

Modified Order

IN THE MATTER OF

LESTER S. COTHERMAN, ET AL.

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

Docket 8723. Complaint, Dec. 8, 1966—Decision, Jan. 29, 1970

Order modifying an earlier order dated February 19, 1968, 73 F.T.C. 376, pursuant to a decision of the Court of Appeals, Fifth Circuit, dated October 3, 1969, 417 F.2d 587 (8 S.&D. 1008), which prohibited a mortgage loan company and its officers from misrepresenting the terms and conditions of its loans by clarifying certain parts of the order which the Court held to be too broad.

ORDER MODIFYING ORDER TO CEASE AND DESIST

Respondents Lester S. Cotherman and William F. Sullivan having filed in the United States Court of Appeals for the Fifth Circuit a petition for review of the order to cease and desist issued herein on February 19, 1968 [73 F.T.C. 376]; and the court on October 3, 1969 [8 S.&D. 1008], having issued its opinion and entered its judgment affirming the Commission's finding of violation of Section 5 of the Federal Trade Commission Act, but remanding the case to the Commission for it to clarify and modify the order to cease and desist:

Now, therefore, it is hereby ordered, That the aforesaid order of the Commission to cease and desist be, and it hereby is, modified in accordance with the said opinion and judgment of the court of appeals to read as follows:

It is ordered, That respondents Lester S. Cotherman, individually and as General Manager of Consolidated Mortgage Company, and William F. Sullivan, individually and as an officer of Consolidated Mortgage Company, and said respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering of or the sale or granting of lending services, or of any similar or related services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

- (a) Representing, directly or by implication, that loans are made to customers at a six-percent rate of interest, or that loans

made or arranged by respondents are repayable over a fifteen-year period, or that loans are made at any stated repayment schedule, interest rates, period of repayment or under other stated terms or conditions:

Provided, however, That it shall be a defense under this subparagraph in any enforcement proceeding instituted hereunder for respondents to establish that loans are readily and in the regular course of business made available to customers under the stated repayment schedule, interest rates, period of repayment or other terms or conditions as stated;

(b) Misrepresenting in any manner the monthly repayment schedules, interest rates, periods of repayment or other terms or conditions under which respondents' loans are made.

It is further ordered, That respondents, Lester S. Cotherman, individually and as General Manager of Consolidated Mortgage Company, and William F. Sullivan, individually and as an officer of Consolidated Mortgage Company, and said respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering of or the sale or granting of lending services, or of any similar or related services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist, in those cases where representations are made as to the terms and conditions of respondents' loans, from failing, clearly and conspicuously, to reveal in advertising:

- (a) The period of repayment;
- (b) The number of payments required;
- (c) The finance charges expressed in terms of dollars and cents;
- (d) The simple annual percentage rate or rates at which the finance charge has been imposed on the monthly balance;
- (e) Any other charges or expenses which are to be incurred or paid by the borrower to obtain such loans.

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

Complaint

IN THE MATTER OF

BALSA ECUADOR LUMBER CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 2(a) OF THE
CLAYTON ACT*Docket C-1680. Complaint, Jan. 30, 1970—Decision, Jan. 30, 1970*

Consent order requiring two New York City importers and distributors of balsa flexible core material and balsa wood to cease discriminating in price between customers who compete in the resale of their products.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondents named in the caption hereof, and hereinafter more fully described, have violated and are now violating the provisions of subsection (a) of Section 2 of the Clayton Act as amended by the Robinson-Patman Act (15 U.S.C. Section 13), and Section 5 of the Federal Trade Commission Act (15 U.S.C. Section 45), and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest hereby issues its complaint stating its charges with respect hereto as follows:

PARAGRAPH 1. Respondent Balsa Ecuador Lumber Corporation, hereinafter sometimes referred to as Balsa Ecuador, is a corporation organized, existing and doing business under the laws of the State of New York with its office and principal place of business located at 500 Fifth Avenue, New York, New York.

Respondent Balsa Development Corporation, hereinafter sometimes referred to as respondent Balsa Development, is a corporation organized, existing and doing business under the laws of the State of New York with its office and principal place of business located at 500 Fifth Avenue, New York, New York. Respondent Balsa Development operates a manufacturing facility at Marble Avenue, Pleasantville, New York for the production of balsa core material.

PAR. 2. Balsa (*ochroma lagopus*) is the lightest commercial wood. It has a variety of applications, including use as a structural core material by the boating industry.

Virtually all the balsa wood used in the United States is imported from Ecuador, Compania Ecuatoriana de Balsa, S.A., an Ecuadorian subsidiary of respondent Balsa Ecuador, is the world's largest producer of balsa, and respondent Balsa Ecuador accounts for a