4 (a) (5) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z.

2. Fail to disclose the Annual Percentage Rate with an accuracy at least to the nearest quarter of 1 per cent on some contracts as required by Section 226.5(b) (1) of Regulation Z.

3. Fail to identify the creditor on some contracts as required by Section 226.8(a) of Regulation Z.

4. Fail to disclose the number, amount and due dates or periods of payment scheduled to repay the indebtedness on some contracts as required by Section 226.8(b) (3) of Regulation Z.

5. Fail, on some contracts, to disclose the security interest held, retained or acquired in connection with the extension of credit, and a clear identification of the property to which the security interest relates as required by Section 226.8(b) (5) of Regulation Z.

6. Fail to disclose the "Amount Financed" on some contracts as required by Section 226.8(d) (1) of Regulation Z.

7. Fail to disclose the "Finance Charge" on some contracts as required by Section 226.8(d) (3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents

have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedures prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Safety Finance Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 931 Canal Street, New Orleans, Louisiana.

Respondent Safety Finance Service of Carrollton, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 2414 South Carrollton Avenue, New Orleans, Louisiana.

Respondents Jack A. Porobil, Sr. and Joseph Franceivich are copartners trading as Safety Finance Company, a partnership which in the recent past has conducted its business in the name of Safety Auto Finance Company, its offices and place of business located at 2000 St. Claude Avenue, New Orleans, Louisiana.

Respondent Jack A. Porobil, Sr. is president of the named corporate respondents; and respondent Jack A. Porobil, Jr. is executive vice-president of Safety Finance Service, Inc. As such, Jack A. Porobil, Sr., as to the named corporate respondents, and Jack A. Porobil, Jr., individually, and in cooperation with Jack A. Porobil, Sr., as to Safety Finance Service, Inc., formulate, direct and control the policies, acts and practices of the corporate respondents, their addresses being 931 Canal Street, New Orleans, Louisiana.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Safety Finance Service, Inc., a corporation; Safety Finance Service of Carrollton, Inc., a corporation, and its officers and respondent Jack A. Porobil, Sr., individually, and as an officer of said corporations, and respondent Jack A. Porobil, Jr., individually, and as an officer of Safety Finance Service, Inc., and Jack A. Porobil, Sr. and Joseph Franceivich, copartners trading as Safety Finance Company or under any other name or names, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with

any extension or arrangement for the extension of consumer credit to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" is defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to include in the finance charge, for purposes of disclosure of the finance charge and computation of the annual percentage rate, any charge for credit life or disability insurance, if a specific dated and separately signed affirmative written indication of the customer's desire for such insurance is not obtained, as provided in Section 226.4(a)(5) of Regulation Z.

2. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one per cent, in accordance with Section 226.5(b)(1) of Regulation Z.

3. Failing to identify the creditor as required by Section 226.8(a) of Regulation Z.

4. Failing to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness, prior to the consummation of the transaction as required by Section 226.8(b)(2) of Regulation Z.

5. Failing to disclose the security interest held, retained or acquired in connection with the extension of credit, and clear identification of the property to which the security interest relates as required by Section 226.8(b)(5) of Regulation Z.

6. Failing to disclose the "amount financed" as required by Section 226.8(d)(1) of Regulation Z.

7. Failing to disclose the "finance charge" as required by Section 226.8(d)(3) of Regulation Z.

8. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the

emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

BILL PIERRE FORD, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-2136. Complaint, Jan. 17, 1972—Decision, Jan. 17, 1972

Consent order requiring a Seattle, Wash., seller of new and used automobiles to cease violating the Truth in Lending Act by failing to make all consumer credit disclosures required by Regulation Z of the Act and failing to maintain for at least two years documents relating to each vehicle purchased.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Bill Pierre Ford, Inc., a corporation, and William H. Pierre, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Bill Pierre Ford, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its principal office and place of business located at 11525 Lake City Way N.E., Seattle, Washington.

Respondent William H. Pierre is an officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporation, including the acts and practices herein-

after set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the sale of new and used motor vehicles to the public and have engaged in the advertising of same in various media.

