

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

Docket C-2041. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring an Encino, Calif., new and used automobile dealer with dealerships in California, Washington, and Texas, and its advertising agency to cease violating the Truth in Lending Act by failing to disclose in their advertising and installment contracts the cash price, the amount of the downpayment, the number and amount of scheduled repayments, the amount and annual percentage rate of the finance charge, the deferred payment price, and 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 Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, Ralph Williams, Inc., corporations, and Ralph L. Williams, individually and as an officer of said corporations, and Hunter-Willhite Advertising, Inc., a corporation, hereinafter referred to

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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 Ralph Williams Ford 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 15770 Ventura Boulevard, Encino, California.

Respondent Ralph's Chrysler-Plymouth 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 9250 Lakewood Boulevard, Downey, California.

Respondent Ralph Williams' North West Chrysler Plymouth, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business formerly located at 13733 Aurora Avenue, North Seattle, Washington.

Respondent Ralph Williams Gulf Gate Chrysler Plymouth is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business formerly located at 6902 Gulf Freeway, Houston, Texas.

Respondent Ralph Williams, 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 15720 Ventura Boulevard, Encino, California.

Respondent Ralph L. Williams is president of Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph Williams, Inc. He formulates, directs and controls the policies, acts and practices of said corporations, including the acts and practices hereinafter set forth. His address is 15720 Ventura Boulevard, Encino, California.

Respondent Hunter-Willhite Advertising, 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 721 North La Brea Avenue, Los Angeles, California.

PAR. 2. Respondents Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph L. Williams are now, and for some time last past have been engaged in the sale of new and used automobiles to the public.

PAR. 3. Respondent Ralph Williams, Inc., is a management servicing agent for Ralph Williams' automobile dealerships and is now and for some time last past has been engaged in the procuring and arranging of advertising for said automobile dealerships.

PAR. 4. Respondent Hunter-Willhite Advertising, Inc., is now and for some time last past has been an advertising agency engaged in the business of creating, producing, preparing and placing advertising for its clients, one of which is respondent Ralph Williams, Inc.

PAR. 5. In order to promote the sale of their automobiles, respondents Ralph Williams Ford, Ralph's Chrysler-Plymouth, Inc., and Ralph Williams Gulf Gate Chrysler Plymouth through its management and servicing agent, Ralph Williams, Inc., have caused advertisements to be placed in various media. Certain of these advertisements to promote, aid, or assist directly or indirectly consumer credit sales were created, prepared, produced and placed by respondent Hunter-Willhite Advertising, Inc.

PAR. 6. Certain of the advertisements referred to in Paragraph Five which were published in newspapers subsequent to July 1, 1969, stated the amount of downpayment and the amount of monthly payments required if credit is extended without also stating 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 annual percentage rate; and
3. The deferred payment price.

PAR. 7. Certain of the advertisements referred to in Paragraph Five which were broadcast on television subsequent to July 1, 1969, visually disclosed information required by Regulation Z simultaneously with the announcer's distracting oral sales presentation in such a manner as to be difficult to be seen on a television screen and for such an insufficient period of time to be read and comprehended by the television viewer. By means of such advertisements respondents violated Section 226.6(a) of Regulation Z which requires disclosures to be made clearly, conspicuously, and in meaningful sequence.

PAR. 8. By causing to be placed for publication the advertisements referred to in Paragraph Five, 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 thereby violated the Federal Trade Commission Act.

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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 Truth in Lending Act and the 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 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 procedures 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 Ralph Williams Ford 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 15770 Ventura Boulevard, Encino, California.

Respondent Ralph's Chrysler-Plymouth 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 9250 Lakewood Boulevard, Downey, California.

Respondent Ralph Williams' North West Chrysler Plymouth, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business formerly located at 13733 Aurora Avenue, North Seattle, Washington.

Respondent Ralph Williams Gulf Gate Chrysler Plymouth is a corporation organized, existing and doing business under and by virtue

of the laws of the State of Texas, with its principal office and place of business formerly located at 6902 Gulf Freeway, Houston, Texas.

Respondent Ralph Williams, 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 15720 Ventura Boulevard, Encino, California.

Respondent Ralph L. Williams is president of Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, and Ralph Williams, Inc. He formulates, directs and controls the policies, acts and practices of said corporations, including the acts and practices hereinafter set forth. His address is 15720 Ventura Boulevard, Encino, California.

Respondent Hunter-Willhite Advertising, 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 721 North La Brea Avenue, 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 Ralph Williams Ford, Ralph's Chrysler-Plymouth, Ralph Williams' North West Chrysler Plymouth, Inc., Ralph Williams Gulf Gate Chrysler Plymouth, Ralph Williams, Inc., corporations, and their officers, and Ralph L. Williams, individually and as an officer of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of motor vehicles or other products or services, 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 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:

- (a) The cash price;
- (b) The amount of the downpayment required or that no downpayment is required, as applicable;
- (c) The number and amount of payments scheduled to repay the indebtedness if the credit is extended;
- (d) The amount of the finance charge expressed as an annual percentage rate;
- (e) The deferred payment price.

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

3. 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 fails to make all the disclosures as required by Section 226.10 of Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation and placing of advertising on behalf of respondents, and failing to secure from each such person or agency a signed statement acknowledging receipt of said order.

It is further ordered, That respondent Hunter-Willhite Advertising, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with 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. Creating, producing, or causing to be disseminated to the public in any manner whatsoever any consumer credit advertisement which fails to make all the disclosures required by Section 226.10 of Regulation Z clearly, conspicuously, and in meaningful sequence as required by Section 226.6(a) of Regulation Z.

2. Creating, producing, or 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 the amount of the downpay-

ment 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:

- (a) The cash price or the amount of the loan, as applicable;
- (b) The amount of the downpayment required, or that no downpayment is required, as applicable;
- (c) The number and amount of payments scheduled to repay the indebtedness if the credit is extended;
- (d) The amount of the finance charge expressed as an annual percentage rate; and
- (e) The deferred payment price or the sum of the payments, as applicable.

3. Creating, producing, or 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 fails to make all the disclosures as required by Section 226.10 of Regulation Z.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in reviewing the legal sufficiency of advertising prepared, created or placed on behalf of any advertiser, and failing to secure from each such person a signed statement acknowledging receipt of said order.

It is further ordered, That each respondent 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 it has complied with the order to cease and desist contained herein.

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 the order.

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IN THE MATTER OF

BYER FURNITURE COMPANY, 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-2042. Complaint, Sept. 13, 1971—Decision, Sept. 13, 1971

Consent order requiring a Miami, Fla., retail seller and distributor of furniture to cease violating the Truth in Lending Act by failing in any credit sale to use the term "cash sale," disclose the deferred payment price, the annual percentage rate, and all other credit 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 Byer Furniture Company, Inc., a corporation, and Norman L. Madan, individually and as an officer, 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 Byer Furniture Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 2199 Northwest 36th Street, Miami, Florida.

Respondent Norman L. Madan is an officer of the corporate respondent. He formulates, directs and controls the policy, acts and practices of the corporation, including the acts and practices hereinafter set forth. His 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 offering for sale and retail sale and distribution of furniture to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend 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, in the ordinary course of their business as aforesaid and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and