

Complaint

79 F.T.C.

IN THE MATTER OF

SOL WIZAN TRADING AS UNITED FURNITURE CO.

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

Docket C-2016. Complaint, Aug. 20, 1971—Decision, Aug. 20, 1971

Consent order requiring a Los Angeles, Calif., individual trading as a firm selling and distributing furniture and other merchandise at retail to cease violating the Truth in Lending Act by failing to properly use on its installment contracts the terms "cash price," "unpaid balance of cash price," "amount financed," "deferred payment price," "total of payments," failing to disclose the "annual percentage rate," and all other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the regulations 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 Sol Wizan, individually, and trading as United Furniture Co., hereinafter referred to as respondent, has violated the provisions of said Acts, 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 Sol Wizan is an individual trading as United Furniture Co., at 4480 Whittier Boulevard, Los Angeles, California.

PAR. 2. Respondent is now and for many years has been engaged in the offering for sale, sale, and distribution of furniture and other merchandise to the public through retail stores.

PAR. 3. In the ordinary course and conduct of his business, respondent regularly extends, and for sometime has 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, respondent, in the ordinary course and conduct of his business and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing his customers to execute retail installment conditional sales contracts. Respondent has made no other written disclosures in order to comply with the Truth in Lending Act. By and through the use of these contracts, respondent:

1. Fails to clearly, conspicuously, and in meaningful sequence make the required disclosures, as prescribed by Section 226.6(a) of Regulation Z.

2. Fails to use the term "cash price" to describe the cash price of the goods sold by him, as prescribed by Section 226.8(c)(1) of Regulation Z.

3. Fails to use the term "unpaid balance of the cash price" to describe the difference between the cash price and the total downpayment, as prescribed by Section 226.8(c)(3) of Regulation Z.

4. Fails to use the term "unpaid balance" to describe the sum of the "unpaid balance of the cash price" and all other charges which are included in the amount financed which are not part of the finance charge, as prescribed by Section 226.8(c)(5) of Regulation Z.

5. Fails to use the term "amount financed" to describe the amount financed, as prescribed by Section 226.8(c)(7) of Regulation Z.

6. Fails to disclose the sum of the cash price and the finance charge, and to describe the sum as the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

7. Fails to use the term "total of payments" to describe the sum of the payments, as prescribed by Section 226.8(b)(3) of Regulation Z.

8. Fails to disclose the annual percentage rate with an accuracy to the nearest quarter of one percent, as prescribed by Section 226.5(b)(1) of Regulation Z.

9. Fails to make the disclosure required by Section 226.8(b)(5), as prescribed by Sections 226.8(a) and 226.801 of Regulation Z.

PAR. 5. By and through the acts and practices set forth above, respondent failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondent has violated the Federal Trade Commission Act.

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 Los Angeles Regional Office 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 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Sol Wizan is an individual trading as United Furniture Co., at 4480 Whittier Boulevard, Los Angeles, California.
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 Sol Wizan, individually, and trading as United Furniture Co., and respondent's 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 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 clearly, conspicuously, and in meaningful sequence make the required disclosures, as prescribed by Section 226.6(a) of Regulation Z.
2. Failing to use the term "cash price" to describe the cash price of the goods sold by him, as prescribed by Section 226.8(c) (1) of Regulation Z.
3. Failing to use the term "unpaid balance of cash price" to describe the difference between the "cash price" and the "total down-payment," as prescribed by Section 226.8(c) (3) of Regulation Z.

4. Failing to use the term "unpaid balance" to describe the sum of the "unpaid balance of cash price" and all other charges which are included in the amount financed but which are not part of the finance charge, as prescribed by Section 226.8(c)(5) of Regulation Z.

5. Failing to use the term "amount financed" to describe the amount financed, as prescribed by Section 226.8(c)(7) of Regulation Z.

6. Failing to disclose the sum of the cash price and the finance charge, and to describe the sum as the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

7. Failing to use the term "total of payments" to describe the sum of the payments, as prescribed in Section 226.8(b)(3) of Regulation Z.

8. Failing to disclose the annual percentage rate with an accuracy to the nearest quarter of one percent, as prescribed by Section 226.5(b)(1) of Regulation Z.

9. Failing to make all the required disclosures in one of the following three ways, in accordance with Section 226.8(a) or 226.801 of Regulation Z:

(a) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) On one side of a separate statement which identifies the transaction; or

(c) On both sides of a single document containing on each side thereof the statement "Notice: See other side for important information," with the place for the customer's signature following the full content of the document.

10. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount prescribed 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 respondent engaged in the consummation of any extension of consumer credit or in any aspect of the preparation, creation or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commis-

Decision and Order

79 F.T.C.

sion a report in writing, setting forth in detail the manner and form in which he has complied with this order.

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