

Consent order requiring a Rochester, N.Y., furniture and electrical appliance retail store to cease violating the Truth in Lending Act by failing to disclose on its installment contracts the terms annual percentage rate, total of payments, cash price, unpaid balance of cash price, amount financed, finance charge, deferred payment price, and other terms 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 American Auto Supply Co., Inc., a corporation, d/b/a Rubens Furniture Co., and Barney Rubens, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and 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 American Auto Supply Co., Inc., is a corporation organized, existing and doing business as Rubens Furniture Co., under and by virtue of the laws of the State of New York, with its principal office and place of business located at 292 East Avenue, Rochester, New York.

Respondent Barney Rubens is the president 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 operate a retail store and are now, and for some time last past have been, engaged in the advertising for sale, offering for sale and sale of furniture and electrical appliances 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 of their business, as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing customers to execute retail installment contracts, hereinafter referred to as "the contract." Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through the use of the contract, respondents:

1. Failed in some instances to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, as computed

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in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z. Respondents understated the "annual percentage rate" by as much as 6.75 percent.

2. Failed in some instances to disclose the finance charge expressed as an annual percentage rate, and failed to describe that rate as the "annual percentage rate," as required by Section 226.8(b)(2) of Regulation Z.

3. Failed in some instances to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness and the total amount of such payments, as required by Section 226.8(b)(3) of Regulation Z. Respondents also failed in some instances to describe the sum of such payments as the "total of payments," as required by that section.

4. Failed in some instances to use the term "cash price" to describe the price at which respondents offer, in the regular course of business, to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

5. Failed in some instances to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c)(3) of Regulation Z.

6. Failed in some instances 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. Failed in some instances to use the term "finance charge" to describe the sum of all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c)(8)(i) of Regulation Z.

8. Failed in some instances to disclose, and in other instances to disclose accurately, the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and failed in some instances to describe that sum as the "deferred payment price," all as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 5. Pursuant to Section 103(k) 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 have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing Regulation promulgated thereunder, and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents 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 complaint to issue herein, 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent American Auto Supply Co., Inc., is a corporation organized, existing and doing business as Rubens Furniture Co., under and by virtue of the laws of the State of New York, with its principal office and place of business located at 292 East Avenue, Rochester, New York.

Respondent Barney Rubens is the president of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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 American Auto Supply Co., Inc., a corporation, d/b/a Rubens Furniture Co. or under any other name, and its officers, and Barney Rubens, 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 extension or arrangement for the 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 "annual percentage rate" accurately to the nearest quarter of one percent, as computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Failing to disclose the finance charge expressed as an annual percentage rate, and failing to describe that rate as the "annual percentage rate," as required by Section 226.8(b)(2) of Regulation Z.

3. Failing to disclose the number, amount and due dates or periods of payments scheduled to repay the indebtedness and the total amount of such payments, as required by Section 226.8(b)(3) of Regulation Z. Failing to describe the sum of such payments as the "total of payments," as required by that Section.

4. Failing to use the term "cash price" to describe the price at which respondents offer, in the regular course of business, to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) 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 downpayment, 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 "finance charge" to describe the sum of all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c)(8)(i) of Regulation Z.

8. Failing to disclose, and to disclose accurately, the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and failing to describe that sum as the "deferred

payment price," all as required by Section 226.8(c)(8)(ii) 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 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 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 each respondent 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

OZARK MATTRESS COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER
PRODUCTS IDENTIFICATION ACTS

Docket C-1990. Complaint, July 26, 1971—Decision, July 26, 1971

Consent order requiring a Springfield, Mo., manufacturer and distributor of mattresses and box springs to cease misrepresenting the number of coil springs or other component parts in its products, misbranding the same,