PAR. 3. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have entered into and are entering into contracts for the sale of respondents' goods and services. Respondents have not, however, provided the consumer credit cost disclosures required by Sections 226.4, 226.5, 226.6 and 226.8 of Regulation Z prior to the consummation of the transaction as required by Section 226.8(a) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Seattle Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act.

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Bill Pierre Ford, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its principal office and place of business located at 11525 Lake City Way N.E., Seattle, Washington.

Respondent William H. Pierre is an officer of said corporation and his address is the same as that of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

ORDER

It is ordered, That respondents Bill Pierre Ford, Inc., a corporation, and William H. Pierre, individually and as an officer of said corporation, and respondents' agents, representatives, employees, successor and assigns, directly or through any corporate or other device, in connection with any consumer credit sale, as "consumer credit" and "credit sale" are defined in Regulation Z (12 CFR §226) of the Truth in Lending Act (Pub.L. 90–321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to make disclosures to customers prior to consummation of the transaction, as required by Section 226.8(a) of Regulation Z.

2. Engaging in any consumer credit transaction or disseminating any advertisement within the meaning of Regulation Z of the Truth in Lending Act without making all disclosures that are required by Sections 226.6, 226.7, 226.8 and 226.10 in the amount, manner, and form specified therein.

3. Failing to preserve and maintain for a period of not less than two years from the date of preparation, each buyer's order, purchase order, or other paper signed, initialed, or orally agreed to by a vehicle purchaser which sets out any terms, provisions or conditions of sale of a motor vehicle.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents

engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may effect compliance obligations arising out of the order.

It is further ordered, That the respondents shall, within sixty (60) days after service upon them of this order file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist contained herein.

IN THE MATTER OF

THE GATES RUBBER COMPANY

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE CLAYTON ACT

Docket C–2137. Complaint, Jan. 21, 1972—Decision, Jan. 21, 1972

Consent order requiring the nation's largest manufacturer of rubber belts and hoses with headquarters in Denver, Colo., to divest itself within one year of all assets and properties of Porter's Nephi Works located at Nephi, Utah, to an independent party as a going business and cease and desist for a period of five years from employing any management or sales personnel of the divested company.

COMPLAINT

The Federal Trade Commission, having reason to believe that the Gates Rubber Company, a Colorado corporation, subject to the jurisdiction of the Commission, has acquired all of the assets of the Nephi, Utah Works of H. K. Porter Company, Inc. in violation of Section 7 of the Clayton Act, as amended (Title 15 U.S.C. Section 18), hereby issues this Complaint stating its charges in those respects as follows:

I Definitions

For purposes of this complaint, the following definitions shall apply:

1. "Porter's Nephi Works" means all assets owned by the Ther-

moid Division of H. K. Porter Company, Inc., located at Nephi, Utah, and acquired by respondent by contract of March 16, 1970.

II The Acquiring Company

2. The Gates Rubber Company (hereafter "Gates"), is a corporation organized and doing business under the laws of the State of Colorado, with its principal office and place of business located at 999 South Broadway, Denver, Colorado. With sales from diverse operations of about $469 million during its fiscal year ended Feb. 28, 1970, Gates, although still family-owned, is comparable in size to the 227th largest publicly-owned industrial corporation. It is the nation's sixth largest rubber products manufacturer and the largest manufacturer of rubber belts and hoses. At all times relevant hereto Gates was engaged in interstate commerce within the meaning of Section 7 of the Clayton Act, as amended.

III The Acquired Company

3. H. K. Porter Company, Inc., (hereafter "Porter") is a corporation organized and doing business under the laws of the State of Delaware, with its principal office in the Porter Building, Pittsburgh, Pennsylvania. With sales of about $290 million in 1969 Porter was 324th in rank among the 500 largest U. S. industrial corporations. It is a diversified manufacturer with major interests in rubber goods, steel, electrical equipment, automotive parts and various other products. Its rubber business is carried on by its Thermoid Division. The Thermoid plant at Nephi, Utah, with 1969 sales of about $7.9 million, made all of that Division's rubber belts and belting (non-flat) and much of its rubber hose and hosing. At all times relevant hereto Porter was engaged in interstate commerce within the meaning of Section 7 of the Clayton Act, as amended.

