

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
LEISURE INDUSTRIES, INC., DOING BUSINESS AS CALIFORNIA
PINES RECREATIONAL ESTATES, ET AL.

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

Docket C-2029. Complaint, Sept. 7, 1971—Decision, Sept. 7, 1971

Consent order requiring an Alturas, Calif., seller of unimproved real estate to cease violating the Truth in Lending Act by failing to state in its advertisements in prescribed terminology the cash price, the amount of the downpayment, the schedule of repayments, the annual percentage rate, the deferred payment price, the unpaid balance of cash price, and failing to make all 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 Leisure Industries, Inc., a corporation doing business as California Pines Recreational Estates, and Land Researchers, Inc., a corporation, and Arthur W. Carlsberg, individually and as an officer of Leisure Industries, Inc., 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. Proposed respondent Leisure Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located in Alturas, California. Leisure Industries, Inc., does business in the name and style of California Pines Recreational Estates.

Respondent Land Researchers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the

State of California, with its principal office and place of business located at 15233 Ventura Boulevard, Sherman Oaks, California.

Respondent Arthur W. Carlsberg is an individual and is the president of Leisure Industries, Inc., and he directs, formulates and controls the acts and practices of said corporation including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale of unimproved real estate to the public and have engaged in the advertising of such real estate in various media.

PAR. 3. In the ordinary course and conduct of business as aforesaid, Leisure Industries, Inc., regularly extends, and for some time last past has 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. In the ordinary course and conduct of its business as aforesaid, Land Researchers, Inc., regularly arranges, and for some time last past has arranged, for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents have caused advertisements to be published, broadcast, or delivered, which advertisements aid, promote or assist directly or indirectly the extension of consumer credit. Certain of said advertisements expressly state the amount of the downpayment and the number and amount of monthly payments, and others by implication state the amount of the monthly payment, without also stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z:

- (1) The cash price;
- (2) The amount of the downpayment required or that no downpayment is required, as applicable;
- (3) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (4) The amount of the finance charge expressed as on annual percentage rate; and
- (5) The deferred payment price.

PAR. 6. Respondents, in certain of the advertisements referred to in Paragraph Five, fail to disclose clearly and conspicuously and in a meaningful manner the "annual percentage rate," the "deferred payment price," and the remaining information set forth in Paragraph Five, as required by Section 226.6(a) of Regulation Z.

PAR. 7. Subsequent to July 1, 1969, in the ordinary course and conduct of their business as aforesaid, respondents have granted and offered to grant discounts from their stated cash price to customers paying cash or making specified large downpayments. In connection with the "credit sale" of lots where buyers did not make the necessary downpayment to qualify for the discount in price, respondents have provided those customers with credit cost disclosure statements which:

(1) Fail to accurately disclose the "cash price" of the property as defined in Section 226.8(c) (1) and determined as set forth in Section 226.8(o) (7) of Regulation Z, as the actual price at which such property is sold, or would be sold to cash-paying customers.

(2) Fail to accurately disclose the amount of the "unpaid balance of cash price" as required by Section 226.8(c) (3) of Regulation Z.

(3) Fail to accurately disclose the "amount financed" as required by Section 226.8(c) (7) of Regulation Z.

(4) Fail to include in the amount of the "finance charge" as required by Sections 226.4, 226.8(o) (7) and 226.8(c) (8) (i) of Regulation Z, the amount of the discount which would have been deducted from the price of the property had the customer paid cash or made the specified downpayment.

(5) Fail to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Sections 226.5 and 226.8(o) (7) of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

PAR. 8. By and through the acts and practices set forth above, respondents 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, respondents have 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 Los Angeles Regional Office 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 issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Leisure Industries, Inc., doing business as California Pines Recreational Estates, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California with its office and place of business located in Alturas, California.

Respondent Land Researchers, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California with its office and place of business located at 15233 Ventura Boulevard, Sherman Oaks, California.

Respondent Arthur W. Carlsberg is an individual and officer of Leisure Industries, Inc. He formulates, directs and controls the acts and practices of said corporation, and his address is 1801 Avenue of the Stars, 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 respondents Leisure Industries, Inc., Land Researchers, Inc., and their officers, and Arthur W. Carlsberg, individually and as an officer of Leisure Industries, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with arrangement or extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any arrangement or 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. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states, directly or by implication, 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:

- (1) The cash price;
- (2) The amount of the downpayment required or that no downpayment is required, as applicable;
- (3) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (4) The amount of the finance charge expressed as an annual percentage rate; and
- (5) The deferred payment price.

2. Failing to make all the disclosures required by Section 226.10 (d) of Regulation Z clearly, conspicuously, and in a meaningful manner as required by Section 226.6(a) of Regulation Z.

3. Failing in any credit sale to accurately disclose the amount of the "cash price" as required by Sections 226.8(c) (1) and 226.8 (o) (7) of Regulation Z.

4. Failing in any credit sale to accurately disclose the amount of the "unpaid balance of cash price" as required by Section 226.8 (c) (3) of Regulation Z.

5. Failing in any credit sale to accurately disclose the "amount financed" as required by Section 226.8(c) (7) of Regulation Z.

6. Failing in any credit sale to accurately disclose the amount of the "finance charge" as it is required to be computed and disclosed by Sections 226.4, 226.8(c) (8) (i), and 226.8(o) (7) of Regulation Z.

7. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Sections 226.5 and 226.8(o) (7) of Regulation Z, as required by Sections 226.8(b) (2), and 226.10 of Regulation Z.

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

Decision and Order

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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 arranging of 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 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 they have complied with this order to cease and desist.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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 this order.

IN THE MATTER OF

U.S. TEXTILE COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS