

of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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
POSTAGE STAMP SERVICE BUREAU, INC., ET AL.
CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2430. Complaint, August 14, 1973—Decision, August 14, 1973.

Consent order requiring a Las Vegas, Nevada, seller and distributor of postage stamp vending machines, among other things to cease misrepresenting the earnings and profits derived from a distributorship or franchise misrepresenting the opportunities in the product or business; misrepresenting dealer assistance; and misrepresenting that the firm is affiliated with the U.S. Government or U.S. Postal Service. The order further requires respondents to initiate a 10-day, cooling-off period during which purchasers may cancel their contracts and receive full refund of all monies spent.

Appearances

For the Commission: *R. F. Manifold.*

For the respondents: *Thomas Steffen of George, Steffen & Simmons, Las Vegas, Nevada.*

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 Postage Stamp Service Bureau, Inc., a corporation, and Carlton Lee Struble, 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:

Complaint

83 F.T.C.

PARAGRAPH 1. Respondent Postage Stamp Service Bureau, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nevada, with its principal office and place of business located at 1721 E. Charleston Boulevard, Las Vegas, Nevada.

Respondent Carlton Lee Struble is an individual and an officer of said corporation. He formulates, directs and controls the acts and practices of the corporate respondent, 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 advertising, offering for sale, sale and distribution of postage stamp vending machines, and supplies used and dispensed thereby to purchasers for installation in commercial establishments such as hotels, motels, drug stores, etc., and operated as a business on a route basis.

PAR. 3. In the course and conduct of their business respondents caused, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Nevada and their suppliers' places of business in the State of Illinois, and other States, to purchasers thereof located in various other States of the United States. In addition, in the course and conduct of their business, respondents have disseminated and caused to be disseminated in newspapers of interstate circulation, advertisements designed to be read by persons residing outside the State of Nevada and intended to induce such persons to enter into contractual agreements with respondents to purchase distributorships or franchises and products from respondents. Respondents have maintained, and at all times mentioned herein maintained, a substantial course of trade in products, distributorships or franchises, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, respondents cause advertisements to be inserted in newspapers, soliciting persons to whom to sell said products. Persons responding to said advertisements are contacted by respondents or their representatives. Said respondents or their representatives, in soliciting the sale of said products, make various oral statements and representations concerning the business opportunities and benefits to be derived by purchasing said products.

Among and typical, but not all inclusive, of the statements and representations made in newspapers, circulars, form letters,

Complaint

flyers and by other printed material given to prospective purchasers are the following:

UP TO \$750.00 A MONTH OR MORE

* * * * *
CONVERT YOUR CAPITAL OR SAVINGS INTO A LUCRATIVE
HIGH RETURN BUSINESS, NO SELLING,

* * * * *
U.S. POSTAGE
Stamp Machines

* * * * *
ALL LOCATIONS SECURED FOR YOU. MINIMUM CASH REQUIRED
\$1,495.00 SECURED BY EQUIPMENT.

* * * * *
men or women
operate from home
part time
depression proof
age no barrier
no overhead
6 to 8 hrs monthly
permanent

* * * * *
INQUIRE NOW FOR YOUR AREA. NO OBLIGATION. SEND NAME,
ADDRESS, PHONE NUMBER & PERSONAL REF. TO

* * * * *
POSTAGE STAMP SERVICE BUREAU, INC. Dept. B-160 1721 E.
Charleston Blvd. Las Vegas, Nevada 89104

* * * * *
PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import and meaning not expressly set out herein, respondents have represented directly or by implication that:

A. Persons who purchase a distributorship or franchise from respondents can earn \$750 or more a month in their spare time.

B. Said earnings projections are the earnings made by a significant number of persons who have purchased and operated respondents' distributorships or franchises.

C. Persons who purchase a distributorship or franchise from respondents can expect an average of 20 sales a day from each machine.

D. The cost of supplies and the store owners' commission are

the only expenses involved in operating a distributorship and the remaining money is net profit.

E. Respondents obtain top sales producing locations such as leading restaurants, hotels, motels, and drug stores for the placing of vending machines purchased from them.

F. Prompt delivery and prompt assistance in installation are furnished by respondents.

G. A survey has been made of the market in which the prospective purchaser will operate.

H. Respondent is affiliated with the United States Government or the United States Postal Service.

PAR. 6. In truth and in fact:

A. Relatively few, if any, persons who purchased a distributorship or franchise from respondents earned \$750 or more a month in their spare time or full time.

B. Respondents' claimed earnings projections are far in excess of the earnings of any person or persons who purchased and operated respondents' distributorships or franchises.

C. Respondents' claimed sales projections are far in excess of the sales of any person or persons who purchased respondents' distributorships.

D. There are many expenses involved in operating a distributorship besides the cost of supplies and the store owners' commission.

E. Respondents do not obtain top income producing locations, but place most of the machines in small stores which have very little consumer traffic. The locations secured by respondents are usually undesirable, unsuitable and unprofitable.

F. Respondents do not deliver the equipment promptly and afford the purchaser no assistance in its installation.

G. No survey has been made of the market in which the prospective purchaser intends to operate, prior to the contact by the salesman or thereafter.

H. Respondent is not affiliated with the United States Government or the United States Postal Service.

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

PAR. 7. The use by respondents of the aforesaid unfair and false and misleading and deceptive statements, representations and practices, as aforesaid, has had the capacity and tendency to mislead members of the public into the erroneous and mistaken

belief that said statements and representations were true and complete, and into the purchase of respondents' distributorships or franchises and products by reason of said erroneous and mistaken belief and unfairly into the assumption of obligations and the payment of monies which they might otherwise not have incurred.

PAR. 8. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale of the same or similar products.

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 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 respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the 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 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 2.34(b) of its rules, the Commission hereby issues its complaint, makes the

Decision and Order

83 F.T.C.

following jurisdictional findings, and enters the following order:

1. Respondent Postage Stamp Service Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nevada, with its office and principal place of business located at 1721 E. Charleston Boulevard, Las Vegas, Nevada.

Respondent Carlton Lee Struble is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his 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 the public interest.

ORDER

It is ordered, That respondents, Postage Stamp Service Bureau, Inc., a corporation, its successors and assigns, and its officers, and Carlton Lee Struble, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of vending machines and vending machine supplies or any other products or of distributorships or franchises in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication, that:

1. (a) Persons investing in respondents' products or distributorships will receive any stated amount of income or gross or net profits or other earnings.

(b) Any stated sums of money are past earnings of distributors or purchasers of respondents' products if such sums are not based upon the actual average figures for all distributors not owned or operated by the respondent or an affiliate thereof in operation during the entire preceding twelve month period, and disclosing clearly and conspicuously immediately adjacent to any such representation that "REPRESENTATIONS ARE BASED ON THE AVERAGE EARNINGS OR PROFITS OF ALL INDEPENDENT DISTRIBUTORS IN OPERATION DURING THE PAST YEAR. THESE FIGURES SHOULD NOT BE CONSIDERED AS

ACCURATE REPRESENTATIONS OF POTENTIAL EARNINGS OR PROFITS OF ANY SPECIFIC DISTRIBUTOR.”

(c) Any stated sums of money are past earnings without (1) identifying such earnings as “earnings before expenses” or “earnings after expenses” and (2) disclosing the expenses incurred by those distributors in producing such earnings, such expenses to include, but not be limited to, telephone, automobile and freight charges on supplies.

(d) Persons investing in respondents’ distributorships or products will make any stated number of sales.

(e) Any stated number of sales is the past sales of distributors or purchasers of respondents’ products if such number is not based upon the actual average figures for all distributors not owned or operated by the respondent or an affiliate thereof in operation during the entire preceding twelve month period, and disclosing clearly and conspicuously immediately adjacent to any such representation that “REPRESENTATIONS ARE BASED ON THE AVERAGE SALES OF ALL INDEPENDENT DISTRIBUTORS IN OPERATION DURING THE PAST YEAR. THESE FIGURES SHOULD NOT BE CONSIDERED AS ACCURATE REPRESENTATIONS OF POTENTIAL SALES OF ANY SPECIFIC DISTRIBUTOR.”

2. Respondents, their agents, representatives, or employees will obtain satisfactory or profitable locations for the machines purchased from them; *Provided, however,* That nothing herein shall be construed to prohibit respondents from truthfully and non-deceptively representing that they have obtained locations or assisted in obtaining locations if respondents clearly and conspicuously disclose, in immediate conjunction therewith, the average net or gross earnings realized by all purchasers from machines in locations obtained by respondents or through their assistance.

3. Respondents will deliver their merchandise within a specific period of time, or on a specific date, unless in each instance such delivery is made as represented by

respondents, or misrepresenting in any other manner the time within which respondents' merchandise will be delivered; or representing that respondents assist in the installation of vending equipment unless respondents in each instance furnish such assistance at the time of the delivery.

4. Respondents make a survey or an investigation of neighborhoods for suitable locations for vending machines for their customers unless the nature and extent of such survey or investigation is clearly and expressly revealed and the respondents can establish that such survey or investigation actually has been made.

B. Failing to furnish any prospective distributor with all of the following information, in a clear, permanent, and straight-forward form, at the time when contact is first established between such prospective distributor and the respondent or its representative:

1. The official name(s) and address(es) of the corporate respondent, the parent firm or holding company of the respondent, if any; all affiliated companies that will engage in business with the distributor.

2. The business experience of the respondents, including the length of time the respondents have conducted a business of the type to be operated by the distributor; have granted distributorships for such business; and have granted distributorships in other lines of business.

3. A list of the names and addresses of the ten persons who purchased a distributorship, for products or product lines similar to, or the same as, those being offered by respondents to any prospective distributor, and are situated in the same geographic area.

4. A statement of the conditions and terms under which the respondents allow the distributor to sell, lease, assign, or otherwise transfer his distributorships, or any interest therein.

5. A statement that respondents are not affiliated in any way with the United States Government or the United States Postal Service.

6. A statement of the number of persons who have signed distributor agreements for whom locations have not yet been agreed upon by both respondents and the distributor.

Decision and Order

7. A statement of the average length of time between the signing of a distributor agreement and the location of the vending machines.

8. A statement of the average length of service of personnel who are responsible for assisting the distributor at his location, and the average number of hours such personnel spend during the past year with each distributor that was in business for less than one year.

All of the foregoing material is to be contained in a single package, is to be made available to the Commission or its staff upon demand, and is to carry a distinctive and conspicuous cover sheet with the following information (and no other) imprinted thereon in bold face type of not less than 10 point size:

**INFORMATION FOR PROSPECTIVE DISTRIBUTORS
REQUIRED BY FEDERAL TRADE COMMISSION**

This package of information is provided for your own protection. It is in your best interest to study it carefully before making any commitment. If you do sign a contract, you may cancel it, and obtain a full refund of any money paid, for any reason within ten business days after signing. Details appear on the contract itself.

The information contained herein has not been reviewed or approved by the Federal Trade Commission, but any misrepresentation constitutes a violation of Federal law. If you feel you have been misled, you should contact the Federal Trade Commission in Washington, or the Federal Trade Commission Regional Office nearest you.

C. Making any claim in any advertising or promotional material for which the respondents do not have in their possession valid substantiating data, which data shall be made available to prospective distributors or the Commission or its staff upon demand.

D. Failing to include immediately above and on the same page as the distributor's signature line of any contract establishing or confirming a distributorship agreement, the following statement in bold face print at least 50 percent larger than any other print in the body of such contract, or in bold face print of a contrasting color:

NOTICE: YOU ARE ENTITLED TO CERTAIN IMPORTANT INFORMATION CONCERNING THIS TRANSACTION, ENTITLED "INFORMATION FOR PROSPECTIVE DISTRIBUTORS REQUIRED BY FEDERAL TRADE COMMISSION." IT IS IN YOUR BEST INTEREST TO DEMAND AND STUDY SUCH INFORMATION. YOU MAY CANCEL THIS CONTRACT FOR ANY REASON WITHIN TEN BUSINESS DAYS AFTER YOU SIGN IT. If you do choose to cancel, you

will be entitled to receive full refund of any money paid within ten business days after Postage Stamp Service Bureau, Inc. receives notice of your cancellation. You may use any reasonable method to notify Postage Stamp Service Bureau, Inc. of your cancellation within the grace period. For your own protection you may wish to use certified mail with return receipt requested, or a telegram, either of which should be sent to the address below. [Respondent will insert here the address and telephone number to which such notices should be sent.]

E. Failing to cancel any contract for which a notice of cancellation was sent by any reasonable means within ten business days after the contract's execution, or to fail to refund any money paid by distributor within ten business days after the date of receipt of such notice of cancellation.