IV The Acquisition

4. On or about March 16, 1970 Gates acquired Porter's Nephi Works.

V Trade and Commerce

5. Rubber belts are used principally for the transmission of motive power, either for stationary industrial machinery ("v-belts") or for automotive vehicles ("fan belts"). Rubber hoses are used to transmit fluid, air or gases both in industrial machinery and in automotive vehicles (heater hose and radiator hose). All the foregoing kinds of

belts and hoses are made from similar raw materials by substantially the same firms, although by different manufacturing processes. Belts and hoses destined for industrial use are generally sold to machinery manufacturers for original equipment and through industrial equipment distributors for replacement use, whereas those destined for automotive use are generally sold to vehicle makers for original equipment and through automotive parts distributors for replacement use.

6. Total shipments by U. S. manufacturers of rubber belts and belting (non-flat) in 1967 were valued at $116 million. Total shipments by U. S. manufacturers of rubber hose and hosing in 1967 were valued at $393 million. Both markets are concentrated and in each Gates plays a leading role. Its share of the 1967 belt and belting (non-flat) market was about 45 percent and its share of the hose and hosing market was about 16 percent. Thermoid's shares were, respectively, 2 percent and 3 percent.

7. Rubber belts and hoses for automotive replacement use constitute a distinct and significant market, virtually dominated by Gates. Of all such sales in 1967, 93 percent was in the hands of 4 competitors. In this oligopoly, Gates was the near dominant power, with well over 50 percent of the market, while Thermoid ranked fourth with about 4 percent.

VI Competitive Effects

8. Gates' acquisition of Porter's Nephi Works may tend substantially to lessen competition or create a monopoly in the nationwide manufacture and sale of (1) all rubber belts and belting (non-flat), (2) rubber hose and hosing, and, particularly, (3) rubber belts and hoses sold for automotive replacement use, in the following ways, among others:

(a) Substantial actual competition by Thermoid with Gates and with others has been eliminated.

(b) The oligopoly power hitherto wielded in the replacement automotive belt and hose market by four firms will now be wielded by three only and Gates' power to dominate the oligopoly has been further augmented and entrenched.

(c) Entry or growth of new competition will be further inhibited.

VII Violation

9. By reason of the foregoing Gates' acquisition of Porter's Nephi Works constitutes a violation of Section 7 of the Clayton Act, as amended (15 U.S.C. §18).

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of Section 7 of the Clayton Act, as amended;

Respondent, its attorney and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in said complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that respondent has violated the said Acts, and that complaint should issue stating its charges in that respect and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, and various comments having been received and the Commission having duly considered them and the consent order agreement having been amended in minor respects in accordance with the tenor thereof and the Commission having ordered the agreement in final form to be once again placed on the public record for an additional period of thirty (30) days: now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent, the Gates Rubber Company, is a corporation which has its executive offices and principal place of business at 999 South Broadway, Denver, Colorado.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

For purposes of this order, "respondent" means the Gates Rubber Company, its subsidiaries, successors and assigns to any substantial portion of its assets; and "Porter's Nephi Works" means all assets acquired by respondent from H. K. Porter Co., Inc., by contract of

March 16, 1970, which is hereby referred to, including, but not restrictively, all fixed assets, finished goods, work in process, supplies, prepaid items, trademarks, trade names, patents, patent applications and licenses, customer lists, specifications, drawings, formulae, inventions, trade secrets, and books and records applicable to operations of the acquired business and, where appropriate, as in the case of inventory, a substantial equivalent of any such assets as may no longer be in existence or in respondent's possession.

I

It is ordered, That respondent as soon as possible, and in any event within twelve (12) months from the effective date of this order, shall divest itself of Porter's Nephi Works, together with all additions and improvements thereto, absolutely and in good faith to a purchaser approved in advance by the Federal Trade Commission so as to transfer Porter's Nephi Works as a going business and a viable competitive entity in the markets for those products it was manufacturing and distributing when acquired by respondent.

