120 F.T.C.

IN THE MATTER OF

THE ESKIMO PIE CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3597. Complaint, Aug. 11, 1995--Decision, Aug. 11, 1995

This consent order prohibits, among other things, a Virginia-based corporation from misrepresenting the existence or amount of calories or any other nutrient or ingredient in any frozen dessert product and from falsely claiming that any frozen dessert product has been approved, endorsed or recommended by any person, group or organization. In addition, the consent order requires a disclosure statement, should Eskimo Pie represent that any frozen dessert is a useful or appropriate part of a diabetic's diet.

Appearances

For the Commission: C. Steven Baker and Barbara DiGiulio. For the respondent: F. Clairborne Johnston, Jr., Mays & Valentine, Richmond, VA. and Stuart M. Pape and Daniel Krakov, Patton, Boggs & Blow, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that The Eskimo Pie Corporation ("respondent"), a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent The Eskimo Pie Corporation is a Delaware corporation, with its principal office or place of business at 901 Moorefield Park Drive, Richmond, Virginia.

PAR. 2. Respondent has advertised, labelled, offered for sale, sold, and distributed a number of different varieties of Eskimo Pie Sugar Freedom frozen dessert products to the public. Each of these products is a "food" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

Complaint

- PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act.
- PAR. 4. Respondent has disseminated or has caused to be disseminated advertisements for Eskimo Pie Sugar Freedom Products, including but not necessarily limited to the attached Exhibits 1 through 6. These advertisements contain the following statements:

A. SLIM DOWN FOR SUMMER

[Among the products depicted in this advertisement are boxes of Eskimo Pie Sugar Freedom products. The packages for these products feature the name Sugar Freedom and the NutraSweet name and logo.]

[The advertisement also depicts figures engaged in exercise activities, such as weight lifting, bicycling, and jogging, and a tape measure running through it.] (Exhibit 1).

B. NOW IS YOUR LAST CHANCE TO SLIM DOWN FOR SUMMER, AND THE FOLLOWING GREAT TASTING FOODS CAN HELP.

SATISFY YOUR SWEET TOOTH WITH SUGAR FREEDOM ESKIMO PIE NOVELTY TREATS. MADE WITH THE GREAT TASTE OF NUTRASWEET, REFRESHING SUGAR FREEDOM ESKIMO PIE COMES IN BARS, CONES, SANDWICHES AND NOW HALF GALLONS.

[Transcript of tape recording attached as Exhibit 2]

(Tape recording attached as Exhibit 3).

C. SWEET SAVINGS

Millions of you who are trying to eat smarter enjoy NutraSweet in things like sodas and gum and yogurts. Many of you stock your kitchens with frozen desserts and jams sweetened with NutraSweet. But what about trying the other products sweetened with the great taste of NutraSweet? You can start by clipping these valuable coupons here and save!

At NutraSweet we believe that you shouldn't have to compromise on the delicious things in life for any reason -- even calories.

Sugar Freedom Eskimo Pie

[The coupon book in which this appeared contains a cents off coupon for Eskimo Pie Sugar Freedom products.] (Exhibit 4).

D. [Advertisement depicts 1/2 gallon carton of Eskimo Pie Sugar Freedom, which features the following:]

Sugar Freedom

A Proud Sponsor of the

[ADA Triangle Logo] American Diabetes Association

[NutraSweet Swirl Logo] NutraSweet

(Exhibit 5).

120 F.T.C.

E. [The first side of a coupon states, in part,:] PROUD PARTNERS.
PURE PLEASURE.

[ADA triangle] AMERICAN DIABETES ASSOCIATION

ESKIMO PIE [logo in bold]

[The other side states, in part,:]

Now Eskimo Pie and the American Diabetes Association are partners in providing the pure pleasure of frozen novelties to everyone! Just look for the ADA logo proudly displayed on all Sugar Freedom Eskimo Pie bars, cones and sandwiches made with NutraSweet. (Exhibit 6).

- PAR. 5. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits 1 through 6, respondent represented, directly or by implication:
- (a) That Eskimo Pie Sugar Freedom products are significantly reduced in calories compared with comparable foods.
 - (b) That Eskimo Pie Sugar Freedom products are low in calories.

PAR. 6. In truth and in fact:

- (a) Most Eskimo Pie Sugar Freedom products are not significantly reduced in calories compared with comparable foods. Most are not significantly reduced in calories compared with comparable foods on an equivalent weight basis.
 - (b) Eskimo Pie Sugar Freedom products are not low in calories.

Therefore, the representation set forth in paragraph five was, and is, false and misleading.

- PAR. 7. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits 5 and 6, respondent represented, directly or by implication, that the American Diabetes Association has approved or endorsed Eskimo Pie Sugar Freedom products.
- PAR. 8. In truth and in fact, the American Diabetes Association has not approved or endorsed Eskimo Pie Sugar Freedom products. Therefore, the representation set forth in paragraph seven was, and is, false and misleading.

Complaint

PAR. 9. Through the use of statements contained in the advertisements referred to in paragraph four, including but not limited to the advertisements attached as Exhibit 5 and 6, respondent has represented, directly or by implication, that Sugar Freedom products are particularly useful or appropriate in the diabetic's diet. Respondent has failed to disclose:

A. That many Sugar Freedom products are high in total fat and saturated fat. Diabetics are at increased risk of heart disease and many diabetics are advised to regulate their total fat and saturated fat intake. Some Sugar Freedom products contain as much as 16 grams of total fat and 10 grams of saturated fat per serving. Some contain over 13 grams of total fat and many contain well over 4 grams of saturated fat per serving. While no food is inherently inappropriate for people with diabetes, in light of respondent's representation that Sugar Freedom products are particularly useful or appropriate in the diabetic's diet, the high total fat and saturated fat content of these Sugar Freedom products would be material to diabetics in deciding to purchase and use them and the failure to disclose these facts is deceptive.

B. That many Sugar Freedom products are not low or reduced in calories. Many diabetics are advised to regulate their caloric intake. Some Sugar Freedom products contain as many as 260 calories per serving. While no food is inherently inappropriate for people with diabetes, in light of respondent's representation that Sugar Freedom products are particularly useful or appropriate in the diabetic's diet, the fact that these Sugar Freedom products are not low or reduced in calories would be material to diabetics in deciding to purchase and use them and the failure to disclose these facts is deceptive.

PAR. 10. The acts and practices of the respondent as alleged in this complaint constitute unfair or deceptive acts of practices and the making of false advertisements in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

120 F.T.C.

EXHIBIT 1



Item 1-98

ENHIBIT 1

Complaint

EXHIBIT 2

Radio Spot

NOW IS YOUR LAST CHANCE TO SLIM DOWN FOR SUMMER, AND THE FOLLOWING GREAT TASTING FOODS CAN HELP

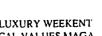
START EACH DAY LIGHT WITH FARM RICH LIGHT NON-DAIRY BREAKFAST CREAMER. CHOLESTEROL FREE AND LOW IN SATURATED FAT, FARM RICH LIGHT NON-DAIRY CREAMER IS DELICIOUS IN COFFEE, ON CEREAL OR ADDED TO SLICED FRUIT.

FOR A TASTY, LOW CALORIE SNACK, TRY CHICO SAN FLAVORED POPCORN CAKES AND RICE CAKES. MADE FROM NUTRITIOUS, WHOLESOME GRAINS AND DELICIOUS ALL-NATURAL FLAVORS, CINCO SAN IS THE IDEAL ALTERNATIVE TO HIGH FAT SNACKS.

QUENCH ANY THIRST WITH GRAYSON MOUNTAIN WATER, BOTTLED AT ITS SOURCE, ATOP VIRGINIA'S BLUE BIDGE MOUNTAINS, GRAYSON IS THE FINEST NATURAL DRINKING WATER IN THE WORLD. LOOK FOR GRAYSON IN YOUR FA-VORITE GROCERY STORE.

FOR A QUICK SERVING SIDE DISH, TRYPICTSWELT EXPRESS FROZEN VEGETABLES. READY TO SERVE IN THREE MINUTES, U.S.A GROWN PICTSWEET ALL NATURAL VEGETABLES PROVIDE AN EXCELLENT SOURCE OF VITAMINS AND ARE LOW IN FAT.

SATISFY YOUR SWEET TOOTH WITH SUGAR FREEDOM ESKIMO PIE NOVELTY TREATS. MADE WITH THE GREAT TASTE OF NUTRASWEET, REFRESHING SUGAR FREEDOM ESKIMO PIE COMES IN BARS, CONES, SANDWICHES AND NOW HALF GALLONS.



LOOK FOR MONEY SAVING COUPONS AND A CHANCE TO WIN A LUXURY WEEKENT AT THE ABBEY RESORT AND FONTANA SPA IN THIS WEEK'S LOCAL VALUES MAGA-ZINE AND CHICAGO TRIBUNE

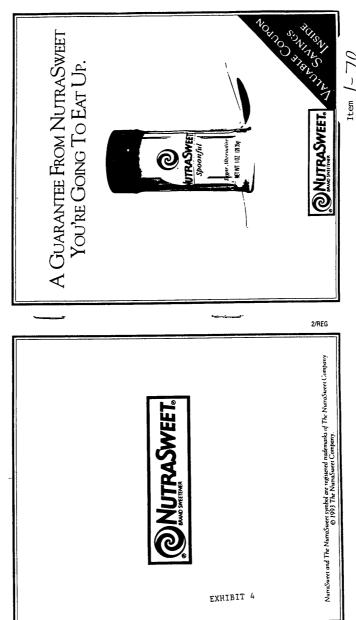
120 F.T.C.

EXHIBIT 3

EXHIBIT THREE IS A TAPE RECORDING
AND IS AVAILABLE UPON REQUEST
FROM THE PUBLIC REFERENCE BRANCH

Complaint

EXHIBIT 4



120 F.T.C.

EXHIBIT 4

IF FOR SOME REASON YOU ARE NOT COMPLETELY SATISFIED WITH ANY \overline{ONE} OF THE PRODUCTS ADVERTISED IN THIS BOOKLET, FOLLOW THE INSTRUCTIONS ON THE BACK PAGE AND SEND IN FOR A REFUND.

THE NUTRASWEET® SATISFACTION GUARANTEE

(MAXIMUM REFUND \$4.00 FER HOUSEHOLD)

SWEET SAVINGS

Many of you stock your kitchens with frozen desserts and jams sweetened with NutraSweet. But what about trying NutraSweet in things like sodas and gum and yogurts. NutraSweet? You can start by clipping these valuable the other products sweetened with the great taste of Millions of you who are trying to eat smarter enjoy coupons here and save!

At NutraSweet we believe you shouldn't have to compromise on the delicious things in life for any reason — even calories.

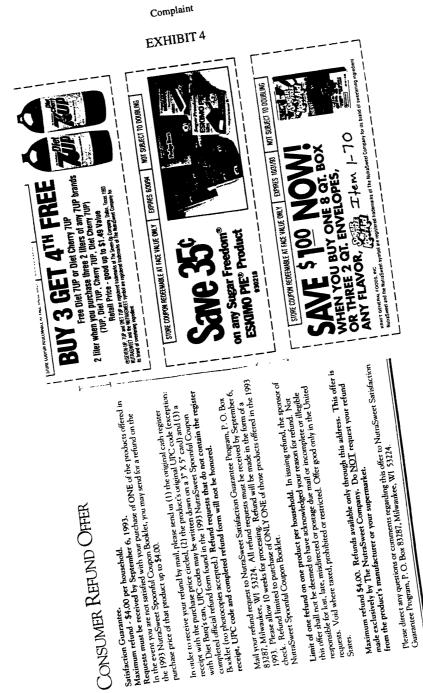
Today, products sweetened with NutraSweet are enjoyed been an important ingredient in thousands of products. With 200 million votes of confidence, it's easy to make by 200 million people around the world, making them feel better about eating and drinking what they want. For over a decade, NutraSweet brand sweetener has you this guarantee.

A TASTEFUL OFFER

taste of NutraSweet* brand sweetener have teamed up to A few of the delicious products sweetened with the great make you a delicious deal— a personal taste satisfaction guarantee. NutraSweet is putting its money where your mouth is — and

giving you money back if you're not completely satisfied with any ONE of the products featured in this booklet.

TRUST THE SWIRL



STORE COUPON REDEEMABLE AT FACE VALUE ONLY | EXPIRES 12/31/93

NOT SUBJECT TO DOUBLING

STORE COUPON REDEEMABLE AT FACE VALUE ONLY

Complaint

120 F.T.C.

EXHIBIT 4



The control of the co	BO122	Edy's	SUGAR FREE
SAVE 35¢ on your next purchase of Today Coop or coop o	STORE COUPON REDEEMAGE AF FACE VALUE ONLY EXPRESS BATHES	SAVE 50¢	half gallore or quart of Edy's Sugar Free.

930218

To The Dealer: We will pay legitimate retailers face value plus 8¢ handling for each coupon received in connection with the retail sale of the products indicated. Coupon void and forefited if invoices providing purchase of sufficient stock for cover rate of redemption are soller of these products, or if coupon assigned, transferred or presented by one not a retail soller of these products. Presentation for redemption without compliance constitutes fraud customer pays any applicable its. Limit one coupon per purchase for customer), Cash deemption value 1720th of acent. Reproduction prohibited. Sentote E. C. CMS Dept. #72800. One Fawcett Drive, Dei Filo, TX 78840, Void where prohibited by law. NOT SUBJECT TO DOUBLING To The Dealer: The Seven-Up Bottling Company will reimburse you the face value of this coupon plus 8t handling if you and the consumer have met the otler's terms. Void if prohibited Laste, testricided, transferred, assigned, if coupon is reproduced, gang cut or mint condition; or it retailer cannot provide invoices to prove sufficient stock upon request. Consume pays deposit and taxes, Cash value LYDMr. Goodoniyin U.S.A. ONE COUPON PRECONSUMER PURCHASE, REDEKINSY MAILINGTO, THE SEVEN UPB 07TLING COMPANY. P. D. BOX 870133 E Paso, TX 88587-0133 STORE COUPON REDEEMABLE AT FACE VALUE ONLY | EXPIRES 6/20/94 Retail Price:

STORE COUPON REDEEMABLE AT FACE VALUE ONLY EXPIRES 10/31/83 NOT SUBJECT TO DOUBLING Save \$1⁵⁰ when you buy one 8 qt. box or three 2 qt. envelopes, any flavor, Sugar Free Kool-Aid^{*} Brand Soft Drink Mix.

This coupon good only on purchase of product indecated. Any other use considered hard COURON NOT TRANSFERRABLE LIMIT ONE COUPON REP PROFICE TO BE COURT OF THE COURT ONE COURT OF THE COURT ONE COURT OF THE COURT ON THE COURT OF THE COURT OF

EXHIBIT 4



STORE COUPON REDEEMABLE AT FACE VALUE ONLY | EXPIRES 10/31/50 | NOT SUBJECT TO DOUBLING When You Buy Any Two Weight Watchers® Ultimate 90° Yogurt

STORE COUPUM REDERINBLE AT FACE VILUE ONLY | EIGHES 9:30/55 | WIT SUBJECT TO DOUBLING

On Any Sugar Free or Diet

Carnation® Hot Cocoa Mix

CUSTOMER: Only use this coupon to purchase the products specified. You must gap any safes tax.
RETALLER. We will remburse you the tace value of this coupon plus 8c handling, provided you honor his coupon for retail safes of the product specified and funish proof of purchase on request. Coupons not redeemed legitimately could violate U.S. mail stailbuse, Void when duplicated, transfored, assigned, based, restricted, or where prohibited. Send OBBOTS. Cash value 1/100th cent. Limit one coupon per purchase.

STORE COUPON REDEEMABLE AT FACE VALUE UNLY | EXPINES 1233159 | NUI SUBJELI TU UUUBLING |

1033

STORE COUPON REDEEMABLE AT FACE VALUE ONLY EXPINES 8/31/93 NOT SUBJECT TO DOUBLING

GROCER: We will reimburse you for the face amount of the coupon plus
8k handing provided you and the consumer have compiled with the
terms of this other. Presentation for redemption without such compilance constitutes fraud. Invoices proving purchase of sufficient stock of
our frand(s) to cover coupon presented for redemption must be shown
upon request, Consumer must pay any sales tax. Coupon may not be
transfered or assigned and is void where its uses is prohibited, faxed or
otherwise restricted. Cash whate 1702. It his other is limited to one
coupon per purchase. Redeem by mailing of Tropicana Products, Inc.
CMS Dept. 448500, One Fawcatt Drive, Del Rio, TX 78840.

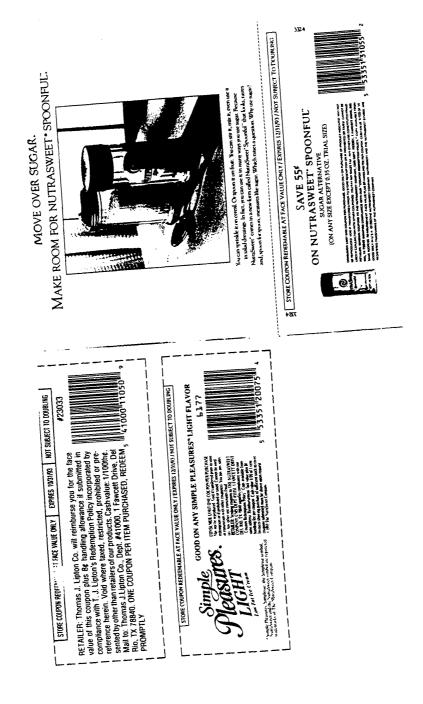
ATTENTION GROCER: Edy's will pay you the face value of this coupon plus 8¢ handling, provided you and the consumer have complied with the terms of this offer. Consumer must purchase specific produced. This coupons from separable and may not be reproduced. Invoices that prove putchase of sufficient stock of product specified to cover coupons must be shown on request. Ship coupons to EDy'S GRAND ICE GREAM, CMS Dept. #41548, One Fawcett Drive, Del Rio, TX 78840. Limit one coupon per purchase. STORE COUPON REDEEMABLE AT FACE VALUE ONLY | EXPIRES B/31/83 | NOT SUBJECT TO DOUBLING

41548-8235

120 F.T.C.



EXHIBIT 4



RECIPE COLLECTION IS NOW AVAILABLE. THE NUTRASWEET' SPOONFUL"

Complaint

EXHIBIT 4

OFFICIAL REFUND FORM Please see page 4 for details and completely fill out the following. Reason for refund Name Address City/State/Lip Enclose with UPC code and regener recept and and to NationSweet Sainfaction Guarantee Program. P. O. than 81387, Milewander. WI 5324. Please allow 10 weeks for proceeding. WE'D LIKE TO KNOW WHAT YOU THINK. We'd like you to take a few minutes to answer these four questions about NatraSweet's loss fill in the information and mail this form best to our. We'll be scaning the first 5,000 people who showed mail this form best to our. We'll be scaning the first 5,000 people who should mail this form best to our. We'll be scaning the first 5,000 people who should mail this form best to our. We'll be scaning the first 5,000. Name Address Trickhone Date Only Sure Sure Sur Sur Sur Sur Sur S

STORE COUPON REPERMANLE AT FACE VALUE ONLY / EXPIRES 12/31/93 / NOT SUBJECT TO DOUBLING (Nrt. 10 recitys from apreliacen ubescere and mere. All tanks rare onest and all realishs with part me proof of structures in one or buffers which mere and the structures of THINK OF IT AS TODAY'S SUGAR MEANURE IT

O Not The NutraSurect (

PLEASE ALLOW EICHT TO TEN WEEKS FOR DELIVERY OF DRINK CUP. Prace cut out his page and mail your survey to Naticackes Survey. P.O. Bar 1917, Manager, VI 13121. O'GH thinsted to the first \$300 surveys received. O'GH capture on the 15 y 190d device prohibited. O'GH capture of the 15 yes. Void device prohibited. O'GH capture of the 1917 state of the 1917 s

EXHIBIT 5



EXHIBIT 5

120 F.T.C.

EXHIBIT 6



10900 113712

Item |- 150

EXHIBIT 6

Decision and Order

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 Chicago Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that a 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

- 1. Respondent The Eskimo Pie Corporation is a Delaware corporation, with its office and principal place of business located at 901 Moorefield Park Drive, Richmond, 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

I.

It is ordered, That respondent The Eskimo Pie Corporation, a corporation, its successors and assigns, and its officers, agents,

representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any frozen dessert product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, in any manner, directly or by implication, through numerical or descriptive terms, logos, symbols, or any other means:

- A. The existence or amount of calories or any other nutrient or ingredient in any such product; or
- B. That such product has been approved, endorsed or recommended by any person, group or organization.

II.

It is ordered, That respondent The Eskimo Pie Corporation, a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any frozen dessert product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from failing to disclose clearly and prominently in any advertisement or promotional material that represents, in any manner, directly or by implication, through numerical or descriptive terms, logos, symbols, or any other means, that such product is a useful or appropriate part of a diabetic's diet:

- A. The fat content per serving of such product expressed as 1) the number of grams and 2) the percentage of the "Maximum Daily Value," unless such product is low in total fat;
- B. The saturated fat content per serving of such product expressed as 1) the number of grams and 2) the percentage of the "Maximum Daily Value" of the saturated fat, unless such product is low in saturated fat; and
- C. The statement "Not a reduced calorie food" when such a statement would be required on the label pursuant to regulations promulgated by the Food and Drug Administration.

The statements required by subparagraphs A.1 and A.2 and B.1 and B.2 of this Part shall appear in close proximity. For purposes of this Part, the term "Maximum Daily Value" shall mean the daily reference value or other daily intake limit for total fat or saturated fat established in an effective final regulation of the Food and Drug Administration. For purposes of this Part, "low in fat" and "low in saturated fat" shall mean the qualifying amount for such terms as set forth in regulations promulgated by the Food and Drug Administration.

For purposes of this order, "clearly and prominently" shall mean as follows:

- 1. In a television or videotape advertisement, the disclosure shall be presented simultaneously in both the audio and video portions of the advertisement. The audio disclosure shall be delivered in a volume and cadence and for a duration sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it;
- 2. In a print advertisement, the disclosure shall be in close proximity to the representation that triggers the disclosure in at least twelve (12) point type; and
- 3. In a radio advertisement, the disclosure shall be delivered in a volume and cadence and for a duration sufficient for an ordinary consumer to hear and comprehend it.

III.

Nothing in this order shall prohibit respondent from making any representation that is specifically permitted in labeling for any product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

IV.

It is further ordered, That for five (5) years after the last date of dissemination of any representation covered by this order, respondent, or its successors and assigns, shall maintain and upon

request make available to the Federal Trade Commission for inspection and copying:

- A. All materials that were relied upon in disseminating such representation; and
- B. All test reports, studies, surveys, demonstrations, or other evidence in its possession or control that contradict, qualify, or call into question such representation, including correspondence from consumers.

V.

It is further ordered, That respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the 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 respondent which may affect compliance obligations arising out of this order.

VI.

It is further ordered, That respondent shall distribute a copy of this order to each of its operating divisions and to each of its officers, agents, representatives, employees, and licensees engaged in the preparation or placement of advertisements or other materials covered by this order.

VII.

It is further ordered, That respondent, or its successors and assigns, shall, for three (3) years after the date of the last dissemination of the representation to which they pertain, maintain and upon request make available to the Federal Trade Commission for inspection and copying all advertisements containing any representation covered by this order.

Decision and Order

VIII.

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

120 F.T.C.

IN THE MATTER OF

APM ENTERPRISES - MINN INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE TRUTH IN LENDING ACT AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3598-Complaint, Aug. 11, 1995--Decision, Aug. 11, 1995

This consent order requires, among other things, a video dating service franchise to properly and accurately disclose the annual percentage rate ("APR") and other credit terms of financed memberships, as required by the federal Truth in Lending Act, and requires the franchise to establish adjustment refund programs to compensate its past and current members who overpaid finance charges.

Appearances

For the Commission: Stephen Cohen and Judy Nixon. For the respondent: Basil Demeur, Knechtel & Demeur, Oak Park, IL.

COMPLAINT

The Federal Trade Commission, having reason to believe that Great Expectations Creative Management, Inc. has violated the Federal Trade Commission Act ("FTC Act"), and that Great Expectations, Inc., GEC Illinois, Inc., GEC Tennessee, Inc., GEC Alabama, Inc., Great Southern Video, Inc., New West Video Enterprises, Inc., San Antonio Singles of Texas, Inc., Austin Singles of Texas, Inc., Great Expectations of Baltimore, Inc., Great Expectations of Washington, D.C., Inc., Great Expectations of Washington, Inc., Sterling Connections, Inc., Private Eye Productions, Inc., Great Expectations - Columbus, Inc., JAMS Financial, Inc., V.L.P. Enterprises, Inc., APM Enterprises - Minn Inc., KGE, Inc., G.E.C.H., Inc., MWVE, Inc., GREATEX Denver, Inc., Sun West Video, Inc., and TRIAAC Enterprises, Inc. (hereinafter sometimes referred to collectively as Expectations") have violated the Truth in Lending Act ("TILA"), its implementing Regulation Z, and the FTC Act, and it appearing to the

334

Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, and alleges as follows:

PARAGRAPH 1. Great Expectations Creative Management, Inc. ("GECM") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 16830 Ventura Blvd., Suite P, Encino, CA.

- PAR. 2. Great Expectations, Inc. ("GEI") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 16830 Ventura Blvd., Suite P, Encino, CA, and its principal places of business located at 1640 S. Sepulveda Blvd., Suite 100, Los Angeles, CA, 17207 Ventura Blvd., Encino, CA, and 450 N. Mountain, Suite B, Upland, CA.
- PAR. 3. GEC Illinois, Inc. ("GE Illinois") 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 1701 E. Woodfield Dr., Suite 400, Schaumburg, IL.
- PAR. 4. GEC Tennessee, Inc. ("GE Tennessee") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 5552 Franklin Rd., Suite 200, Nashville, TN.
- PAR. 5. GEC Alabama, Inc. ("GE Alabama") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Alabama, with its office and principal place of business located at 7529 S. Memorial Pkwy., Suite C & D, Huntsville, AL.
- PAR. 6. Great Southern Video, Inc., doing business as Great Expectations of Dallas ("GE Dallas"), 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 14180 Dallas Pkwy., Suite 100, Dallas, TX.
- PAR. 7. New West Video Enterprises, Inc., doing business as Great Expectations of Houston ("GE Houston"), 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 50 Briarhollow, Suite 100, Houston, TX.

- PAR. 8. San Antonio Singles of Texas, Inc., doing business as Great Expectations of San Antonio ("GE San Antonio"), is a corporation, organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 8131 I.H. 10 West, Suite 225, San Antonio, TX.
- PAR. 9. Austin Singles of Texas, Inc., doing business as Great Expectations of Austin ("GE Austin"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 9037 Research Blvd., Suite 130, Austin, TX.
- PAR. 10. Great Expectations of Baltimore, Inc. ("GE Baltimore") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Virginia, with its office and principal place of business located at 40 York Rd., Suite 500, Towson, MD.
- PAR. 11. Great Expectations of Washington, D.C., Inc. ("GE DC") is a corporation 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 8601 Westwood Center Dr., Vienna, VA.
- PAR. 12. Great Expectations of Washington, Inc., doing business as Great Expectations of Raleigh/Durham ("GE Raleigh"), is a corporation 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 3714 Benson Dr., Suite 200, Raleigh, NC.
- PAR. 13. Sterling Connections, Inc., doing business as Great Expectations of Seattle ("GE Seattle"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 305 108th Ave., N.E., Suite 205, Bellevue, WA.
- PAR. 14. Private Eye Productions, Inc., doing business as Great Expectations of Portland ("GE Portland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 5531 S.W. Macadam Ave., Suite 225, Portland, OR.
- PAR. 15. Great Expectations Columbus "Inc. ("GE Columbus") is a corporation organized, existing, and doing business under and by

virtue of the laws of the state of Ohio, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 1103 Schrock Rd., Suite 101, Columbus, OH.

PAR. 16. JAMS Financial, Inc., doing business as Great Expectations of Milwaukee ("GE Milwaukee"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Wisconsin, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 16650 W. Bluemound, Suite 100, Brookfield, WI.

PAR. 17. V.L.P. Enterprises, Inc., doing business as Great Expectations of San Diego ("GE San Diego"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 3465 Camino Del Rio South, Suite 300, San Diego, CA.

PAR. 18. APM Enterprises - Minn Inc., doing business as Great Expectations of Minneapolis ("GE Minneapolis"), 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 3300 Edinborough Way, Suite 300, Edina, MN.

PAR. 19. KGE, Inc., doing business as Great Expectations of Sausalito, Great Expectations of Mountain View, and Great Expectations of Walnut Creek (collectively referred to as "GE-SFA"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 1943 Landings Dr., Mountain View, CA, and its principal places of business located at 2401 Marinship Way, Suite 100, Sausalito, CA, 2085 Landings Dr., Mountain View, CA, and 1280 Civic Dr., Suite 300, Walnut Creek, CA.

PAR. 20. G.E.C.H., Inc., doing business as Great Expectations of Cherry Hill ("GE Cherry Hill"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of New Jersey with its office and principal places of business located at One Cherry Hill, Suite 600, Cherry Hill, NJ.

PAR. 21. MWVE, Inc., doing business as Great Expectations of Cleveland ("GE Cleveland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio,

with its office and principal place of business located at 6300 Rockside Rd., Suite 200, Cleveland, OH.

- PAR. 22. GREATEX Denver, Inc., doing business as Great Expectations Video Dating, Ltd. ("GE-Denver"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 3773 Cherry Creek North Dr., Suite 140, Denver, CO.
- PAR. 23. Sun West Video, Inc., doing business as Great Expectations for Singles ("GE Phoenix"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Arizona, with its office and principal place of business located at 5635 N. Scottsdale Rd., Suite 190, Scottsdale, AZ.
- PAR. 24. TRIAAC Enterprises, Inc., doing business as Great Expectations of Sacramento ("GE Sacramento"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 2277 Fair Oaks Blvd., Suite 195, Sacramento, CA.

RESPONDENTS' COURSE OF BUSINESS

- PAR. 25. GECM is a video dating franchisor. It sells and services franchise operations throughout the United States. As part of its regular course of business, GECM has created and disseminated retail installment contracts (Exhibits 1 and 2) to the franchises described in paragraphs two through twenty-four. The GECM retail installment contracts purport to incorporate the disclosures required by the TILA.
- PAR. 26. Respondents Great Expectations are video dating franchises respondents have provided financing to their members using retail installment contracts such as Exhibits 1 and 2 to disclose the terms of the financing.
- PAR. 27. GECM's TILA disclosure (Exhibit 1) contains erroneous instructions for calculating and disclosing the finance charge and contains a pre-printed annual percentage rate ("APR") of 18%. In addition, Exhibit 1 fails to make the TILA disclosures in the format required by the TILA and fails to identify the creditor as required by the TILA.
- PAR. 28. In 1988, GECM learned from its auditor that the calculations and disclosures contained in Exhibit 1 did not comply with the TILA. Nevertheless, it continued to disseminate Exhibit 1

to its franchisees and failed to notify them of the erroneous calculations and disclosures.

PAR. 29. In late 1990, GECM created a new retail installment contract, which also purported to incorporate the disclosures required by the TILA and which contained a pre-printed APR of 19.6%. (Exhibit 2). Exhibit 2 fails to identify the creditor as required by the TILA and fails to provide the information required by the TILA in the itemization of the amount financed. Furthermore, GECM has disseminated Exhibit 2 to its franchisees but has failed to inform them to discontinue using the erroneous calculation and disclosure instructions that it had previously supplied in Exhibit 1.

PAR. 30. Respondents Great Expectations are creditors as that term is defined in the TILA and Regulation Z.

PAR. 31. The acts and practices of respondents Great Expectations and GECM alleged in this complaint have been and are in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

COUNT I

PAR. 32. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 33. Respondent GECM has furnished its franchises with TILA disclosures (Exhibits 1 and 2) that, on their face, violated the TILA. When used by respondents Great Expectations, Exhibits 1 and 2 have resulted in false and misleading disclosures of APRs and finance charges to consumers in violation of Section 5 of the FTC Act.

PAR. 34. In the course and practice of its business as described in paragraphs twenty-five through twenty-nine, and paragraph thirty-three, respondent GECM has provided respondents Great Expectations with the means and instrumentalities to violate the Section 5 of the FTC Act.

PAR. 35. The practices described in paragraph thirty-four constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II

PAR. 36. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 37. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the APR.

PAR. 38. The practice described in paragraph thirty-seven by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22.

COUNT III

PAR. 39. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 40. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the finance charge.

PAR. 41. The practice described in paragraph forty by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego violates Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d).

Complaint

COUNT IV

- PAR. 42. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 43. Respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix have furnished their members with TILA disclosures that have failed to disclose the finance charge more conspicuously than any other disclosure except the APR and the creditor's identity.
- PAR. 44. The practice described in paragraph forty-three by respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix violates Section 122(a) of the TILA, 15 U.S.C. 1632(a), and Section 226.17(a)(2) of Regulation Z, 12 CFR 226.17(a)(2).

COUNT V

- PAR. 45. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 46. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including the itemization of the amount financed.
- PAR. 47. The practice described in paragraph forty-six by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a)(1) of Regulation Z, 12 CFR 226.17(a)(1).

COUNT VI

- PAR. 48. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 49. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE-

Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to accurately disclose the itemization of the amount financed.

PAR. 50. The practice described in paragraph forty-nine by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore,. GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(c) of Regulation Z, 12 CFR 226.18(c).

COUNT VII

PAR. 51. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 52. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to disclose the identity of the creditor.

PAR. 53. The practice described in paragraph fifty-two by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(1) of the TILA, 15 U.S.C. 1638(a)(1), and Section 226.18(a) of Regulation Z, 12 CFR 226.18(a).

COUNT VIII

PAR. 54. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 55. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix,

and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the amount financed.

PAR. 56. The practice described in paragraph fifty-five by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

PAR. 57. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the finance charge.

PAR. 58. The practice described in paragraph fifty-seven by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(d) of Regulation Z, 12 CFR 226.18(d).

PAR. 59. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the APR.

PAR. 60. The practice described in paragraph fifty-nine by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(e) of Regulation Z, 12 CFR 226.18(e).

PAR. 61. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their

members with TILA disclosures that have failed to provide the total of payments and/or a description of the total of payments.

PAR. 62. The practice described in paragraph sixty-one by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(5) and/or (8) of the TILA, 15 U.S.C. 1638(a)(5) and/or (8), and Section 226.18(h) of Regulation Z, 12 CFR 226.18(h).

PAR. 63. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total sale price and/or a description of the total sale price.

PAR. 64. The practice described in paragraph sixty-three by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(7) and/or (8) of the TILA, 15 U.S.C. 1638 (a)(7) and/or (8), and Section 226.18(j) of Regulation Z, 12 CFR 226.18(j).

COUNT IX

PAR. 65. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 66. Respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh have failed to include set-up or other fees that are charged only to consumers who finance the costs of their memberships in the finance charge and the annual percentage rate disclosed to the consumer. They have also failed to exclude these finance charges from the amount financed that is disclosed to consumers.

PAR. 67. The practices described in paragraph sixty-six by respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh violate Sections 106, 107, and 128(a) of the TILA, 15 U.S.C. 1605, 1606, and 1638(a), and Sections 226.4(b), 226.22, and 226.18(b), (d), and (e) of Regulation Z, 12 CFR 226.4(b), 226.22, and 226.18(b), (d), and (e).

COUNT X

PAR. 68. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 69. Respondent GE San Diego has furnished its members with TILA disclosures that have failed to disclose the APR, the finance charge, the amount financed, the total of payments, and the total sales price.

PAR. 70. The practices described in paragraph sixty-nine by respondent GE San Diego violate Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18 of Regulation Z, 12 CFR 226.18.

COUNT XI

PAR. 71. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 72. Respondent GE Houston has furnished its members with TILA disclosures that have failed to disclose the amount financed.

PAR. 73. The practice described in paragraph seventy-two by respondent GE Houston violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

COUNT XII

PAR. 74. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 75. Respondents GEI, GE Alabama, GE Illinois, GE Portland, GE Dallas, GE Houston, GE Cleveland, GE Phoenix, GE San Antonio, GE Austin, GE Seattle, GE Denver, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE SFA, GE Cherry Hill, GE Sacramento, GE DC, GE Baltimore, and GE Raleigh have disclosed understated APRs and finance charges to consumers that have resulted in consumers paying more in financing costs than the amount to which they originally agreed.

PAR. 76. The practices described in paragraph seventy-five are unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 45(a).