As used in this order, the following definitions shall apply:

1. "Prospective distributor" means any person who approaches, or is approached by, respondents or their agent or representative for the purpose of investigating a distributorship between such person and respondents;

2. "Time when contact is first established" means the earlier of the time when

(a) A direct personal meeting first occurs between respondents or their agent or representative and a prospective distributor, or

(b) Any document or promotional literature is distributed to a prospective distributor.

It is further ordered, That respondents:

Inform orally all prospective customers and provide in writing in all contracts that the contract is not final and binding until respondents have completely performed their obligations thereunder by placing the vending machines in locations satisfactory to the customer and said customer has thereafter signed a statement indicating his satisfaction.

Refund immediately all monies to (1) customers who have requested contract cancellation in writing within ten days from the execution thereof, (2) customers who have refused to sign statements indicating satisfaction with respondents' placement of the machines, and (3) customers showing that respondents' contract, solicitations or performance were attended by or involved violations of any of the provisions of this order.

It is further ordered, That respondents maintain files containing all inquiries or complaints from any source relating to acts or practices prohibited by this order, for a period of two years after their receipt, and that such files be made available for ex-

amination by a duly authorized agent of the Federal Trade Commission during the regular hours of the respondents' business for inspection and copying.

It is further ordered, That the corporate 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 successor corporations, the creation or dissolution of subsidiaries or corporate affiliates or any other change in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future employees, agents and representatives engaged in the offering for sale or sale of respondents' distributorships or products 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 the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the corporate respondent distribute a copy of this order to each of its operating divisions or departments.

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

UNIROYAL MERCHANDISING COMPANY, INC.

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

Docket C-2431. Complaint, August 16, 1973—Decision, August 16, 1973.

Consent order requiring a Houston, Texas, wholly-owned subsidiary of Uniroyal, Inc., engaged in the sale and distribution of mufflers, auto-

Complaint

83 F.T.C.

motive fan belts, and other products, among other things to cease misrepresenting the nature and extent of its guarantees.

Appearances

For the Commission: *E. J. Niemeyer.*

For the respondent: *Lawrence D. Lenihan* and *David J. O'Boyle*, of *Arthur, Kalish, Taylor & Wood*, New York, New York.

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 Uniroyal Merchandising Company, 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. Uniroyal Merchandising Company, Inc., a wholly-owned subsidiary of Uniroyal, 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 3333 Fannin Street, in the city of Houston, State of Texas.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale or distribution of mufflers, automotive fan belts and other products to the consuming public.

PAR. 3. In the course and conduct of its business as aforesaid, respondent now causes, and for some time last past has caused its said products, when sold, to be shipped from its place of business in the State of Texas 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 products 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 its products, respondent has made on automotive fan belt sleeves and in advertising in general circulation, statements and representations with respect to its guarantees.

Typical and illustrative of said statements and representations are the following:

Fisk Lifetime Guarantee Mufflers
Guaranteed unconditionally to outlast
ordinary type belts.

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import and meaning but not specifically set out herein, respondent has represented, directly or by implication, that its mufflers and automotive fan belts are guaranteed without limitations or conditions.

PAR. 6. In truth and in fact, each of respondent's mufflers and fan belts are not unconditionally guaranteed in every respect without conditions or limitations.

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

PAR. 7. The use by respondent of the aforesaid false, misleading and deceptive statements and representations has had 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 the products offered by respondent by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of the respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted 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 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

Decision and Order

83 F.T.C.

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 the respondent that the law has been violated as alleged in said complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having reason to believe that the respondent has violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings, and enters the following order:

1. Proposed respondent Uniroyal Merchandising Company, Inc., a wholly-owned subsidiary of Uniroyal, 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 3333 Fannin Street, in the city of Houston, State of Texas.

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 Uniroyal Merchandising Company, Inc., a corporation, and its officers, agents, representatives, employees, successors and assigns, directly or through any corporate or other device, in connection with the sale, offering for sale, or distribution of mufflers, automotive fan belts, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing by any means, directly or by implication with respect to those products manufactured by respondent, and in any advertising of products not manufactured by respondent, that such products are guaranteed unless the nature, extent and duration of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed; and unless respondent promptly and fully performs all of its obligations and requirements, directly or impliedly represented, under the terms of each such guarantee.

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

It is further ordered, That the respondent herein 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
STRETCH-EES, INC., ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION & TEXTILE FIBER PRODUCTS
IDENTIFICATION ACTS

Docket C-2432. Complaint, August 16, 1973—Decision, August 16, 1973.

Consent order requiring two Brooklyn, N.Y., corporations manufacturers of textile fiber products, namely ladies' garments, among other things to cease misbranding their products.

Appearances

For the Commission: *J. Manos and B. Bergan.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Stretch-ees, Inc., a corporation, and Harvey Lerner and Max Aig, individually and as officers of said corporation, and Take-12, Inc., a corporation, trading as Born Free, and Harvey Lerner, Max Aig and Samuel Bernstein, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and regulations promulgated under the

Complaint

83 F.T.C.

Textile Fiber Products Identification 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 Stretch-ees, Inc., and Take-12, Inc., trading as Born Free, are corporations organized, existing and doing business under and by virtue of the laws of the State of New York. The respondent corporations maintain their home office at 794 Union Street, Brooklyn, New York.

Respondents Harvey Lerner and Max Aig are officers and individuals of both corporate respondents. Respondent Samuel Bernstein is an officer and individual of the corporate respondent, Take-12, Inc. They formulate, direct and control the policies, acts and practices of corporate respondents. The addresses of Harvey Lerner, Max Aig and Samuel Bernstein are the same as corporate respondents.

Respondents are engaged in business as manufacturers of textile fiber products, namely ladies' garments.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely ladies' garments, which contained substantially different amounts and types of fibers than as represented.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the rules and regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products with labels which failed:

1. To disclose the true generic names of the fibers present.
2. To disclose the percentages of such fibers by weight.
3. To disclose the name, or other identification issued and registered by the Commission, of the manufacturer of the products or more persons subject to Section 3 of said Act with respect to such products.

PAR. 5. Certain of said textile fiber products were misbranded in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the rules and regulations promulgated thereunder inasmuch as samples, swatches or specimens of textile fiber products subject to the aforesaid Act, which were used to promote or effect sales of such textile fiber products, were not labeled to show their respective fiber content and other information required by Section 4(b) of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder in violation of Rule 21(a) of the aforesaid rules and regulations.

PAR. 6. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, under 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 the 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 the Textile Fiber Products Identification Act, as amended, and

The 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 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 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. Respondents Stretch-ees, Inc., and Take-12, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the State of New York. Their office and principal place of business are located at 794 Union Street, Brooklyn, New York.

Respondents Harvey Lerner and Max Aig are officers and individuals of Stretch-ees, Inc. Harvey Lerner, Max Aig and Samuel Bernstein are officers and individuals of Take-12, Inc. They formulate, direct and control the policies, acts and practices of the corporate respondents. Their addresses are the same as that of corporate respondents.

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 Stretch-ees, Inc., a corporation, its successors and assigns, and its officers, and Harvey Lerner and Max Aig, individually and as officers of said corporation, and Take-12, Inc., a corporation, its successors or assigns, trading as Born Free, or trading under any other name or names, and its officers, and Harvey Lerner, Max Aig and Samuel Bernstein, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any

corporation, subsidiary, division or other device, in connection with the introduction, delivery for introduction, sale, advertising or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding such textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising or otherwise identifying such products as to the name or amount of the constituent fibers contained therein.

2. Failing to affix a stamp, tag, label, or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

3. Failing to affix labels to samples, swatches or specimens of textile fiber products used to promote or effect the sale of such textile fiber products showing in words and figures plainly legible all the information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any 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 corporation which may affect compliance obligations arising out of the order.

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

It is further ordered, That the individual respondents herein promptly notify the Commission of the discontinuance of their

Decision and Order

83 F.T.C.

present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business and address, the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

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
ARGUS INCORPORATED

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

Docket C-2433. Complaint, August 17, 1973—Decision, August 17, 1973.

Consent order requiring an Ann Arbor, Michigan, manufacturer, seller, and distributor of photographic equipment, among other things to cease failing to disclose to consumers that certain equipment is used rather than new; failing to maintain accurate records; and furnishing new packaging materials for utilization with used equipment.

Appearances

For the Commission: *Q. P. McColgin.*

For the respondent: *Stephen C. Shamberg* of *Friedman, Koven, Shapiro, Salzman, Koenigsberg, Specks & Homer*, Chicago, Illinois.

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 Argus Incorporated, 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. Definitions: (i) Photographic Equipment: Photographic Equipment shall mean still and motion picture cam-

eras and projectors, including attachments thereto and accessories used therewith, which are designed for and customarily sold for general amateur photographic purposes; (ii) Used Photographic Equipment: Photographic equipment shall be considered used when it has been sold to and delivered to an ultimate consumer; when it has been utilized for the purpose for which it was intended or when it has been utilized for general demonstration purposes.

PAR. 2. Argus Incorporated 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 2601 South State Street, Ann Arbor, Michigan.

PAR. 3. Respondent is now, and for some time past has been, engaged in the business of manufacturing, advertising for sale, sale and distribution of, as herein defined, photographic equipment to retailers and others for resale to the public.

PAR. 4. In the course and conduct of its business, as aforesaid, respondent now causes, and for some time last past has caused, its products to be shipped from its place of business in the State of Michigan to purchasers thereof located in the various other States of the United States and the District of Columbia. Respondent, therefore, maintains 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. 5. In connection with its business as aforesaid, respondent either directly or through its agents provides and makes available various programs and services including but not limited to repair, refurbishment and repackaging services. By and through such programs and services, respondent has caused the repair, inspection, refurbishment and/or repackaging of certain of its photographic equipment that has been used as that term is herein defined.

PAR. 6. In the course and conduct of its business, as aforesaid, respondent caused used photographic equipment which was returned to respondent for replacement or credit to be returned to respondent's inventory, where said used photographic equipment was intermingled with other photographic equipment returned to respondent's inventory which had not been used. In intermingling respondent's photographic equipment as aforesaid, said used photographic equipment could not thereafter accurately be identified or discerned. As a consequence thereof, used photographic equipment could not be distinguished or ascertained from

new photographic equipment that had been returned to respondent.

PAR. 7. Certain quantities of photographic equipment from the aforesaid inventory were thereafter refurbished and/or repackaged. A quantity of the aforesaid refurbished and/or repackaged photographic equipment were thereafter offered for sale, sold or distributed as new without any disclosure that such equipment has been used or may have been used.

PAR. 8. The acts and practices of respondent as alleged in Paragraphs Six and Seven herein, including respondent's failure to disclose the material fact that photographic equipment from such inventory which had been repaired, refurbished and/or repackaged was used or may have been used has the tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that such photographic equipment was new and into the purchase of such photographic equipment by reason of such erroneous and mistaken belief.

Therefore, the acts and practices of respondent including respondent's failure to disclose material facts, as alleged herein, were and are unfair and are false, misleading, and deceptive.

PAR. 9. In the course and conduct of its business as aforesaid, respondent has in certain instances caused used photographic equipment which respondent had reason to believe was used to be refurbished and/or repackaged and inspected at the behest of certain of its customers which resell photographic equipment at wholesale and/or retail so that said photographic equipment has the appearance of new photographic equipment and then returned to said customers.

Respondent thereby has furnished to such customers the means and instrumentalities by and through which such customers can deceive members of the purchasing public into the erroneous and mistaken belief that said used photographic equipment is new.

Therefore, the acts and practices of respondent as set forth hereinabove were and are unfair and are false, misleading and deceptive.

PAR. 10. By and through the use of the aforesaid acts and practices in commerce, respondent placed in the hands of certain of its customers which resell photographic equipment at wholesale and/or retail the means and instrumentalities by and through

which such customers may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 11. The aforesaid acts and practices of respondent as herein alleged were and have been all to the prejudice and injury of the public and of respondent's competitors and constituted 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 respondent named in the caption thereof, 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 Argus Incorporated 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 2601 South State Street, Ann Arbor, Michigan.

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.

Decision and Order

83 F.T.C.

ORDER

In this order, the following definitions shall be applicable:

(i) **Photographic equipment:** Photographic equipment shall mean still and movie picture cameras and projectors including attachments thereto, which are designed for and customarily sold for general amateur photographic purposes.

(ii) **Used photographic equipment:** Photographic equipment shall be considered used when the photographic equipment has been utilized for general demonstration purposes or when it has been sold and delivered to an ultimate consumer unless respondent can show that the product was not used for the purposes for which it was intended.

(iii) **New display boxes:** New display boxes shall mean any container or wrapping in which photographic equipment other than used photographic equipment is packaged for use in the delivery or display of such equipment to retail purchasers or prospective retail purchasers but does not include the outer shipping container, packing materials and instruction booklets.

(iv) **New warranty cards:** New warranty cards shall mean any document customarily accompanying the retail sale of photographic equipment other than used photographic equipment evidencing or expressing any or all of the terms and conditions of the manufacturer's or distributor's warranty or guarantee.

(v) **New packaging materials:** New packaging materials shall mean new display boxes and new warranty cards.

It is ordered, That respondent Argus Incorporated, a corporation, and its officers, successors or assigns and respondent's agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, or distribution of photographic equipment in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing, clearly and conspicuously to disclose, in connection with the sale of used photographic equipment, (a) in all advertising, sales, promotional literature and invoices concerning such used photographic equipment, (b) on the display box in which such used photographic equipment is packaged, (c) on the used photographic equipment with sufficient permanency as likely to remain thereon until sale to the ultimate consumer, the fact that such product has been previously used.

2. Representing, directly or by implication, that used photographic equipment is new or misrepresenting in any manner the nature, extent or degree of use of any photographic equipment offered for sale, sold or distributed by or on behalf of respondent.

3. Failing to segregate used photographic equipment inventory maintained by respondent from other photographic equipment inventory maintained by respondent.

4. Failing to maintain records which will show the manner in which respondent has complied with Paragraph 3, above, consisting of: (a) any communications acquired by respondent in connection with returned photographic equipment, other than used photographic equipment, (b) all records prepared in connection with processing returned photographic equipment, and (c) such records as will reveal the disposition of returned photographic equipment; *Provided* That, nothing contained in this order shall require respondent to identify its photographic equipment including used photographic equipment by individual serial numbers.

5. Supplying new packaging materials to independent warranty shops which customarily do repair or service work on photographic equipment distributed by respondent or to non-affiliated entities not engaged in the wholesale or retail distribution of photographic equipment.

6. Supplying new packaging materials to its customers who resell such equipment at wholesale or retail; *Provided* That respondent may supply to such customers reasonable quantities of new packaging materials for display purposes or to replace destroyed, tarnished or damaged packaging materials upon receiving from such customers a signed statement indicating that such materials will not be utilized with used photographic equipment as that term is defined herein.

It is further ordered, That:

(a) As a condition precedent to repairing, refurbishing, repackaging or replacing photographic equipment other than used photographic equipment returned to respondent, respondent shall require any person, firm or corporation other than an ultimate consumer or retail purchaser who returns such product to provide a signed statement which will indicate that the returned photographic equipment is not used photographic equipment as that term is defined herein unless such

product is sealed in such a manner as to preclude its use without breaking such seal and such seal is intact or unless the display box or carton in which such product is packaged is sealed and such seal is intact.

(b) Respondent shall maintain copies of statements received under the provisions of the immediately preceding sub-paragraph and Paragraph 6, above, for a period of at least three (3) years and respondent shall maintain records sufficient to show compliance with Paragraphs 3 and 4, above, for a period of three (3) years.

(c) Irrespective of the information received pursuant to sub-paragraph (a) above, if respondent has reason to believe from a physical inspection of the photographic equipment or other documentation accompanying the returned product that it has been used as that term is herein defined, it shall be treated as used photographic equipment pursuant to Paragraphs 1, 3, and 4.

It is further ordered, That respondent herein shall notify the Commission at least thirty days prior to any proposed change in the structure of 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 respective corporation which may effect compliance obligations arising out of this 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.

It is further ordered, That respondent shall deliver by first class mail, postage prepaid, a copy of this order to each of its customers who resell photographic equipment at wholesale and/or retail.

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

IN THE MATTER OF

MODERN MOBILE HOMES, INC., ET AL.

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

Docket C-2434. Complaint, Aug. 30, 1973—Decision, Aug. 30, 1973.

Consent order requiring a Kansas City, Missouri, mobile home dealer, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *J. T. Hankins.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulations 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 Modern Mobile Homes, Inc., a corporation, and Alfred V. Paussa and Richard D. Miller, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulations, 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 Modern Mobile Homes, 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 5729 Northeast Compton, Kansas City, Missouri.

Respondents Alfred V. Paussa and Richard D. Miller are officers of the corporate respondent. Together, they formulate, direct, and control the policies, acts, and practices of the corporate respondent. 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 advertising, offering for sale, and sale of mobile homes to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and are now causing, advertisements, as "advertisement" is defined in Section 226.2(b) of Regulation Z, to be placed in various media for the purpose of aiding, promoting, or assisting, directly or indirectly, the credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, of respondents' said mobile homes.

Complaint

83 F.T.C.

PAR. 4. Subsequent to July 1, 1969, certain of the advertisements referred to in Paragraph Three above have stated the amount of the downpayment required or that no downpayment is required, or the amount of installment payments, without also stating, as required by Section 226.10(d)(2) of Regulation Z, in terminology prescribed under Section 226.8 of Regulation Z, and in the manner and form prescribed under Section 226.6(a) of Regulation Z, all of the following:

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

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 Kansas City 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 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. Respondent Modern Mobile Homes, 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 5729 Northeast Compton, Kansas City, Missouri.

Respondents Alfred V. Paussa and Richard D. Miller are officers of corporate respondent. 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 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 respondent Modern Mobile Homes, Inc., a corporation, and its officers, and Alfred V. Paussa and Richard D. Miller, individually and as officers of said corporation, trading under said corporate name or under any trade name or names, their successors and assigns, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of mobile homes or other products or services, as "advertisement" and "consumer credit" 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:

1. Representing, directly or by implication, in any advertisement, as "advertisement" is defined in Regulation Z, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, 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 under Section 226.8 of Regulation Z:

Decision and Order

83 F.T.C.

- (a) The cash price;
- (b) The amount of the downpayment required or that no downpayment is required, as applicable;
- (c) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (d) The amount of the finance charge expressed as an annual percentage rate; and
- (e) The deferred payment price.

2. Failing, in any consumer credit transaction or advertisement, to make all 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, 226.9, and 226.10 of Regulation Z.

3. Failing to 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, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation, and placing of advertising on behalf of respondents, and failing to secure from each such person or agency a signed statement acknowledging receipt of said order.

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 individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

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

Complaint

IN THE MATTER OF
MO-MOD SALES CO. DOING BUSINESS AS
SIPE'S MOBILE HOMES, ET AL.

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

Docket C-2435. Complaint, Aug. 31, 1973—Decision, Aug. 31, 1973.

Consent order requiring a Sedalia, Missouri, mobile home dealer, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *J. T. Hankins.*
For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulations 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 Mo-Mod Sales Co., a corporation doing business as Sipe's Mobile Homes, and Harvey C. Herrick and John L. Sipe, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulations, 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 Mo-Mod Sales Co. 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 104 West Main Street, Sedalia, Missouri.

Respondents Harvey C. Herrick and John L. Sipe are officers of the corporate respondent. Together, they formulate, direct, and control the policies, acts, and practices of the corporate respondent. Their address is the same as that of the corporate respondent.

Complaint

83 F.T.C.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, and sale of mobile homes to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and are now causing, advertisements, as "advertisement" is defined in Section 226.2(b) of Regulation Z, to be placed in various media for the purpose of aiding, promoting, or assisting, directly or indirectly, the credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, of respondents' said mobile homes.

PAR. 4. Subsequent to July 1, 1969, certain of the advertisements referred to in Paragraph Three above have stated the amount of the downpayment required or that no downpayment is required, or the amount of installment payments, without also stating, as required by Section 226.10(d) (2) of Regulation Z, in terminology prescribed under Section 226.8 of Regulation Z, and in the manner and form prescribed under Section 226.6(a) of Regulation Z, all of the following:

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

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 Kansas City 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 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. Respondent Mo-Mod Sales Co. 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 104 West Main Street, Sedalia, Missouri.

Respondents Harvey C. Herrick and John L. Sipe are officers of corporate respondent. 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 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 respondent Mo-Mod Sales Co., a corporation, and its officers, and Harvey C. Herrick and John L. Sipe, individually and as officers of said corporation, trading under said corporate name or under any trade name or names, their successors and assigns, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of mobile homes or other products or services, as "advertisement" and "consumer credit" 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:

1. Representing, directly or by implication, in any advertisement, as "advertisement" is defined in Regulation Z, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, 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 under Section 226.8 of Regulation Z:

(a) The cash price;

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

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

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

(e) The deferred payment price.

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

3. Failing to 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, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation, and placing of advertising on behalf of respondents, and failing to secure from each such person or agency a signed statement acknowledging receipt of said order.

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 individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation

with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

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

Complaint

IN THE MATTER OF

GIANT ENTERPRISES, INC., ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2436. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring three affiliated furniture and appliance firms located in Dallas, Texas, and Atlanta, Georgia, and Jacksonville, Florida, among other things to cease using misleading or deceptive sales plans; failing to make full disclosure as to any additional costs for services advertised; misrepresenting prices as special or reduced; misrepresenting forced or sacrifice sales; failing to give notice as to the possibility of third party holder of notes of indebtedness; failing to maintain adequate records; failing to disclose to customers, in connection with the extension of consumer credit, such information as is required by Regulation Z of the Truth in Lending Act.

Appearances

For the Commission: *Donald B. Wiley.*

For the respondents: *Joseph F. Haas of Haas, Holland, Levison & Gilbert, Atlanta, Georgia.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Giant Enterprises, Inc., Texas Giant Furniture Warehouse, Inc., and Furniture City, USA, corporations, and Hilbert Margol, Melvin Margol and Howard Margol, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts, and of the regulations promulgated under the Truth in Lending 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, Giant Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 3622 Beach Boulevard, Jacksonville, Florida.

Complaint

83 F.T.C.

Respondent, Texas Giant Furniture Warehouse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 1407 N. Industrial Boulevard, Dallas, Texas.

Respondent, Furniture City, USA, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 1344 Stewart Avenue, S.W., Atlanta, Georgia.

Respondents, Hilbert Margol, Melvin Margol and Howard Margol, are officers of the corporate respondents. They formulate, direct and control the policies, acts and practices hereinafter set forth. Hilbert Margol's address is Giant Enterprises, Inc., 3622 Beach Boulevard, Jacksonville, Florida; Melvin Margol's address is Texas Giant Furniture Warehouse, Inc., 1407 N. Industrial Boulevard, Dallas, Texas, and Howard Margol's address is Furniture City, USA, 1344 Stewart Avenue, S.W., Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time last past have been engaged in advertising, offering for sale, sale and distribution of, household furniture and appliances, and services in connection therewith to the general public.

COUNT I

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

PAR. 3. In the course and conduct of their aforesaid business respondents have disseminated, and caused the dissemination of certain advertisements concerning said products and services by various means in commerce as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, advertisements inserted in newspapers of general circulation and by means of commercial announcements over television across state lines, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of said products and services; additionally, respondents own, operate and control a total of eight (8) retail furniture stores located in the states of Florida, Texas and Georgia.

PAR. 4. In the course and conduct of respondents' business and for the purpose of inducing the sale of their household furniture, appliances and services in connection therewith, respondents have made numerous statements and representations in newspaper advertisements and TV commercials and through oral statements by salesmen to prospective purchasers.

Typical and illustrative of statements made in respondents' newspaper advertisements and TV commercials, but not all inclusive thereof, are the following:

Come in and buy a living room suite or a bedroom suite or any single major furniture or appliance purchase of \$149.00 or more and get your choice of a complete professional style deluxe pool table outfit or a beautiful console stereo—your choice for only 9 cents more.

This is no gimmick!!! We have 1,000 pool tables and stereos to sell for only 9 cents with any single major purchase of \$149 or more, excluding carpet, portable TVs.

Get your 9 cent bonus. It's like getting double for your money. It's the world's biggest two-for-one sale now. Mama got two for the price of one and so can you! Deluxe stereo-phonograph combination or professional type pool table included at no extra cost—2 for 1 price sale.

Get a good used car or a live pony for only 9 cents. Liquidating action—Liquidator cuts prices viciously day after day—constantly until it's all gone.

Emergency—forced to sell—everything goes—Everything drastically reduced. For most shocking sacrifice in history.

Everything must go—Save up to 75% and more, prices slashed for selling out— $\frac{1}{2}$ price and much less.

Bankrupt stock—Merchandise Elimination.