II

It is further ordered, That none of the assets described in the preamble to this order shall be sold or transferred, directly or indirectly, to any person who is at the time or has been at any time during the one year period preceding or the one year period following the effective date of this order an officer, director, employee, or agent of, or under the control or direction of, respondent or any of respondent's subsidiary or affiliated corporations, or any person who owns or controls or has owned or controlled, directly or indirectly, more than one percent (1%) of the outstanding capital shares of respondent.

III

It is further ordered, That pending divestiture respondent shall not cause or permit any deterioration in any of the assets to be divested which may impair their present capacity or market value.

IV

It is further ordered, That respondent shall do everything within its power to assure that the business operations to be divested will be properly staffed and, in particular, that all available means will be used by respondent to assist the acquirer in retaining, rehiring or replacing management and such other personnel including sales

representatives, as were employed to operate the business when it was acquired by respondent; and that respondent shall terminate its own employment of, and will cease and desist for a period of five (5) years from the date of this order from the hiring of, any management or other personnel, including sales representatives, in the employ of H. K. Porter Co., Inc. (Thermoid Div.) in capacities related to Porter's Nephi Works at any time within the year preceding March 16, 1970.

V

It is further ordered, That commencing thirty (30) days after the effective date of divestiture, and continuing for a period ending three (3) years from and after the date of completing the divestiture required by this order, respondent shall cease and desist from the sale of rubber belts, rubber belting, rubber hose and rubber hosing to any firm which purchased $1,000 or more of any such products manufactured by Porter's Nephi Works, excluding conveyor or flat transmission belting, at any time during the last full fiscal year before Nephi's acquisition by respondent: *Provided*, nevertheless, that nothing herein contained shall prevent respondent from soliciting the purchase of any such products by any firm which bought $1,000 or more of such products, excluding conveyor or flat transmission belting, from respondent both during the fiscal year before said acquisition and the next fiscal year after said acquisition. A list of such firms to which the foregoing provision applies, contained in a certain letter of representation, as amended, from the Gates Rubber Company to the Federal Trade Commission and accepted by the Commission's staff, shall be presumed correct, subject to subsequent correction in the event of any mistakes therein.

VI

It is further ordered, That commencing on the effective date of this order and continuing for a period of ten (10) years from and after the date of completing the divestiture required by this order, respondent shall cease and desist from entering into any arrangement by which respondent acquires, directly or indirectly, through subsidiaries, joint ventures or otherwise, without prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital or assets or any warrant, option or other right to acquire any share capital or assets or other equity interest or right to participate in earnings of any concern, corporate or noncorporate, engaged in domestic commerce, whether interstate or intrastate, and in the manu-

facture, sale or distribution of rubber belts, rubber belting, rubber hose or rubber hosing; nor shall respondent enter into any arrangement with any such concern by which respondent obtains the market share, in whole or in part, of such concern in the above-mentioned product lines.

VII

It is further ordered, That respondent shall within ninety (90) days from the effective date of this order and every ninety (90) days thereafter until respondent has fully complied with the provisions of Paragraph I of this order, and every one hundred and eighty (180) days until respondent has fully complied with the provisions of Paragraph V of this order, submit to the Federal Trade Commission a detailed written report of its actions, plans and progress in complying with Paragraphs I through V of this order and fulfilling their objectives.

VIII

It is further ordered, That respondent shall notify the Federal Trade Commission at least thirty (30) days in advance of any proposed change in respondent's constitution or operations which might affect any of the obligations arising out of this order.

IN THE MATTER OF

REVERE CHEMICAL CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2138. Complaint, Jan. 24, 1972—Decision, Jan. 24, 1972

Consent order requiring a Cleveland, Ohio, marketer of snow and ice remover and its advertising agency located in Chicago, Ill., to cease misrepresenting their product as exclusive or unique, that it is more powerful or effective than sodium chloride, that it is least expensive for the removal of snow and ice, and that it can be used on concrete surfaces. The respondent advertising agency is also ordered to cease preparing "sweepstake" contests unless it discloses the total number, exact nature, and odds of winning each of the prizes, and failing to distribute all of the prizes announced.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal

Trade Commission, having reason to believe that Revere Chemical Corporation, a corporation, and Sidney G. Stromberg and Robert Ziska, individually and as officers of said corporation, and Stone & Adler, Inc., a corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Revere Chemical Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 12407 Woodland Avenue in the city of Cleveland, State of Ohio.

Respondents Sidney G. Stromberg and Robert Ziska are individuals and are officers of Revere Chemical Corporation. They formulate, direct and control the acts and practices of Revere Chemical Corporation including the acts and practices hereinafter set forth. Their address is the same as that of Revere Chemical Corporation.

Respondent Stone & Adler, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 120 South Riverside Plaza, Chicago, Illinois.

PAR. 2. Respondents Revere Chemical Corporation, Sidney G. Stromberg, and Robert Ziska are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of Revere Ice Melter to distributors and jobbers and to the public.

Respondent Stone & Adler, Inc., is now and for some time last past has been, an advertising agency retained by Revere Chemical Corporation, and now and for some time last past has designed and prepared for publication advertising material including but not limited to the advertising material for "Revere's Winter Wonderland Sweepstakes" referred to herein and certain other advertising material referred to herein, for the purpose of promoting the sale of respondent Revere Chemical Corporation's Revere Ice Melter to distributors and jobbers and to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents Revere Chemical Corporation, Sidney G. Stromberg, and Robert Ziska now cause, and for some time last past have caused, their said product, when sold, to be shipped from their place of business in the State of Ohio to purchasers thereof located in various other States of the United States and in the District of Columbia,

and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

In the course and conduct of its aforesaid business respondent Stone & Adler, Inc., causes its respective services to be sold, placed and distributed throughout the United States and at all times mentioned herein has maintained a substantial course of trade in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their said product, the respondents have made, and are now making, numerous statements and representations in advertisements and promotional material distributed through the United States mails with respect to the effectiveness, safety, uniqueness, and inexpensiveness of the said product.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

(a) * * * there is nothing like instant acting Revere ICE MELTER anywhere—at any price.

(b) So please *do not* confuse Revere ICE MELTER with *any* other product you have ever used * * *

(c) Revere ICE MELTER works on an exclusive new melting principle—*Exothermic Action.*

(d) Revere ICE MELTER has 30 times greater melting power than rock salt.

(e) Revere ICE MELTER costs less per pound of ice removed than any other product or method.

(f) Won't harm grass, shrubs, pets, pavement or asphalt.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, the respondents have represented, and are now representing, directly or by implication that:

(a) Revere Ice Melter is a unique, new development that is the most effective product available for melting ice and snow.

(b) Revere Ice Melter has thirty times the melting power of rock salt at all temperatures and for all different times allowed for melting.

(c) Revere Ice Melter will have no damaging or harmful effects upon concrete surfaces.

(d) Revere Ice Melter is less expensive than any other product or method for melting ice.

PAR. 6. In truth and in fact:

(a) Revere Ice Melter is not a unique, new development, nor is it the most effective product available for melting ice and snow. Revere

Ice Melter is purified calcium chloride, a traditional product used for melting ice and snow.

(b) Revere Ice Melter does not have thirty times the melting power of rock salt at all temperatures and for all different times allowed for melting.

(c) Revere Ice Melter may damage or have harmful effects upon certain concrete surfaces.

(d) Revere Ice Melter is not less expensive than any other product or method for melting ice. Revere Ice Melter is more expensive than other brands of purified calcium chloride.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. Respondents Revere Chemical Corporation, Sidney G. Stromberg and Robert Ziska employed and authorized respondent Stone & Adler, Inc., to design the aforesaid sweepstakes promotion which resulted in the false, misleading and deceptive statements and representations referred to in Paragraph Nine below.