120 F.T.C.

EXHIBIT 1

Aswa - Can	First	4.004	194	
			76	
Dresem Appress		Silv	State	1 2.0
Social Security o	nome Phone	MO LONG AL INIA ACI	1 00	1 SOCIC
3004- 300077				-
Employed By	Wers	Phone Present	Position 76.	125
	_		1	
ncome Al Sources	Annuel ,	Diwer's License	•	
Worth	Annual	4	K	
Primary Bane accounts Savings 2 Balance		Checking =	Balance T	
Creat Relevance - Banas Fini	ace Co. Creat Nament			
•	ance co. cream amount	Open C G	Cosed Cma	
<i></i>				
· FIRST TUTERS	TATE BOOK	Open 3 3	llosed = Simil	
ungerugnes Great Expectation	ns (Seller) hereby sells.	and the understaned buve	. hereinafter referren in al	"Member" nur
ct to the provisions of this con	ITACE, A MEMBERSHIP	in Great Expectations and	promises to pay to Great F	speciations its
OTAL PAYMENTS (Box 8) in	accordance with the Pa	yment Schedule hereinatte	er set forth	
RIPTION OF GOODS AND S				
meaning, Testing & Evaluating.	Processing & Coding, 8	achipround check (if neces	MIY). for the purpose of pr	inging in conta
urchaser (client) suitable indi	form, which is made a (rs and argumes, (nit descrip lart ferreto as lhough set or	ption intended to be partia at at length,	I ONLY, the DU
READ CARE	FULLY AND SIGN	OMLY WHEN COMPL	ETELY UNDERSTOOM	D
PAS COMINDERED AND EVALUATED	the terms of membershi	p as set forth in Great Exp	ectations Membership Agre	ement dated .
0/31/9/ and requests to	inancing of the balance	dus. Acceptance of the ter	ms of both screements rend	1811 AUII 200 VO
's right to cancel premously pro	0 v1 G 8 G .			
erstand that my failure to par	Irripate in Great Exper	lations ones not research	e iil my noigalinn in bav	Ihm contract
ilest of the circumstances. I un	Irribate in Great Exper derstage that by sening	talinns done not relieve on the Agreement I am a Me	e ni my noigetinn in bay mber of Great Expectation	IPIN FORTFACT (
BER SIGNATURE X ER SIGNATURE X TE TO MEMBER: Upon require him of the partial refund of the same of the contract and are incontract and are incontract and are incontract.	Irripate in Great Expenderstage that by sening est, Great Expectations he time price charge is the time price that the term is possible the term is possible that the term is possible that the term is possible that the term	must provide or make ava- must provide or make ava- to be computed if any bal- is and conditions on the A enace. If due to gelingu	mber of Great Expectation itable for your examination ence of the contract should fember's Contract for Mer	i. a statement or i be prepaid, Mi nbership comstr ifer this accour
IERS OF THE CITCUMSANCES. I UND BER SIGNATURE X CE TO MEMBER LUpon require IN new the partial refund of it I non Great Expectations (Sel I thin contract and are inco- non. Then the parance due shall in when due, the entire balance and the member of creat if in more current, if more than IZATION OF THE AMOL IZATION OF THE AMOL IZATION OF THE AMOL	in pate in Grazi Expension of the control of the co	this Agreement I am a Me minst provide or make ava to be computed if any ball is and conditions on the a ermics. If due to definious by the and court costs, if mestatery become due and be required to provide an ownized then their obligation overset then their obligation	mber of Great Especialism sidale for your examination since of the contract should demoer's Contract for Mee sinty, it is necessary to in the sevent Member Jain to Dayable, without notice, a y services to Member unit- on shall be joint and several	s. I a statement or I be prepaid, Me Reership constit for this accoun- i pay any install I the obtion of I Member s Day
JESS OF THE CITCUMSANCES. I UND JEER SIGNATURE X JEER TO MEMBER: Upon required A new the partial refund of it. I and Great Expectations (Sel I thin contract and are inco- no. Them the balance due shall I when due, the entire balance attent are assigned, and Great it in mose current, if more than JEATION OF THE AMOL I Price	in pate in Great Expendenting that by sening that by sening that by sening that the time price charge is life; agree that the term proposed herein by rel in include actual atternal that the content of the content that in one person senior that in the content of the content	most provide or make ave to be computed if any batts and computed if any batts and conditions on the A seneral. If due to desing viry fee and court costs, in measurery become que and be resurred to provide an operact linen their obligation. BALANCE 10. AN	moer of Great Especialism since of the contract should demoer's Contract for Mer entry, if a necessary to re in the event Member fain to Dayable, without notice, a y services to Member unit on shall be joint and several MUAL PERCENTAGE WENT SCHEDULE:	s. a statement or the prepared, AM more ship combinate of the accourse pay any install the option of a Member's pay. RATE 18
IES OF THE CITCUMSANCE. 1 UND IEE R SIGNATURE X IEE TO MEMBER: Upon require 19 new the partial refund of it 19 ned Great Expectations (Sel 11 ned Great Expectations) 10 ned Committee of the contract and are inco- 10 ned the partial refundance 10 ned to the contract and 11 nemed due, the entire Balant 12 nemed surface, and Great 14 in mode Cutrent, if more than 12 ATTON OF THE AMOL 1. Price	in pate in Great Expendenting that by sening that by sening that by sening that the time price charge is large agree that the term proported herein by ref ill include actual atterms of the content of the content that in one person sens this count of the content	most provide or make available for make available for computed if any balls and conditions on the available for and court costs, in mediatory become out and be required to provide an outract then their obligation of the second outract then their obligations. BALANCE 10. AN 1575-11 PA	mber of Great Especiation liable for your examination ence of the contract should demoer's Contract for Mer ency, if in necessary to in in the event Member fain to payable, without notice, a y services to Member unit on shall be coint and several INUAL PERCENTAGE MENT SCHEDULE:	a statement of the preparation of 1 Bernard
IEE SIGNATURE X EER SIGNATURE X E TO MEMBER: Upon require 9 now the partial refund of it and Great Expectations (56 into contract and see inco- no, then the balance due shall it when due, the entire balan it when due, the entire balan it when due, the entire that it made current; if more that ZATION OF THE AMOL Pice * 1 **Payment*	in pate in Great Expension of the Control of the Co	mart provide or make are to be computed if any ball is and conditions on the Remark. If due to entirely entered to be computed if any ball is and conditions on the Remark. If due to entered to entered in the Remark is an object to provide an orderact then their obligation. BALANCE 10. AN PASS 11. PASS 12.75	moor of Great Especialism Intable for your examination since of the contract should femour's Contract for Mer forty. I in recessary to in the event Memour fain to Daybold: without motics, a y services to Memour runts in shall be count and several INUAL PERCENTAGE YMENT SCHEDULE:	a statement or the present, Mr. Represent of the account of the option o
IER SIGNATURE X LER SIGNATURE X LE TO MEMBER: Upon required to the service of t	in pate in Great Expension of the Control of the Co	mart provide or make are to be computed if any ball is and conditions on the Remark. If due to entirely entered to be computed if any ball is and conditions on the Remark. If due to entered to entered in the Remark is an object to provide an orderact then their obligation. BALANCE 10. AN PASS 11. PASS 12.75	moor of Great Especialism Intable for your examination since of the contract should femour's Contract for Mer forty. I in recessary to in the event Memour fain to Daybold: without motics, a y services to Memour runts in shall be count and several INUAL PERCENTAGE YMENT SCHEDULE:	a statement or the present, Mr. Represent of the account of the option o
IER SIGNATURE X LET O MEMBER: Upon required to the service of the	introde in Great Expensional E	mart provide or make are to be computed if any ball is and conditions on the Remark. If due to entirely entered to be computed if any ball is and conditions on the Remark. If due to entered to entered in the Remark is an object to provide an orderact then their obligation. BALANCE 10. AN PASS 11. PASS 12.75	moor of Great Especialism Intable for your examination since of the contract should femour's Contract for Mer forty. I in recessary to in the event Memour fain to Daybold: without motics, a y services to Memour runts in shall be count and several INUAL PERCENTAGE YMENT SCHEDULE:	a statement or the present, Mr. Represent of the account of the option o
IERS OF THE CITCUMSANCE. 1 UND IER SIGNATURE X LE TO MEMBER: Upon required to the control of th	introde in Great Expensional E	mart provide or make available for computer if any ball is and condition on the service. If due to defined you have condition on the service. If due to defined you have control to provide an observation of the control to provide and th	mber of Great Especialism liable for your examination ence of the contract should demoet's Contract for Mee shorty, if a necessary to a time event Member fain to payable, without notice, a y services to Member fain to payable without notice, a y services to Member unit on that be joint and service MENT SCHEDULE: Linguistic Contract of the contra	a statement or be prepared, Membership control for the account of the the account of the the account of the members to be the account of the
IES OF THE CITCUMSANCE. 1 UND IEEE TO MEMBER: Upon recove IEE TO MEMBER: Upon recove IEE TO MEMBER: Upon recove IEEE TO MEMBER: U	intribate in Great Expectation Int. Great Expectation Ret Interpretation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Int. Great Exp	most promote or make ave to be computed if any ball is and computed if any ball is and conditions on the A search. If you to define which is and conditions on the A search is and court costs, in another to the A search is and be resurred to provide an ordinact inher their objects. BALANCE 10. AN 595 1 5. 1955 1 95 1 2. 1095 1	inable for your examination since of the contract should demoner's Contract in Meritary. In the sevent Member Jain to Dayable, without notice, a year of the contract Jain to Dayable, without notice, a year of the several member Jain to Dayable, without notice, and the several member Jain to Dayable, without notice of the Jain to Member Jain to Manual PERCENTAGE WHENT SCHEDULE: Judgette Manual Jain Scheduler, Jain Manual Jain Scheduler, and J	a statement of the prepared, Membership Constitution (1) and the statement of the statement
IES OF THE CITCUMSANCE. 1 UND IEEE TO MEMBER: Upon recove IEE TO MEMBER: Upon recove IEE TO MEMBER: Upon recove IEEE TO MEMBER: U	intribate in Great Expectation Int. Great Expectation Ret Interpretation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Int. Great Exp	mart provide or make are to be computed if any ball is and conditions on the Research of the and court costs. If the and court costs are an are as a contract lines their observation and the court costs. If the analysis of	mber of Great Especialism Itable for your examination since of the contract should demoet's Contract for Mee forty. It in recessary to in the event Memper Just to Daybole, without notice, a y tervices to Memper Just to Daybole without notice, a y tervices to Memper Just In State of the State of the State VMENT SCHEDULE: LOCAL PERCENTAGE VMENT SCHEDULE LOCAL PERCENTAGE VMENT SCHEDULE	a statement or the prepared to the account of the a
IES OF THE CITCUMSANCE. 1 UND IES SIGNATURE X IEEE TO MEMBER: Upon required in the control of the sidness of the control of the sidness of the control of t	intribate in Great Expectation Int. Great Expectation Ret Interpretation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Ret Interpretation Int. Great Expectation Int. Great Exp	mart provide or make are to be computed if any ball is and conditions on the Research of the and court costs. If the and court costs are an are as a contract lines their observation and the court costs. If the analysis of	mber of Great Especialism Itable for your examination since of the contract should demoet's Contract for Mee forty. It in recessary to in the event Memper Just to Daybole, without notice, a y tervices to Memper Just to Daybole without notice, a y tervices to Memper Just In State of the State of the State VMENT SCHEDULE: LOCAL PERCENTAGE VMENT SCHEDULE LOCAL PERCENTAGE VMENT SCHEDULE	a statement or the prepared. An internal constitution of the second pay any initial title control of the second of
IES of the circumsances. I under the circumsances. I under the circumsances. I under the circumsances of the circumsances of the circumsances of the circumsances of the circumsances. It is more circumsances of the circumsances	intribate in Great Expensions and interest in Great Expensions in Great Interest in Great Expensions in Gr	mart provide or make are to be computed if any ball is and conditions on the a remove if the and court costs. If the and court costs are and the and t	moor of Great Especialism intable for your examination since of the contract should demoer's Contract for Mee forcy, if in recessary for the contract for Mee forcy, if in recessary for the event Memper Junio Dayable, without notice, a y services to Memper Junio n shall be contra and served MUAL PERCENTAGE YMENT SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE LINGUIS	a statement or the prepared. An imperating construction of the account of the acc
BER SIGNATURE X BER SIGNATURE X TO MEMBERS: Upon require To Members	intribate in Great Expectation Int. Great Expectation Not limb price charge is Not limb price in the term Expectation that not NOT FINANCED 100 100 100 100 100 100 100 1	mart provide or make are to be computed if any ball is and conditions on the a remove if the and court costs. If the and court costs are and the and t	mber of Great Especialism intable for your examination since of the contract should dember's Contract for Mee shorty. If in recessary to in the event Member fain to payable, without notice, a y services to Member fain to payable, without notice, a y services to Member fain notation and several NUAL PERCENTAGE **MENT SCHEDULE: **ME	a statement of the prepared. Membership constitution of the state of the account of the state of
IESS of the circumsances. I unit is a seek of the circumsances. I unit is a seek of the circumsances of the circumsances of the control of the control of the control of the circumsances. Then the batance due shall not when due, the entire batance due shall not when due, the entire batance due shall not when due, the entire batance due shall not when the circumsance of the shall property of the circumsances. If more than circumsances of the ci	increase in Great Expensions of the Control of the	mart provide or make are to be computed if any ball is and conditions on the a remove if the and court costs. If the and court costs are and the and t	moor of Great Especialism intable for your examination since of the contract should demoer's Contract for Mee forcy, if in recessary for the contract for Mee forcy, if in recessary for the event Memper Junio Dayable, without notice, a y services to Memper Junio n shall be contra and served MUAL PERCENTAGE YMENT SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE: LINGUISM TO SCHEDULE LINGUIS	a statement of the gregorial Memorals Constitute of the account of the constitute of
IRES of the circumsances. I united to the circumsances. I united to the circumsances. I united to the circumsances of the circumsances of the content and are unconsidered and are unconsidered and are unconsidered. I the content and are unconsidered and in the circumsances of the circum	introduce in Great Expension of Control of C	mart provide or make are to be computed if any ball is and conditions on the Research of the and conditions on the Research of the and court costs. If the and court costs, if the and court costs of the and cost	mber of Great Especialism intable for your examination since of the contract (house femoer's Contract (or Mer forty, if in recessary to in the event Memper fain to Daybide, without motics, a y services to Memper fain to Daybide, without motics, a y services to Memper fain NUAL PERCENTAGE YMENT SCHEDULE: LOCAL PROPERS OF THE STATE INCLUDE PARAMETERS INCLUDE PAR	a statement or the prepared to the account of the a
IESS of the circumsances. I unit is a series of the circumsances. I unit is a series of the circums of the circums of the circums of the circums (Sei 1 and circums (increase in Great Expensions and increase in Great Expensions in Great Expensions in the Imperior Charge is a large and increase in Great Expectations he time price charge is large appear that the term reported Person by retaining the Company of	mart provide or make available from the provide or make available from the provide or make available from the provide and court costs, in mediatory become due and court costs, in mediatory become due and presured to provide an operact lihen their obligation of the provide and court costs, in mediatory become due and presured to provide and presured to provide and presured to provide and	mber of Great Especialism make of the contract should demoet's Contract for Mee entry, if a necessary for the contract for Mee entry, if a necessary for the event Member fain to payable, without notice, a y services to Member fain to payable, without notice, a y services to Member unit in shall be joint and several services to Member unit in the property of the contract full DEFECTION of the contract full DEFECTION of the contract full DEFECTION of the contract in the same waste to the contract in the same waste to be per to shall be a magnet to be a ment of the contract of the per to shall be a magnet to be a ment of the contract of the per to shall be a magnet to be a for the contract of the per to shall be a magnet to be a ment of the contract of the per to shall be a magnet to be a for the contract of the per to shall be a magnet to be a ment of the contract of the per to shall be a magnet to be the shall be a magnet to be the shall be a magnet to the the contract of the per to shall be a magnet to be to shall be a magnet to be the shall be a mag	a statement or the prepared to the account of the a
IESS of the circumsances. I unit as the circumsances. I unit as the circumsances. I unit as the circumsances of the circumsanc	strings in Gross Expensions of the property of	mart provide or make available from the service of make available from the service of make available from the service. If due to defined you to define our commonlish before due to define our costs, in machine you become due and presented to provide an our costs then their obligation of the service and the service of the	mber of Great Especialism liable for your examination since of the contract should dember's Contract for Mee shorty. It is necessary to in the event Member fain to payable, without notice. 3 y services to Member fain to payable, without notice. 3 y services to Member fain in shall be cloud and several MUAL PERCENTAGE MENT SCHEDULE: Linguisted to Member unit on shall be cloud and several mouth of the contract of the of the	a statement or to prepared. Membership constitution of the property of the account of the property of the account of the property of the prope
IESS of the circumsances. I unit as the circumsances. I unit as the circumsances. I unit as the circumsances of the circumsanc	strings in Gross Expensions of the property of	mort provide or make available for the provide or make available for computer if any ball is and condition on the life seneral. If due to defined you have been and court costs, if mediately become due and presured to provide an observable for their obligation of the provide and court costs. If participation of the provide and presured to provide an observable for their obligation of the provide and	mber of Great Especialism make of the contract should demoet's Contract for Mee entry, if is necessary for the contract for Mee entry, if is necessary for the event Member fain to payable, without notice, a y services to Member fain to payable, without notice, a y services to Member unit on shall be joint and several services to Member unit on shall be joint and several services to Member unit on shall be joint and several services to Member unit on the state of the contract of the contrac	a statement of the greated. All merching constitutes the result of the account of the state of the account
IESS of the circumsances. I unit as the circumsances. I unit as the circumsances. I unit as the circumsances of the circumsanc	strings in Gross Expensions of the property of	mart provide or make are to be computed if any ball is and conditions on the area of the conditions on the area of	mber of Great Especialism make of the contract should demoet's Contract for Mee forcy, if is necessary for the contract for Mee forcy, if is necessary for the event Member fain to payable, without notice, a y services to Member fain to payable, without notice, a y services to Member fain in shall be joint and several install PERCENTAGE MENT SCHEDULE: Licensmenting MENT SCHEDULE; MENT SCH	a statement of the prepared of the account of the a

EXHIBIT 2

RETAIL INSTALLMENT CONTRACT

									DA	TE
***** .***				Firei		u.,	die.	1	14	
*-010M1 Addres						5.47		5	414	Zip
Seciel Security	-			e Phane	1	e Long Al	This Address		Dete	el Sirih
Employed By N		A4010111		**	rs Pho	ne	Present Per			
Seme All Sour	C+1		Annual			Driver e L	CORGO F			
Saungs 500 A	CEOURIS IOMO				_ 0	hocking C	Neme			
Description of	Greet Exp Greet Exp	DECEMBER AND	or) harpby so promises to (PMS. AND THE WINDS PMY TO GREAT EXPR	regned classon	SUPER (MOT	Der purchases.	BLOTH AYME	ici io ife NTS in	provisions of P11 accordance with 6
ESCRIPTION OF	F GOODS	AND SERVICE								recreasy) and P s and dishas. I've
TENDEU ID DE DEN	-			AND SIGN ONL						
1849 considered a	NO 00000	and the terms of		Day and forth in Pro	Grant (pectatore	Membership Agr		re desire	ne of My obligation
and the same of the	-	ares på måund	Pin Contra	C. and the Membe	-	gramort.	em a Member of	0	Espec	enters.
EMBER SIGNAT	.URE X	omena Grea	Emerica	na must strevich or	-		our examenation			r makin ghawing har
tuno of the time of	-	15 to be come	veed of early b	martin of the Core	-		eri. Mornbor (B.	1	-	ratio stantiq iz- et Experience (\$
al no must plouds to month plouds	percolorus od etsel vo	of the Greek EX Say arry Postson	and belonds o	i when due, the or		1765 (1766 4 1765 (1766 4	ny unaomad Pin	~	(مقاعدي	Late by Later printers or the same of the
	-	novi demand d	rotos, at th	e essent of Great E	JOS COM	-	rase, and Great (-	LANG LOCKED COMPANY
URCHASE PRIC				t is mean current. Hence with the St		al Clarica	-			
AYMENT SCHEE	SULE: MA		ne hereund		-	urbe month	r manifesta a		-	n eno de
orth siter execute	and this C	-	-			thereafter o	Special in	-	-	THE STREET STREET
					. –					
FEDERA		HIN LENDON		SURES	l -		TEMEZATION	OF A	MOUN	T PHANCED"
	•	ment of Disc			П					Proper stant flat
-		(Jan 8 Carresson Angresson	PATRICUTE ALTO B	IOTAL BALES PRODE	'	Total Cash	Price 5			Super many proper or gal of the original will part of the
The east of the The credit on a practice office	11	The proper of	The passenger of the last of t		2.	Loca Down	payment - 5 .		—	payment in hel & to crafted to a rek of the presented ;
19.6					3.	Amount Pin	enced \$.			the Finance computed under I started boss.
You the Suyer has			No time and	(Jan 1-4) Suffrageon of the So net work on	١.	Franco Ch	erge 5.			Promo cel to a Promo Charge
	-	schools will be	K		5.	Total of Pop	mens 1 .			and as return washindarps
		COLUMN ST PARTY				NO 0 077	solute by the Se	t	-	
DELINQUENCY	-	of party market while	-	afted becomes due	Sh	alid the bay d pay to Se	er gesteudt in Gro ge her gel gestund der regisie Allermay k			regiment heres eagle of colocities
and auch ladure or days. Then in ad	regest #	had continue for the amount of		nore than ten (10)	84	PE 100 PET 1	to Soler a St	0.00	-	-
payment the Buys	-	ry to Seder, as	-	CY and extention	-	-	K.			
charge, an amoun shall not assess (2 00 er 2	5% of puch pays a tage from \$1.0	mari ezzept 10.	Pal mon charge	2	100 100 100 1 100 100 100 100 100 100 10	n narasi ka kwali 17 awah Ending.	ı		elia, de remaining
				pery a pomethy and harge.	1		O BUYER	:		
					1.	Do not sa	on thus acreem	nerti:	petore	you read it or if it
Son your Group Ex Information about	-	POPE STREET, A	ni maurid	PROGRAMMENT IN SAIL	l az	y blank si	saces to be fi	Red i	n.	
papers are excessive		A battalunia	. 100/170016	-	1 2	You are	entitled to a	00	mpiete	ly filled in coo
					- ×	reement.			~~~	be under this a:
						any teme.		"		31 De 0 M
<u> </u>	BEAT	EXPECT	ATIONS	š	4	If you de	flo yaq of ans	in a	tvance will be	the full amount furnished on re
MB/MSI										esact copy of firs r further activities
					-	-	CULTURE PROPERTY OF	-	400	MACHINE BARE SAME
44 Smm:								_		
oftenzas opietra:						-				
				Tito	_ "					

Reuting: White—Finance: Pink—SELLER: Geld—CUSTOMER

Time days (name and comment of the comment o

120 F.T.C.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of respondent APM Enterprises - Minn Inc., a corporation, and respondent having been furnished thereafter with a copy of the draft of complaint that 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 violations of Section 5(a) of the Federal Trade Commission Act and the Truth in Lending Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in 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 respondent has violated the said Acts, and that a 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

- 1. APM Enterprises Minn Inc., doing business as Great Expectations of Minneapolis ("GE Minneapolis"), 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 3300 Edinborough Way, Suite 300, Edina, MN.
- 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.

334

Decision and Order

ORDER

I.

It is ordered, That:

- A. Respondent GE Minneapolis, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the annual percentage rate, as required by Sections 107(a) and (c) of the Truth in Lending Act, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22;
- B. Respondent GE Minneapolis, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including from the itemization of the amount financed, as required by Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a) of Regulation Z, 12 CFR 226.17(a);
- C. Respondent GE Minneapolis, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to make all disclosures in the manner, form, and amount required by Sections 122 and 128(a) of the TILA, 15 U.S.C. 1632 and 1638(a), and Sections 226.17 and 226.18 of Regulation Z, 12 CFR 226.17 and 226.18:
- D. Respondent GE Minneapolis, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to comply with the TILA, 15 U.S.C. 1601, et seq., and Regulation Z, 12 CFR 226.

120 F.T.C.

II.

REFUND PROGRAM

It is further ordered, That:

- A. Within thirty (30) days following the date of service of this order, respondent shall:
- 1. Determine to whom respondent disclosed on the original TILA disclosure an annual percentage rate that was miscalculated by more than one quarter of one percentage point below the annual percentage rate determined in accordance with Section 226.22 of Regulation Z, 12 CFR 226.22, or that disclosed a finance charge that was miscalculated by more than one dollar below the finance charge determined in accordance with Section 226.4 of Regulation Z, 12 CFR 226.4, so that each such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower, plus a tolerance of one quarter of one percentage point;
- 2. Calculate a lump sum refund and a monthly payment adjustment, if applicable, in accordance with Section 108(e) of the TILA, 15 U.S.C. 1607(e);
- 3. Mail a refund check to each eligible consumer in the amount determined above, along with Attachment 1; and
- 4. Provide the Federal Trade Commission with a list of each such consumer, the amount of the refund, the number of payments refunded, the amount of adjustment for future payments and the number of future payments to be adjusted.
- B. No later than fifteen (15) days following the date of service of this order, respondent shall provide the Federal Trade Commission with the name and address of three independent accounting firms, with which it, its officers, employees, attorneys, agents, and franchisees have no business relationship. Staff for the Division of Credit Practices of the FTC shall then have the sole discretion to choose one of the firms ("independent agent") and so advise respondent;

334

C. Within thirty (30) days following the date of adjustments made pursuant to this section, respondent shall direct the independent agent to review a statistically-valid sample of refunds. Respondent shall provide the Federal Trade Commission with a certified letter from the independent agent confirming that respondent has complied with Part II. A. of this order;

D. All costs associated with the administration of the refund program and payment of refunds shall be borne by the respondent.

III.

It is further ordered, That respondent, its successors and assigns, shall maintain for at least five (5) years from the date of service of this order and, upon thirty (30) days advance written request, make available to the Federal Trade Commission for inspection and copying all documents and other records necessary to demonstrate fully its compliance with this order.

IV.

It is further ordered, That respondent, its successors and assigns, shall distribute a copy of this order to any present or future officers and managerial employees having responsibility with respect to the subject matter of this order and that respondent, its successors and assigns, shall secure from each such person a signed statement acknowledging receipt of said order.

V.

It is further ordered, That respondent, for a period of five (5) years following the date of service of this order, shall promptly notify the Commission at least thirty (30) days prior to any proposed change in its corporate structure such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, or any other change in the corporation that may affect compliance obligations arising out of the order.

120 F.T.C.

VI.

It is further ordered, That respondent shall, within one hundred and eighty (180) days of the date of service 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.

ATTACHMENT I

Dear Great Expectations Customer:

Several months ago, Great Expectations Minneapolis was contacted by the Federal Trade Commission staff with a view toward reviewing the standard form agreements which are utilized in connection with the business of Great Expectations Minneapolis. We submitted our contracts to the Federal Trade Commission staff for their review.

According to the Federal Trade Commission, the calculations used in calculating or disclosing the annual percentage rate or finance charges were in error. As a result, Great Expectations Minneapolis amended its format in order to comply with the Truth in Lending Act. As part of our settlement with the Federal Trade Commission for any alleged violations of the Truth in Lending Act from the past, we are now sending you the enclosed refund check in the amount of \$______, which represents the amount you may have been overcharged as a result of possible errors made by Great Expectations in calculating or disclosing the annual percentage rate or finance charge.

[In order to correct any error that we may have made in the past, your future monthly payments have been adjusted to accommodate any possible overcharge which resulted from the calculations engaged in calculating or disclosing the annual percentage rate or finance charge.] We regret any inconvenience this may have caused you.

Sincerely,

Great Expectations

353

Complaint

IN THE MATTER OF

G.E.C.H., INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE TRUTH IN LENDING ACT AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3599. Complaint, Aug. 11, 1995--Decision, Aug. 11, 1995

This consent order requires, among other things, a video dating service franchise to properly and accurately disclose the annual percentage rate ("APR") and other credit terms of financed memberships, as required by the federal Truth in Lending Act, and requires the franchise to establish adjustment refund programs to compensate its past and current members who overpaid finance charges.

