
IN THE MATTER OF

RADIGAN BROTHERS, INCORPORATED, ET AL.

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

Docket C-1927. Complaint, June 1, 1971—Decision, June 1, 1971

Consent order requiring a Gary, Ind., retailer of furniture to cease violating the Truth in Lending Act by failing to disclose in its credit transactions the annual percentage rate, the total of payments, the cash price, the cash downpayment, the unpaid balance, the amount financed, the deferred payment price, and other disclosures required by Regulation Z of said Act.

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 Radigan Brothers, Incorporated, a corporation, and John B. Radigan, William J. Radigan and Joseph B. Radigan, individually, and as officers 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. Radigan Brothers, Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 637 Broadway Street, Gary, Indiana.

Respondents John B. Radigan, William J. Radigan and Joseph B. Radigan are officers of the corporate respondent. They formulate.

direct and control the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale of furniture to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents, in order to facilitate the sale of furniture, regularly extend or arrange for the extension of 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 Regulation Z, have caused and are causing their customers to execute Radigan Conditional Sale Contracts, hereafter referred to as "the contract." Respondents make no consumer credit cost disclosures other than on the contract.

PAR. 5. By and through the use of the contract, respondents:

(1) Failed to disclose the "Finance Charge" and the "Annual Percentage Rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

(2) Failed to use the term "Total of Payments" to describe the sum of payments scheduled to repay the indebtedness, and in a number of instances fail to disclose the number, amount and due dates of periods of payments, scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

(3) Failed to use the term "Cash Price" to describe the price of the goods and services which are the subject of the transaction, as required by Section 226.8(c) (1) of Regulation Z.

(4) Failed to use the terms, "Cash Down Payment," "Trade-In" and "Total Down Payment" to describe the down payment in money, the down payment in property, and the sum of those two items, respectively, as required in Section 226.8(c) (2), of Regulation Z.

(5) Failed to use the term "Unpaid Balance of Cash Price" to describe the difference between the cash price and the total down payment, as required in Section 226.8(c) (3), of Regulation Z.

(6) Failed to use the term "Amount Financed" to describe the amount of credit extended, as required in Section 226.8(c) (7), of Regulation Z.

(7) Failed to use the term "Deferred Payment Price" to describe the sum of the cash price, the finance charge, and all other charges, as required in Section 226.8(c) (8) (ii) of Regulation Z.

(8) In a number of instances understated that Annual Percentage

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Rate by amounts ranging from 1 percent to 7.75 percent, and thereby failed to disclose the Annual Percentage Rate with an accuracy at least to the nearest quarter of 1 percent, computed in accordance with Section 226.5(b)(1) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents 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 an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Radigan Brothers, Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business located at 637 Broadway, Gary, Indiana.

Respondents John B. Radigan, William J. Radigan and Joseph B. Radigan are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of said corpora-

tion and their addresses are the same as that of the corporate respondent.

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

ORDER

It is ordered, That respondent, Radigan Brothers, Incorporated, a corporation, and its officers, and respondents John B. Radigan, William J. Radigan, and Joseph B. Radigan, individually and as officers of said corporation, and respondents' representatives, agents 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 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 disclose the terms "Finance Charge" and "Annual Percentage Rate," where required to be used, more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Failing to use the term "Total of Payments" to describe the sum of payments scheduled to repay the indebtedness, or failing to disclose the number, amount, and due dates of periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

3. Failing to use the term "Cash Price" to describe the price of the goods and services which are the subject of the transaction, as required by Section 226.8(c)(1) of Regulation Z.

4. Failing to use the terms "Cash Down Payment," "Trade-In" and "Total Down Payment," to describe any down payment in money, any down payment in property and the sum of these two items, respectively, as required by Section 226.8(c)(2) of Regulation Z.

5. Failing to use the term "Unpaid Balance of Cash Price" to describe the difference between the cash price and the total down payment, as required by Section 226.8(c)(3) of Regulation Z.

6. Failing to use the term "Amount Financed," to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

7. Failing to use the term "Deferred Payment Price" to de-

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scribe the sum of the cash price, the finance charge, and all other charges, as required by Section 226.8(c)(8)(ii) of Regulation Z.

8. Failing to disclose the Annual Percentage Rate with an accuracy at least to the nearest quarter of one percent, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

9. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents shall deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and shall secure from each such salesman or other person a signed statement acknowledging receipt of a copy of this order.

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

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

IN THE MATTER OF

JOHN MULLINS & SONS, INC., ET AL.

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

Docket C-1928. Complaint, June 2, 1971—Decision, June 2, 1971

Consent order requiring a Brooklyn, N.Y., corporation selling furniture, electrical appliances and other merchandise to cease violating the Truth in Lending Act by failing to disclose in its advertisements the annual percentage rate.