PAR. 8. In the course and conduct of its aforesaid business, and for the purpose of inducing the purchase of the said product, respondent Stone & Adler, Inc., has participated in the design and preparation of advertisements and promotional material distributed through the United States mails which have made, and are now making, numerous statements and representations with respect to a "matching" or "preselected winners" promotional device utilized in connection with the offering for sale of said product.

Typical and illustrative of said statements and representations but not all inclusive thereof, are the following:

(a) You can't lose in Revere's $50,000 Winter Wonderland Sweepstakes because we will send you 100 lbs. of Revere Ice Melter FREE in a trial shipment in addition to any of 1017 prizes you may already have won!

(b) One of these specially numbered coupons may have already won you $5,000 ready and waiting for you to claim it! (1st Grand Prize); a new car, a sparkling new 1970 Ford Mustang—ready and waiting for the lucky winner to get in and drive it away! (2nd Grand Prize); Color TV Console by Philco Ford, two to be awarded! (3rd Grand Prize); Johnson "Wide Track" Family Snowmobile, three to be awarded! (4th Grand Prize); Compact Philco Color TV, Ten to be awarded! (5th Grand Prize); Push Button Blender by Hamilton Beach, 300 to be awarded! (6th Grand Prize); Colorpack II Camera by Polaroid, 700 to be awarded! (7th Grand Prize).

(c) In fact, you may have already won the $5,000 or any of the 1,017 valuable prizes!

(d) Not one * * * not two * * * but *four* chances to win!

(e) What's more, because only Revere customers and a limited number of other selected businessmen are receiving this offer, your chances of winning are excellent.

PAR. 9. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein respondent Stone & Adler has caused to be represented and is now causing to be represented, directly or by implication that:

(a) 1,017 prizes worth $50,000 at retail, consisting of 1 cash award of $5,000, 1 1970 Ford Mustang Automobile, 2 Philco-Ford Color Television Consoles, 3 Johnson Snowmobiles, 10 Philco Compact Television Sets, 300 Hamilton Beach Push-Button Blenders and 700 Polaroid Colorpack II cameras were to be awarded to individuals who held winning coupons in "Revere's $50,000 Winter Wonderland Sweepstakes."

(b) Individuals participating in "Revere's $50,000 Winter Wonderland Sweepstakes" were afforded a reasonable opportunity to win the represented prizes.

PAR. 10. In truth and in fact:

(a) 1,017 prizes worth $50,000 were not awarded to individuals who participated in the "sweepstakes." Approximately 30 prizes consisting of 1 Philco Compact Television Set, 8 Hamilton Beach Push Button Blenders and 20 Polaroid Colorpack II Cameras were in fact awarded. The approximate retail value of prizes actually awarded was $1,300.

(b) Individuals participating in "Revere's $50,000 Winter Wonderland Sweepstakes" were not afforded a reasonable opportunity to win the represented prizes. Respondents distributed approximately 1,800,000 coupons to the public. Winning numbers were printed on 1,017 of the coupons. All other coupons contained a non-winning number. Of the 1,017 winning number coupons 1 was a first prize, 1 was a second prize, 2 were third prizes, 3 were fourth prizes, 10 were fifth prizes, 300 were sixth prizes, and 700 were seventh prizes. As a result of such distribution of winning coupons, participants in "Revere's $50,000 Winter Wonderland Sweepstakes" had one chance in approximately 450,000 to win a first prize; one chance in approximately 450,000 to win a second prize; one chance in approximately 225,000 to win a third prize; one chance in approximately 150,000 to win a fourth prize; one chance in approximately 45,000 to win a fifth prize; one chance in approximately 1,500 to win a sixth prize; and one chance in approximately 625 to win a seventh prize.

Therefore, the statements and representations as set forth in Paragraphs Eight and Nine are false, misleading and deceptive.

PAR. 11. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents Revere Chemical Corporation, Sidney G. Stromberg, and Robert Ziska have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of products for melting snow and ice of the same general kind and nature as that sold by respondents. In the course and conduct of its aforesaid business and at all times mentioned herein, respondent Stone & Adler, Inc., has been, and now is, in substantial competition, in commerce, with other advertising agencies.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' product by reason of said erroneous and mistaken belief.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that they had reason to believe that the respondents have violated the said Act, and that complaint should issue stating their charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of their rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Revere Chemical Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 12407 Woodland Avenue, in the city of Cleveland, in the State of Ohio.