Emergency today—everything has been marked down. We absolutely must sell it now.

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, separately and in connection with the oral statements and representations of respondents' salesmen and representatives, the respondents have represented and are now representing directly or by implication that:

1. The offers set forth in said advertisements are genuine offers to sell the advertised products at the prices and on the terms and conditions stated.

2. There are no charges in addition to the advertised purchase price of respondents' furniture and/or appliances.

3. Through the device of "2 for 1 sales," with any single major furniture and/or appliance purchase of \$149 or more, the purchaser will receive a "bonus" or "gift," such as a pool table, stereo set, used car or pony, for an additional 9 cents.

4. During liquidation, emergency or bankrupt stock sales the prices for furniture and/or appliances as designated by respondents in their advertisements and/or verbally quoted by respondents' salesmen are substantially lower than those usually charged by respondents in the recent and regular course of business and respondents give discounts of up to 75 percent or more.

Complaint

83 F.T.C.

5. During the periods advertised as "Prices slashed for selling out," "For most shocking sacrifice in history," and "Emergency, Forced to Sell," and by other terminology importing circumstances of distress, substantially all merchandise at the respondents' premises was for sale at prices or amounts representing a substantial and significant reduction from the prices at which such merchandise was sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent, regular course of their business.

PAR. 6. In truth and in fact:

1. Respondents' said advertised offers are not genuine offers but are made primarily for the purpose of developing the prospective buyer's interest. Once the prospective buyer has entered the store and demonstrated an interest, respondents' salesmen attempt to sell and frequently do sell a different and/or more expensive product instead of the advertised product which originally aroused the customer's interest. Frequently the customer in buying a different or more expensive product will forfeit his entitlement to a "bonus" or "gift" for an additional 9 cents. The customer is unaware he will not receive the "bonus" or "gift" for an additional 9 cents until after the sale is consummated.

2. Respondents make extra charges, as applicable, such as delivery, set up or assembly, service, warranty, finance and life insurance charges over and above the regular advertised price of their products.

3. Respondents' established price in the recent and regular course of respondents' business for a single major furniture or appliance unit is not \$149 as advertised but is a lower price. The ordinary and usual price of such products has been increased to include the cost of the so-called "bonus" or "gift," and frequently respondents' salesmen will offer to sell such advertised products without the "bonus" or "gift" at the "best cash price" or "discount price." Therefore, respondents are not offering two products, including the so-called "bonus" or "gift" for the usual price of one, plus an additional 9 cents.

4. Such advertised merchandise is not always sold at significant price reductions as advertised during liquidation, emergency or bankrupt stock sales. Purchasers do not realize claimed savings up to 75 percent or more. In fact, many of the same items are being advertised at the same price before and after such sales. Respondents do not have regular selling prices but the prices at which respondents' products are sold vary from customer to customer depending on the resistance of the prospective purchaser.

5. During the period advertised as "Prices slashed for selling out," "For most shocking sacrifice in history" and "Emergency, Forced to

Sell," and by other terminology importing circumstances of distress, substantially all merchandise at the respondents premises was not in fact for sale at prices or amounts representing a substantial and significant reduction from the prices at which such merchandise was sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent regular course of their business.

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

PAR. 7. In a substantial number of instances and in the usual course of their business, respondents sell and transfer their customers' obligations procured by the aforesaid unfair, false, misleading and deceptive means to various financial institutions. In any subsequent legal action to collect on such obligations, these financial institutions or other third parties, as a general rule, have available and can interpose various defenses which may cut off certain valid claims customers may have against respondents for their failure to perform or for certain other unfair, false, misleading or deceptive acts and practices.

PAR. 8. In the conduct of their aforesaid business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms, and individuals in the sale of household furniture, appliances and services in connection therewith of the same general kind and nature as those sold by respondents.

PAR. 9. 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' products and services by reason of said erroneous and mistaken belief.

PAR. 10. 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 violation of the Truth in Lending Act and the implementing regulation promulgated thereunder and of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth verbatim.

Complaint

83 F.T.C.

PAR. 11. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend, and for sometime last 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. 12. Subsequent to July 1, 1969, in the ordinary course of their business 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.

By and through the use of the contract, respondents have:

1. Induced certain customers to sign contracts in blank form. Respondents have subsequently filled in the blank spaces and frequently failed to give those customers a completed copy, thereby failing to furnish those customers any cost of credit disclosures prior to the consummation of the contract as required by Section 226.8(a) of Regulation Z in the manner and form prescribed by Section 226.8(b) and (c) of Regulation Z.

2. Failed to meet the requirements of Section 226.8(b) (7) of Regulation Z as the contract provides for the right of payment of the full amount due and "under certain conditions" to obtain a partial refund of the finance charge, without further disclosing the "certain conditions" under which prepayment could be made and a partial refund of the finance charge be obtained.

PAR. 13. In the ordinary course of their business as aforesaid, respondents caused to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote or assist directly or indirectly extensions of consumer credit in connection with the sale of their goods or services. By and through the use of such advertisements respondents:

1. State that no downpayment is required and the amount of weekly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d) (2) thereof:

- (i) The cash price;

- (ii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (iii) The amount of the finance charge expressed as an annual percentage rate; and
- (iv) The deferred payment price.

PAR. 14. 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(c) 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 Atlanta 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 and the implementing regulation 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 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 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, Giant Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 3622 Beach Boulevard, Jacksonville, Florida.

Decision and Order

83 F.T.C.

Respondent, Texas Giant Furniture Warehouse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 1407 N. Industrial Boulevard, Dallas, Texas.

Respondent, Furniture City, USA, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 1344 Stewart Avenue, S.W., Atlanta, Georgia.

Respondents Hilbert Margol, Melvin Margol, and Howard Margol are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporations including the acts and practices under investigation. Hilbert Margol's address is Giant Enterprises, Inc., 3622 Beach Boulevard, Jacksonville, Florida. Melvin Margol's address is Texas Giant Furniture Warehouse, Inc., 1407 North Industrial Boulevard, Dallas, Texas. Howard Margol's address is Furniture City, USA, 1344 Stewart Avenue, S.W., Atlanta, Georgia.

Respondents cooperate and act together in carrying out the acts and practices being investigated.

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 Giant Enterprises, Inc., Texas Giant Furniture Warehouse, Inc., and Furniture City, USA, corporations, and their officers and directors, Hilbert Margol, Melvin Margol, and Howard Margol, individually and as officers of said corporations, their agents, representatives, employees, successors and assigns, directly or through any corporate subsidiary, division or other device in connection with the advertising, offering for sale, sale or distribution of household furniture, appliances, and any other products, or services in connection therewith, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using, in any manner, any advertising, sales plan, scheme or device wherein false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of other merchandise or services.

2. Failing to make full disclosure either in its advertising or at the time of sale and prior to consummation of the sale that in addition to the price quoted in respondents' advertising, certain other charges, as applicable, are made, such as, delivery, set-up or assembly, service, and warranty charges.

3. Representing, directly or by implication, that a bonus, gift, award or other consideration consisting of a pool table, stereo set, used car or pony, or any other products or services will be included in a "2 for 1" sale, or any other sale, for 9¢ additional, or any other nominal amount, or at no charge, with any single major furniture or appliance purchase of \$149 or more, or for any amount unless in each instance said bonus, gift, award or other consideration is given to the purchaser as advertised and the advertised price or prices quoted by respondents' salesmen does not exceed the price at which the same merchandise has been sold, or offered for sale without said bonus, gift, or award or other consideration, in the recent and regular course of respondents' business.

4. Representing, directly or by implication, that any price for respondents' products is a special or reduced price, unless such price constitutes a significant reduction from the regular selling price at which such products have been sold or offered for sale by respondents for a reasonably substantial period of time in the recent and regular course of their business; or misrepresenting, in any manner, the savings available to purchasers.

5. Making representations purporting to offer merchandise for sale when the sole purpose of the representations is not to sell the offered merchandise at the advertised prices but to obtain leads or prospects for the sale of other merchandise at higher prices, unless sufficient quantities of the offered merchandise are on hand to meet the reasonably anticipated demand at the offered price.

6. Using the words, "Prices slashed for selling out," "For most shocking sacrifice in history," "Emergency, Forced to sell," "—forced to sell \$250,000 worth—from our Georgia warehouse," "\$100,000—ordered sold—Florida's Greatest Sale," or other words or symbols importing circumstances of distress, unless the merchandise so described or alluded to has been reduced in price, by an amount or proportion of practical significance to respondents' customers and prospective customers, from the actual bona fide price or prices at which it has been sold, or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent and regular course of their business.

Decision and Order

83 F.T.C.

7. Failing, prior to consummation of the sale, to incorporate or stamp the following statement on the face of all sales contracts, or all customer's copies of invoices, or all notes or other instruments of indebtedness executed by or on behalf of respondent's customers with such conspicuousness and clarity as is likely to be read and understood by the purchaser:

NOTICE

If you are required to sign a promissory note, sales contract or other instrument of indebtedness and if this instrument is sold, you may be required to make your payments to someone other than the Seller, even if your purchase contract is not fulfilled.

8. Failing to maintain adequate records:

(a) For a period of three (3) years which disclose the factual basis for any representations or statements as to special or reduced prices, as to usual and customary retail prices, as to savings afforded to purchasers, and as to similar representations of the type described in Paragraphs 3, 4, 5, and 6 of this order.

(b) For a period of three (3) years invoices, notices for payment and all similar documents which respondents receive in the conduct of their business from suppliers, distributors, and other persons, and for a period of three (3) years copies of all sales invoices, to include retail installment contracts entered into between respondents and their customers.

II

It is further ordered, That respondents Giant Enterprises, Inc., Texas Giant Furniture Warehouse, Inc., and Furniture City, USA, corporations, and their officers and directors, Hilbert Margol, Melvin Margol, and Howard Margol, individually and as officers of said corporations, their agents, representatives, employees, successors and assigns, directly, or through any corporate, subsidiary, division, 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 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:

1. Failing to make all disclosures required by Section 226.8 of Regulation Z before the consummation of the contract as required by Section 226.8(a) (1) or (2) of Regulation Z.

2. Failing to disclose the conditions entitling a customer to a partial refund of the finance charge as required by Section 226.8 (b) (7) of Regulation Z.

3. Stating the amount of the downpayment required and the amount of weekly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in a terminology prescribed under Section 226.8 of Regulation Z as required by Section 226.10(d) (2) thereof:

- (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; and
- (v) The deferred payment price.

4. 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, and 226.10 of Regulation Z.

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 complete 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.

III

It is further ordered, That respondents shall forthwith show a copy of this order to cease and desist to all of its operating divisions and to all present and future employees or other persons engaged in the offering for sale, or sale of any product and in the consummation of any extension of consumer credit or in any aspect of preparation, creation or placing of advertising, and respondents will secure a signed statement from each such employee or person as applicable acknowledging that he has read and understands such order.

Complaint

83 F.T.C.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any corporate 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 corporations 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

GOLDBLATT BROS., INC.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION ACT AND THE TRUTH IN LENDING ACT

Docket C-2437. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Chicago, Illinois, seller of retail merchandise, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act. Respondent is further required to publish for a period of seven consecutive days in seven newspapers a waiver of lien rights arising from confessions of judgment in credit transactions.

Appearances

For the Commission: *Walter R. Baron.*

For the respondent: *Earl Pollock, of Sonnenschein, Levinson, Carlin, Nath & Rosenthal, Chicago, Illinois.*

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 Goldblatt Bros., Inc., a corporation, hereinafter referred to as respondent, has 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 Goldblatt Bros., 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 333 South State Street, Chicago, Illinois.

PAR. 2. Respondent is now and for some time last past has been engaged in the sale of retail merchandise to the public.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time 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, respondent, in the ordinary conduct of its business, and in connection with credit sales as "credit sale" is defined in Regulation Z, has sent to customers periodic statements within the meaning of Sections 226.7(b) and (c) of Regulation Z. In the periodic statements sent by respondent, the term "Finance Charge" is not printed more conspicuously than other terminology, as required by Section 226.6(a) of Regulation Z.

PAR. 5. In connection with the consumer credit transactions set forth in Paragraph Three hereof, respondent has caused and is causing customers to execute Retail Installment Contracts, herein referred to as "contracts." By and through the use of the contracts, respondent has entered into transactions in which respondent retained or acquired a security interest in real property which is used or is expected to be used as the principal residence of the customer by taking a confession of judgment or cognovit note. Having retained or acquired such a security interest, respondent failed to notify customers of their right to rescind such transactions under Section 226.9(a) of Regulation Z, in the form and manner prescribed in Section 226.9(b) of Regulation Z.

