

Complaint

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IN THE MATTER OF

BELL & HOWELL COMPANY

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

Docket C-1902. Complaint, Apr. 20, 1971—Decision, Apr. 20, 1971

Consent order requiring a Chicago, Ill., seller of motion picture equipment to cease violating the Truth in Lending Act by failing to make all disclosures required by Regulation Z of said Act on one side of a page of the instrument, failing to disclose the "total of payments," and failing to state in required terms the cash price, the down payment, the number and due dates of the payments, the amount of the finance charge and the deferred payment price.

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 Bell & Howell Company, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Bell & Howell Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 7100 McCormick Road, Chicago, Illinois.

PAR. 2. Respondent, by and through its division known as the Robert Maxwell Company, is now, and for some time has been, engaged in the advertising, offering for sale and sale of motion picture equipment to the public.

PAR. 3. In the ordinary course of its aforesaid business, respondent, by and through its division the Robert Maxwell Company, regularly extends consumer credit, as "consumer credit" is defined in Regulation 2, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of its aforesaid business, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, respondent, by and through the

Robert Maxwell Company, has caused its customers to enter into contracts for the sale of respondent's goods and services. Respondent has furnished customers with disclosure statements, hereinafter referred to as "the statement," containing credit cost information. Respondent did not provide to customers on any document other than the statement the credit cost disclosures which are required by Section 226.8 of Regulation Z.

By and through use of the statement, respondent:

1. Failed to make all disclosures required to be made by Regulation Z prior to consummation of the transaction, as required by Section 226.8(a) of Regulation Z.

2. Failed to disclose, as required by Sections 226.8(a)(1) and (2) of Regulation Z, together, either on an instrument evidencing the obligation on the same side of the page or on one side of a separate statement which identifies the transaction, all disclosures required by Sections 226.8(b) and (c).

3. Failed to disclose accurately the sum of the payments scheduled to repay the indebtedness, and to describe that sum as the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

PAR. 5. In the ordinary course of its aforesaid business, respondent, by and through the Robert Maxwell Company, caused to be published advertisement of its goods and services, as "advertisement" is defined in Regulation Z. These advertisements aided, promoted, or assisted directly or indirectly extensions of consumer credit. Through these advertisements, respondent stated the amount and period of installment payments which could be arranged in connection with a consumer credit transaction and, by stating "Send No Money," stated directly or indirectly that no downpayment was required in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 (d)(2) thereof:

1. The cash price;
2. The number of periodic payments scheduled to repay the indebtedness if the credit is extended;
3. The amount of the finance charge expressed as an annual percentage rate; and
4. The deferred payment price.

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

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DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing Regulation promulgated thereunder; 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 Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Bell & Howell Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its offices and principal place of business located at 7100 McCormick Road, Chicago, Illinois.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Bell & Howell Company, a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit or any advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit as "consumer credit" and "advertisement" are defined in Reg-

ulation 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 make all disclosures required to be made by the Regulation Z prior to consummation of the transaction, as required by Section 226.8(a) of Regulation Z.

2. Failing to disclose together, either on an instrument evidencing the obligation on the same side of the page or on one side of a separate statement which identifies the transaction, all disclosures required by Sections 226.8(b) and (c), as required by Sections 226.8(a)(1) and (2) of Regulation Z.

3. Failing, in any consumer credit transaction, to disclose accurately the sum of the payments scheduled to repay the indebtedness, and to describe that sum as the "Total of Payments," as required by Section 226.8(b)(3) of Regulation Z.

4. Stating, in any advertisement, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit unless it states all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (a) The cash price;

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

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

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

- (e) The deferred payment price.

5. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Section 226.6, 226.7, 226.8 and 226.10 of Regulation Z, the implementing Regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any consumer credit transaction.

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or in any aspect of preparation, creation, or placing of advertising as relates to any consumer credit transaction, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

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

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

IN THE MATTER OF

RHODES PHARMACAL COMPANY, INC., ET AL.