

IN THE DISTRICT OF
NATPAC 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-2045. Complaint, Sept. 21, 1971—Decision, Sept. 21, 1971

Consent order requiring fourteen sellers of freezers, food, and freezer-food plans located in New York, Connecticut, New Jersey, Pennsylvania, and the District of Columbia to cease misrepresenting that their freezers are free in connection with purchase of the food, that the food is sold at a discount, that some food plans may be purchased on a weekly basis, making false guarantees, misrepresenting the grade of the meat sold, that a home economist will supervise customers' menus, that non-meat foods are packaged by national firms, and failing to disclose to each potential customer all the details of cost; respondents are also forbidden to induce signing of promissory notes without disclosing all the contents, failing to print a notice on face of contract that it may be sold to a third party, using false testimonial letters, claiming they have been in business since 1922, and failing to include in their contracts a notice that the contract may be canceled by customer within three days. Respondents are also required to make all disclosures required by Regulation Z of the Truth in Lending Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, and pursuant

to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, the Federal Trade Commission, having reason to believe that Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, corporations, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint stating its charges in those respects as follows:

PARAGRAPH 1. Respondent Natpac Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

Respondents Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, Associated Budgeting Corporation, and Lenda-Freeze, Incorporated are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

Respondent Natpac of New York, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 715 Main Street, Poughkeepsie, New York.

Respondent Natpac of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 252 State Highway, East Brunswick, New Jersey.

Respondent Natpac of Connecticut, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 1034 Prospect Road, Cheshire, Connecticut.

Respondent Natpac of Long Island, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 1904 Route 112, Medford, Long Island.

Respondent Natpac Foods, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located at 645 Chester Pike, Ridley Park, Pennsylvania.

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Respondent Natpac South, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 2951 V Street, N.E., Washington, D.C.

Respondents National Budgeting Company, Inc., and Garden Budgeting Corp., are corporations organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with their principal office and place of business located at 252 State Highway #18, East Brunswick, New Jersey.

Respondent Connecticut Budgeting Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

PAR. 2. Respondents are now and for more than one year last past, have been engaged in the advertising, offering for sale and sale and distribution of food, as "food" is defined in the Federal Trade Commission Act, freezer food plans and freezers to members of the purchasing public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their freezers and food when sold, to be shipped from certain distribution points in the States of New York, New Jersey, Connecticut and the District of Columbia, to purchasers thereof located in the various other States of the United States, and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said freezers and food in commerce as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition in commerce with corporations, firms and individuals in the sale of freezers, food, and freezer food plans.

PAR. 5. In the course and conduct of their business as aforesaid, respondents have disseminated and caused the dissemination of certain statements and representations through advertisements concerning the said food, freezers, and freezer food plans by the United States mails, and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including but not limited to, advertisements by means of circulars, newspapers, telephone directories, and pamphlets, for the purpose of inducing, and which were likely to induce, directly or indirectly, the purchase of food, freezers and freezer food plans; and have disseminated, and caused the dis-

semination of, advertisements concerning said food, and freezer food plans by various means, including those aforesaid, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said food, and freezer food plans in commerce as "commerce" is defined in the Federal Trade Commission Act.

Typical and illustrative of the foregoing statements and representations, but not all inclusive thereof, are the following:

NATPAC WILL EVEN LEASE YOU A FREEZER TO STORE YOUR FOOD.
ALL FOR THE SAME LOW WEEKLY COST OF \$16.65.

NATPAC PUTS A STOP TO RISING FOOD COSTS—GIVES YOU A WRITTEN
GUARANTEE THAT THEY WILL MAINTAIN TODAY'S LOW FOOD
PRICES FOR THE NEXT THREE YEARS * * * WITHOUT A PENNY'S
INCREASE.

IF YOU ALREADY OWN A FREEZER YOU CAN STILL PARTICIPATE.

NATPAC ONE OF AMERICA'S LARGEST FOOD PACKERS WILL EVEN
PROVIDE YOU WITH A FREEZER OR COMBINATION FREEZER
REFRIGERATOR TO STORE YOUR FOOD. THE LOW WEEKLY
CHARGE OF \$12 INCLUDES ALL COSTS.

PAR. 6. By and through the use of the above-quoted advertising statements and representations, and others of similar import and meaning not expressly set out herein, separately and in conjunction with the oral statements and representations made by their salesmen and representatives, to prospective purchasers, respondents represent, and have represented, directly or by implication, that:

1. Customers will receive a freezer without charge or additional cost when participating in respondents' food freezer program.
2. Respondents' freezers are custom built.
3. Respondents' freezers are commercial models.
4. Customers will realize savings over the cost of similar food purchased at retail food outlets.
5. Payments for the respondents' food plans may be made weekly.
6. Customers will receive USDA Prime or USDA choice meats.
7. Respondents will provide a food consultant or home economist who will supervise the preparation of customers' menus in accordance with customers' instructions.
8. The amount of food provided will be ample for the time period specified in the customers' individual food plans.
9. Customers have written testimonial letters praising the benefits received from respondents' food plans.
10. Foods other than meats are packaged by nationally-known food packers.

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11. A prospective customer has won a prize in a sweepstakes drawing conducted by the respondents, and that a representative of the respondents will present the prospective customer with a prize such as a new sewing machine or other valuable item. Prospective customers are asked to allow respondents' representative to come to the home and make the presentation of the prize.

12. A complete inventory list showing weight and number of packages will accompany each food order.

13. Respondents have been in the food business since 1922.

14. Respondents guarantee that customers will pay the same prices for food for the three years following the date of contract.

PAR. 7. In truth and in fact:

1. Customers do not receive a freezer without charge. To the contrary, after the salesman sells the food plan he then proceeds to sell or lease a freezer to the customer. Customers are told that although there is a monthly cost of approximately \$24 for a new freezer, they actually only pay \$7-\$8 a month as a result of the savings realized from the food plan. In addition, customers who cancel their food contracts or default thereon before the end of three years become immediately liable for the entire remaining unpaid amount of the original freezer purchase price. In addition, freezers are not loaned to customers without charge. Customers who request freezers on a loan basis pay an additional \$13 per month for their food, which is the same sum charged for a leased freezer.

2. Respondents' freezers are not custom built. The freezers supplied to the respondents are not built to their or customers' specifications.

3. Respondents' freezers are not commercial models.

4. Customers do not realize savings on their food bills, but in fact, many pay more under respondents' plans than the cost for comparable food purchased at regular retail food outlets. Respondents do not sell food at discount prices. In addition the customer has no way of computing price per pound of a particular package of meat, as respondents do not give prices per item. The customer can only estimate the cost of an item by dividing the total weight of the shipment into the total cost.

5. Customers are rarely if ever billed weekly, but rather are charged on a monthly basis.

6. Respondents do not supply USDA Prime grade meats, but only U.S. choice or lesser grade or quality.

7. Respondents do not provide or make available a home economist or food consultant, to supervise the preparation of customers' menus in accordance with customers' instructions.

8. Respondents' food plans do not provide enough food for the time period specified by the salesman. Food delivered under the respondents' plans is often exhausted before the next delivery.

9. Respondents send prospective customers testimonial letters allegedly written by the prospective customers friends who are or were respondents' customers. Such letters are not written by the respondents' customers, but instead are prepared and mailed by respondents. Respondents have the alleged authors of these letters sign them at the time they contract with the respondents. In fact these letters are signed before the customer has received the food and freezer and has had time to evaluate both.

10. The food, other than meats, are not always packaged by national packers, as guaranteed by the respondents. To the contrary, in many instances the frozen food bears the Natpac label or other names not of national repute.

11. Customers have not won valuable sweepstakes prizes, such as sewing machines. In fact all winners of the alleged sweepstakes were fourth prize winners of one dollar and fifty cent cameras.

12. A complete inventory list showing weight and number of packages does not always accompany each order, as stated in the respondents' seven point guarantee. In fact the inventory rarely gives weight of each package or total weight of all packages.