PAR. 6. By and through the use of the contracts, respondent:

(1) Failed in some instances to disclose the annual percentage rate, as required by Section 226.8(b)(2) of Regulation Z or to print the term "Annual Percentage Rate" more conspicuously than other terminology, as required by Section 226.6(a) of Regulation Z.

(2) Failed in some instances to disclose the annual percentage rate computed with an accuracy at least to the nearest quarter of one per-

cent, as required by Section 226.5(b) and Section 226.8(b)(2) of Regulation Z.

(3) Failed in some instances to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term "Total of Payments," and in some instances failed to disclose the "Total of Payments" accurately, as required by Section 226.8(b)(3) of Regulation Z.

(4) Failed in some instances to disclose the amount of the "finance charge," as required by Section 226.8(c)(i) of Regulation Z.

(5) Failed to state the "Amount Financed" using that term, as required by Section 226.8(c)(7) of Regulation Z.

(6) Failed to correctly disclose as the "Deferred Payment Price," using that term, the sum of the cash price, all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(7) Failed in some instances to provide the customer with a copy of the disclosures required by Section 226.8 of Regulation Z prior to consummation of the transaction, except as provided in Sections 226.8(g) and 226.8(h).

(8) Failed in some instances to preserve evidence of compliance for a period of not less than two years as required by Section 226.6(i) of Regulation Z.

PAR. 7. 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 Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent 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

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 considered the agreement and having provisionally 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. Respondent Goldblatt Bros., 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 333 S. State Street, Chicago, 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 Goldblatt Bros., 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 as "consumer credit" is 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:

1. Failing to print the terms "Finance Charge" and "Annual Percentage Rate," where required to be used, more conspicuously than other required terminology in the periodic statements sent to customers, as required by Section 226.6(a) of Regulation Z.

2. Failing in any transaction in which a security interest is acquired or retained in real property which is used or is expected to be used as the principal residence of the customer to provide such customer with notice of the right to rescind, in the form and manner specified by Section 226.9(b) and Section 226.9(f) of Regulation Z.

3. Failing to disclose the annual percentage rate computed with an accuracy at least to the nearest quarter of one percent, as required by Section 226.5(b) and Section 226.8(b)(2) of Regulation Z.

4. Failing to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness, and the

Decision and Order

83 F.T.C.

sum of such payments using the term "Total of Payments," as required by Section 226.8(b)(3) of Regulation Z.

5. Failing to disclose the "Amount Financed," using that term, as required by Section 226.8(b) of Regulation Z.

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

7. Failing to disclose the amount of the finance charge," as required by Section 226.8(c)(i) of Regulation Z.

8. Failing in any credit sale to provide the customer with a copy of the disclosures required by Section 226.8 of Regulation Z prior to consummation of the transaction, except as provided in Sections 226.8(g) and 226.8(h).

9. Failing in any credit sale to preserve evidence of compliance for a period of not less than two years as required by Section 226.6(i) of Regulation Z.

10. Failing in any consumer credit transaction or advertising 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 respondent shall not, with respect to any judgment obtained against a customer who purchased merchandise from respondent in any credit transaction consummated on or after July 1, 1969, by confession of judgment executed by the customer in connection with the extension of credit, and who did not contemporaneously receive in connection therewith notice of the right to rescind as required by Section 226.9(b) of Regulation Z, record or register the judgment or any memorandum or record thereof so as to create a lien on any real property which the customer uses or expects to use as the customer's principal residence, nor levy execution of any such judgment on any such real property.

It is further ordered, That respondent shall, within thirty (30) days after service upon it of this order publish notice, by the insertion of a display ad on each of seven consecutive days in one daily newspaper of general circulation published within each metropolitan area in the State of Illinois in which respondent has a retail store or other retail facility. An exact copy of the advertisement to be so published is attached to this order as Exhibit A and is incorporated herein in refer-

ence. A list of the newspapers of general circulation in which such advertisement is to be published is attached hereto as Exhibit B and is incorporated herein by reference.

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 corporation which may affect compliance obligations arising out of this order.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future supervisory personnel of respondent responsible for the consummation of any extension of consumer credit and that respondent secure a signed statement acknowledging receipt of said order from each such person.

EXHIBIT A

NOTICE TO CERTAIN OWNERS OF REAL PROPERTY WHO HAVE INCURRED DEBT ON OR AFTER JULY 1, 1969 TO GOLDBLATT BROS., INC. UNDER ITS TIME PAYMENT PLAN

On ——— 1972, Goldblatt Bros., Inc. entered into an agreement with the Federal Trade Commission for the entry of a consent order with respect to certain requirements of the Truth-in-Lending Act in consumer credit transactions.

The agreement with the Federal Trade Commission expressly provides that it is for settlement purposes only and does not constitute an admission by Goldblatt's of any violation of law, nor does it constitute an adjudication of any such violation.

There are certain transactions which are subject to the provisions of Section 226.9(b) of Regulation Z requiring certain disclosures with respect to a lien on the real property of a customer which is used or intended to be used as his principal residence where such lien may be obtained by the recording or registering of a judgment or memorandum or record thereof, that was obtained through a confession of judgment executed in connection with an extension of credit. In that regard, the consent order provides that Goldblatt's shall not, with respect to any judgment obtained by confession against a customer who purchased merchandise from Goldblatt's in any credit transaction consummated on or after July 1, 1969, by confession of judgment executed by the customer in connection with the extension of credit and who did not receive in connection therewith notice of the right to rescind as required by Section 226.9(b) of Regulation Z, record or register the judgment or any memorandum or record thereof so as to create a lien on any such real property nor levy execution of any such judgment on any such real property.

As a matter of principle, Goldblatt's has not proceeded to execute judgments in a manner which would be prohibited by this consent order. Goldblatt's is pleased to be able to assure its customers that its collection policies in this regard will continue in effect.

Decision and Order

83 F.T.C.

EXHIBIT B

NEWSPAPERS

Chicago Sun Times
 Champaign Courier
 Joliet News
 Rockford Star
 Illinois State Journal
 Decatur Herald
 Danville Com. News

 IN THE MATTER OF

 HOWARD FURNITURE & CARPET COMPANY, INC. TRADING
 AS HOWARD FURNITURE COMPANY

 CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
 TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2438. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Baltimore, Maryland, retailer of furniture and appliances, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Bernard Rowitz.*

For the respondents: *J. Michael Herr, of Smith & Schnacke, Dayton, Ohio.*

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 Howard Furniture and Carpet Company, Inc., a corporation, trading and doing business as Howard Furniture Company, hereinafter referred to as respondent, has 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 Howard Furniture & Carpet Company, Inc., is a corporation, trading and doing business as Howard Furniture Company, organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 109 N. Howard Street, Baltimore, Maryland.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale of furniture and appliances to the public.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends 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 of business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers purchasing furniture and appliances to execute conditional sales contracts. Respondent does not provide these customers with any other credit cost disclosures.

By and through the use of this conditional sales contract, respondent:

1. Fails to disclose, on the instrument evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature or on a separate statement which identifies the transaction as required by Section 226.8(a) of Regulation Z the following:

- a. The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, in accordance with Section 226.8(b) (4) of Regulation Z.

- b. A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, in accordance with Section 226.8(b) (5) of Regulation Z.

2. Fails in some instances to disclose the annual percentage rate with an accuracy of one-fourth of one percent computed in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

3. Fails in some instances to disclose the due date of payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

Complaint

83 F.T.C.

4. Fails to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

5. Fails in some instances to accurately disclose the amount financed, as required by Section 226.8(c)(7) of Regulation Z.

6. Fails in some instances to accurately disclose the deferred payment price, as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with the provisions of Regulation Z constitutes 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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Truth in Lending Act and the regulations promulgated thereunder and 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 the 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 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, 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 Howard Furniture & Carpet Company, Inc., is a corporation, trading and doing business as Howard Furniture Com-

pany, organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 109 North Howard Street, Baltimore, Maryland.

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 Howard Furniture & Carpet Company, Inc., a corporation, trading and doing business as Howard Furniture Company, or under any other name or names, its successors and assigns, and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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:

1. Failing to disclose, on the instrument evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature or on a separate statement which identifies the transaction as required by Section 226.8(a) of Regulation Z the following:

(a) The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, in accordance with Section 226.8(b)(4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, in accordance with Section 226.8(b)(5) of Regulation Z.

2. Failing to disclose the annual percentage rate with an accuracy of one fourth of one percent computed in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

3. Failing to disclose the due dates of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

Decision and Order

83 F.T.C.

4. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

5. Failing to accurately disclose the amount financed, as required by Section 226.8(c) (7) of Regulation Z.

6. Failing to accurately disclose the deferred payment price, as required by Section 226.8(c) (8) (ii) of Regulation Z.

7. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and 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 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 in any aspect of the 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 the respondent herein 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.

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

IN THE MATTER OF

OVERSEAS-ALASKA PERSONNEL ASSOCIATION, ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2439. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring two Seattle, Washington, sellers of job search services, materials or articles related thereto, among other things to cease misrepresenting job availability; the nature or extent of available jobs; misrepresenting

senting respondents as being non-profit in character; misrepresenting the scope or scale of their operations; misrepresenting the use of computers for matching individuals to particular jobs; misrepresenting services as free; using the word "association" as part of respondents' trade or corporate name; failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the Truth in Lending Act.

Appearances

For the Commission: *Dean A. Fournier* and *Michael A. Katz*.

For the respondents: *John R. Martin, Jr.*, of *Johnson Mijich & Martin*, Seattle, Washington for H. Glenn Johnson and Edgar H. Berry. *David L. Scott*, Seattle, Washington for Georgie P. Schwary. *Norman W. Quinn*, of *Driano, Allen & Quinn*, Seattle, Washington for William C. Geltz.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of 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 Overseas-Alaska Personnel Association and Nationwide Services, Inc., corporations, and George P. Schwary, H. Glenn Johnson and Edgar H. Berry, individually and as officers of said corporations, and Joseph Robert Kollmar, individually and as a former officer of Overseas-Alaska Personnel Association, and William C. Geltz, individually and as a former salesman for Overseas-Alaska Personnel Association, 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 Overseas-Alaska Personnel Association is a corporation organized, existing and formerly doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business located at 3010 First Avenue, Seattle, Washington.

Respondent Nationwide Services, 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 now located at 1200 Westlake Avenue North, Seattle, Washington. The address of said principal office and place of business was, until recently, 3010 First Avenue, Seattle, Washington.

Complaint

83 F.T.C.

Respondent George P. Schwary is an individual and an officer and director of both said corporations. He formulates, directs and controls the policies, acts and practices of each corporate respondent, including the acts and practices hereinafter set forth. His present address is 1200 Westlake Avenue North, Seattle, Washington.

Respondents H. Glenn Johnson and Edgar H. Berry are individuals and are officers and directors of Overseas-Alaska Personnel Association, and former officers of Nationwide Services, Inc. Together with respondent Schwary they own all of the capital stock of the latter corporation, and formulated, directed and control the policies, acts and practices of both corporations, including the acts and practices hereinafter set forth. Their address is 3010 First Avenue, Seattle, Washington.

Respondent Joseph Robert Kollmar is an individual and former officer of Overseas-Alaska Personnel Association. Until February 1971, he participated with respondents George P. Schwary, H. Glenn Johnson and Edgar H. Berry in formulating, directing and controlling the acts and practices of both corporate respondents, including the acts and practices hereinafter set forth. His present address is 720 15th S.W., Edmonds, Washington.

Respondent William C. Geltz is an individual and former salesman for Overseas-Alaska Personnel Association. He was the manager of its International Office from November 1970 until February 1971. From May 1970 until November 1970, he was the research director of Nationwide Services, Inc. He participated and cooperated in the acts and practices of the other respondents, including the acts and practices hereinafter set forth, but excluding those set forth in Count II. His present address is 10823 Marine View Drive S.W., Seattle, Washington.

Respondent Schwary traded and did business as Nationwide Resume Service and under other business names prior to his causing the formation, in November 1969, of a corporation named Alaska-Overseas Personnel Association. Respondent Johnson joined him during 1969 as an officer of said corporation and as an officer and part owner of Nationwide Services, Inc. Respondents Kollmar and Berry traded and did business as Overseas Associates and under other business names prior to May 1970, at which time they consolidated their business enterprise with those of respondents Schwary and Johnson as Overseas-Alaska Personnel Association. The corporate name of Alaska-Overseas Personnel Association was formally changed to Overseas-Alaska Personnel Association on or about December 20, 1970.

