

sterling silver tableware to cease violating the Truth in Lending Act by failing to print more conspicuously the terms "annual percentage rate"

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and "finance charge," failing to use the term "periodic rate" where required, failing to disclose the annual percentage rate when imposing a minimum finance charge which exceeds 50 cents per month, failing to use the terms "previous balance," "payments" and "finance charge" when billing its debtors, and failing to properly use the term "new balance" to indicate the date on which payments must be made to avoid additional charges.

COMPLAINT

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

PARAGRAPH 1. Respondent Fine Arts Sterling Silver Company is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located in Jenkintown, Pennsylvania.

Respondent Jerry N. Ashway is an officer of the corporate respondent. He formulates, directs, and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of sterling silver tableware and other merchandise to the public.

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

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in the aforesaid Regulation Z, have caused and are causing their customers to enter into an open end agreement, hereinafter referred to as "the agreement." The

agreement provides for the extension of open end credit, as "open end credit" is defined in Regulation Z. By and through the use of the agreement, respondents:

1. Fail to employ the term "finance charge," as required by Section 226.7(a) of Regulation Z, and also thereby fail to print this term more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

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

3. Fail to disclose each periodic rate that may be used to compute the finance charge; the range of balances to which each rate is applicable; and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year, as required by Section 226.7(a) (4) of Regulation Z.

4. Fail to disclose the annual percentage rate accurately to the nearest quarter of one percent when imposing a minimum finance charge which exceeds 50 cents per month and is not determined by application of a periodic rate, as required by Section 226.5(a) (3) (i) of Regulation Z.

5. Fail to disclose the method of determining the balance upon which a finance charge may be imposed, as required by Section 226.7(a) (2) of Regulation Z.

6. Fail to disclose the minimum periodic payment required, as required by Section 226.7(a) (8) of Regulation Z.

7. Fail to make all disclosures required by Section 226.7(a) clearly, conspicuously and in meaningful sequence, as required by Section 226.6(a) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have sent and are sending to customers periodic statements, as "periodic statements" are described in Sections 226.7(b) and (c) of Regulation Z. By and through the use of the periodic statements respondents:

1. Fail to employ the term "previous balance" to describe the outstanding balance in the account at the beginning of the billing cycle, as required by Section 226.7(b) (1) of Regulation Z.

2. Fail to employ the term "payments" to describe the amounts credited to the account during the billing cycle for payments, as required by Section 226.7(b) (3) of Regulation Z.

3. Fail to employ the term "finance charge" to describe the amount of any finance charge debited to the account during the bill-

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ing cycle, as required by Section 226.7(b)(4) of Regulation Z, and thereby fail to print the term "finance charge" more conspicuously than other required terminology as required by Section 226.6(a) of Regulation Z.

4. Fail to disclose accurately the periodic rate (or rates) that may be used to compute the finance charge (whether or not applied during the billing cycle), as required by Section 226.7(b)(5) of Regulation Z.

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

6. Fail to disclose the balance on which the finance charge was computed, as required by Section 226.7(b)(8) of Regulation Z.

7. Fail to disclose the outstanding balance in the account on the closing date of the billing cycle, using the term "new balance," and to accompany the amount of the "new balance" by statement of the date by which, or the period, if any, within which, payment must be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.

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

DECISION AND ORDER

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

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

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

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

1. Respondent Fine Arts Sterling Silver Company is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located in Jenkintown, Pennsylvania.

Respondent Jerry N. Ashway, is an officer of the corporate respondent. He formulates, directs, and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

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

ORDER

It is ordered, That respondents Fine Arts Sterling Silver Company, a corporation, and its officers, and Jerry N. Ashway, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any consumer credit sale of sterling silver tableware or any other merchandise or service, as "credit sale" is defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*) do forthwith cease and desist from:

1. Failing to print the terms "annual percentage rate" and "finance charge," where required by Regulation Z to be used, more conspicuously than other required terminology, as set forth in Section 226.6(a) of Regulation Z.

2. Failing to disclose, where one or more periodic rates may be used to compute the finance charge, each such rate, using the term "periodic rate" (or "rates"), the range of balances to which each rate is applicable, and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year, as required by Section 226.7(a) (4) of Regulation Z.

3. Failing to disclose the annual percentage rate accurately to the nearest quarter of one percent when imposing a minimum finance charge which exceeds 50 cents per month and is not determined by application of a periodic rate, as required by Section 226.5(a)(3)(i) of Regulation Z.
4. Failing to disclose the method of determining the balance upon which a finance charge may be imposed, as required by Section 226.7(a)(2) of Regulation Z.
5. Failing to disclose the minimum periodic payment required, as required by Section 226.7(a)(8) of Regulation Z.
6. Failing to make all disclosures required by Section 226.7(a) clearly, conspicuously and in meaningful sequence, as required by Section 226.6(a) of Regulation Z.
7. Failing to employ the term "previous balance" to describe the outstanding balance in the customer's account at the beginning of the billing cycle, as required by Section 226.7(b)(1) of Regulation Z.
8. Failing to employ the term "payments" to describe the amounts credited to the customer's account during the billing cycle for payments, as required by Section 226.7(b)(3) of Regulation Z.
9. Failing to employ the term "finance charge" to describe the amount of any finance charge debited to the account during the billing cycle, as required by Section 226.7(b)(4) of Regulation Z.
10. Failing to disclose accurately the periodic rate (or rates) that may be used to compute the finance charge (whether or not applied during the billing cycle), as required by Section 226.7(b)(5) of Regulation Z.
11. Failing to disclose the balance on which the finance charge was computed, as required by Section 226.7(b)(8) of Regulation Z.
12. Failing to employ the term "new balance" to describe the outstanding balance in the account on the closing date of the billing cycle, and to accompany the amount of the "new balance" by statement of the date by which, or the period, if any, within which, payment must be made to avoid additional finance charges, as required by Section 226.7(b)(9) of Regulation Z.
13. Engaging in any consumer credit transaction or disseminating any advertisement within the meaning of Regulation Z of the Truth in Lending Act without making all disclosures that are required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10

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of Regulation Z in the amount, manner and form therein specified.

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

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

IN THE MATTER OF

LEON WOLFF TRADING AS LINCOLN SCHOOL OF
PRACTICAL NURSING