Appearances

For the Commission: Stephen Cohen.

For the respondent: Pro se.

COMPLAINT

The Federal Trade Commission, having reason to believe that Great Expectations Creative Management, Inc. has violated the Federal Trade Commission Act ("FTC Act"), and that Great Expectations, Inc., GEC Illinois, Inc., GEC Tennessee, Inc., GEC Alabama, Inc., Great Southern Video, Inc., New West Video Enterprises, Inc., San Antonio Singles of Texas, Inc., Austin Singles of Texas, Inc., Great Expectations of Baltimore, Inc., Great Expectations of Washington, D.C., Inc., Great Expectations of Washington, Inc., Sterling Connections, Inc., Private Eye Productions, Inc., Great Expectations - Columbus, Inc., JAMS Financial, Inc., V.L.P. Enterprises, Inc., APM Enterprises - Minn Inc., KGE, Inc., G.E.C.H., Inc., MWVE, Inc., GREATEX Denver, Inc., Sun West Video, Inc., and TRIAAC Enterprises, Inc. (hereinafter sometimes referred to collectively as "Great Expectations") have violated the Truth in Lending Act ("TILA"), its implementing Regulation Z, and the FTC Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, and alleges as follows:

- PARAGRAPH 1. Great Expectations Creative Management, Inc. ("GECM") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 16830 Ventura Blvd., Suite P, Encino, CA.
- PAR. 2. Great Expectations, Inc. ("GEI") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 16830 Ventura Blvd., Suite P, Encino, CA, and its principal places of business located at 1640 S. Sepulveda Blvd. Suite 100, Los Angeles, CA, 17207 Ventura Blvd., Encino, CA, and 450 N. Mountain, Suite B, Upland, CA.
- PAR. 3. GEC Illinois, Inc. ("GE Illinois") 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 1701 E. Woodfield Dr., Suite 400, Schaumburg, IL.
- PAR. 4. GEC Tennessee, Inc. ("GE Tennessee") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 5552 Franklin Rd., Suite 200, Nashville, TN.
- PAR. 5. GEC Alabama, Inc. ("GE Alabama") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Alabama, with its office and principal place of business located at 7529 S. Memorial Pkwy., Suite C & D, Huntsville, AL.
- PAR. 6. Great Southern Video, Inc., doing business as Great Expectations of Dallas ("GE Dallas"), 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 14180 Dallas Pkwy., Suite 100, Dallas, TX.
- PAR. 7. New West Video Enterprises, Inc., doing business as Great Expectations of Houston ("GE Houston"), 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 50 Briarhollow, Suite 100, Houston, TX.
- PAR. 8. San Antonio Singles of Texas, Inc., doing business as Great Expectations of San Antonio ("GE San Antonio"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at

Complaint

353

10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 8131 I.H. 10 West, Suite 225, San Antonio, TX.

- PAR. 9. Austin Singles of Texas, Inc., doing business as Great Expectations of Austin ("GE Austin"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 9037 Research Blvd., Suite 130, Austin, TX.
- PAR. 10. Great Expectations of Baltimore, Inc. ("GE Baltimore") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Virginia, with its office and principal place of business located at 40 York Rd., Suite 500, Towson, MD.
- PAR. 11. Great Expectations of Washington, D.C., Inc. ("GE DC") is a corporation 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 8601 Westwood Center Dr., Vienna, VA.
- PAR. 12. Great Expectations of Washington, Inc., doing business as Great Expectations of Raleigh/Durham ("GE Raleigh"), is a corporation 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 3714 Benson Dr., Suite 200, Raleigh, NC.
- PAR. 13. Sterling Connections, Inc., doing business as Great Expectations of Seattle ("GE Seattle"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 305 108th Ave., N.E., Suite 205, Bellevue, WA.
- PAR. 14. Private Eye Productions, Inc., doing business as Great Expectations of Portland ("GE Portland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 5531 S.W. Macadam Ave., Suite 225, Portland, OR.
- PAR. 15. Great Expectations Columbus, Inc. ("GE Columbus") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its

principal place of business located at 1103 Schrock Rd., Suite 101, Columbus, OH.

PAR. 16. JAMS Financial, Inc., doing business as Great Expectations of Milwaukee ("GE Milwaukee"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Wisconsin, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 16650 W. Bluemound, Suite 100, Brookfield, WI.

PAR. 17. V.L.P. Enterprises, Inc., doing business as Great Expectations of San Diego ("GE San Diego"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 3465 Camino Del Rio South, Suite 300, San Diego, CA.

PAR. 18. APM Enterprises - Minn Inc., doing business as Great Expectations of Minneapolis ("GE Minneapolis"), 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 3300 Edinborough Way, Suite 300, Edina, MN.

PAR. 19. KGE, Inc., doing business as Great Expectations of Sausalito, Great Expectations of Mountain View, and Great Expectations of Walnut Creek (collectively referred to as "GE-SFA"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 1943 Landings Dr., Mountain View, CA, and its principal places of business located at 2401 Marinship Way, Suite 100, Sausalito, CA, 2085 Landings Dr., Mountain View, CA, and 1280 Civic Dr., Suite 300, Walnut Creek, CA.

PAR. 20. G.E.C.H., Inc., doing business as Great Expectations of Cherry Hill ("GE Cherry Hill"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of New Jersey with its office and principal places of business located at One Cherry Hill, Suite 600, Cherry Hill, NJ.

PAR. 21. MWVE, Inc., doing business as Great Expectations of Cleveland ("GE Cleveland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio, with its office and principal place of business located at 6300 Rockside Rd., Suite 200, Cleveland, OH.

353 Complaint

- PAR. 22. GREATEX Denver, Inc., doing business as Great Expectations Video Dating, Ltd. ("GE-Denver"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 3773 Cherry Creek North Dr., Suite 140, Denver, CO.
- PAR. 23. Sun West Video, Inc., doing business as Great Expectations for Singles ("GE Phoenix"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Arizona, with its office and principal place of business located at 5635 N. Scottsdale Rd., Suite 190, Scottsdale, AZ.
- PAR. 24. TRIAAC Enterprises, Inc., doing business as Great Expectations of Sacramento ("GE Sacramento"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 2277 Fair Oaks Blvd., Suite 195, Sacramento, CA.

RESPONDENTS' COURSE OF BUSINESS

- PAR. 25. GECM is a video dating franchisor. It sells and services franchise operations throughout the United States. As part of its regular course of business, GECM has created and disseminated retail installment contracts (Exhibits 1 and 2) to the franchises described in paragraphs two through twenty-four. The GECM retail installment contracts purport to incorporate the disclosures required by the TILA.
- PAR. 26. Respondents Great Expectations are video dating franchises. Respondents have provided financing to their members using retail installment contracts such as Exhibits 1 and 2 to disclose the terms of the financing.
- PAR. 27. GECM's TILA disclosure (Exhibit 1) contains erroneous instructions for calculating and disclosing the finance charge and contains a pre-printed annual percentage rate ("APR") of 18%. In addition, Exhibit 1 fails to make the TILA disclosures in the format required by the TILA and fails to identify the creditor as required by the TILA.
- PAR. 28. In 1988, GECM learned from its auditor that the calculations and disclosures contained in Exhibit 1 did not comply with the TILA. Nevertheless, it continued to disseminate Exhibit 1 to its franchisees and failed to notify them of the erroneous calculations and disclosures.

- PAR. 29. In late 1990, GECM created a new retail installment contract, which also purported to incorporate the disclosures required by the TILA and which contained a pre-printed APR of 19.6%. (Exhibit 2). Exhibit 2 fails to identify the creditor as required by the TILA and fails to provide the information required by the TILA in the itemization of the amount financed. Furthermore, GECM has disseminated Exhibit 2 to its franchisees but has failed to inform them to discontinue using the erroneous calculation and disclosure instructions that it had previously supplied in Exhibit 1.
- PAR. 30. Respondents Great Expectations are creditors as that term is defined in the TILA and Regulation Z.
- PAR. 31. The acts and practices of respondents Great Expectations and GECM alleged in this complaint have been and are in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

COUNT I

- PAR. 32. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 33. Respondent GECM has furnished its franchises with TILA disclosures (Exhibits 1 and 2) that, on their face, violated the TILA. When used by respondents Great Expectations, Exhibits 1 and 2 have resulted in false and misleading disclosures of APRs and finance charges to consumers in violation of Section 5 of the FTC Act.
- PAR. 34. In the course and practice of its business as described in paragraphs twenty-five through twenty-nine, and paragraph thirty-three, respondent GECM has provided respondents Great Expectations with the means and instrumentalities to violate the Section 5 of the FTC Act.
- PAR. 35. The practices described in paragraph thirty-four constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II

- PAR. 36. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 37. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE

353 Complaint

Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the APR.

PAR. 38. The practice described in paragraph thirty-seven by respondents GEI, GE Illinois, GE Tennessee GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22.

COUNT III

PAR. 39. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 40. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the finance charge.

PAR. 41. The practice described in paragraph forty by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego violates Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d).

COUNT IV

PAR. 42. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 43. Respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix have furnished their members with TILA disclosures that

have failed to disclose the finance charge more conspicuously than any other disclosure except the APR and the creditor's identity.

PAR. 44. The practice described in paragraph forty-three by respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix violates Section 122(a) of the TILA, 15 U.S.C. 1632(a), and Section 226.17(a)(2) of Regulation Z, 12 CFR 226.17(a)(2).

COUNT V

PAR. 45. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 46. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including the itemization of the amount financed.

PAR. 47. The practice described in paragraph forty-six by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a)(1) of Regulation Z, 12 CFR 226.17(a)(1).

COUNT VI

PAR. 48. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 49. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to accurately disclose the itemization of the amount financed.

PAR. 50. The practice described in paragraph forty-nine by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE

361

353

Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(c) of Regulation Z, 12 CFR 226.18(c).

COUNT VII

PAR. 51. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 52. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to disclose the identity of the creditor.

PAR. 53. The practice described in paragraph fifty-two by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(1) of the TILA, 15 U.S.C. 1638(a)(1), and Section 226.18(a) of Regulation Z, 12 CFR 226.18(a).

COUNT VIII

PAR. 54. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 55. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the amount financed.

PAR. 56. The practice described in paragraph fifty-five by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE

Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

PAR. 57. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the finance charge.

PAR. 58. The practice described in paragraph fifty-seven by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(d) of Regulation Z, 12 CFR 226.18(d).

PAR. 59. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the APR.

PAR. 60. The practice described in paragraph fifty-nine by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(e) of Regulation Z, 12 CFR 226.18(e).

PAR. 61. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total of payments and/or a description of the total of payments.

PAR. 62. The practice described in paragraph sixty-one by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(5) and/or (8) of

Complaint

353

the TILA, 15 U.S.C. 1638(a)(5) and/or (8), and Section 226.18(h) of Regulation Z, 12 CFR 226.18(h).

PAR. 63. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total sale price and/or a description of the total sale price.

PAR. 64. The practice described in paragraph sixty-three by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(7) and/or (8) of the TILA, 15 U. S. C. 1638(a)(7) and/or (8), and Section 226.18(j) of Regulation Z, 12 CFR 226.18(j).

COUNT IX

PAR. 65. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 66. Respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh have failed to include set-up or other fees that are charged only to consumers who finance the costs of their memberships in the finance charge and the annual percentage rate disclosed to the consumer. They have also failed to exclude these finance charges from the amount financed that is disclosed to consumers.

PAR. 67. The practices described in paragraph sixty-six by respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh violate Sections 106, 107, and 128(a) of the TILA, 15 U.S.C. 1605, 1606, and 1638(a), and Sections 226.4(b), 226.22, and 226.18(b), (d), and (e) of Regulation Z, 12 CFR 226.4(b), 226.22, and 226.18(b), (d), and (e).

COUNT X

PAR. 68. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 69. Respondent GE San Diego has furnished its members with TILA disclosures that have failed to disclose the APR, the

finance charge, the amount financed, the total of payments, and the total sales price.

PAR. 70. The practices described in paragraph sixty-nine by respondent GE San Diego violate Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18 of Regulation Z, 12 CFR 226.18.

COUNT XI

- PAR. 71. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 72. Respondent GE Houston has furnished its members with TILA disclosures that have failed to disclose the amount financed.
- PAR. 73. The practice described in paragraph seventy-two by respondent GE Houston violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

COUNT XII

- PAR. 74. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 75. Respondents GEI, GE Alabama, GE Illinois, GE Portland, GE Dallas, GE Houston, GE Cleveland, GE Phoenix, GE San Antonio, GE Austin, GE Seattle, GE Denver, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE SFA, GE Cherry Hill, GE Sacramento, GE DC, GE Baltimore, and GE Raleigh have disclosed understated APRs and finance charges to consumers that have resulted in consumers paying more in financing costs than the amount to which they originally agreed.
- PAR. 76. The practices described in paragraph seventy-five are unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 45(a).

Complaint

EXHIBIT 1

Present Appress		4.00.	_	76	
	CHY			State	1 2.0
			_	1 00	30010
Social Security a nome Phone	man Long A	i fair	ACC'611	700	Long In A/64
	=54RS	<u> </u>		76.	25
Employee By Work Pr	-00	ه.و	seni Position		
Income AR Sources	Drage	1 6-0	2016 "	<u>"</u>	
Month Annual	1				
Primary Bana Accounts Savings 2 Balance	Che	e no	2 Salance	-	
Credit Reletence - Banks, Finance Co., Credit Unions	Cpen	-	Siosed E		
USA				,·mii	
2 FIRST TUTERSTATE BOOK	Open	=_	Closed S	-mn	
undersigned Great Expectations (Seller) nereby sells, and ct to the provisions of this contract, a MEMBERSHIP in C	the underso	med t	uyer, nereinalli	r reterred to a	, "Hember" pur
PAL Commored and evaluated the terms of membership at \(\frac{3}{4} \) and requests fundacing of the balance due \(\frac{1}{4} \) transition cancel premounly provided. In that to cancel premounly provided in Great Empertations of the circumstances. I understage that by understage that by understage that by understage that by understage that the circumstances. I understage that by understage that any understage that the cancel and the circumstances.	. Acceptance	of the	e terms of both	ogreements ren	aers null and vo
If this contract and are incorporated herein by reterm ion, then the balance due shall include actual attorney's	fee and cou	11 004	t in the event	Memore face t	
mt when due, the entire balance then online shall immed latiens or assigner, and Great Expectations shall not be strict made current, if more than one person signs this cont	required to	Orovid		thout notice,	0 pay any install of the option of it Memner (Day
Assem of assence, and Great Expectations inail not be it is made current, if more infan one paratos sens this cone IZATION OF THE AMOUNT FINANCED Price	HOWING TO	provid	ANNUAL PE	Thou notice, to Member unit on several and	o pay any install of the option of il Memper (pay
ations of assignee, and Great Expectations inail not be (if mode Current, if more first one organisation first cone (ZATION OF THE AMOUNT FINANCED) Price	HOWING TO	provid	ANNUAL PE	RCENTAGE HEDULE:	o pay any install profession of all Memper (pay in). E RATE 18'
Item of supplies, and Great Expectations shall not be it in mose current. If more frame persons upper this core IZATION OF THE AMOUNT FINANCED THE AMOUNT FINANCED THE AMOUNT FINANCED	HOWING TO HALANCE 1595	provid	ANNUAL PE	RCENTAG	o pay any install prints of the option
I made current. If more fund one person shall not be it in made current. If more fund one person signs (into core IZATION OF THE AMOUNT FINANCED 1795) Price 1795 In Permen 2000	HOWING TO HALANCE 1595	10.	ANNUAL PE PAYMENT SC SEED, COMMENT SC SEED, COMMENT SC SEED, COMMENT SC SEED, COMMENT SC BALLOON PAY	ERCENTAGE HEDULE: The manning instance of the control of the cont	o pay any install position of a Memper (pay ill. ERATE 181
INDEX OF STREET, I MORE CAND ON THE AMOUNT FINANCED I PART OF THE AMOUNT FINANCED I MARKET THE AMOUNT FINANCED I MARKET THE AMOUNT FINANCED I MARKET THE AMOUNT FINANCE THE AMOUN	BALANCE 595	provid	ANNUAL PE PAYMENT SC SEED, COMMENT SC SEED, COMMENT SC SEED, COMMENT SC SEED, COMMENT SC BALLOON PAY	ERCENTAGE HEDULE: The manning instance of the control of the cont	o pay any install position of a Memper (pay ill. ERATE 181
	######################################	10.	ANNUAL PE PAYMENT SC STANDARD TO A LOCAL TO	INDUI ADICE. O Member unit PREENTAGI RECENTAGI HEDULE: INDUINITY INDUITIES AND COLLE	o pay any install politics of the politics of
I	######################################	10.	PANNUAL PE PAYMENT SC SEC. COMMENCE FEC. COMMENCE	RECENTAGE RECENTAGE RECULE: RECENTAGE HEDULE: RECENTAGE HEDULE: RECENTAGE HEDULE: RECULE: RECULE:	o pay any install pit the opinion of it is marked to pay it. ERATE 18' ERATE
IZATION OF THE AMOUNT FINANCED IZATION OF THE AMOUNT FINANCED I Proper Service Control of the Control of Con	######################################	10.	ANNUAL PE PAYMENT SC SEC., COMMENT SC SEC., CO	RCENTAGE RCENTAGE REDULE: Comparing interest AMB COLLE AMB COLLE Interest in the service of the service o	o pay any install in the opinion of the money to pay the pay t
IZATION OF THE AMOUNT FINANCED IZATION OF THE AMOUNT FINANCED I Proper Service Control of the	######################################	10.	ANNUAL PE PAYMENT SC SEC., COMMENT SC SEC., CO	RCENTAGE RCENTAGE REDULE: Comparing interest AMB COLLE AMB COLLE Interest in the service of the service o	o pay any install in the option of it is the option of its interest of its
I made Current, I more interview - 100	######################################	10.	RE ANY SERVICES IN GRAIN SERVICES IN GRAIN SERVICES IN	IROUI POLICE. RECENTAGE RECENTAGE RECULE: IMPORTAGE RECULE: IMPORTA	o pay any install pittle of the pittle of th
IZATION OF THE AMOUNT FINANCED IZATION OF THE AMOUNT FINANCED I Finance I	######################################	10.	RE ANY SERVICES IN GRAIN SERVICES IN GRAIN SERVICES IN	RCENTAGE RCENTAGE REDULE: Comparing interest AMB COLLE AMB COLLE Interest in the service of the service o	o pay any install pit the potton of the pit the potton of the pit the
Is mose current, if more stand and seat Expectations shall not be it in mose current, if more stand and seates in sense stand and seates in sense stand and seates in seates and	PROUNTED TO THE PROPERTY OF T	10.	ANNUAL PE PAYMENT SC SCIENCES ST ANNUAL PE PAYMENT SC SCIENCES SCIENCES ARCHITECTURE ARCHITECTU	IROUI POLICE, RECENTAGE RECURS RECUR	O Day any Install pi The option of the II Memory to Oay III ERATE 185 ERATE
is mose current. If more time and oreat Expectations that not be it is mose current. If more time and ore present signs that cover IZATION OF THE AMOUNT FINANCED in Price of 1	### ##################################	10. 10. 13.	Plant services I garden shall be garden shall	IROUI POLICE, RECENTAGE RECURS RECUR	O Day any Install pi The option of the II Memory to Oay III ERATE 185 ERATE
Is made current, if more family many members in a core in the second of	######################################	10. 11. 12. 13.	ANNUAL PER PAYMENT SC. ANNUAL PER PAYMENT SC. Seen, community of the seen of	IROUI NOILES. RECENTAG REDULE: RECENTAG REDULE: RECENTAG REDULE: RECENTAG REDULE: RECENTAG REDULE: RECENTAG REDULE: RECENTAG RECENT	o pay any install pit the option of the opti
is mose current. If more time and oreat Expectations that not be it is mose current. If more time and ore present signs that cover IZATION OF THE AMOUNT FINANCED in Price of 1	### ##################################	10. 10. 11. 12. 13.	PE ANY SERVICES IN PRISE TO THE	IROUI POLICE, ON AMOND UNITED THE POLICE TO A POLICE T	o pay any install pit the option of the opti

Complaint

120 F.T.C.

EXHIBIT 2

EX,	reat peci	ati	ons	•
7050	. 4 51			

RETAIL INSTALLMENT CONTRACT

186, 9867		£ 1881		4.441	W-ddie		490	
Frezoni Address				. 5.40		Siete	Zie	
iociai Socurity F		Heme Phe	100	Hew Long At Th	14 Add/014	Dele .	Birth	
mpleyed By Hame and	4010121		Work P	hane	Prezent Petr	100		
rcome sii Seurcas Ionin	4.	inve!		Disable Fic				
eimary Bana Accounts				Checking C	Neme			
EMBERSING OF GROWE Extended in normalization of communities and the control of the communities and the communities and the communities and the communities are considered and ordered and	I. AMO SERVICES: of grand Member READ CARE use to terms of me macros due. I und that by agrang the	SOLD: Intervent seconds to a Vi FULLY AND monerates as as second that m s Constact, and	erry, Evelulary ideo Library of p SIGN ONLY V in forth in the Gre iy teplure to perfe the Membershi	I, Propositing & Contenting Surface WHEN COMP LI ALEXPRODUCTIONS M REPRODUCTION IN CONTENT IN AGRICULTURE I A REPRODUCTION I A	oding, Backgrou e manifelia with ETELY UNDEX lembership Agre- pictations dotte in a blamber of (nd Check (Fri sender Mose RSTOCO ensert destid nat redeve in Great Expect	represently and Pi and distance, the se of my abliquitor sports.	
It the service and consistence. The event Manager facts to a common are any parts. And y services to Manager under APPLIES EXPECT. S A VISITY SCHEDULE. S Any part of the common of the other parts after meaning. FEDERAL TRUTT	ay any matakanana Munasara paymo Munasara paymo payabli mbora paymonta ongrapi and danibn	ggyndrig strau ene, at the opin it account to m en accordance farounder sha ung on the sant	on of Greek Expo octo durrent. I with the States I be in copiel cor- to dury of optimity	College or admyr hers of Disclosum decuping morning mith framedium un	po, and Group E. token. roughners as poder k.4. Into	med on the un		
	ment of Disclor	MT0)	}				Proper passes that	
PRODUCTIONS CHARGE AND G	Carrow of The	EDE B	OTAL SALES	1. Total Costs F			Enterent to 84 g or 46 or to reduce the state of the state or 46 or to reduce the state of the state of 45 or to state or 44 or 45 o	
100 m t (100 m) (100 m				1. Ameurs Pro	noed 1 _		to protect to a fail of the uncorrect the Finance compagniturate	
19.6° . You the super reve the ner		-	(Jam 14)	4. Finance Che	wgu 1 _		trained team. Traine and to a Present Courts and no return	
SPACES AND DESCRIPTION	errocks will be:	1 440		S. Total of Pays			S1.DQ.	
-				-	while by the Se	ter west res		
DELINQUENCY AND CON- neglect to cay any resident and buch teaus or respect to days. Then in addition to payment the dayer shall be oftenge, an amenin opinal to shall not occount \$5,00 or to	regayment when the second surface of second	for some styll (paragoni more) son delimperit patroperity er	Pen tin (10)	Buyer and pay to other resources	L Parasi be invali	0.00 00-00-	y ingggionere hyren aggin at aglicelle rgamenti. Iar avery dichera aggin, the remains	
PREPATEENT: Byou pay you may be artified to a re-				NOTICE 1	O BUYER	:		
See your Great Expectation	na Marrianny Na Ar			any blank st	seces to be fi	Red in.	you need it or it	
finance has standing ages of		-	residen.	2. You are agreement.	entitled to a	COMPleti	ely filled in or	
GREA	T EXPECTA	TIONS		3. You can at any time.	to new 05	in advanc	tue under this e the tuil amou turnshed on	
Business Address:				Momber (Buye the latte of the blanks in the C despite sures on	r) activitation executed. Mar entract were con- returned horses f	reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of the reaction of th	n exact copy of this Surmer economic Bed-in and that M g the Centraci.	
Authorous September:				Signature of Manager 3	·			
	Bautios:	White-FIR	TON ANCE: PIE	-SELLER:	Geld-CUI	TOMER		
	meeting:			- SELLEN.			Exhibi	

353

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of G.E.C.H., Inc., a corporation, and respondent having been furnished thereafter with a copy of the draft of complaint that 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 violations of Section 5 (a) of the Federal Trade Commission Act and the Truth in Lending Act; and

The respondent, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in 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 respondent has violated the said Acts, and that a 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

- 1. G.E.C.H., Inc., doing business as Great Expectations of Cherry Hill ("GE Cherry Hill"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of New Jersey with its office and principal place of business located at One Cherry Hill, Suite 600, Cherry Hill, NJ.
- 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.