In February 1971, respondents Kollmar and Geltz severed their business connections with the corporate respondents and with respondents Schwary, Johnson and Berry. From February 1971 until May 1971, respondents Kollmar and Geltz traded and did business as International Personnel Exchange.

Subsequently, on or about December 27, 1971, through the device of Manpower Assurance Corporation, International, a Washington corporation wholly owned and controlled by them, respondents Schwary, Johnson and Berry obtained a license to operate an employment agency in the State of Washington under the name of International Personnel Association. Since that date they have traded and done business in Washington as International Personnel Association, and for limited periods during 1972 have continued operation of Overseas-Alaska Personnel Association under its own name in other states.

The aforementioned individual respondents and respondents Overseas-Alaska Personnel Association and Nationwide Services, Inc., have cooperated and acted together in bringing about and carrying out the acts and practices hereinafter set forth, with the exception of respondent Geltz as to those acts and practices set forth in Count II.

PAR. 2. Unless otherwise required by context, the following definitions shall apply for purposes of this complaint and the accompanying order to cease and desist:

(a) The term "companies" means corporations and other legal entities of any type whatever, partnerships and individuals doing business overseas or elsewhere, and governments and governmental subdivisions, agencies and instrumentalities.

(b) The terms "job search" and "job search services" mean services consisting in whole or in part of any of the following: the preparation of resumes of persons seeking employment, the distribution of resumes to companies thought to be prospective employers, and the performance of job counseling, employment research and other efforts to find job openings.

PAR. 3. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of job search services and related materials to persons seeking employment. Respondents Joseph Robert Kollmar and William C. Geltz are no longer engaged in the advertising, offering for sale and sale of such services and materials. They were engaged in the aforementioned activities at the time the acts and practices hereinafter set forth occurred.

Complaint

83 F.T.C.

COUNT I

Alleging violations 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. In the course and conduct of their business as aforesaid, until on or about December 27, 1971 and in a number of instances outside the State of Washington since that date, respondents have normally required as a prerequisite to commencing services for any individual client, that said client pay and/or make unconditional commitment to pay in full, in advance, respondents' prescribed fee. Said fee has been set, during the period of respondents' operation, at \$220, \$195, and other amounts usually expressed as constituent portions for "initiation" and for "dues."

PAR. 5. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their clients' resumes and other documents and communications to be transmitted across state lines by means of the United States mails and other mechanisms, to, from and among respondents' principal and other offices in the State of Washington and other States of the United States, and to companies in various other States of the United States and in foreign countries; and, in addition, respondents cause and have caused clients and other individuals, and funds to pass between the State of Washington and various other States of the United States and foreign countries. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in their said business in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. In the course and conduct of their business, and for the purpose of inducing the purchase of and payment for their services and materials, respondents have made and caused to be made, through advertisements published in newspapers of general interstate circulation, through brochures, form letters and other promotional matter, and through oral statements by respondents, their agents and representatives during personal interviews and consultations with prospective clients, numerous statements and representations with respect to the nature of their organization, the availability of jobs overseas, and the nature, type and effectiveness of their job search programs.

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

1. Advertisements inserted in "Help Wanted" columns and under equivalent classifications or headings in various newspapers, stating *inter alia*:

OVERSEAS JOBS NOW!

IMMEDIATE OPENINGS

Locations

South America

Southeast Asia

Middle East

Mid-Pacific Islands

Other Tax-Exempt Foreign Countries

DEPARTURES IN MAR-APR-MAY

Employers Will Interview Throughout the Next 45 Days * * *

Call the OAPA Chapter Nearest You * * *

Need Several HVY EQUIP. MECH'S * * * MISCELLANEOUS Min. 2 to 5 yrs.
exp.

Const. Equip. Specialist

Asst. Personnel Manager

Computer Operator (CDC 3100)

Electronics Technician

Communications Supervisor

Training Administrator II

Junior Accountants

Keypunch Verifier

Dairy Plant Supvs.

Asst. Groc. Store Mgr.

Records Clerk (35 WPM)

Bartender

Construct. Scheduler

Xerox Repairman

Patrolman-Security Guards

Aircraft Firefighters

Diesel Engine Mech's

Appliance Repairmen

Power Plant Electricians

Supply Clerks (Mil. Specs.)

Water Systems Plantman * * *

* * * * *

Complaint

83 F.T.C.

WEST AFRICA
 INDONESIA * * *
 ALASKA
 THAILAND
 KOREA
 MID-PACIFIC * * *

Overseas contractors have requested assistance in staffing their projects in the above areas. OAPA is presently screening qualified applicants in the following fields:

CONSTRUCTION * * *
 COMMUNICATIONS
 POWER DISTRIBUTION
 DATA PROCESSING
 LOGISTICS
 ENGINEERING * * *

* * * * *
 WE NOW NEED * * * MORE SERVICE PERSONNEL

Everything from Ofc. Machine Repairmen to Doctors

CONSTRUCTION MEN

Most types w-at least 5 yrs. exp.

ENGINEERS

With construction background—More openings than we can fill * * *

MANY MORE

We are receiving new requirements Weekly from American Companies in a Variety of Fields

CALL NOW
 233-2481
 JOIN OAPA

America's fastest growing membership service organization for persons who live and work abroad

* * * * *
 MEMBERSHIP OPEN TO ALL CRAFTS AND PROFESSIONS—OUR MEMBERS WORK IN ALMOST EVERY FREE COUNTRY IN THE WORLD

* * * * *
 OAPA Keeps Us Working
 * * * * *

OVERSEAS EMPLOYMENT INFORMATION CENTERS * * *

FACT: OAPA Employment Centers are getting new openings daily for a total of 300 to 400 jobs per month * * *

FACT: You can get all the facts by calling or visiting any of the following offices without cost or obligation * * *

* * * * *

(We Are Not A Resume or Fee Agency)

* * * * *

GET THE FACTS ON
OVERSEAS
ALASKA-SE ASIA
MIDDLE EAST-EUROPE
AUSTRALIA-JAPAN
TRUST TERRITORIES
JOBS

Free Information Centers

Before you waste hundreds of dollars on resumes and mailing lists—call OAPA for a personal interview and free literature.

OAPA

Overseas-Alaska Personnel Assoc. An Equal Opportunity non-profit association of persons who live & work overseas and in Alaska * * *

* * * * *

2. Form letters, promotional matter and oral representations made or disseminated by or for respondents, stating *inter alia*:

New EDP System for Matching Members and Employers * * * You, as a member, will be fed into the computer by your skill codes * * * All job orders that employers list with OAPA will also be fed into the system when received by corresponding code numbers. The data processing equipment will automatically match-up job orders with all available members, and in turn resumes are pulled and sent to the requesting company * * * Consequently, we can get your resumes to employers within hours after they contact us, thereby giving you, an OAPA member, the greatest advantage over all other applicants.

OAPA * * * is a non-profit association of men and women who work in practically every free country of the world * * * OAPA helped them get their first job abroad and for some, their second and third foreign service contract.

OAPA is incorporated as a non-profit membership service organization. The primary purpose of OAPA is to provide a liaison service between employers and Association Members not represented by organized labor movements.

* * * If for any reason (your) membership application is not accepted by the Membership Review Board, (your) initiation fee and any membership dues * * * will be refunded in full.

Complaint

83 F.T.C.

If, after review, your application is not accepted, your full deposit will be promptly refunded.

We are receiving constant requests for EDP personnel for overseas assignment.

The number of new openings and companies listing openings has exceeded anything we have ever experienced in the past.

At the present time we are in need of personnel in all phases of Construction, Aircraft Maintenance, Communications, etc. * * * After reviewing a draft of your critique, I feel that it would be to your advantage to contact our office at your earliest convenience so that we may obtain an overseas position for you.

One month after our appeal went out to Employers * * * OAPA received no less than 790 job listings * * * We still receive calls daily from members and employers notifying us of the hiring results.

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

1. That job openings for Americans are plentiful and immediately or imminently available, overseas and in Alaska, in various occupations including those set out in respondents' advertisements.

2. That respondents have been requested by a substantial number of companies to recruit persons to fill large numbers of definite, current job openings in many occupations throughout the world, including the occupations and geographical areas set out in respondents' advertisements.

3. That particular skills or qualifications of individual clients and prospective clients are in great demand in one or more parts of the world, and that such individuals will encounter little difficulty in obtaining employment through utilization of respondents' services.

4. That Overseas-Alaska Personnel Association is a bona fide association of persons working or interested in working in Alaska or overseas, controlled by its membership and not operated for profit.

5. That applicants are examined or screened as to their possession of qualifications necessary for overseas employment, and that those who are not qualified will not be accepted as clients.

6. That respondents' services include the utilization of a computer for instantaneous matching or coordinating of a client's specific skills with companies which have a need for such skills.

7. That respondents provide free information on specific job openings overseas, together with personal counseling relative thereto, without cost or obligation.

8. That overseas jobs in various occupations, including those set out in respondents' advertisements, provide high pay by American standards.

9. That clients can expect their earnings overseas to be exempt from income taxes.

PAR. 8. In truth and in fact:

1. In all but a few of the occupations set out in respondents' advertisements, jobs in Alaska and overseas were not plentiful at the time of such advertisements and have seldom been available immediately, imminently, or at any time to Americans.

2. Respondents have not been requested by any substantial number of companies to recruit persons to fill definite, current job openings in many occupations throughout the world, including the occupations and geographical areas set out in respondents' advertisements. The great majority of companies with overseas operations have expressed no interest in respondents' clients or offers to refer clients, and only a small number of companies have reciprocated respondents' contacts by extending firm offers to such clients. Employment obtained as a result of respondents' services has generally been limited to a very few occupational skills, and to worksites concentrated in Southeast Asia.

3. During the periods respondents made the representations set forth in Section (3) of Paragraph Seven, respondents had no reasonable basis to support said representations in that they lacked specific knowledge of the extent of demand for particular skills or qualifications of individual clients and prospective clients, and of the degree of difficulty to be encountered by such individuals in obtaining employment as a result of respondents' services.

4. Overseas-Alaska Personnel Association is not an association of persons working or interested in working in Alaska or overseas, nor is it controlled by its membership. It was formed and maintained to serve the business interests of respondents Schwary, Johnson, Kollmar and Berry, and is and at all times has been controlled and dominated by one or more of said individuals and operated wholly as their instrumentality and that of respondent Nationwide Services, Inc., a proprietary corporation, in continuing and furthering their business enterprise for profit.

5. Applicants were not examined or screened as to their possession of qualifications necessary for overseas employment. Qualifications and probable success in placement played little part in decisions to accept individual clients. Respondents accepted almost anyone willing to enter into a contract and pay the fee.

6. Respondents' services have never included the utilization of a computer to match or coordinate clients' skills with companies' needs.

Complaint

83 F.T.C.

7. Respondents do not provide free information or counseling on specific job openings overseas. The only employment opportunity information supplied without cost or obligation is general in nature. Such information and related personal counseling are normally limited to advice and statements integral to respondents' efforts to induce the purchase of their services.

8. Overseas jobs, including those in the occupations set out in respondents' advertisements, do not provide high pay by American standards.

9. Clients cannot expect their earnings overseas to be exempt from income taxes. Overseas employment obtained as a result of respondents' services has seldom been of sufficient duration to qualify for exemption from United States income taxes, and in many instances has been subject to income taxation by the particular foreign state in which situated.

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

PAR. 9. In the further course and conduct of their business, and for the purpose of inducing the purchase of their services and materials, respondents have caused the publication, in many of the aforesaid "Help Wanted" and equivalent columns, of certain advertisements which name a single job skill or occupational category, or one or more related skills or categories, but which do not disclose in any way the function of respondents' organization and in several instances do not identify it as the advertiser. Typical and illustrative of such advertisements, but not all inclusive thereof, are the following:

SUPPLY MEN

OVERSEAS WORK

Mr. Stanley PR5-1558

* * * * *

VIET-NAM

Hi Pay, Tax Free Contracts Construction Administrative All Crafts * * *

OAPA

* * * * *

TEACHERS

If Interested In Contracts for 1971 In Foreign Countries INVESTIGATE NOW!

Family & Single Status Husband & Wife Teams

* * * * *

PATROLMEN

OVERSEAS WORK

Mr. Phillips MU2-3180

* * * * * *

PAR. 10. By failing, in advertisements of the type described in Paragraph Nine hereof, to disclose either that the advertiser is a job search firm or that it is not an employer, respondents have falsely represented, directly or by implication, that their organization is currently hiring as an employer of persons in the named occupational categories and/or as an agency authorized to make hiring commitments for companies which employ such persons. Therefore, the acts and practices set forth in Paragraph Nine hereof were and are unfair, misleading and deceptive.

PAR. 11. By and through the use of the statements and representations described and exemplified in Paragraphs Six, Seven and Nine hereof, respondents have represented to unemployed persons and other job-seekers that they have job opportunities currently available and/or will find promptly a suitable job for each individual taken on as a client. In reliance on such representations of respondents' service as essentially one of successfully obtaining a satisfactory offer of employment, many of such unemployed persons and other job-seekers have been induced, to their substantial hardship and detriment, into becoming clients of respondents and into paying and/or making unconditional commitments to pay respondents' prescribed fee in advance as required.

In fact, however, the eventuality of a firm offer of employment is and has been dependent, in each instance, on hiring policies and decisions of independent companies and on other factors, all beyond respondents' control; and respondents' services have failed, and continue to fail, to obtain employment for substantial numbers of clients who have paid to respondents in advance, as hereinabove alleged, the prescribed fees of Overseas-Alaska Personnel Association and of the various other job search businesses operated by respondents prior to December 27, 1971.

Moreover, the collecting of respondents' fee in advance of placement has inherently diminished and tended to eliminate, as to each individual client, respondents' incentive to provide and continue diligent efforts and service toward finding employment opportunities and matching clients thereto.

Complaint

83 F.T.C.

Therefore, it was and is in itself an unfair trade practice for respondents to require clients to pay in advance for their service as represented and described above.

PAR. 12. In the course and conduct of their 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 and performance of services and materials of the same general kind and nature as those sold and performed by respondents.

PAR. 13. The use by respondents of the aforesaid false, misleading, unfair and deceptive statements, representations, acts and practices, has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were and are true, and to induce a substantial number thereof to enter into contracts and agreements for the purchase of respondents' services and for the payment of respondents' fees in advance by reason of said erroneous and mistaken belief.

PAR. 14. 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. 15. Notwithstanding the allegations of Paragraph Four hereof, respondents, in a substantial number of instances in the ordinary course of their business as aforesaid, and particularly between November 1970 and January 1971 as to clients with certain aircraft maintenance skills, 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. 16. 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 clients

to execute contracts and promissory notes, hereinafter referred to as the "contract" and "note," respectively, upon which certain minimal consumer credit cost information appears. Respondents do not provide and have not provided these clients with any other consumer credit cost disclosures.

By and through the use of the contract and note, respondents:

1. Failed to use the term "cash price" to describe the purchase price of their services, the term "cash downpayment" to describe the downpayment in money, and the term "amount financed" to describe the amount of credit extended, as required by Sections 226.8(c) (1), (2), and (7), respectively, of Regulation Z.

2. Failed to disclose the sum of all charges required to be disclosed by Section 226.4 of Regulation Z, and to describe that sum as the "finance charge" and its annual percentage expression as the "annual percentage rate," as required by Sections 226.8(c) (8) (i) and 226.8(b) (2), respectively, of Regulation Z.

3. Failed 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 to describe that sum as the "deferred payment price," as required by Section 226.8(c) (8) (ii) of Regulation Z.

4. Failed to disclose the number, amounts and due dates or periods of payments scheduled to repay the indebtedness, and the sum of such payments, and to describe said sum as the "total of payments," as required by Section 226.8(b) (3) of Regulation Z.

5. Failed to make, in a single written statement or instrument as required by Section 226.8(a) of Regulation Z, the disclosures required by Sections 226.8(b) and (c) of Regulation Z.

PAR. 17. 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 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 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Overseas-Alaska Personnel Association is a corporation organized, existing and formerly doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business located at 3010 First Avenue, Seattle, Washington.

Respondent Nationwide Services, 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 1200 Westlake Avenue North, Seattle, Washington.

Respondent George P. Schwary is an individual and an officer of said corporations. He formulates, directs and controls the policies, acts and practices of both corporations and his address is 1200 Westlake Avenue North, Seattle, Washington.

Respondents H. Glenn Johnson and Edgar H. Berry are individuals and officers of Overseas-Alaska Personnel Association, and former officers of Nationwide Services, Inc. They formulated, directed and controlled the policies, acts and practices of both corporations and their address is 3010 First Avenue, Seattle, Washington.

Respondent Joseph Robert Kollmar is an individual and former officer of Overseas-Alaska Personnel Association. He participated in formulating, directing and controlling the acts and practices of both corporate respondents. His present address is 720 15th S.W., Edmonds, Washington.

Decision and Order

Respondent William C. Geltz is an individual and former salesman for Overseas-Alaska Personnel Association. He was the manager of its International Office, the research director of Nationwide Services, Inc., and participated and cooperated in the acts and practices of both corporate respondents. His present address is 10823 Marine View Drive S.W., Seattle, Washington.

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 Overseas-Alaska Personnel Association and Nationwide Services, Inc., corporations, and their officers, and George P. Schwary, H. Glenn Johnson, and Edgar H. Berry, individually and as officers of said corporations, and Joseph Robert Kollmar, individually and as a former officer of Overseas-Alaska Personnel Association, and William C. Geltz, individually and as a former salesman for Overseas-Alaska Personnel Association, and respondents' successors, assigns, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, or sale of job search services or materials or articles incident thereto, or similar services, materials, or articles, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication:

1. That jobs are plentiful overseas or elsewhere, unless respondents are able to establish that jobs are in fact plentiful, and available to Americans, in the degree or quantity represented.

2. That respondents have current job openings, except to the extent that respondents do in fact have prior knowledge of specific qualifications required for definite, current openings, by prospective employers who have consented to consider persons referred by respondents for such openings.

3. That particular skills or qualifications of individual clients or prospective clients are in great demand in any part of the world, or that such individuals will encounter little difficulty in obtaining employment through utilization of respondents' services; unless, at the time of such representations, respondents have a reasonable basis for making such representations, which may consist of specific, documented

Decision and Order

83 F.T.C.

knowledge of the extent of demand for such skills or qualifications or of the difficulty encountered by individual applicants in obtaining employment under circumstances similar to that of the client or prospective client, or other statistically valid data of current applicability to said client's or prospective client's specific job skill.

4. That Overseas-Alaska Personnel Association or any entity or organization controlled by one or more respondents is non-profit, or misrepresenting in any manner the nature or character of respondents' business or the scope or scale of their operations.

5. That respondents are an employer of persons in any occupational category.

B. Misrepresenting in any manner, directly or by implication:

1. That respondents' services include the utilization of a computer for matching or coordinating a client's skills with companies which have a need for such skills.

2. That any of respondents' services or information on specific job openings is furnished free or without cost or obligation.

3. That respondents are authorized to make hiring commitments for companies.

4. The demand for persons to fill overseas positions; the opportunities for employment overseas or the likelihood of avoiding income taxes thereby; the availability or immediacy of any employment opportunity; or any terms, conditions or compensation incident to employment.

5. The character of services actually provided by respondents to persons seeking employment; the nature, extent or recency of respondents' knowledge of employment opportunities overseas or elsewhere; or the manner in which clients' qualifications are presented to prospective employers.

6. The number or proportion of clients who have obtained employment overseas or elsewhere as a result of respondents' services.

C. Charging or accepting, from any individual client or applicant, a fee or unconditional commitment to pay a fee (1) of any kind, for services consisting in any part of job search or referral, or (2) in excess of ten (\$10) dollars, for compilations or lists of jobs or companies, or like information for persons seeking employment; unless and until the individual shall have accepted an au-

thentic, firm offer of employment tendered as a result of respondents' furnishing such services, lists or information. *Provided, however,* That this paragraph shall not apply to the mere preparation and/or duplication of personal resumes, when sold independently of any other job search service.

D. Using the word "association" or any word of similar import or meaning in or as a part of respondents' trade or corporate name, or representing directly or by implication that any entity or organization controlled by respondents is a mutual benefit association of persons working or interested in working in Alaska, overseas, or elsewhere.

It is further ordered, That respondents maintain at all times in the future, for a period of not less than one year, complete business records relative to the manner and form of their continuing compliance with the above terms and provisions of this order; *Provided, however,* That this provision shall not be construed as requiring the recording of interviews and consultations with clients and prospective clients, nor as mitigating in any way the record-keeping requirements imposed by Regulation Z of the Truth in Lending Act.

It is further ordered, That respondents Overseas-Alaska Personnel Association and Nationwide Services, Inc., corporations, and their officers, and George P. Schwary, H. Glenn Johnson, and Edgar H. Berry, individually and as officers of said corporations, and Joseph Robert Kollmar, individually and as a former officer of Overseas-Alaska Personnel Association, and respondents' successors, assigns, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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. Failing to make, in a single written statement or instrument as required by Section 226.8(a) of Regulation Z, the disclosures required by Sections 226.8(b) and (c) of Regulation Z, including the cash price, cash downpayment, amount financed, finance charge, annual percentage rate, deferred payment price, total of payments, and the number, amounts, and due dates or periods of payments scheduled to repay the indebtedness.

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

Decision and Order

83 F.T.C.

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

It is further ordered, That respondents deliver a copy of this order to cease and desist to each operating division, to all present and future franchisees and licensees, and to all personnel of respondents now or hereafter engaged in the offering for sale, or sale of respondents' job search services or related materials or articles, or in any aspect of the preparation, creation or placing of advertising of such services, materials or articles, and that respondents secure from each such person a signed statement acknowledging receipt of said order.

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

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment, and/or of their affiliation with any other business offering job search or placement services or materials for a fee or fees payable by persons seeking employment, in the event of such discontinuance or affiliation within ten (10) years of the date of service of this order. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

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

AUTO BROKERS CORPORATION, ET AL.

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

Docket C-2440. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Falls Church, Virginia, retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act

by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *James Tangires, Bernard Rowitz and Michael Vitale.*

For the respondents: *Paul L. Pascal, Wash., D.C.*

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 it by said Acts, the Federal Trade Commission, having reason to believe that Auto Brokers Corporation, a corporation, trading and doing business as Auto Broker Corporation, and Earl M. McGee, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts 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 Auto Brokers Corporation, trading and doing business as Auto Broker Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia, with its principal office and place of business located at 6298 Arlington Boulevard, Falls Church, Virginia.

Respondent Earl M. McGee 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 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 and retail sale and distribution of used cars to the public.

PAR. 3. 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. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid, and in connection with the credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute a binding Used Car Order Contract, hereinafter

referred to as the "Order Contract." Respondents do not provide these customers with any other consumer credit cost disclosure.

By and through the use of the order contract, respondents:

1. Fail, in some instances, to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.
2. Fail, in some instances, to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
3. Fail, in some instances, to disclose the sum of the payments scheduled to repay the indebtedness, using the term "total of payments," as required by Section 226.8(b)(3) of Regulation Z.
4. Fail, in some instances, to identify the amount or method of computing the amount of any default, delinquency or similar charge payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z.
5. Fail, in some instances, to disclose the downpayment in property using the term "trade-in," as required by Section 226.8(c)(2) of Regulation Z.
6. Fail, in some instances, to disclose the sum of the "cash downpayment" and the "trade-in" using the term "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.
7. Fail, in some instances, to disclose the difference between the cash price and the total downpayment using the term "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.
8. Fail, in some instances, to disclose the amount of credit extended using the term "amount financed," as required by Section 226.8(c)(7) of Regulation Z.
9. Fail, in some instances, 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, describing that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 5. 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 a copy of a draft of complaint which the Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder, and 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 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 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 Auto Brokers Corporation, trading and doing business as Auto Broker Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Virginia, with its principal office and place of business located 6298 Arlington Boulevard, Falls Church, Virginia.

Respondent Earl M. McGee is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation. 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.

Decision and Order

83 F.T.C.

ORDER

It is ordered, That respondents Auto Brokers Corporation, a corporation, trading and doing business as Auto Broker Corporation, or under any other name or names, its successors and assigns, and its officers, and Earl M. McGee, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or any advertisements 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:

1. Failing to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent in accordance with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.
2. Failing to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.
3. Failing to disclose the sum of the payments scheduled to repay the indebtedness, using the term "total of payments," as required by Section 226.8(b) (3) of Regulation Z.
4. Failing to identify the amount or method of computing the amount of any default, delinquency or similar charge payable in the event of late payments, as required by Section 226.8(b) (4) of Regulation Z.
5. Failing to disclose the downpayment in property using the term "trade-in," as required by Section 226.8(c) (2) of Regulation Z.
6. Failing to disclose the sum of the "cash downpayment" and the "trade-in" using the term "total downpayment," as required by Section 226.8(c) (2) of Regulation Z.
7. Failing to disclose the difference between the cash price and the total downpayment using the term "unpaid balance of cash price," as required by Section 226.8(c) (3) of Regulation Z.
8. Failing to disclose the amount of credit extended using the term "amount financed," as required by Section 226.8(c) (7) of Regulation Z.