13. Respondents have not been in the food business since 1922. In fact, respondents have been in business only since 1952.

14. Respondents do not guarantee that a customer will pay the same food prices for the three years after the date of contract. In fact this guarantee only applies to customers who purchase a freezer from the respondents at the time of the food purchase. Respondents advertise that guaranteed food prices are available, to customers who own their own freezer, when in truth and in fact this is not so. In addition respondents' inventory sheets, which accompany every order, state that prices are subject to change without notice.

Therefore, the advertisements referred to in Paragraph Five were and are misleading in material respects and constituted, and now constitute, "false advertisements" as that term is defined in the Federal Trade Commission Act, and the statements and representations, referred to in Paragraph Six were, and are false, misleading and deceptive.

PAR. 8. In the course and conduct of their business as aforesaid, respondents 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 Re-

serve System. Respondents enter into retail installment contracts with their customers, hereinafter referred to as "the contract." Respondents make no consumer credit cost disclosures to their customers other than on the contract.

By and through use of the contract, respondents:

1. Disclose as the "principal balance" the sum of the amount financed and charges for required credit life insurance which under the provisions of Regulation Z is part of the finance charge. This disclosure is not required or authorized by Regulation Z, and inclusion of a portion of the finance charge in an amount which purports to be in the nature of an amount financed is contradictory to the provisions of Regulation Z. Respondents thereby state additional information which is misleading and confusing to customers and contradicts and detracts attention from the required disclosure of the "amount financed," in violation of Section 226.6(c) of Regulation Z.

2. Fail to use the term "total of payments" to disclose the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

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

PAR. 9. In the course and conduct of their business, respondents have failed to supply customers, at the time of execution, with copies of all purchase orders, contracts and contract memoranda, promissory notes and other documents or papers signed by the customer and whose import, meaning or appearance is to obligate customers, directly or indirectly, to respondents or other third parties, whether immediately or not.

PAR. 10. In the course and conduct of their business, respondents have represented and do represent that their freezers and food products are guaranteed without disclosing the nature and extent of the guarantee, and the manner in which the guarantor will perform and the identity of the guarantor.

PAR. 11. In many instances, in the usual course of their business, respondents sell and transfer said customers' notes and contracts, procured by the aforesaid false, misleading and deceptive means, to various third parties including finance companies. In any subsequent action to collect monies from said customers pursuant to said notes and contracts, certain valid legal defenses and claims which said customers may have against respondents upon said notes and contracts are unavailable as against said third parties.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of freezers, food, and freezer food plans from respondents by reason of said erroneous and mistaken belief.

Respondents' failure to disclose certain material facts, both orally and in writing prior to the time of sale, was and is false, misleading and deceptive, and constituted and now constitutes an unfair or deceptive act or practice.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act, and in violation of Sections 5 and 12 of said Act, and within the intent and meaning of the Truth in Lending Act and the implementing regulations promulgated thereunder.

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 the draft of complaint which the Bureau of Consumer Protection proposes 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 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 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 those said Acts, and that complaint should issue stating its charges in those respects, 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 Natpac Inc., is a corporation with its principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

Respondents Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, Associated Budgeting Corporation, Lenda-Freeze, Incorporated, are corporations with their principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

Respondent Natpac of New York, Inc., is a corporation with its principal office and place of business located at 715 Main Street, Poughkeepsie, New York.

Respondent Natpac of New Jersey is a corporation with its principal office and place of business located at 252 State Highway, East Brunswick, New Jersey.

Respondent Natpac of Connecticut, Inc., is a corporation with its principal office and place of business located at 1034 Prospect Road, Cheshire, Connecticut.

Respondent Natpac of Long Island, Inc., is a corporation with its principal office and place of business located at 1904 Route 112, Medford, Long Island.

Respondent Natpac Foods, Inc., is a corporation with its principal office and place of business located at 645 Chester Pike, Ridley Park, Pennsylvania.

Respondent Natpac South, Inc., is a corporation with its principal office and place of business located at 2951 V Street, N.E., Washington, D.C.

Respondents National Budgeting Company, Inc., and Garden Budgeting Corp., are corporations with their principal office and place of business located at 252 State Highway #18, East Brunswick, New Jersey.

Respondent Connecticut Budgeting Service, Inc., is a corporation with its principal office and place of business located at 105-32 Cross Bay Boulevard, Ozone Park, New York.

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

PART I

It is ordered, That respondents Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Guaranteed Home Food Service, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and any subsidiary or affiliated companies, and their officers and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of freezers, food or freezer food plans, or any other products or services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication that:

(a) Customers will receive freezers free or as a gift, or without cost or charge, in connection with the purchase of any other product or service, unless such freezer is given as a gift or free of all charges.

(b) Freezers are custom built or of a commercial grade or quality.

(c) Customers realize any savings or discounts over the cost of food of similar quantity and quality purchased at regular retail food outlets, when such savings are not realized or, misrepresenting in any manner, the amount of savings available or offered to purchasers.

(d) Respondents' food plans will provide sufficient food to feed a given number of persons for a specific time period or furnishing and delivering to customers food which differs in quantity and quality from that which was represented by the respondents.

(e) Respondents' food plans may be purchased and paid for on weekly installments or any other periodic basis unless respondents' customers usually and customarily are permitted to purchase food plans on such a basis.

(f) Any of respondents' products are guaranteed unless, in immediate conjunction therewith the nature and extent of the guarantee, the manner in which the guarantor will perform and the identity of each guarantor are clearly and conspicuously disclosed.

(g) USDA Prime meat is included in respondents' food plans unless, in fact, U.S. Prime meat is so included; or misrepresenting in any manner the grades of meat offered or available from respondents.

(h) The cost of freezers purchased from respondents is subsidized by savings realized as a result of belonging to respondents' food plan, as opposed to the usual cost of food of similar quality and quantity purchased at regular retail supermarkets, unless such savings are realized.

(i) The cost of a freezer is less than the amount stated in the terms of the retail installment agreement or contract of sale for the freezer.

(j) That home economists or food consultants will supervise the preparation of customers' menus.

(k) Foods, other than meat, are packaged by national packers, without first disclosing to the customers, prior to their signing any agreement, promissory note, or instrument of like nature and import, that the packaged goods may not always bear a brand name but that it will in all instances be equal to the highest USDA grade for such foods.

2. Failing to clearly, accurately and conspicuously disclose in writing to each potential customer, prior to the time of sale, and in conjunction with all descriptions of respondents' food plans:

(a) The weight of each non-meat item or package offered in each food category.

(b) The total weight of and number of packages in each non-meat food category comprising respondents' food plans.

(c) The total weight of meat supplied during any stated term of payment.

(d) The total cost of all food for any term of payment.

(e) The total cost of respondents' food plans.

(f) The total cost per month to the customer, of any freezer leased, loaned or sold to said customer.

It is further provided, That the information required in (a), (b) and (c) above with respect to the weight and number of packages, will be furnished with each delivery of food.

3. Inducing purchasers of food, or food and freezers or other merchandise to sign any promissory note or instrument of like nature and import unless said instrument or attachment thereto contains all of the terms and conditions of the promise and unless purchasers are fully apprised of the nature and contents thereof.

4. Failing to supply purchasers at the time of execution of con-

tracts or written agreements with copies of all agreements, instruments, notes and other written memoranda signed by such purchasers and fully completed with all terms set out and all blanks filled in, with the exception of the serial number of the freezer unit which will be filled in upon delivery.

5. Failing to incorporate the following statement on the face of all contracts executed by respondents' customers with such conspicuousness and clarity as is likely to be observed, read and understood by the purchaser:

IMPORTANT NOTICE

If you are obtaining credit in connection with this contract, you will be required to sign a promissory note. This note may be purchased by a bank, finance company or any other third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled.

6. Representing to prospective customers that they have won valuable prizes, such as a sewing machine, in a sweepstakes drawing conducted by the respondents, when such valuable prizes are not awarded.