120 F.T.C.

ORDER

I.

It is ordered, That:

- A. Respondent GE Cherry Hill, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the annual percentage rate, as required by Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22;
- B. Respondent GE Cherry Hill, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to make all disclosures in the manner, form, and amount required by Sections 122 and 128(a) of the TILA, 15 U.S.C. 1632 and 1638(a), and Sections 226.17 and 226.18 of Regulation Z, 12 CFR 226.17 and 226.18;
- C. Respondent GE Cherry Hill, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to comply with the TILA, 15 U.S.C. 1601 *et seq.*, and Regulation Z, 12 CFR 226.

II.

REFUND PROGRAM

It is further ordered, That:

- A. Within thirty (30) days following the date of service of this order, respondent shall:
- 1. Determine to whom respondent disclosed on the original TILA disclosure an annual percentage rate that was miscalculated by more

than one quarter of one percentage point below the annual percentage rate determined in accordance with Section 226.22 of Regulation Z, 12 CFR 226.22, or that disclosed a finance charge that was miscalculated by more than one dollar below the finance charge determined in accordance with Section 226.4 of Regulation Z, 12 CFR 226.4, so that each such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower, plus a tolerance of one quarter of one percentage point;

- 2. Calculate a lump sum refund and a monthly payment adjustment, if applicable, in accordance with Section 108(e) of the TILA, 15 U.S.C. 1607(e);
- 3. Mail a refund check to each eligible consumer in the amount determined above, along with Attachment 1; and
- 4. Provide the Federal Trade Commission with a list of each such consumer, the amount of the refund, the number of payments refunded, the amount of adjustment for future payments and the number of future payments to be adjusted;
- B. Within thirty (30) days following the date of adjustments made pursuant to this section, respondent shall direct Ira M. Goldberg, Esquire, to review a statistically-valid sample of refunds. Respondent shall provide the Federal Trade Commission with a certified letter from Mr. Goldberg confirming that respondent has complied with Part II. A. of this order;
- C. All costs associated with the administration of the refund program and payment of refunds shall be borne by the respondent.

III.

It is further ordered, That respondent, its successors and assigns, shall maintain for at least five (5) years from the date of service of this order and, upon thirty (30) days advance written request, make available to the Federal Trade Commission for inspection and copying all documents and other records necessary to demonstrate fully its compliance with this order.

120 F.T.C.

IV.

It is further ordered, That respondent, its successors and assigns, shall distribute a copy of this order to any present or future officers and managerial employees having responsibility with respect to the subject matter of this order and that respondent, its successors and assigns, shall secure from each such person a signed statement acknowledging receipt of said order.

V.

It is further ordered, That respondent, for a period of five (5) years following the date of service of this order, shall promptly notify the Commission at least thirty (30) days prior to any proposed change in its corporate structure such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, or any other change in the corporation that may affect compliance obligations arising out of the order.

VI.

It is further ordered, That respondent shall, within one hundred and eighty (180) days of the date of service 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.

ATTACHMENT 1

Dear Great Expectations Member:

353

Some time ago, the Federal Trade Commission staff notified us that we had made some inadvertent errors in filling out certain Truth in Lending Act disclosure forms, which is the form you signed containing primarily the terms by which you agreed to pay for your Great Expectations membership over some period of time. After receiving the FTC notification, we went back and recomputed your finance charge and determined that we had miscalculated or improperly disclosed that charge, or the annual percentage rate. We are therefore enclosing a refund check payable to your order in the amount of \$***** which represents the amount you were inadvertently overcharged.

[In addition, your future monthly payments have been recalculated and, starting immediately, your monthly payments will be \$*****.]

We hope that your experience with Great Expectations has been a positive one and hope that you will feel free to notify us if there is anything we can do for you. We regret any inconvenience this may have caused you.

Very truly yours,

[signed]

IN THE MATTER OF

GREAT EXPECTATIONS OF BALTIMORE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE TRUTH IN LENDING ACT AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3600. Complaint, Aug. 11, 1995--Decision, Aug. 11, 1995

This consent order requires, among other things, the video dating service franchises to properly and accurately disclose the annual percentage rate ("APR") and other credit terms of financed memberships, as required by the federal Truth in Lending Act, and requires the franchises to establish adjustment refund programs to compensate their past and current members who overpaid finance charges.

Appearances

For the Commission: Stephen Cohen and Judy Nixon. For the respondents: Allen D. Greif, Towson, MD.

COMPLAINT

The Federal Trade Commission, having reason to believe that Great Expectations Creative Management, Inc. has violated the Federal Trade Commission Act ("FTC Act"), and that Great Expectations, Inc., GEC Illinois, Inc., GEC Tennessee, Inc., GEC Alabama, Inc., Great Southern Video, Inc., New West Video Enterprises, Inc., San Antonio Singles of Texas, Inc., Austin Singles of Texas, Inc., Great Expectations of Baltimore, Inc., Great Expectations of Washington, D.C., Inc., Great Expectations of Washington, Inc., Sterling Connections, Inc., Private Eye Productions, Inc., Great Expectations - Columbus, Inc., JAMS Financial, Inc., V.L.P. Enterprises, Inc., APM Enterprises - Minn Inc., KGE, Inc., G.E.C.H., Inc., MWVE, Inc., GREATEX Denver, Inc., Sun West Video, Inc., and TRIAAC Enterprises, Inc. (hereinafter sometimes referred to collectively as "Great Expectations") have violated the Truth in Lending Act ("TILA"), its implementing Regulation Z, and the FTC Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, and alleges as follows:

- PARAGRAPH 1. Great Expectations Creative Management, Inc. ("GECM") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 16830 Ventura Blvd., Suite P, Encino, CA.
- PAR. 2. Great Expectations, Inc. ("GEI") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 16830 Ventura Blvd., Suite P, Encino, CA, and its principal places of business located at 1640 S. Sepulveda Blvd., suite 100, Los Angeles, CA, 17207 Ventura Blvd., Encino, CA, and 450 N. Mountain, Suite B, Upland, CA.
- PAR. 3. GEC Illinois, Inc. ("GE Illinois") 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 1701 E. Woodfield Dr., Suite 400, Schaumburg, IL.
- PAR. 4. GEC Tennessee, Inc. ("GE Tennessee") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 5552 Franklin Rd., suite 200, Nashville, TN.
- PAR. 5. GEC Alabama, Inc. ("GE Alabama") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Alabama, with its office and principal place of business located at 7529 S. Memorial Pkwy., Suite C & D, Huntsville, AL.
- PAR. 6. Great Southern Video, Inc., doing business as Great Expectations of Dallas ("GE Dallas"), 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 14180 Dallas Pkwy., Suite 100, Dallas, TX.
- PAR. 7. New West Video Enterprises, Inc., doing business as Great Expectations of Houston ("GE Houston"), 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 50 Briarhollow, Suite 100, Houston, TX.
- PAR. 8. San Antonio Singles of Texas, Inc., doing business as Great Expectations of San Antonio ("GE San Antonio"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at

10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 8131 I.H. 10 West, Suite 225, San Antonio, TX.

- PAR. 9. Austin Singles of Texas, Inc., doing business as Great Expectations of Austin ("GE Austin"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 9037 Research Blvd., Suite 130, Austin, TX.
- PAR. 10. Great Expectations of Baltimore, Inc. ("GE Baltimore") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Virginia, with its office and principal place of business located at 40 York Rd., Suite 500, Towson, MD.
- PAR. 11. Great Expectations of Washington, D.C.,Inc. ("GE DC") is a corporation 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 8601 Westwood Center Dr., Vienna, VA.
- PAR. 12. Great Expectations of Washington, Inc., doing business as Great Expectations of Raleigh/Durham ("GE Raleigh"), is a corporation 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 3714 Benson Dr., Suite 200, Raleigh, NC.
- PAR. 13. Sterling Connections, Inc., doing business as Great Expectations of Seattle ("GE Seattle"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 305 108th Ave., N.E., Suite 205, Bellevue, WA.
- PAR. 14. Private Eye Productions, Inc., doing business as Great Expectations of Portland ("GE Portland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 5531 S.W. Macadam Ave., Suite 225, Portland, OR.
- PAR. 15. Great Expectations Columbus, Inc. ("GE Columbus") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 1103 Schrock Rd., Suite 101, Columbus, OH.

- PAR. 16. JAMS Financial, Inc., doing business as Great Expectations of Milwaukee ("GE Milwaukee"), is a corporation, organized, existing, and doing business under and by virtue of the laws of the state of Wisconsin, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 16650 W. Bluemound, Suite 100, Brookfield, WI.
- PAR. 17. V.L.P. Enterprises, Inc., doing business as Great Expectations of San Diego ("GE San Diego"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 3465 Camino Del Rio South, Suite 300, San.Diego, CA.
- PAR. 18. APM Enterprises Minn Inc., doing business as Great Expectations of Minneapolis ("GE Minneapolis"), 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 3300 Edinborough Way, Suite 300, Edina, MN.
- PAR. 19. KGE, Inc., doing business as Great Expectations of Sausalito, Great Expectations of Mountain View, and Great Expectations of Walnut Creek (collectively referred to as "GE-SFA"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 1943 Landings Dr., Mountain View, CA, and its principal places of business located at 2401 Marinship Way, Suite 100, Sausalito, CA, 2085 Landings Dr., Mountain View, CA, and 1280 Civic Dr., Suite 300, Walnut Creek, CA.
- PAR. 20. G.E.C.H., Inc., doing business as Great Expectations of Cherry Hill ("GE Cherry Hill"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of New Jersey with its office and principal places of business located at One Cherry Hill, Suite 600, Cherry Hill, NJ.
- PAR. 21. MWVE, Inc., doing business as Great Expectations of Cleveland ("GE Cleveland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio, with its office and principal place of business located at 6300 Rockside Rd., Suite 200, Cleveland, OH.
- PAR. 22. GREATEX Denver, Inc., doing business as Great Expectations Video Dating, Ltd. ("GE-Denver"), is a corporation organized, existing, and doing business under and by virtue of the

laws of the state of Washington, with its office and principal place of business located at 3773 Cherry Creek North Dr., Suite 140, Denver, CO.

PAR. 23. Sun West Video, Inc., doing business as Great Expectations for Singles ("GE Phoenix"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Arizona, with its office and principal place of business located at 5635 N. Scottsdale Rd., Suite 190, Scottsdale, AZ.

PAR. 24. TRIAAC Enterprises, Inc., doing business as Great Expectations of Sacramento ("GE Sacramento"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 2277 Fair Oaks Blvd., Suite 195, Sacramento, CA.

RESPONDENTS' COURSE OF BUSINESS

PAR. 25. GECM is a video dating franchisor. It sells and services franchise operations throughout the United States. As part of its regular course of business, GECM has created and disseminated retail installment contracts (Exhibits 1 and 2) to the franchises described in paragraphs two through twenty-four. The GECM retail installment contracts purport to incorporate the disclosures required by the TILA.

PAR. 26. Respondents Great Expectations are video dating franchises. Respondents have provided financing to their members using retail installment contracts such as Exhibits 1 and 2 to disclose the terms of the financing.

PAR. 27. GECM's TILA disclosure (Exhibit 1) contains erroneous instructions for calculating and disclosing the finance charge and contains a pre-printed annual percentage rate ("APR") of 18%. In addition, Exhibit 1 fails to make the TILA disclosures in the format required by the TILA and fails to identify the creditor as required by the TILA.

PAR. 28. In 1988, GECM learned from its auditor that the calculations and disclosures contained in Exhibit 1 did not comply with the TILA. Nevertheless, it continued to disseminate Exhibit 1 to its franchisees and failed to notify them of the erroneous calculations and disclosures.

PAR. 29. In late 1990, GECM created a new retail installment contract, which also purported to incorporate the disclosures required by the TILA and which contained a pre-printed APR of 19.6%.

(Exhibit 2). Exhibit 2 fails to identify the creditor as required by the TILA and fails to provide the information required by the TILA in the itemization of the amount financed. Furthermore, GECM has disseminated Exhibit 2 to its franchisees but has failed to inform them to discontinue using the erroneous calculation and disclosure instructions that it had previously supplied in Exhibit 1.

PAR. 30. Respondents Great Expectations are creditors as that term is defined in the TILA and Regulation Z.

PAR. 31. The acts and practices of respondents Great Expectations and GECM alleged in this complaint have been and are in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

COUNT I

PAR. 32. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 33. Respondent GECM has furnished its franchises with TILA disclosures (Exhibits 1 and 2) that, on their face, violated the TILA. When used by respondents Great Expectations, Exhibits 1 and 2 have resulted in false and misleading disclosures of APRs and finance charges to consumers in violation of Section 5 of the FTC Act.

PAR. 34. In the course and practice of its business as described in paragraphs twenty-five through twenty-nine, and paragraph thirty-three, respondent GECM has provided respondents Great Expectations with the means and instrumentalities to violate the Section 5 of the FTC Act.

PAR. 35. The practices described in paragraph thirty-four constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II

PAR. 36. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 37. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-

SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the APR.

PAR. 38. The practice described in paragraph thirty-seven by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22.

COUNT III

PAR. 39. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 40. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the finance charge.

PAR. 41. The practice described in paragraph forty by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego violates Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d).

COUNT IV

PAR. 42. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 43. Respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix have furnished their members with TILA disclosures that have failed to disclose the finance charge more conspicuously than any other disclosure except the APR and the creditor's identity.

372

Complaint

PAR. 44. The practice described in paragraph forty-three by respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix violates Section 122(a) of the TILA, 15 U.S.C. 1632(a), and Section 226.17(a)(2) of Regulation Z, 12 CFR 226.17(a)(2).

COUNT V

PAR. 45. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 46. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including the itemization of the amount financed.

PAR. 47. The practice described in paragraph forty-six by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a)(1) of Regulation Z, 12 CFR 226.17(a)(1).

COUNT VI

PAR. 48. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 49. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to accurately disclose the itemization of the amount financed.

PAR. 50. The practice described in paragraph forty-nine by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San

Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(c) of Regulation Z, 12 CFR 226.18(c).

COUNT VII

PAR. 51. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 52. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to disclose the identity of the creditor.

PAR. 53. The practice described in paragraph fifty-two by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(1) of the TILA, 15 U.S.C. 1638(a)(1), and Section 226.18(a) of Regulation Z, 12 CFR 226.18(a).

COUNT VIII

PAR. 54. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 55. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the amount financed.

PAR. 56. The practice described in paragraph fifty-five by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638 (a)(8), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

- PAR. 57. Respondents GE Dallas, GE Houston, E San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the finance charge.
- PAR. 58. The practice described in paragraph fifty-seven by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(d) of Regulation Z, 12 CFR 226.18(d).
- PAR. 59. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the APR.
- PAR. 60. The practice described in paragraph fifty-nine by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(e) of Regulation Z, 12 CFR 226.18(e).
- PAR. 61. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total of payments and/or a description of the total of payments.
- PAR. 62. The practice described in paragraph sixty-one by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(5) and/or (8) of the TILA, 15 U.S.C. 1638(a)(5) and/or (8), and Section 226.18(h) of Regulation Z, 12 CFR 226.18(h).
- PAR. 63. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE

Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total sale price and/or a description of the total sale price.

PAR. 64. The practice described in paragraph sixty-three by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(7) and/or (8) of the TILA, 15 U.S.C. 1638(a)(7), and/or (8), and Section 226.18(j) of Regulation Z, 12 CFR 226.18(j).

COUNT IX

PAR. 65. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 66. Respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh have failed to include set-up or other fees that are charged only to consumers who finance the costs of their annual memberships in the finance charge and the annual percentage rate disclosed to the consumer. They have also failed to exclude disclosed to the consumer the amount financed that is disclosed these finance charges from to consumers.

PAR. 67. The practices described in paragraph sixty-six by respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh violate Sections 106, 107, and 128(a) of the TILA, 15 U.S.C. 1605, 1606, and 1638(a), and Sections 226.4(b), 226.22, and 226.18(b), (d), and (e) of Regulation Z, 12 CFR 226.4(b), 226.22, and 226.18(b), and (e).

COUNT X

PAR. 68. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 69. Respondent GE San Diego has furnished its members with TILA disclosures that have failed to disclose the APR, the finance charge, the amount financed, the total of payments, and the total sales price.

372

Complaint

PAR. 70. The practices described in paragraph sixty-nine by respondent GE San Diego violate Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18 of Regulation Z, 12 CFR 226.18.

COUNT XI

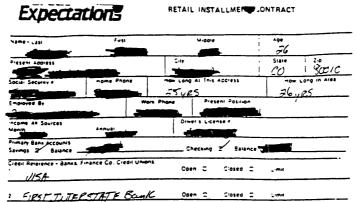
- PAR. 71. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 72. Respondent GE Houston has furnished its members with TILA disclosures that have failed to disclose the amount financed.
- PAR. 73. The practice described in paragraph seventy-two by respondent GE Houston violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

COUNT XII

- PAR. 74. Paragraphs one through thirty-one are incorporated herein by reference.
- PAR. 75. Respondents GEI, GE Alabama, GE Illinois, GE Portland, GE Dallas, GE Houston, GE Cleveland, GE Phoenix, GE San Antonio, GE Austin, GE Seattle, GE Denver, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE SFA, GE Cherry Hill, GE Sacramento, GE DC, GE Baltimore, and GE Raleigh have disclosed understated APRs and finance charges to consumers that have resulted in consumers paying more in financing costs than the amount to which they originally agreed.
- PAR. 76. The practices described in paragraph seventy-five are unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 45(a).

120 F.T.C.

EXHIBIT 1



The underspines Great Especiations (Seller) hereby selfs, and the underspined buver, nervinaliter referred to as "Member" burchas subject to the provision of this contract, a MEMBERSHIP in Great Especiations and promises to pay to Great Especiations its assume TOTAL PAYMENTS (Box 8) in accordance with the Payment Schedule hereinalier set forth.

DESCRIPTION OF GOODS AND SERVICES SOLD:

Interneuming, Testing & Evaluating, Processing & Coding, Background check (if necessary), for the ourons of pringing in contact in the ourchness (client), suitable innovituality with timider links and onlinks, this description intered to be partial only, the burish acknowledges in receipt of policiation form, which is made a part hereta is though int out of freedy.

READ CAREFULLY AND SIGN ONLY WHEN COMPLETELY UNDERSTOOD

idered and evaluated the terms of membership as set forth in Great Expectations Membership Agreement dated 10/31/9/ and requests linancing of the balance due. Acceptance of the terms of both agreements renders null and word a Durse's reput to cancel previously provided.

