

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

customers in connection with its credit sales, as "open end credit" and "credit sale" are defined in Regulation Z. Respondent failed to furnish its customers with a single written statement before the first transaction on the open end credit account in the manner and form required by Section 226.7(a) of Regulation Z.

Periodic billing statements are mailed to customers which do not contain any of the disclosure requirements of Section 226.7(b) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondent, in the ordinary course of business and in connection with loan transactions, has caused and is causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondent provides customers with no cost of credit disclosures other than those in the agreement. By and through the use of the agreement, respondent fails to print the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has thereby 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 Bureau of Consumer Protection 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 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 Acts, 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 is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its office and principal place of business located at 107 Peachtree Street, N.E., Atlanta, Georgia.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Jefferson's Jewelers, Inc., its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of consumer credit, as "consumer credit" is 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 furnish each customer before the first transaction on any open end credit account with a single written statement, which the customer may retain, disclosing to the customer all the information required to be disclosed by Section 226.7(a) of Regulation Z.

2. Failing to furnish each open end credit account customer a periodic billing statement disclosing to the customer all the information required to be disclosed by Section 226.7(b) of Regulation Z.

3. Failing, in any consumer credit transaction other than open end credit, to print the terms "annual percentage rate" and "finance charge," where required by Regulation Z to be used, more conspicuously than other required terminology, as set forth in Section 226.6(a) of Regulation Z.

4. Failing, in any consumer credit transaction, 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 Sections 226.6, 226.7 and 226.8 of Regulation Z.

It is further ordered, That respondent shall furnish 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

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credit, and shall secure from each such person a signed statement acknowledging receipt of said order.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale resultant 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 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.