Respondents Sidney G. Stromberg and Robert Ziska are individuals and are officers of the aforementioned corporate respondent. They formulate, direct and control the acts and practices of the aforementioned corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the aforementioned corporate respondent.

Respondent Stone & Adler, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 120 South Riverside Plaza, in the city of Chicago, in the State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of respondents, and the proceeding is in the public interest.

ORDER

I. *It is ordered*, That respondents Revere Chemical Corporation, a corporation, and its officers, and Sidney G. Stromberg, and Robert Ziska, individually and as officers of said corporation, and Stone & Adler, Inc., a corporation, and its officers, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of Revere Ice Melter or any other product for the removal of ice or snow, in commerce, as "commerce" is defined in the Federal Trade Commission Act, or in connection with the preparation, promotion, sale, distribution or use of any "sweepstakes," contest, game, or any other promotional device, in which the winners of prizes have been pre-selected, in commerce, as "com-

merce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that such product is an exclusive, unique or novel method or development for the removal of ice or snow unless the chemical content of the product is disclosed and any such representation discloses in detail the specific manner in which and the degree to which it is so exclusive, unique or novel as compared to any product containing the same basic chemical content.

2. Representing, directly or by implication, that any such product is more powerful or more effective for melting ice or snow than sodium chloride unless the temperature at which such product is represented to be more powerful or effective is clearly and conspicuously disclosed.

3. Representing, directly or by implication, that any such product is the least expensive product available for the removal of ice and snow; *Provided, however*, That any such product may be accurately represented as less expensive than sodium chloride for removal of ice and snow at specified temperatures.

4. Representing in advertising, literature, directly or by implication, that any such product can be used upon any concrete surfaces unless it is clearly and conspicuously disclosed that the product is not recommended for use over uncured concrete or concrete in poor repair.

It is further ordered, That respondents Revere Chemical Corporation, Sidney G. Stromberg and Robert Ziska do forthwith cease and desist from authorizing or participating in the design, creation, distribution or use of any "sweepstakes" (or similar contest or game) in which the winners of prizes have been pre-selected.

II. *It is further ordered*, That respondent Stone & Adler, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device in connection with the preparation, promotion, sale, distribution or use of any "sweepstakes," contest, game, or any other promotional device, in which the winners of prizes have been pre-selected, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Engaging in the preparation, promotion, sale, distribution, or use of any "sweepstakes," contest, game, or other promotional device unless the following are disclosed clearly and conspicuously in all advertising and promotional material concerning such devices:

(a) The total number of prizes to be awarded;

(b) The exact nature of the prizes and the number of each;

(c) The odds of winning each prize.

2. Failing to award and distribute all prizes of the value and type represented.

3. Failing to disclose, clearly and conspicuously, in all advertising and promotional material the exact number of prizes which will be available, the exact nature of the prizes, and the odds of winning each such prize.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service of the order upon it, file with the Commission a report in writing setting forth in detail the manner and form of its compliance with the order to cease and desist.

IN THE MATTER OF

KUSTOM ENTERPRISES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION, THE TRUTH IN LENDING AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket 8846. Complaint, June 17, 1971—Decision, Jan. 24, 1972

Order requiring two Wheat Ridge, Colo., corporations selling and distributing residential carpeting and carpet padding to cease using telephone calls or free gifts to gain access to the homes of prospective purchasers, misrepresenting that they are the exclusive franchisee of carpet manufacturers or that a prospect's home has been specially selected for a test installation, making deceptive guarantees, failing to disclose that the selling price of carpet is by the square yard, failing to give Notice that any sales contract may be rescinded within three days, and negotiating any note to a finance company prior to midnight of the fifth day. Respondents are also required to make all disclosures required by Regulation Z of the Truth in Lending Act and comply with the misbranding and advertising provisions of the Textile Fiber Products Identification Act.