I underland that my failure to pathripate in Great Experiations ones instruction on the uniform the programment. I understand that by senting the Agreement I am a Member of Great Expectations.

MEMBER SIGNATURE X

NOTICE TO MEMBER: Upon request, Great Expectations must provide or male available for your scannington a statement or to showing how the partial refund of the time price charge is to be computed if any batance of the contract should be prepared. Memi Blower) and Great Expectations (Seller) again that it is to be computed if any batance of the contract of the contract of the contract and are incorporated herein by reference, if one to delinquency, if in receiving it is reference, if the contract and are incorporated herein by reference, if one to delinquency, if in receiving it is reference, if the contract and are incorporated herein by reference, if one to delinquency, if in reference in the account of the contract and are incorporated between the results of the event Members to Bayany in a contract of the contract of

17	EMIZATION OF THE AMOUNT FINA					
1.	Cash Price	1595		BALANCE	10.	ANNUAL PERCENTAGE RATE 18%
2.	Other /	<u> </u>		1595	11	S Interstee monthly indiginates of a 23
-		300		_		FORE, EDMINISTERS 12/5 1991 . 400 00 1400 00 00 00 00 00 00 00 00 00 00 00 00
1	Paid I 11 14 9/1 Second Interview -	100		1195	12.	BALLOOM PAYMENT. DELINGUENCY AND COLLECTION CHARGES
,	Other Payments Due (// , 30 / 9/)	100		1095		when their fair or majoret to gay any introllment pays when the tame intil become due and tuck fellors when the tame total became due and tuck fellors
4	Amt. Financed (Ungaio Ball of Cash Price #5)	1095		10 95		Bays, IRON IN ADDITION IS THE SMOURT OF SUCH SCHOOL.
,	Finance Charge: #5 Bal. ± 1/1% + 1.5 1 no.	01 D4YM4N11		82.13		SOURCE AND CONCERN PROPER AN AMOUNT FORM 1% OF LUCK GAYMONE, EXCEPT THAT SUCH CHAPTE SAFE EXCEPT 23.00 or be less than \$1.00.
•	Total Payments (Bas 6 + 7)		:	1177.13	: 3.	PREPAYMENT REBATE: Super may pressy any 62 am of the unders between entheur sensity and
•	Deferred Payment Price (Bat. #2 + #7)	1677	3			payment in full Burge Ingle be entitled to a refund to at the unegroup portion of the Finance Charge tomo under the timple interest bath, increase, there are
٠	DIVIDE by number of payments to calculate each installment and summarize on #11.					minimum Finance Charge of \$19.88 and no retund income charge is loss than \$1.88.

"Notice to buyer" (1) On not sign this agreement before you reselve or if it contains any blank spaces to be filled in . (2) You emilied to a completely filled-in copy of this agreement, (3) You can propay the full amount due unger this agreement at any . (4) If you delive to pay off in advance the full amount due, the amount which is outstanding will be furnished upon request."

SELLER Great Expedations	Signature of Memoer X
Survey 3773 Chary Cred N. Dr W.	Vemper "Suvert aconomiedes receigt of an exact copy O instrument at the time of its execution. Member (Buvert) Cannomodes (hal the blanks in this contract were complet filled in any lings for has read the disclosures contained
Authorized Table Time Time	prior to sening the contract
Median de la companya del la companya de la company	Exhibi+

EXHIBIT 2

Gre	at =	tions	•	RETAI	L INSTALLM	ENT CON	ITRACT	т
	·						DA	ATE
40mp 45			 -7.	-101	Wido	•	140	
******* A d d	17811				City		Sigto	Zie
iet:0: 50cu	rety #		Home	Prese	Her Long At T	** AGB1016	Date	et Birth
: ~010v00 B	, -Name and	A0070181		, **	ors Phone	Prosent Pas	4150	
*come All !	Seurces		Annual	-	Driver & Lic	••••		
Primery Ban Sevings	Accounts Name				_ Checking 🗇	Name		
The undersup MEMBERSHE Schedule here DESCRIPTIO	ned Great Ext P in Great Ext emailer text for N OF GOODS for the purpos	peciations and I Pi. S ANO SERVICE se of ground Man	promises to pa ES SCLD: Into Inter accres to	ry 10 Grael Exp receiving, Evela a Video Librer	reigned buyer (Momb ichilone of its assume mang, Processing & C y of potentially surfable	i the TOTAL PA oding, Beckgro o ridhiduals wil	YMENTS in and Check (i h smaler tha	accordance with S
HEMBER SIG HOTICETOM WILITED IN THE SI HEI THE SERVICE IN THE OVER SIGN	INATURE X EMBER: Upo ma pros creat	tood the surmer of balance due. I d that by segrand in request, Gree pe is to be come to the Greet Ex- pay any material.	membership is understand the play Contract is Expectations used if any but pectipions life and payment is	is patient in the circy teams to and the Monte must provide a error of the Cor montering Agre often due, the p	LY WHEN COMPLI Orest Expectations to peritopete in Great Ex ersitip Agreement, 1 a ir make eveletite for you arget affected the proper entert constitute is per constitute to proper Expectations or example.	embership Agri publishers dite in a Member of ir essmenditins d. Member (illu- t of the Contract y unanted Pre-	ornari dalam nati rationa Grant Especi statemento per) and Gra t and gra trea near Charles	primitie statuting flow not Expectations (Sc orporated furthe by) State away shall in
ATMENT SC	HEDULE: MA HEDULE: MA HOLES OF FIRE LATER MORE PROPERTY.	ombor's payme Control and dar	en la compa	eren wer fro S eren be in equi eren wer eren	tatement of Dischours of Europeanity on morth translation uni	podniki in		or the de regard betteres shall (T PINANCED"
	(State	ment of Disc	IGIA O	:OIA	1. Tour Count			Property of Real
PRICE!T AGE BATE	CUMM CUMM	Ale 3	PETRIBITS Also B	MCE	2. Long Corona			or ad of the organic software partiety of payments in Auf St
	100 mm	The property of participations to the transfer participations	The property spill from part spiller is follow disable of properties. At		1. Ameri Pro			to profited to a role of the programs of
19.6		-	-	(J= 1-4)		_		property beat.
	man () 1 1					-		Proposed for a Proposed Charge of and the referen
		nymera Berna	Mer Ch		S. Total of Payer			\$1,04
					-			e distriction des de l'Americans La françaisse des l'Americans
OELHOUEH	CY AND CO	LLECTION ON IN EXPRESSION IN The ATTENDED OF	ARGES: H Su	//	Streets the buyer shall pay to Soft watering reason	entend in the party of the part		come of enhancer
behinda ga	graden katery be	ny to Sector, sa	a distributions;	are enterior				-
Charges, art art Charl har besse	10 (12 (12 (14)) 10 (12 (14))	9% of Such Stay in least than \$1.	warz endept T DO.	and the control of the control	to profession by	teresi ito irreda Such Sreing.	erunarita e	anida , dia ramatra (
	-	oil early, yoursel hand of part of t	-	rgo.	100000			you read tors!
Charleston a	DOLL NON-BOY	na klambaratio Mari, datauli, p Na primaymara	AN INCUMAL IN	Mary In Mary	any blank so	sces to be fil	led in.	ely filled in cor
					agreement.			due under this a
<u>.</u>	GREA'	I EXPECT	ZADITA		at any time. 4. If you des	re to pay off	in advanc	se the full amour a furnished on r
Marens					territor (Buyer the time of the o plants in the Co	neterministique mountes. Mon rivaca viera com	rectage of ar ter (Buyer) protect or a f	n exact capy of this is a further acceptanced Book in and that bird g the Contract.
ry & Swm:								4
uranen					Signature or Majoritor X			

Reuting: White-FINANCE: Pinh-SELLER: Gold-CUSTOME

EXUIDIT

Decision and Order

120 F.T.C.

DECISION ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of respondents Great Expectations of Baltimore, Inc., Great Expectations of Washington, D.C., Inc., and Great Expectations of Washington, Inc., corporations, and respondents having been furnished thereafter with a copy of the draft of complaint that the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violations of Section 5(a) of the Federal Trade Commission Act and the Truth in Lending Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that respondents have violated the said Acts, and that a 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

- 1. Great Expectations of Baltimore, Inc. ("GE Baltimore") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Virginia, with its office and principal place of business located at 40 York Rd., Suite 500, Towson, MD.
- 2. Great Expectations of Washington, D.C., Inc. ("GE DC") is a corporation 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 8601 Westwood Center Dr., Vienna, VA.

372

- 3. Great Expectations of Washington, Inc., doing business as Great Expectations of Raleigh/Durham ("GE Raleigh"), is a corporation 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 3714 Benson Dr., Suite 200, Raleigh, NC.
- 4. 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:

- A. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the annual percentage rate, as required by Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22;
- B. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the finance charge, as required by Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d);
- C. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including from the itemization of the amount financed, as required by Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a) of Regulation Z, 12 CFR 226.17(a);

- D. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to make all disclosures in the manner, form, and amount required by Sections 122 and 128(a) of the TILA, 15 U.S.C. 1632 and 1638(a), and Sections 226.17 and 226.18 of Regulation Z, 12 CFR 226.17 and 226.18;
- E. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from:
- 1. Failing to include, in the finance charge and the annual percentage rate disclosed to the consumer, set-up or other fees that are charged only to consumers who finance the costs of their memberships, as required by Sections 106, 107, and 128 of the TILA, 15 U.S.C. 1605, 1606, and 1638, and Sections 226.4(b), 226.22, and 226.18(d) and (e) of Regulation Z, 12 CFR 226.4(b), 226.22, and 226.18(d) and (e); and
- 2. Failing to exclude, from the amount financed disclosed to the consumer, set-up or other fees that are charged only to consumers who finance the costs of their memberships, as required by Section 128 of the Truth in Lending Act, 15 U.S.C. 1638(a) and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b); and
- F. Respondents GE Baltimore, GE DC, and GE Raleigh, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to comply with the TILA, 15 U.S.C. 1601 *et seq.*, and Regulation Z, 12 CFR 226.

372

Decision and Order

II.

REFUND PROGRAM

It is further ordered, That:

- A. Within thirty (30) days following the date of service of this order, respondents shall:
- 1. Determine to whom respondents disclosed on the original TILA disclosure an annual percentage rate that was miscalculated by more than one quarter of one percentage point below the annual percentage rate determined in accordance with Section 226.22 of Regulation Z, 12 CFR 226.22, or that disclosed a finance charge that was miscalculated by more than one dollar below the finance charge determined in accordance with Section 226.4 of Regulation Z, 12 CFR 226.4, so that each such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower, plus a tolerance of one quarter of one percentage point;
- 2. Calculate a lump sum refund and a monthly payment adjustment, if applicable, in accordance with Section 108(e) of the TILA, 15 U.S.C. 1607(e);
- 3. Mail a refund check to each eligible consumer in the amount determined above, along with Attachment 1; and
- 4. Provide the Federal Trade Commission with a list of each such consumer, the amount of the refund, the number of payments refunded, the amount of adjustment for future payments and the number of future payments to be adjusted.
- B. No later than fifteen (15) days following the date of service of this order, respondents shall provide the Federal Trade Commission with the name and address of three independent accounting firms, with which they, their officers, employees, attorneys, agents, and franchisees have no business relationship. Staff for the Division of Credit Practices of the FTC shall then have the sole discretion to choose one of the firms ("independent agent") and so advise respondents;

C. Within thirty (30) days following the date of adjustments made pursuant to this section, respondents shall direct the independent agent to review a statistically-valid sample of refunds. Respondents shall provide the Federal Trade Commission with a certified letter from the independent agent confirming that respondents have complied with Part II.A. of this order;

D. All costs associated with the administration of the refund program and payment of refunds shall be borne by the respondents.

III.

It is further ordered, That respondents, their successors and assigns, shall maintain for at least five (5) years from the date of service of this order and, upon thirty (30) days advance written request, make available to the Federal Trade Commission for inspection and copying all documents and other records necessary to demonstrate fully their compliance with this order.

IV.

It is further ordered, That respondents, their successors and assigns, shall distribute a copy of this order to any present or future officers and managerial employees having responsibility with respect to the subject matter of this order and that respondents, their successors and assigns, shall secure from each such person a signed statement acknowledging receipt of said order.

V.

It is further ordered, That respondents, for a period of five (5) years following the date of service of this order, shall promptly notify the Commission at least thirty (30) days prior to any proposed change in their corporate structure such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, or any other change in the corporation that may affect compliance obligations arising out of the order.

372

Decision and Order

VI.

It is further ordered, That respondents shall, within one hundred and eighty (180) days of the date of service 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.

ATTACHMENT 1

Dear Great Expectations Customer:

As part of our settlement with the Federal Trade Commission for alleged violations of the Truth in Lending Act, we are sending you the enclosed refund check in the amount of \$*****. The refund represents the amount you were overcharged as a result of errors made by Great Expectations in calculating or disclosing the annual percentage rate or finance charge.

[In addition, your future monthly payments have been reduced. Starting immediately, your monthly payments will be \$******.]

We regret any inconvenience this may have caused you.

Great Expectations

120 FTC

IN THE MATTER OF

KGE, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE TRUTH IN LENDING ACT AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3601. Complaint, Aug. 11, 1995--Decision, Aug. 11, 1995

This consent order requires, among other things, a video dating service franchise to properly and accurately disclose the annual percentage rate ("APR") and other credit terms of financed memberships, as required by the federal Truth in Lending Act, and requires the franchise to establish adjustment refund programs to compensate its past and current members who overpaid finance charges.

Appearances

For the Commission: Stephen Cohen and Judy Nixon. For the respondent: Gary S. Vandeweghe, Rankin, Luckhardt, Vandeweghe, Landsness & Lahde, San Jose, CA.

COMPLAINT

The Federal Trade Commission, having reason to believe that Great Expectations Creative Management, Inc. has violated the Federal Trade Commission Act ("FTC Act"), and that Great Expectations, Inc., GEC Illinois, Inc., GEC Tennessee, Inc., GEC Alabama, Inc., Great Southern Video, Inc., New West Video Enterprises, Inc., San Antonio Singles of Texas, Inc., Austin Singles of Texas, Inc., Great Expectations of Baltimore, Inc., Great Expectations of Washington, D.C., Inc., Great Expectations of Washington, Inc., Sterling Connections, Inc., Private Eye Productions, Inc., Great Expectations - Columbus, Inc., JAMS Financial, Inc., V.L.P. Enterprises, Inc., APM Enterprises - Minn Inc., KGE, Inc., G.E.C.H., Inc., MWVE, Inc., GREATEX Denver, Inc., Sun West Video, Inc., and TRIAAC Enterprises, Inc. (hereinafter sometimes referred to collectively as Expectations") have violated the Truth in Lending Act ("TILA"), its implementing Regulation Z, and the FTC Act, and it appearing to the

KGE, INC.

393

Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, and alleges as follows:

PARAGRAPH 1. Great Expectations Creative Management, Inc. ("GECM") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 16830 Ventura Blvd., Suite P, Encino, CA.

- PAR. 2. Great Expectations, Inc. ("GEI") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 16830 Ventura Blvd., Suite P, Encino, CA, and its principal places of business located at 1640 S. Sepulveda Blvd., Suite 100, Los Angeles, CA, 17207 Ventura Blvd., Encino, CA, and 450 N. Mountain, Suite B, Upland, CA.
- PAR. 3. GEC Illinois, Inc. ("GE Illinois") 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 1701 E. Woodfield Dr., Suite 400, Schaumburg, IL.
- PAR. 4. GEC Tennessee, Inc. ("GE Tennessee") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 5552 Franklin Rd., Suite 200, Nashville, TN.
- PAR. 5. GEC Alabama, Inc. ("GE Alabama") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Alabama, with its office and principal place of business located at 7529 S. Memorial Pkwy., Suite C & D, Huntsville, AL.
- PAR. 6. Great Southern Video, Inc., doing business as Great Expectations of Dallas ("GE Dallas"), 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 14180 Dallas Pkwy., Suite 100, Dallas, TX.
- PAR. 7. New West Video Enterprises, Inc., doing business as Great Expectations of Houston ("GE Houston"), 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 50 Briarhollow, Suite 100, Houston, TX.

- PAR. 8. San Antonio Singles of Texas, Inc., doing business as Great Expectations of San Antonio ("GE San Antonio"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 8131 I.H. 10 West, Suite 225, San Antonio, TX.
- PAR. 9. Austin Singles of Texas, Inc., doing business as Great Expectations of Austin ("GE Austin"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Texas, with its corporate office at 10497 Town & Country Way, Suite 214, Houston, TX, and its principal place of business located at 9037 Research Blvd., Suite 130, Austin, TX.
- PAR. 10. Great Expectations of Baltimore, Inc. ("GE Baltimore") is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Virginia, with its office and principal place of business located at 40 York Rd., Suite 500, Towson, MD.
- PAR. 11. Great Expectations of Washington, D.C., Inc. ("GE DC") is a corporation 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 8601 Westwood Center Dr., Vienna, VA.
- PAR. 12. Great Expectations of Washington, Inc., doing business as Great Expectations of Raleigh/Durham ("GE Raleigh"), is a corporation 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 3714 Benson Dr., Suite 200, Raleigh, NC.
- PAR. 13. Sterling Connections, Inc., doing business as Great Expectations of Seattle ("GE Seattle"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 305 108th Ave., N.E., Suite 205, Bellevue, WA.
- PAR. 14. Private Eye Productions, Inc., doing business as Great Expectations of Portland ("GE Portland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Oregon, with its office and principal place of business located at 5531 S.W. Macadam Ave., Suite 225, Portland, OR.
- PAR. 15. Great Expectations Columbus, Inc. ("GE Columbus") is a corporation organized, existing, and doing business under and by

KGE, INC.

395

virtue of the laws of the state of Ohio, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 1103 Schrock Rd., Suite 101, Columbus, OH.

PAR. 16. JAMS Financial, Inc., doing business as Great Expectations of Milwaukee ("GE Milwaukee"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Wisconsin, with its corporate office at 11835 W. Olympic Blvd., Suite 490, Los Angeles, CA, and its principal place of business located at 16650 W. Bluemound, Suite 100, Brookfield, WI

PAR. 17. V.L.P. Enterprises, Inc., doing business as Great Expectations of San Diego ("GE San Diego"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 3465 Camino Del Rio South, Suite 300, San Diego, CA.

PAR. 18. APM Enterprises - Minn Inc., doing business as Great Expectations of Minneapolis ("GE Minneapolis"), 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 3300 Edinborough Way, Suite 300, Edina, MN.

PAR. 19. KGE, Inc., doing business as Great Expectations of Sausalito, Great Expectations of Mountain View, and Great Expectations of Walnut Creek (collectively referred to as "GE-SFA"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 1943 Landings Dr., Mountain View, CA, and its principal places of business located at 2401 Marinship Way, Suite 100, Sausalito, CA, 2085 Landings Dr., Mountain View, CA, and 1280 Civic Dr., Suite 300, Walnut Creek, CA.

PAR. 20. G.E.C.H., Inc., doing business as Great Expectations of Cherry Hill ("GE Cherry Hill"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of New Jersey with its office and principal places of business located at One Cherry Hill, Suite 600, Cherry Hill, NJ.

PAR. 21. MWVE, Inc., doing business as Great Expectations of Cleveland ("GE Cleveland"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Ohio,

with its office and principal place of business located at 6300 Rockside Rd., Suite 200, Cleveland, OH.

- PAR. 22. GREATEX Denver, Inc., doing business as Great Expectations Video Dating, Ltd. ("GE-Denver"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 3773 Cherry Creek North Dr., Suite 140, Denver, CO.
- PAR. 23. Sun West Video, Inc., doing business as Great Expectations for Singles ("GE Phoenix"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Arizona, with its office and principal place of business located at 5635 N. Scottsdale Rd., Suite 190, Scottsdale, AZ.
- PAR. 24. TRIAAC Enterprises, Inc., doing business as Great Expectations of Sacramento ("GE Sacramento"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its office and principal place of business located at 2277 Fair Oaks Blvd., Suite 195, Sacramento, CA.

RESPONDENTS' COURSE OF BUSINESS

- PAR. 25. GECM is a video dating franchisor. It sells and services franchise operations throughout the United States. As part of its regular course of business, GECM has created and disseminated retail installment contracts (Exhibits 1 and 2) to the franchises described in paragraphs two through twenty-four. The GECM retail installment contracts purport to incorporate the disclosures required by the TILA.
- PAR. 26. Respondents Great Expectations are video dating franchises. Respondents have provided financing to their members using retail installment contracts such as Exhibits 1 and 2 to disclose the terms of the financing.
- PAR. 27. GECM's TILA disclosure (Exhibit 1) contains erroneous instructions for calculating and disclosing the finance charge and contains a pre-printed annual percentage rate ("APR") of 18%. In addition, Exhibit 1 fails to make the TILA disclosures in the format required by the TILA and fails to identify the creditor as required by the TILA.
- PAR. 28. In 1988, GECM learned from its auditor that the calculations and disclosures contained in Exhibit 1 did not comply with the TILA. Nevertheless, it continued to disseminate Exhibit 1

KGE, INC.

Complaint

397

to its franchisees and failed to notify them of the erroneous calculations and disclosures.

PAR. 29. In late 1990, GECM created a new retail installment contract, which also purported to incorporate the disclosures required by the TILA and which contained a pre-printed APR of 19.6%. (Exhibit 2). Exhibit 2 fails to identify the creditor as required by the TILA and fails to provide the information required by the TILA in the itemization of the amount financed. Furthermore, GECM has disseminated Exhibit 2 to its franchisees but has failed to inform them to discontinue using the erroneous calculation and disclosure instructions that it had previously supplied in Exhibit 1.