7. Representing to prospective or actual customers that food prices charged by the respondents are guaranteed not to increase for a three-year or other time period, without first setting forth clearly and conspicuously all conditions and terms related to such guarantee.

8. Representing that customers have written testimonial letters, praising the benefits of the respondents' food plans, when such letters are not written by the customers, or signed by them prior to the customers having had ample time to fully and completely appraise the full value of the respondents' food plans.

9. Representing that the respondents have been in the food business since 1922 or any other time period other than the actual number of years the respondents have been in the food business.

10. Obtaining signatures on any promissory note, contract, or other instrument of like nature and import, which does not contain a "Notice of Cancellation" which may be exercised by the buyer, if he so chooses, to cancel any time within three business days after he has signed the contract, promissory note or other instrument of like nature and import. Such notice shall allow the buyer to use any reasonable method to notify the seller of his intent to cancel, including mailing or delivering the signed notice to the seller's address.

It is further ordered, That respondents Natpac, Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and Guaranteed Home Food Service, Inc., corporations, and their officers, 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 § 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. Stating, utilizing, or placing any information or explanation not required or authorized by Regulation Z in a manner which might tend to mislead or confuse the customer or contradict, obscure, or detract attention from the information required by Regulation Z to be disclosed.
2. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.
3. Failing to disclose the sum of the cash price, the finance charge, and all other charges included in the amount financed which are not part of the finance charge, or failing to describe that sum as the "deferred payment price," as required by Section 226.8(c) (8) (ii) of Regulation Z.
4. 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 required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

PART II

It is further ordered, That respondents Natpac Inc., Natpac of New Jersey, Inc., Natpac of New York, Inc., Natpac of Connecticut, Inc., Natpac of Long Island, Inc., Natpac Foods, Inc., Natpac South, Inc., Food Financiers, Incorporated, National Budgeting Company, Inc., Connecticut Budgeting Service, Inc., Associated Budgeting Corporation, Garden Budgeting Corp., Lenda-Freeze, Incorporated, and Guaranteed Home Food Service, Inc., corporations and their officers, and respondents' agents, representatives and employees, directly or

through any corporate or other device, in connection with the offering for sale, sale or distribution of any food or freezer food plan, do forthwith cease and desist from, directly or indirectly :

1. Disseminating or causing to be disseminated, any advertisement by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any representation prohibited in Part I of this order, which fails to comply with the affirmative requirements of said Part I of this order, or which contains any of the misrepresentations prohibited therein.

2. Disseminating or causing the dissemination of any advertisement by any means for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase of any food, or any purchasing plan involving food in commerce as "commerce" is defined in the Federal Trade Commission Act, which advertisement contains any of the representations prohibited in Part I of this order, which fails to comply with the affirmative requirements of said Part I of this order, or which contains any of the misrepresentations prohibited therein.

It is further ordered, That respondents shall forthwith distribute a copy of this order to each of their operating divisions and, in addition, to all present and future officers, managers and salesmen, and to present and future personnel engaged in the consummation of sales of respondents' products 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 officer, manager, salesman and from the other aforementioned personnel.

PART III

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.

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.

IN THE MATTER OF

JEFFERSON'S JEWELERS, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS*Docket C-2046. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971*

Consent order requiring an Atlanta, Ga., jeweler and pawnbroker to cease violating the Truth in Lending Act by failing to furnish customers for open end credit accounts a single retainable written statement of information, failing to furnish such customers a periodic billing statement, failing to use the terms "annual percentage rate," and "finance charge," and failing to make all other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Jefferson's Jewelers, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, and of the regulation promulgated under the Truth in Lending Act, 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 is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia with its principal office and place of business located at 107 Peachtree Street, N.E., Atlanta, Georgia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and sale of jewelry and related merchandise to the public. Respondent is also now, and for some time last past has been, engaged in business as a pawnbroker, extending loans of money secured by pledges of personal property to the public.

PAR. 3. In the ordinary course and conduct of its business, as a fore-said, respondent 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. Respondent, subsequent to July 1, 1969, in the ordinary course and conduct of its business, extends open end credit to its