

within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

SAMPLE FURNITURE STORE, INC., ET AL.

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

Docket C-2024. Complaint, Sept. 2, 1971—Decision, Sept. 2, 1971

Consent order requiring seven Illinois and one Wisconsin sellers and distributors of household furniture and appliances to cease violating the Truth in Lending Act by failing to use in their installment contracts the terms cash downpayment, trade-in, unpaid balance of cash price, deferred payment price, the annual percentage rate, the correct number of payments, 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 Sample Furniture Store, Inc., a corporation, J. Blumberg, Inc., a corporation, #2 J. Blumberg, Inc., a corporation, Penry Furniture Co., a corporation, Smith-Fitzgibbons Furniture Co., a corporation, G & E Furniture Co., a corporation, Adams Furniture Co., Inc., a corporation and David L. Blumberg, individually and as an officer and director of each of said corporations, 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 Sample Furniture Store, Inc., is a corporation organized, existing and doing business under and by virtue of

the laws of the State of Illinois with its principal place of business located at 202 South Genesee Street, Waukegan, Illinois.

Respondent J. Blumberg, Inc., 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 114 South Genesee Street, Waukegan, Illinois;

#2 J. Blumberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 141 South Genesee Street, Waukegan, Illinois;

Penry Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 435 Main Street, Danville, Illinois;

Smith-Fitzgibbons Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 128 Collins Street, Joliet, Illinois;

G & E Furniture Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business located at 7th and Washington, Springfield, Illinois;

Adams Furniture Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin with its principal place of business located at 55 South River Street, Janesville, Wisconsin.

Respondents #2 J. Blumberg, Inc., Penry Furniture Co., Smith-Fitzgibbons Furniture Co., G & E Furniture Co., and Adams Furniture Co., Inc., are wholly-owned corporate subsidiaries of respondent J. Blumberg, Inc.

Respondent David L. Blumberg is an officer of each of respondent corporations. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is 114 South Genesee Street, Waukegan, Illinois.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of household furniture and appliances to the general 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, duly promulgated by the Board of Governors of the Federal Reserve System.

Complaint

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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 customers to execute retail installment contracts and security agreements, hereinafter referred to as to the "contract and security agreement."

By and through the use of the contract and security agreement, respondents:

1. Fail to use the terms "cash down payment" and "trade-in" to describe down payments in cash and property, respectively, as required by Section 226.8(c) (2) of Regulation Z.
2. Fail 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.
3. Fail to use the term "deferred payment price" to describe the sum of the cash price, all other charges individually itemized, and finance charge, as required by Section 226.8(c) (8) (ii) of Regulation Z.
4. Fail to accurately disclose the annual percentage rate computed to the nearest one quarter of 1 percent in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.
5. Fail to disclose the correct number of payments and amount of each payment scheduled to repay the indebtedness so that the sum of such payments will equal the "total of payments," as required by Section 226.8(b) (3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitutes violation of that Act and, pursuant to Section 108 thereof, respondent thereby violates 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, the Truth in Lending Act and the implementing regulation promulgated thereunder; 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 Acts and implementing regulation, 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 Sample Furniture Store, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 202 South Genesee Street, Waukegan, Illinois;

Respondent J. Blumberg, Inc., 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 114 South Genesee Street, Waukegan, Illinois;

#2 J. Blumberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 141 South Genesee Street, Waukegan, Illinois;

Penry Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 435 Main Street, Danville, Illinois;

Smith-Fitzgibbons Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal place of business located at 128 Collins Street, Joliet, Illinois;

G & E Furniture Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal place of business located at 7th and Washington, Springfield, Illinois;

Adams Furniture Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin with its principal place of business located at 55 South River Street, Janesville, Wisconsin;

Respondents #2 J. Blumberg, Inc., Penry Furniture Co., Smith-Fitzgibbons Furniture Co., G & E Furniture Co. and Adams Furniture Co., Inc., are wholly-owned corporate subsidiaries of respondent J. Blumberg, Inc.;

Respondent David L. Blumberg is an officer of each of respondent corporations. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is 114 South Genesee Street, Waukegan, Illinois.

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 Sample Furniture Store, Inc., a corporation, and its officers; J. Blumberg, Inc., a corporation, and its officers; #2 J. Blumberg, Inc., a corporation, and its officers; Penry Furniture Co., a corporation, and its officers; Smith-Fitzgibbons Furniture Co., a corporation, and its officers; G & E Furniture Co., a corporation, and its officers; Adams Furniture Co., Inc., a corporation, and its officers; and David L. Blumberg, as an individual and officer of each of said corporations, 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 § 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 use the term "cash downpayment" to describe any downpayment in cash, or failing to use the term "trade-in" to describe any downpayment in property, as required by Section 226.8(c)(2) of Regulation Z.
2. 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.
3. Failing to use the term "deferred payment price" to describe the sum of the cash price, all other charges individually itemized, and the finance charge, as required by Section 226.8(b)(8)(ii) of Regulation Z.
4. Failing to accurately disclose the annual percentage rate computed to the nearest one quarter of one percent in accordance

with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.

5. Failing to disclose the correct number of payments and amount of each payment scheduled to repay the indebtedness so that the sum of such payments will equal the "total of payments," as required by Section 226.8 (b) (3) of Regulation Z.

6. 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 Section 226.6, Section 226.8, Section 226.9 and Section 226.10 of Regulation Z.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered. That respondents 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 respondents 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 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.