PAR. 30. Respondents Great Expectations are creditors as that term is defined in the TILA and Regulation Z.

PAR. 31. The acts and practices of respondents Great Expectations and GECM alleged in this complaint have been and are in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

COUNT I

PAR. 32. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 33. Respondent GECM has furnished its franchises with TILA disclosures (Exhibits 1 and 2) that, on their face, violated the TILA. When used by respondents Great Expectations, Exhibits 1 and 2 have resulted in false and misleading disclosures of APRs and finance charges to consumers in violation of Section 5 of the FTC Act.

PAR. 34. In the course and practice of its business as described in paragraphs twenty-five through twenty-nine, and paragraph thirty-three, respondent GECM has provided respondents Great Expectations with the means and instrumentalities to violate the Section 5 of the FTC Act.

PAR. 35. The practices described in paragraph thirty-four constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. 45(a).

COUNT II

PAR. 36. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 37. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the APR.

PAR. 38. The practice described in paragraph thirty-seven by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22.

COUNT III

PAR. 39. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 40. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego have furnished their members with TILA disclosures that have failed to accurately calculate and disclose the finance charge.

PAR. 41. The practice described in paragraph forty by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Columbus, GE Milwaukee, GE-SFA, GE Cleveland, GE Phoenix, GE Sacramento, and GE San Diego violates Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d).

COUNT IV

PAR. 42. Paragraphs one through thirty-one are incorporated herein by reference.

KGE, INC.

399

PAR. 43. Respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix have furnished their members with TILA disclosures that have failed to disclose the finance charge more conspicuously than any other disclosure except the APR and the creditor's identity.

PAR. 44. The practice described in paragraph forty-three by respondents GE Dallas, GE Houston, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, and GE Phoenix violates Section 122(a) of the TILA, 15 U.S.C. 1632(a), and Section 226.17(a)(2) of Regulation Z, 12 CFR 226.17(a)(2).

COUNT V

PAR, 45. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 46. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to segregate the disclosures required by the TILA from all other information provided in connection with the transaction, including the itemization of the amount financed.

PAR. 47. The practice described in paragraph forty-six by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(b)(1) of the TILA, 15 U.S.C. 1638(b)(1), and Section 226.17(a)(1) of Regulation Z, 12 CFR 226.17(a)(1).

COUNT VI

PAR. 48. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 49. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento

have failed to accurately disclose the itemization of the amount financed.

PAR. 50. The practice described in paragraph forty-nine by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(c) of Regulation Z, 12 CFR 226.18(c).

COUNT VII

PAR. 51. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 52. Respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have failed to disclose the identity of the creditor.

PAR. 53. The practice described in paragraph fifty-two by respondents GEI, GE Illinois, GE Tennessee, GE Alabama, GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE-SFA, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(1) of the TILA, 15 U.S.C. 1638(a)(1), and Section 226.18(a) of Regulation Z, 12 CFR 226.18(a).

COUNT VIII

PAR. 54. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 55. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the amount financed.

KGE, INC.

Complaint

401

PAR. 56. The practice described in paragraph fifty-five by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

PAR. 57. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the finance

PAR. 58. The practice described in paragraph fifty-seven by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(d) of Regulation Z, 12 CFR 226.18(d).

PAR. 59. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide a description of the APR.

PAR. 60. The practice described in paragraph fifty-nine by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(8) of the TILA, 15 U.S.C. 1638(a)(8), and Section 226.18(e) of Regulation Z, 12 CFR 226.18(e).

PAR. 61. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total of payments and/or a description of the total of payments.

PAR. 62. The practice described in paragraph sixty-one by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin,

GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(5) and/or (8) of the TILA, 15 U.S.C. 1638(a)(5) and/or (8), and Section 226.18(h) of Regulation Z, 12 CFR 226.18(h).

PAR. 63. Respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento have furnished their members with TILA disclosures that have failed to provide the total sale price and/or a description of the total sale price.

PAR. 64. The practice described in paragraph sixty-three by respondents GE Dallas, GE Houston, GE San Antonio, GE Austin, GE Baltimore, GE DC, GE Raleigh, GE Seattle, GE Portland, GE Minneapolis, GE Cherry Hill, GE Cleveland, GE Denver, GE Phoenix, and GE Sacramento violates Section 128(a)(7) and/or (8) of the TILA, 15 U.S.C. 1638(a)(7) and/or (8), and Section 226.18(j) of Regulation Z, 12 CFR 226.18(j).

COUNT IX

PAR. 65. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 66. Respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh have failed to include set-up or other fees that are charged only to consumers who finance the costs of their memberships in the finance charge and the annual percentage rate disclosed to the consumer. They have also failed to exclude these finance charges from the amount financed that is disclosed to consumers.

PAR. 67. The practices described in paragraph sixty-six by respondents GE Dallas, GE Houston, GE Phoenix, GE San Antonio, GE Austin, GE Baltimore, GE DC, and GE Raleigh violate Sections 106, 107, and 128(a) of the TILA, 15 U.S.C. 1605, 1606, and 1638(a), and Sections 226.4(b), 226.22, and 226.18(b), (d), and (e) of Regulation Z, 12 CFR 226.4(b), 226.22, and 226.18(b), (d), and (e).

KGE, INC. 403

Complaint

COUNT X

PAR. 68. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 69. Respondent GE San Diego has furnished its members with TILA disclosures that have failed to disclose the APR, the finance charge, the amount financed, the total of payments, and the total sales price.

PAR. 70. The practices described in paragraph sixty-nine by respondent GE San Diego violate Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18 of Regulation Z, 12 CFR 226.18.

COUNT XI

PAR. 71. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 72. Respondent GE Houston has furnished its members with TILA disclosures that have failed to disclose the amount financed.

PAR. 73. The practice described in paragraph seventy-two by respondent GE Houston violates Section 128(a) of the TILA, 15 U.S.C. 1638(a), and Section 226.18(b) of Regulation Z, 12 CFR 226.18(b).

COUNT XII

PAR. 74. Paragraphs one through thirty-one are incorporated herein by reference.

PAR. 75. Respondents GEI, GE Alabama, GE Illinois, GE Portland, GE Dallas, GE Houston, GE Cleveland, GE Phoenix, GE San Antonio, GE Austin, GE Seattle, GE Denver, GE Columbus, GE Milwaukee, GE San Diego, GE Minneapolis, GE SFA, GE Cherry Hill, GE Sacramento, GE DC, GE Baltimore, and GE Raleigh have disclosed understated APRs and finance charges to consumers that have resulted in consumers paying more in financing costs than the amount to which they originally agreed.

PAR. 76. The practices described in paragraph seventy-five are unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 45(a).

120 F.T.C.

EXHIBIT 1

41me - L351	Fwgi	4.0	gi e	490	
			_	<i>7</i> 6	
0-626-M VGG-621		City		State 1 2.0	
Social Security 6	nome Phone	MON LONG AL TE	DIS ACCIONS	1 30 1 80	EIC
SOCIAL SPERMY P		=5URS		1 ,	
Emproyee By	Work	Phone P	resent Position	1 36,425	
2				_	
Honen An Sources	Annual ,	Orner's L	-cense +		
Primary Bane Accounts					
Savings 2 Balance		Checam	19 Z Balance*		
Creail Reference - Banks F	Finance Co. Credit Unions				
1115A		Coen C	Ciosed C	md	
· FIRST TITEL	PSTATE BOUNK	Open I	Closed I	-mr	
I understand that my failure to regardless of the circumstances, it	understand that by wanted	Na Agreement 1 /	m a Member of Gre	impation in pay this cou at Femeriations	miraci .r
regardless of the circumstances. I MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re- showing how the partial reland or (Buyer) and Great Expectations (part of this contract and are in	understagd that by sening to quest, Great Expectations of the time price charge is to (Seller) agree that the terms incorporated herein by refer	mett previde or mi be computed if a and condition of mice. If due to a	m a Member of Gre sike available for young balance of the control of the Member's Control of the control of the Member's Control of the Member of the control o	ial Expectations.	ment or seid. Mei comitit
regardets of the circumstance, i MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re vinowing how the partial refund of Boyrers and Great Expectations; Board of the contract and are in collections, then the basance due is provinent week due, the entire backpectations or assupers, and Greater than the collection of the contract and the collections of the collec	understage that by seeing to dest. Great Expectations of of the time price charge is, (Seller) agree that the terms incorporated herein by refe shall include actual attemps lance then owing shall imm reat Expectations shall not than one person sens this co	matt previde or mi a be computed if it and conditions or mice. If due to con- try fee and court or adultery become di the resurred to are	m a Member of Gre sike available for yo iny balance of the io in the Member's Co setinguency, it is costs, in the event under Any Member, wi yide Any Member, wi	ial Expectations. In examination a stater contract should be pres intract for Membership necessary to refer this Member fails to pay an ifhour notice, at the opi	ment or said, Mei comitit accoun y installi
regardets of the circumsance. I MEMBER SIGNATURE X NOTICE TO MEMBER: Upon resolvement how the partial relund of Buyers and Great Expectations. But of this contract and are in collection, then the balance due to anythem to when due, the entire bacapectation or assumed. And Gractount is made current, if and Gractount is made current, if and Gractount is made current. If TEMIZATION OF THE AM	understage that by seeing to dest. Great Expectations of of the time price charge is, (Seller) agree that the terms incorporated herein by refe shall include actual attemps lance then owing shall imm reat Expectations shall not than one person sens this co	matt previde or mi a be computed if it and conditions or mice. If due to con- try fee and court or adultery become di the resurred to are	in a Member of Green was a Member of Green with a Member is Continuous and the Member is Continuous and payable, we wide any services to continuous and payable and any services to continuous and any services and any servic	ur examination a states contract should be pres printed to Membership member fails to pay an inout notice, at the op o Member until Member point and several. RCENTAGE RATE	ment or said, Me o comfit accoun y install tion of (er t pay
regardest of the circumsance. I MEMBER SIGNATURE X — MOTICE TO MEMBER: Upon re showing how the partial reland o (Buyer) and Great Expectations. Open of this contract and are in collection, then the balance due I purpose the province of the collection of the collection of a suggested on the collection of the collection of suggested of the collection of	understage that by seeing to overt. Great Expectations of of the time price charge is to (Saller) agree that the termi incorporated herein by refe shall include actual atterne- tiance then owing that immi- rat Expectations that not linn one person sens this co OUNT FINANCED	mett previde or mi send computed if a send conditions of merce. If due to c "se and court of doubtery become d ar required to are miract then their of BALANCE. 10	m a Member of Gre sixe available for yo sny balance of the n the Member's Co selinquency, it costs, in the event use and payable use and payable payable ANNUAL PE PAYMENT SCI	ur examination a stater contract should be pres intract for Membershir memory fails to pay an mount for a the or mount notice, at the ob- on Member until Member unit and several. RECENTAGE RATE	ment or said. Me o comitit account to accoun
regardess of the circumsances. I MEMBER SIGNATURE X — MOTICE TO MEMBER: Upon restricted and section of Buyers and Great Expectations. Open of this contract and are in collection, then the balance due to anythem to when due, the entire bacapactistion or assume, and Gractount is made current, if more current of the section of the sectio	understage that by seeing to overt, Great Expectations in of the time bride charge is to (Saller) agree that the terminocoporated herein by refer shall include actual atterne shall include actual include ac	mett previde or mi send computed if a send conditions of merce. If due to c "se and court of doubtery become d ar required to are miract then their of BALANCE. 10	ask available for young ask available for young balance of the on the Member's Costinguards, it is notice in the eventual and bayable, with a vide any terrices to oligation shall be so annual. PEPAMENT SCI	ur examination a stater contract should be presented for Membership contract for Membership contract for Membership cases of cases of the contract state of the contract contr	ment or need. Men or commit account to account to the second of the seco
regardets of the circumsances, i MEMBER SIGNATURE X MOTICE TO MEMBER: Upon re showing how the partial refund o (Buyer) and Great Expectations, part of this contract and are in collection, then the balance due to payment when que, the entire ba- Expectation or assignee, and Graccount in made current, if more ITEMIZATION OF THE AMI Cash Pice Cother (Down Paymen)	understage that by wearing to overt. Great Expectations in of the time price charge is to (5-siler) agree that the terms recorporated herein by refer shall include actual atterner lance them owing shall immitted them owing shall immitted them owing shall immitted them own go shall not considered them one process sent this co OUNT FINANCED	high Agreement 1 at the provide or min to be computed if and conditions or mince. If due to a condition because of the product	ms Member of Green available for you not parameter of the common formation of the control of the	ur examination s states contract should be presented for Membership cafer this Member laist to pay an infour notice, at the opinities of the properties of the properties of the opinities of the pay of the properties of the pay of the properties of the pay of the p	ment or series Meid. Meid occurrent or commit account y install tion of (
regardess of the circumsances. I MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re showing how the partial rulind o (Buyer) and Great Expectations. O Buyer's and Great Expectations, o Derivort simen out, the entire ba Expectation out, the entire ba Expectation or assume, and Gr account is made current. If and I Cash Pice 2. Other I 3. Down Payment 4. Paid I I	understage that by wearing it overt. Great Expectations in of the time price charge is to (Saller) agree that the terms received the terms corporated therein by refe shall include actual atterney lance them owney that immers the appectations shall not continue to the owney that immers the appectations shall not continue one person signs this could be continued to the continue of	high Agreement Last provide or min to be computed if and control mince. If due to a fall end court or mince if the to to a fall end court or min to and court or min to an or min to a fall end to a f	ms Member of Green available for you not parameter of the common formation of the control of the	ur examination s states contract should be presented for Membership cafer this Member laist to pay an infour notice, at the opinities of the properties of the properties of the opinities of the pay of the properties of the pay of the properties of the pay of the p	ment or series Meid. Meid occurrent or commit account y install tion of (
regardets of the circumsances. I MEMBER SIGNATURE X MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re whommy how the partial refund o (Buyer) and Great Expectations, o part of this contract and are in collection, then the balance due to partment when out, the entire due to partment when out, the entire due to partment when out, the entire Expectations or assigned, and Gr account in made current, if many I Cash Pice 2. Other I Down Payment 4. Paid (// // 9/) Secon 5. Other Payments Oue 1 // // 3	understage that by wearing it overt. Great Expectations in of the time price charge is to (Saller) agree that the terms received the terms corporated the feet in the terms received the state of the sall include actual atterner shall include actual in actua	high Agreement 1 at the provided or min to be computed if and control and and control and	ms Member of Green available for you not parameter of the common formation of the control of the	ur examination s states contract should be presented for Membership cafer this Member laist to pay an infour notice, at the opinities of the properties of the properties of the opinities of the pay of the properties of the pay of the properties of the pay of the p	ment or series Meid. Meid occurrent or commit account y install tion of (
regardets of the circumstances. I MEMBER SIGNATURE X MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re showing how the partial refund o (Buyer) and Great Expectations. O Buyer's and Great Expectations, o Expectations due, the entire ba Expectations or assume, and Gr account is made current, if made I Cash Pixte 2. Other I 3. Down Payment 4. Paid (// // 7/) Second 5. Other Payments Oue (// / 3 6. Amit Finance Jungaid Bal Intil 7. Amit Finance Jungaid Bal Intil 8. Amit Finance Jungaid Bal Intil 9. Amit Finance Jungaid Bal Intil 9. Amit Finance Jungaid Bal Intil 9. Amit Finance Jungaid Bal Intil 10. Amit Finance Jungaid Bal Intil	understage that by separe to the control of the time price charge is to the time price charge is to the time time the corporate the cere by refer that the termin corporate the cere by refer that the termin corporate the cere by refer that in control time to the owner that the control time to the control time to the cere time to the control time time to the cere time time to the cere time time time time time time time tim	hg Agreement 1 at 1	m a Member of Gre see available for yo iny balance of the in particular of the in outs in the event outs in the event outs in the event outs out and payable, we ward Any virvices to in ANNUAL PE PAYMENT SCI OUTS IN SECTION OUTS IN SECTION OUTS IN OUTS I	ur examination a titler contract thould be presented to Membership the presented to the pre	ment or serie. Mei o comuti acceun y initali tion of (
regardets of the circumstance, i MEMBER SIGNATURE X MEMBER: Upon re snowing how the partial refund o (Buyer) and Great Expectations. (Buyer) and Great Expectations. (Dark of this contract and are in collection, then the balance due it payment when due, the entire ba Expectations or assigned, and Great Expectations of assigned, and Great Expectations of assigned and Great Dark of the Comment Paid (H + 71) Secon Other Payments Ove (H) 3 Charles Finance (unpaid Ba) (1)	understage that by separe to the control of the time price charge is to the time price charge is to the time time the corporate the cere by refer that the termin corporate the cere by refer that the termin corporate the cere by refer that in control time to the owner that the control time to the control time to the cere time to the control time time to the cere time time to the cere time time time time time time time tim	hg Agreement 1 at 1 and	m a Member of Gre see available for yo iny balance of the in particular of the in outs in the event outs in the event outs in the event outs out and payable, we ward Any virvices to in ANNUAL PE PAYMENT SCI OUTS IN SECTION OUTS IN SECTION OUTS IN OUTS I	ur examination a titler contract thould be presented to Membership the presented to the pre	ment or serie. Mei o comuti acceun y initali tion of (
regardents of the circumstances, i MEMBER SIGNATURE X	understage that by separe to the control of the time price charge is to the time price charge is to the time time the corporate the cere by refer that the termin corporate the cere by refer that the termin corporate the cere by refer that in control time to the owner that the control time to the control time to the cere time to the control time time to the cere time time to the cere time time time time time time time tim	hg Agreement 1 at 1	ma Member of Gre alter available for you nny palance of the in the Member 1 Cr oosts, in the event oosts	ur examination a stater contract should be presented for Membership contract for Membership cafer this Member laist to pay an infour notice, at the ool of Member until Member laist to pay an infour notice, at the ool of Member until Member laist to pay an infour notice, at the ool of Member laist to pay an infour notice of Member laist to pay an infour notice of the member laist laid of the member laist pay and infour laist lais	ment or Midd. Mes of commit of commit of commit of committee of commit
regardest of the circumstance, i MEMBER SIGNATURE X	understage that by separate in the time gree charge is a screen agree charge is a screen agree charge is a screen agree that the termin corrections and termin gree charge in the screen agree charge cha	high Agreement 1 at a second of the computed if a second of the computed to be resurred	m a Member of Cre size available for you into palance of the in the Member is Cre size available for you and palance of the in the Member is continuously. If it is out and payable, we wide any vervices in the size and payable in the size and continuously continuou	ur examination a stater contract should be presented for Membership to the state of	ment or committee
regardets of the circumstance, i MEMBER SIGNATURE X MEMBER: Upon re snowing how the partial refund o (Buyer) and Great Expectations. (Buyer) and Great Expectations. (Dark of this contract and are in collection, then the balance due it collection, then the balance due it Expectations or assigned, and Great Expectations of the Great Other Payments Oue i // 3 Other Payments Oue i // 3 Amil Finance Charge its Bal, a 1 mm Total Payment (Bal 6 7)	greet, Greet Expectations of the time price charge is a fine time price charge is a figure of the time price charge is a figure of the time price charge is a figure of the time and the time charge is a figure of the time and the time of t	high Agreement 1 at a second of the computed if a second of the computed to be resurred	m a Member of Cre size available for you into palance of the in the Member is Cre size available for you and palance of the in the Member is continuously. If it is out and payable, we wide any vervices in the size and payable in the size and continuously continuou	ur examination a stater contract should be presented for Membership to the state of	ment or committee
regardents of the circumstances, i MEMBER SIGNATURE X	govert, Great Expectations of the time price charge is a Collection of the time price charge is a Collection of the time price charge is a Collection actual attendance there may be a collection occur of the time of	mp Agreement 1 at most provide or min o be computed if a and control of the formation of th	m a Member of Green available for you not palance of the in the memor's Constitution of the interest of the in	ur examination a stater contract should be over a more stater for Membership to the state of the	ment or said. Me comit account
regardents of the circumstances, i MEMBER SIGNATURE X NOTICE TO MEMBER. Upon re unowing how the partial infund o flower) and Ceat Expectations. part of this contract are used to the contract of the cont	understage that by separations in the time price charge is to the time time time to the time time to the time time time time time time time tim	mp Agreement 1 at most provide or min o be computed if a and control of the formation of th	ma Member of Gre size available for you not palance of the in nie Member 1 Co size in the weet ANNUAL PE PAYMENT SCI SIZE OF MEMBER FACE COMMISSION ANNUAL PE PAYMENT SCI SIZE OF MEMBER FACE COMMISSION FACE OF MEMBER FACE COMMISSION FACE OF MEMBER FACE OF M	ur examination a stater contract should be over a more stater for Membership to the state of the	ment or said. Me comit account
regardents of the circumstances. I MEMBER SIGNATURE X NOTICE TO MEMBER. Upon re unowing how the partial refund o (Buyers) and Great Expectations. (Buyers) and are part of time contract and are in collection, then the balance due it part of time out, the entire balance due it from the contract and are in collection, then the balance due it from the collection of suppress, and Green collection in word current, it more to treat it more to the and Cash Price 1. Down Payment 2. Other 1 2. Down Payment Out 1 1 - 3 3. Ami Finance (Jungula Bal in) 3. Finance Charge as Bal, a limit 5. Total Payment Bal, at 1 in 5. Total Payment Rec (Bal is DIVIDE by humber of payment pack installment and tummaria. Notice to buyer (1) De not in mitted to a terministry filled in (a) If you desire to bay aft in adv. SELLER Great Fired. Business	govert, Great Expectations of the time price charge is a Saley) agree that the terms of the time price charge is a Saley) agree that the terms of the time that the terms of the time that include actual atternations actual atternations of the time of time	hy Agreement 1 at most previde or mile to be computed if and control process. If due to divide a more control process of the second control process of the s	ma Member of Green available for you not palance of the in the Member is Continuously. I make a second of the in the Member is Continuously. I make a second of the interest o	ur examination a stater contract should be presented for Membership to the state of	ment or said. Me o comitti or com
regardents of the circumstances. I MEMBER SIGNATURE X NOTICE TO MEMBER: Upon re unowing now the partial reliand o (Burser) and Great Expectations. (Burser) and Great Expectations, o part of this contract and are in collection, then the parasize due it in Costinction, then the parasize due it in Expectations or stuppes, and Gr ITEMIZATION OF THE AMI 1 Cash Price 2. Other 1 Down Payment 2 Other Payment 2 Other Payment 3 Other Payment 3 Other Payment 4 Finance Charge ob 8a. 2 1/1/1 5 Total Payment 5 Total Payment 6 Total Payment 1 Deferred Payment 1 Deferred Payment 1 Deterred Payment 2 Deter	covert, Great Expectations of the time price charge is a Sciency appear that the terms correctly appear that the terms correctly appeared that the terms correctly appeared to the terms of the time the price and include actual attermentation than one person upon time. OUNT FINANCED 1790 101 91 100 County of the terms of the time that the time of time of the time of time of time of the time of	met previde or mile be computed if and country of the second of the seco	ma Member of Green available for you not parameter of the control	ur examination a stater contract should be presented for Membership to the state of	ment or marked. Me commit or committee o
regardents of the circumstances. I MEMBER SIGNATURE X NOTICE TO MEMBER. Upon re unowing how the partial refund o (Buyers) and Great Expectations. (Buyers) and are part of time contract and are in collection, then the balance due it part of time out, the entire balance due it from the contract and are in collection, then the balance due it from the collection of suppress, and Green collection in word current, it more to treat it more to the and Cash Price 1. Down Payment 2. Other 1 2. Down Payment Out 1 1 - 3 3. Ami Finance (Jungula Bal in) 3. Finance Charge as Bal, a limit 5. Total Payment Bal, at 1 in 5. Total Payment Rec (Bal is DIVIDE by humber of payment pack installment and tummaria. Notice to buyer (1) De not in mitted to a terministry filled in (a) If you desire to bay aft in adv. SELLER Great Fired. Business	govert, Great Expectations of the time price charge is a Saley) agree that the terms of the time price charge is a Saley) agree that the terms of the time that the terms of the time that include actual atternations actual atternations of the time of time	med previde or mine to be computed if and control or mines. If due to consider processes of the control of the	ma Member of Green available for you not parameter of the control	un examination a stater contract should be presented for Membership contract to pay an influence of the property of the proper	ment or marked. Me commit or committee o