9. Failing 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, describing that sum as the "deferred payment price," as required by Section 226.8(c) (8) (ii) of Regulation Z.

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

It is further ordered, That the 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 the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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 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 with which they have complied with the order to cease and desist contained therein.

Complaint

83 F.T.C.

IN THE MATTER OF

FRANKLIN D. LEWARK TRADING AS AUTO BUYING
SERVICECONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS*Docket C-2441. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.*

Consent order requiring a Fairfax, Virginia, retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

*Appearances*For the Commission: *Bernard Rowitz.*For the respondent: *pro se.*

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 Franklin D. Lewark, an individual, trading and doing business as Auto Buying Service, has 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 Franklin D. Lewark, is an individual, trading and doing business as Auto Buying Service, with its principal office and place of business located at 9854 Lee Highway, Fairfax, Virginia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of his business as aforesaid, the respondent regularly extends 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 of business as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute a binding Used Car Order Contract, hereinafter referred to as the "Order Contract." Respondent does not provide these customers with any other customer credit cost disclosures.

By and through the use of the order contract, respondent:

1. Fails to disclose, in some instances, the cash price of the property or service purchased, using the term "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Fails to disclose the sum of payments scheduled to repay the indebtedness, using the term, "Total of Payments," as required by Section 226.8(b)(3) of Regulation Z.

3. Fails to disclose the downpayment in money, using the term "cash downpayment," the downpayment in property, using the term "trade in," and sum of these downpayments using the term "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.

4. Fails to disclose the amount of credit extended, using the term "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

5. Fails 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, describing that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

6. Fails to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 5. 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, the 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 a copy of a draft of complaint which the Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation

Decision and Order

83 F.T.C.

of the Truth in Lending Act and the implementing regulation promulgated thereunder, and 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 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 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, 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 Franklin D. Lewark is an individual, trading and doing business as Auto Buying Service, with his office and place of business located at 9854 Lee Highway, Fairfax, Virginia.
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 Franklin D. Lewark, an individual, trading and doing business as Auto Buying Service, or under any other names or names, and respondent's agents, representatives, and employees, successors and assigns, directly or through any corporation, subsidiary, division 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 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease desist from:

1. Failing to disclose the cash price of the property or service purchased, using the term "cash price," as required by Section 226.8(c)(1) of Regulation Z.
2. Failing to disclose the sum of payments scheduled to repay

Decision and Order

the indebtedness using the term "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

3. Failing to disclose the downpayment in money, using the term "cash downpayment," the downpayment in property, using the term "trade-in," and the sum of these downpayments using the term "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.

4. Failing to disclose in the amount of credit extended, using the term "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

5. Failing 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, describing the sum of these as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

6. Failing to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

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

It is further ordered, That the 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 credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging the receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

Complaint

83 F.T.C.

IN THE MATTER OF

RALPH K. CHRISNER TRADING AS CAR CITY USED CARS
CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2442. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Fairfax, Virginia, retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Bernard Rowitz* and *Michael F. Vitale*.

For the respondent: *pro se*.

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 Ralph K. Chrisner, an individual, trading and doing business as Car City Used Cars, has 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 Ralph K. Chrisner, is an individual, trading and doing business as Car City Used Cars, with his principal office and place of business located at 10450 Lee Highway, Fairfax, Virginia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of his business as aforesaid, the respondent regularly extends 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 of business as aforesaid, and in connection with his credit sales as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute a binding Used Car Order Contract, hereinafter referred to as the "Order Contract." The respondent does not provide these customers with any other consumer credit cost disclosures.

By and through the use of the order contract, respondent has failed in some instances to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with the provisions of Regulation Z constitutes a violation 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 a copy of a draft of complaint which the Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder in 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 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 has reason to believe that the 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

Decision and Order

83 F.T.C.

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 Ralph K. Chrisner, is an individual, trading and doing business as Car City Used Cars, with his office and place of business located at 10450 Lee Highway, Fairfax, Virginia.
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 Ralph K. Chrisner, an individual, trading and doing business as Car City Used Cars, or under any other name or names, and respondent's agents, representatives, and employees, successors and assigns, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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:

1. Failing to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
2. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That the 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 in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging the receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business

address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

IN THE MATTER OF

CENTER MOTORS, INC., ET AL.

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

Docket C-2443. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Marlow Heights, Maryland, retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said act.

Appearances

For the Commission: *Bernard Rowitz.*

For the respondents: *Jacob C. Lish, Washington, D.C.*

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 Center Motors, Inc., a corporation, and Bernard L. Gordon, individually and as an officer of said corporation, hereinafter sometimes 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 Center Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 3610 Branch Avenue, Marlow Heights, Maryland.

Complaint

83 F.T.C.

Respondent Bernard L. Gordon 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 hereinafter set forth. His address is the same as that of the corporation respondent.

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

PAR. 3. 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. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute a binding Used Car Order Contract, hereinafter referred to as the "Order Contract." Respondents do not provide these customers with any other consumer credit cost disclosure.

By and through the use of the order contract, respondents:

1. Fail, in some instances, 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, describing that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

2. Fail, in some instances, to include in the finance charge the amounts of charges or premiums for credit life or credit accident and health insurance written in connection with a credit transaction, in instances where respondents fail to obtain from the customer desiring such insurance coverage, a specific dated and separately signed affirmative written indication of such desire, in violation of Section 226.4(a)(5) of Regulation Z. Thereby, respondents fail, in these instances, to disclose the finance charge accurately in accordance with Section 226.4 of Regulation Z as required by Section 226.8(c)(8)(i) of Regulation Z. Thereby, respondents further fail to accurately disclose the amount financed as required by Section 226.8(c)(7) of Regulation Z, by including the aforementioned charges in the amount financed. Thereby, respondents further fail to accurately disclose the annual percentage rate computed in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) 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 a copy of a draft of complaint which the Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder, and 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 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 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 Center Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 3610 Branch Avenue, Marlow Heights, Maryland.

Respondent Bernard L. Gordon is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation. His address is the same as that of the corporate respondent.

Decision and Order

83 F.T.C.

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 Center Motors, Inc., a corporation, or under any other name or names, its successors and assigns, and its officers, and Bernard L. Gordon, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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:

1. Failing 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, describing the sum of these as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

2. Failing to include in the finance charge the amount of charges or premiums for credit life or credit accident and health insurance written in connection with a credit transaction unless:

(a) such insurance coverage is not required by the respondents and this fact is clearly and conspicuously disclosed in writing to the customer; and

(b) any customer desiring such insurance coverage gives specific dated and separately signed affirmative written indication of such desire after written disclosure of the cost of such coverage, as required by Section 226.4(a)(5) of Regulation Z; and in those instances, failing to accurately disclose the amount financed or required by Section 226.8(c)(7) of Regulation Z, by including the aforementioned charges in the amount financed.

3. Failing to compute and disclose accurately the finance charge, accurately in accordance with Section 226.4 of Regulation Z, as required by Section 226.8(c)(8)(i) of Regulation Z.

4. Failing to compute and disclose accurately the annual percentage rate, computed in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

5. 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, at the time and in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

6. Failing to promptly notify the Commission of the discontinuance of respondents' present business or employment and of their affiliation with a new business or employment; and to include in such notice, the respondents' current business address and a statement as to the nature of the business or employment in which they are engaged, as well as a description of their duties and responsibilities.

It is further ordered, That the respondents deliver a copy of this order to cease and desist to all present and future personnel of the respondents engaged in the computation, preparation or execution of consumer credit documents 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 with which they have complied with this order.

IN THE MATTER OF

G. B. ENTERPRISES, INC. TRADING AS LEE USED FORD
SALES

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

Docket C-244. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Washington, D.C., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Complaint

83 F.T.C.

Appearances

For the Commission: *Alan Cohen* and *Bernard Rowitz*.

For the respondents: *Jacob C. Lish*, Washington, D.C.

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 reasons to believe that G. B. Enterprises, Inc., a corporation, trading and doing business as Lee Used Ford Sales, hereinafter sometimes referred to as respondent, has 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 G. B. Enterprises, Inc., trading and doing business as Lee Used Ford Sales, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 948 New York Avenue, N.W., Washington, D.C.

PAR. 2. Respondent is now, and for some time last past has been engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondent regularly extends 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 of business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute a binding Used Car Order Contract. Respondent also provides these customers with a Creditor Disclosure Statement.

By and through the use of the creditor disclosure statement, respondent:

Fails in some instances to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

Complaint

PAR. 5. In the ordinary course of its business as aforesaid, respondent caused to be published advertisements of its goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extension of consumer credit in connection with the sale of these goods and services. By and through the use of advertisements, respondent:

1. Fails to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a).

2. Fails to use the term "annual percentage rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

3. Fails to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) of Regulation Z.

4. States the minimum amount of the downpayment required without also stating all of the following items for that minimum amount, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) the cash price;
- (ii) the number, amount, and due dates or periods of payments scheduled to repay the indebtedness if the credit is extended;
- (iii) the amount of the finance charge expressed as annual percentage rate; and
- (iv) the deferred payment price.

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 constitutes 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 Washington, D.C. 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 Truth in Lending Act and the implementing regula-

tion promulgated thereunder, and 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;

The Commission having thereafter considered the matter and having determined that it had reason to believe that the 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, 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 G. B. Enterprises, Inc., trading and doing business as Lee Used Ford Sales, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 948 New York Avenue, N.W., Washington, D.C.

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 respondent G. B. Enterprises, Inc., a corporation, trading and doing business as Lee Used Ford Sales, or under any name or names, its successors and assigns and its officers, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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:

1. Failing to disclose the annual percentage rate, with an accuracy at least to the nearest quarter of one percent, in accordance

with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

3. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "annual percentage rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

4. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) of Regulation Z.

5. Representing, directly or by implication, in an advertisement, as "advertisement" is defined in Regulation Z, 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 under Section 226.8 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 periods 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; and
- (v) the deferred payment price.

6. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form, and amount required by Sections 226.6, 226.8 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 computation, preparation or execution of consumer

Decision and Order

83 F.T.C.

credit documents 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 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 corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the 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 it has complied with this order.

IN THE MATTER OF

SONS AUTO CENTER, INC., TRADING AS MONROE'S
AUTOMOTIVE CENTER, ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2445. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Washington, D.C., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Alan Cohen* and *Bernard Rowitz*.

For the respondent: *pro se*.

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 Sons Auto Center, Inc., a corporation, trading and doing business as Monroe's Automotive Center, and Monroe Lenoff, individually

and as an officer of said corporation, hereinafter sometimes 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 Sons Auto Center, Inc., trading and doing business as Monroe's Automotive Center, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 2001 West Virginia Avenue, N.E., Washington, D.C.

Respondent Monroe Lenoff 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 hereinafter set forth. His address is the same as that of the corporate respondent Sons Auto Center, Inc.

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

PAR. 3. 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. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute a binding conditional sales contract. Respondents also provide these customers with a Truth in Lending Disclosure Statement.

By and through the use of the Truth in Lending Disclosure Statement, respondents:

1. Fail, in some instances, to disclose the "annual percentage rate," in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of these goods and services. By and through the use of the advertisements, respondents:

Complaint

83 F.T.C.

1. Fail in some instances to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.10(d)(1) of Regulation Z.

2. Fail to use the term "annual percentage rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

3. Fail to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

4. Fail to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) 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 Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder, and 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;

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

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 Sons Auto Center, Inc., trading and doing business as Monroe's Automotive Center, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 2001 West Virginia Avenue, N.E., Washington, D.C.

Respondent Monroe Lenoff is an individual and is a corporate officer of Sons Auto Center, Inc. He directs, formulates, and controls the acts and practices of respondent corporation, including the acts and practices under investigation.

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 Sons Auto Center, Inc., a corporation, trading and doing business as Monroe's Automotive Center, or under any name or names, its successors and assigns and its officers, and Monroe Lenoff, individually and as an officer of said corporation and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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:

1. Failing to disclose the "annual percentage rate," in accordance with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.

2. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.10(d) (1) of Regulation Z.

3. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "annual percentage

Decision and Order

83 F.T.C.

rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

4. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

5. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) of Regulation Z.

6. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form, and amount required by Sections 226.6, 226.8 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 the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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 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.