EXHIBIT 2

RETAIL INSTALLMENT CONTRACT

Total County Tota	_								DA'	TE
The passes ST. Name and Address. Annual Direct	18me .411			·	•1		4.60	•	^**	
Treat a Source of Comments and Address Annual Direct Execution Annual Direct Execution Annual Direct Execution Annual Comments Annual	****** Add	***					, 2.17		State	ZIp
Contract is Sources Annual Direct is License of Annual Contract is Ann	95181 34CU1			Home	PROAG	:	Hew Long At Th	Address	Date	pi Birift
THE ACCOUNTS ACCOUNTS THE ACCOUNTS	~p.o.ee 6:	Name and	A4019531			10/4	hens	Present Pee	#10h	
ASSENCE - SACRETION - Account Educations (Seler) handly selet, and the underexpend byte (Manneton purchase), actions to the provisions of the SEAS CALL (Selections of the SEAS CALL) in the control of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL) in the underexpendence of the SEAS CALL (Selections of the SEAS CALL (Selections)) is the SEAS CALL (Selections of the SEAS CALL (Selections)) is the SEAS CALL (Selections of the SEAS CALL (Selections)) is the SEAS CALL (Selections)	come All 5	ources		Annusi			Driver e Lic	*****		
TAGENTS AND SERVICES SOLD: Interviewing by the Members purchases, under to the provisions by the provisions of the provi	*****	76M6				_	Checking 2			
READ CAREFULLY AND SIGN ONLY WHEN COMPLETELY UNDERSTOOD I've considered and evaluated the serving of memberanize as set forth in the Oracl Especialisms (Membership Agreement (Line) and in course in facilities in the service of the first invance) or the service on the first invance of the service on the first invance of the service on the first invance of the service of the service of the first invance of the service of th	e undersign EMBERSHIP Please here	on Great Ext	STAND SERVICES	E S S(7) (1) (1990)	y 10 Greet Es		tore er re assegre n Processor A Co	ori purchases.	LYMENTS in	accordance with 1
Treatment interaction per the bearing due. I understand that my half he present in China Especialization does not interest the property of the Convention, and the Memoraritie Agreement, I can a Member of Orea Especialization and the property of the Convention Agreement, I can a Member of Orea Especialization and the property of the Convention Agreement, I can a Member of Orea Especialization in the Convention Agreement, I can a Member of Orea Especialization in the Convention Agreement, I can a Member of the Convention Agreement, I can a Member of Orea Especialization of Convention Agreement, I can a Member of Orea Especialization of Convention Agreement, I can a Member of Orea Especialization of Convention Convention Agreement of Convention Agreement of Convention Agreement of Convention Agreement of Convention C	ended to be	persal only.	READ CA	REFULLY AI	ND SIGN O	NLY	WHEN COMPLI	ETELY UNDE	RSTOOD	
MIDES TO BELIEVE IT. Uses required to the proprietable Control, and the Membership Agreement, I am a between or Great Expositions in most provide or made or makes or your assemble of Great Expositions are the Control of the first provide and the provide or made or makes to exposed. Members Report and Great Expositions in the Control of the Control Expositions or the Control Expositions or the Control Expositions or the Control Expositions or the Control of the			Designation (I.S.)	understand Pri	AL PROVIDENCE !	-	CONTRACT EX	Decisions disc	4 707 700749 7	100 GI MY 600000
TITLE TO BELLINE DR.: Upon recursor. Great Expectations must envise or make envisite to ry our examination a destinating or this forms of the original or drivers. In contract of the original o	nersation half.	1 understand	ses på månad	Pres Contract.	and the Men	COPTE	Yo Agreement, I a	m a Mornisor of	Orner Expen	milera.
If the serie and control for the Circle Expositions Membership Agreement contents is a first an Control and an embourhorm promise out and payable, venerous trained on the control of the	MBER SIG	NATURE X								
If the serial Annotonic broad of the Great Epocasions between the control and an employment in the series of the control and an employment in the series of the control and an employment in the series of the control and an employment in the control of the depocation of the depocation of the control of the	TICE TO ME	EMBER: Upo	en reguest. Greek De la 10 he como	Figure State Company	water or the C		read to green	d. Marriage (B.	(C	-
The sound stemper falls is only any myselement appropriate terms on the common leaves any processor of Present Charges) share every soundered from the common common and any processor of the deposition of the de			LAIDE GARREE		moertine Ad		MI 000-1000-700 S 000"	OF THE COURSE		
TYPECH STATE OF ABOUTT PRAISE AND ALTER OF ABOUTT PRAISE (Streemers of Obschours select.) TYPECH SCHOOLS: Members appropriate herewise that he is easier elevations monthly resident an owner of the control of the c				and annual to	wan an Pe	-	halanca (base are	unaarrad Fra	res Chartel	The owner of the
INCHAIR FROEE: 5	00me 0ue en	ti payette, w Navetter urti	Marriage & Date	ment account i	s made out	,				
INDEST_SCHEDULE_Member 2 payments have became any of each receive month's residents on the contract of the Contract and earthwards on the same any of each month frequents and the Linearies on the unique between the provision of the Contract and earthwards on the unique between the provision of the contract and earthwards on the unique between the provision of the contract of th			DEV	mole in accordi	VICE WED THE	Store	ment of Disclosure	anipur,		
INTERIOR OF AMOUNT PRIAMM FEDERAL TRUTH IN LENDONG DESCLOSURES (Streament of Dischours) FEDERAL TRUTH IN LENDONG DESCLOSURES (Streament of Dischours) FEDERAL TRUTH IN LENDONG DESCLOSURES (Streament of Dischours) FROM The Control of The Contro	-	UE - 11 E . L		and the same of the same	ered be mad	-	THE ROOM	reminerts o	-	n She 4
FEDERAL TRUTH IN LENDING DISCLOSURES (Streament of Disclosures) Property Control (1974) APT A. 1974	HIS WITH STREET	custom of this	Contract and card	-	terno eny of t		-	special in	unter en trè u	-
(Strienmann of Discolaure)	h pror and I	New measurity	·			_				
(Strienwark of Discolaure) Country Project Projec	FEO	FRAL TRU	THIN LENDON	O DISCLOS	URES	╗	717	EMIZATION	OF AMOUN	T PINANCED
TREATMENT AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS and STRUCK THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLECTION CHARGES IT BOAYS AND COLLEGE THE BURNING AND COLLEGE THE BURNIN		(State	ment of Disc	ioguro)		- 1				Proper Succession State
PRINCE OF ANY					100.8	٦l.	1 Tomacono			
ANT Are of the Terror of the Section	PERCENTAGE	CHARGE	PANCED.	PAYMENTS	LA L	Ш	1. 100 0001			
The date of the control of the contr	MTE	A70 4	(J= 3	A-0	MICE	١١_	l	_		payment in full l
The hot part of the part of the second of th							c. com cours			be entitled to a re
19.6% 1 1 1 1 1 1 1 1 1		Upd 44 mm		-		-11				of the second
State Stat		-	-	Prince		-11	3. Ameuri Pro	rose 1 ,		The Pineros
The project frame on region or management of the prime or intermediation of the improvement of the programment of the programme	<u> 19.6° </u>	ı				Ш	1			-
meant inverse. (I all you are not demonstrate, (I) to her sets of minimization. You are not set of the minimization. You are not set of the minimization of the minim	0 Pe han	han the sec	N = 0 == 0	This same on the		= 1	4. France Cha	' ۽ ماڪ		Property Charge
E_BROUPERCY_AND_COLLECTION_CHARGES: If Surper shad bill of street or revealed in a control of the street of the	بخلام عاملان	Original () i	~~~	1000 0. () ! (do not work	a n	1			and no refu
PELPOUPECY AND COLLECTION CHARGES: It Surper and list or impact to pay control to a register to pay on the second of the second	mercages ,					ŀ	S. Total of Pays	1001D \$.		or supplied to the same
Delian Court AND COLLECTION CHARGES: If Buyer shed bit or impact to pay any resultance that the strength of th						- 1				
PEJECUPENCY AND COLLECTION CHARGES: It Buyer and life is greated for any variables or engaged to any any resolutions approach of the second of	-					- 1			adar shed ne	-
The such source or respect their devenue for a semedic more three ten (10) in. First in a distinct to the encount of such distinction is resident to the sement of such distinction is the sement of such distinction is the sement of such distinction in the sement such distinction is set of the sement such distinction in the sement such distinction is the sement of sement of sement of sement of sement or sement or sement of sement or sement	L					J				
Interest indicates or respect shall coversus for a semestic more than ten 100 (interest. For more distinct in the semestic of such distincts or substances or substances in the semestic or substances		CY AND CO	LLECTION ON	ARGES: H D.	yer steel led	=	sted pay to Sed	-	-	-
injustices the large standard or such distinguish provided and provide		re or related	areal conserve to	r a gennod of mo		0)	-consult united	المستحد تحاله		-
Transport to Supple that any to Salam. As a controllerity of a control			The amount of	man deliner		-			10 TO CAMPO	- 0.07
here is a consequent of part of the formers charge. Which PATEST 1, topularly of early, roused first have to pay a parally and now may be greated to a round of part of the formers charge. NOTICE TO BUYER: 1. Do not signified a parallel paralle	Dyment Ste	Buyer theil t	my 10 Seller. 24	a golfransver	y amo quesca had succe alter	= 1				and the restrict
PREPAYMENT: If you pay of early, you will not have to say a smarth year on many to account the control of the ferrors of early. In own or se creates to a recurse of any of the ferrors of early. In own or segment to the control of the ferror of early. In own or segment agreement before you need any bardward in led any bardward on the control of the service of early terms. In own or segment to serve the service of early terms of the service of early terms. In own or segment to serve the service of early terms of the service of the servic		95.00 or	be been from \$1.	00.		-	to washed b	y such finding.		
to may so entered to a remail of part of the features charge. It is your Cores Expressions Melanometria Agreements for any additional reference about non-comments. Gethad, any required freprinter in Melanometria about non-comments, refunds and parameter. 2. You are entitled to a completely filled appearance. 3. You can propay the full amount due under they term. GREAT EXPECTATIONS Agreements. Invalidation of the full amount which is outstanding until be furnish the full amount which is outstanding until be furnish the full amount comment of an exact one to secondary. Memoir (Buyer) accreased any deposit of the full amount comment of an exact one to secondary. Invalidation of the full amount which is outstanding until be furnish the full amount which is outstanding until be furnish to the full amount which is outstanding until be furnish to the full amount which is outstanding until be furnish to the full amount which is outstanding until be furnish to the full amount which is outstanding until be furnished.	THE PAYME	MT: Hyou are	all early. You w	-	-	~	NOTICE T	O BUYER	l:	
any blank spaces to be filled in. 2. You are entitled to a completely filled system. 2. You are entitled to a completely filled system. 3. You can propely the full amount due under any filled. 3. You can propely the full amount due under any filled. 4. If you derive to pay of in advance the full amount which is outstanding will be lumish. 3. Annual amount entitle to desire the pay of the system of t	-	restore to a re	HUMB OF POST OF S	to present the	irge.	į				you read it or
2. You are entitled to a completely filled agreement. 3. You can prepay the full amount due under all your can prepay the full amount due under all any time. 4. If you desire to pay off in advance the full amount which is outstanding will be surresh amount which is outstanding will be surresh to the surresh amount which is outstanding will be surresh to the surresh amount which is outstanding will be surresh to the surresh amount (Buyer) advanced the matter of the surresh the completed and Block-is and consource completed and Block-is and consources to complete and Block-is and consources complete and Block-is and consources completed and Block-is and consources to complete and block-is and consources to consources	see your Gre	er Especialis	re Monterert		r ary eddin	3	any blank so	secos to be !	illed in.	
Agreement. 3. You can prepay the full amount due under at any time. 4. If you define to pay off in advance the full amount which is outstanding will be furnish amount which is outstanding will be furnished and several which is outstanding will be furnished and several which is outstanding with consideration of the furnished and several which is outstanding with the furnishment of the several which is outstanding with the furnishment of the furnishment with the several which is outstanding with the furnishment with the several which is outstanding with the furnishment with the several which is outstanding with the furnishment with the several which is outstanding with the furnishment with the several which is outstanding with the furnishment with the several which is outstanding wit		Carrier Carrier				-1	2. You are	or bettine	a complet	ety filled in o
at any tens. 4. Il you desire to pay off in advance the full amount which is outstanding will be furnish amount which is outstanding will be furnish arount the time of its episcape, identical form a react one to time of its episcape, identical form a react one to time of its episcape, identical form a react one to time of its episcape, identical form and observance or incomposed and observance on a service or incomposed and observance or incomposed and ob							астертиры.			
A II you desire to pay oil in advance the full amount which is dustanding with the full amount which is dustanding with the full mass others. Increase the mass of the full amount which is dustanding with the full mass others. The full amount is desired to execute the full amount is desired to execute. I denote (Buyer) have an other an in the Centract were completed and filled in and exclusives completed.								prepay the k	Ji amount	aue under this
Amount which is outstanding will be lumish Januari Which is outstanding will be lumish Member (Buyer) administrating will be lumish To sine of its speculate. Member (Buyer) button of the sine of its speculate. Member (Buyer) button of the sine of its speculate completed and Block-in and decounts computed herein pair its signing the Conti- ordering.							at any tene.		u I	
Manistra Manistra (Buryan) pointerelections received of an inspect operation of the street of the st		CREA	T EVDEC	TATIONS			4 If you de:	ine to pay of	THE SUPPLY	e imaket ~
TO A Size II		UNEA	LEAREL	בעוטואי		_	amount whe	CIT IS COULSES	rand sam D	- 40, UI
TO A Size II										n enger expy of th
To Size 1:							The brief of the	emouter. Me	mour (Buyer	-
ry & State:	_									
Whonzed Signature	~ 4 Smr						G000004764 00:	-	ban n sdan	4 44 COURSO.
Pronted Square	17 6 3 EM:									
ADVIN STATE										
CONSTRUCTION OF MARKET I	OPERATE:						of Magnetony X			

Resting: White-Finance: Pina-Setter: Gold-customer Exhibit:

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of respondent KGE, Inc., a corporation, and respondent having been furnished thereafter with a copy of the draft of complaint that 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 violations of Section 5(a) of the Federal Trade Commission Act and the Truth in Lending Act; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in 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 respondent has violated the said Acts, and that a 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

- 1. KGE, Inc., doing business as Great Expectations of Sausalito, Great Expectations of Mountain View, and Great Expectations of Walnut Creek ("GE-SFA"), is a corporation organized, existing, and doing business under and by virtue of the laws of the state of California, with its corporate office at 1943 Landings Dr., Mountain View, CA, and its principal places of business located at 2401 Marinship Way, Suite 100, Sausalito, CA, 2085 Landings Dr., Mountain View, CA, and 1280 Civic Dr., Suite 300, Walnut Creek, CA.
- 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

392

ORDER

I.

It is ordered, That:

- A. Respondent GE-SFA, its successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the annual percentage rate, as required by Sections 107(a) and (c) of the TILA, 15 U.S.C. 1606(a) and (c), and Sections 226.18(e) and 226.22 of Regulation Z, 12 CFR 226.18(e) and 226.22;
- B. Respondent GE-SFA, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to accurately calculate and disclose the finance charge, as required by Section 106 of the TILA, 15 U.S.C. 1605, and Sections 226.4 and 226.18(d) of Regulation Z, 12 CFR 226.4 and 226.18(d);
- C. Respondent GE-SFA, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to make all disclosures in the manner, form, and amount required by Sections 122 and 128(a) of the TILA, 15 U.S.C. 1632 and 1638(a), and Sections 226.17 and 226.18 of Regulation Z, 12 CFR 226.17 and 226.18;
- D. Respondent GE-SFA, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the offering of credit, do forthwith cease and desist from failing to comply with the TILA, 15 U.S.C. 1601 et seq., and Regulation Z, 12 CFR 226.

Decision and Order

120 F.T.C.

II.

REFUND PROGRAM

It is further ordered, That:

- A. Within thirty (30) days following the date of service of this order, respondent shall:
- 1. Determine to whom respondent disclosed on the original TILA disclosure an annual percentage rate that was miscalculated by more than one quarter of one percentage point below the annual percentage rate determined in accordance with Section 226.22 of Regulation Z, 12 CFR 226.22, or that disclosed a finance charge that was miscalculated by more than one dollar below the finance charge determined in accordance with Section 226.4 of Regulation Z, 12 CFR 226.4, so that each such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower, plus a tolerance of one quarter of one percentage point;
- 2. Calculate a lump sum refund and a monthly payment adjustment, if applicable, in accordance with Section 108(e) of the TILA, 15 U.S.C. 1607(e);
- 3. Mail a refund check to each eligible consumer in the amount determined above, along with Attachment 1; and
- 4. Provide the Federal Trade Commission with a list of each such consumer, the amount of the refund, the number of payments refunded, the amount of adjustment for future payments and the number of future payments to be adjusted.
- B. No later than fifteen (15) days following the date of service of this order, respondent shall provide the Federal Trade Commission with the name and address of three independent accounting firms, with which it, its officers, employees, attorneys, agents, and franchisees have no business relationship. Staff for the Division of Credit Practices of the FTC shall then have the sole discretion to choose one of the firms ("independent agent") and so advise respondent;

392

Decision and Order

C. Within thirty (30) days following the date of adjustments made pursuant to this section, respondent shall direct the independent agent to review a statistically-valid sample of refunds. Respondent shall provide the Federal Trade Commission with a certified letter from the independent agent confirming that respondent has complied with Part II.A. of this order;

D. All costs associated with the administration of the refund program and payment of refunds shall be borne by the respondent.

III.

It is further ordered, That respondent, its successors and assigns, shall maintain for at least five (5) years from the date of service of this order and, upon thirty (30) days advance written request, make available to the Federal Trade Commission for inspection and copying all documents and other records necessary to demonstrate fully its compliance with this order.

IV.

It is further ordered, That respondent, its successors and assigns, shall distribute a copy of this order to any present or future officers and managerial employees having responsibility with respect to the subject matter of this order and that respondent, its successors and assigns, shall secure from each such person a signed statement acknowledging receipt of said order.

V.

It is further ordered, That respondent, for a period of five (5) years following the date of service of this order, shall promptly notify the Commission at least thirty (30) days prior to any proposed change in its corporate structure such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, or any other change in the corporation that may affect compliance obligations arising out of the order.

Decision and Order

120 F.T.C.

VI.

It is further ordered, That respondent shall, within one hundred and eighty (180) days of the date of service 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.

ATTACHMENT 1

Dear Great Expectations Customer:

As part of our settlement with the Federal Trade Commission for alleged violations of the Truth in Lending Act, we are sending you the enclosed refund check in the amount of \$*****. The refund represents the amount you were overcharged as a result of errors made by Great Expectations in calculating or disclosing the annual percentage rate or finance charge.

[In addition, your future monthly payments have been reduced. Starting immediately, your monthly payments will be \$******.]

We regret any inconvenience this may have caused you.

Great Expectations