

Consent order requiring two Atlanta, Ga., individuals doing business as pawnbrokers to cease violating the Truth in Lending Act by failing to disclose and print where required the "annual percentage rate" and "finance charge," and make 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 Edward Berger and Williams S. Cohen, individually and as partners doing business as Royal Loan Office, hereinafter referred to as respondents, have violated the provisions of said Acts, and the regulation promul-

Complaint

79 F.T.C.

gated 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. Respondents are partners doing business as Royal Loan Office with their principal office and place of business located at 243 Peters Street, S.W., Atlanta, Georgia.

PAR. 2. Respondents are now, and for some time last past have been, engaged in business as pawnbrokers, securing pledges of personal property as a condition to the extension of loans of money to the 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, 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, respondents, in the ordinary course of business and in connection with loan transactions, have caused and are causing customers to execute pledge agreements which contain loan disclosure statements, hereinafter referred to as the "agreement." Respondents provide customers with no consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondents:

1. Fail to employ the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Fail to disclose the "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z in numerous instances by leaving the space provided for this disclosure blank.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have 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 respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Atlanta 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, the Truth in Lending Act and the implementing regulation promulgated thereunder; and

The respondents and counsel for the Commission having 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 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. Respondents are partners doing business as Royal Loan Office, with their office and principal place of business located at 243 Peters Street, S.W., Atlanta, Georgia.

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 Edward Berger, and William S. Cohen, individually and as partners doing business as Royal Loan Office, or under any other name, and respondents' 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. Failing 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.

Decision and Order

79 F.T.C.

2. Failing to disclose the rate of finance charge as an annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

3. 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 Sections 226.6, 226.8, 226.9 and 226.10 of Regulation Z.

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 partnership, including dissolution, addition or deletion of partners from the partnership agreement, acquisition or creation of any other business entity, corporate or otherwise, or other change in the partnership which may affect compliance obligations arising out of this order.

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 it has complied with this order.

IN THE MATTER OF

EDWARD WEINER, ET AL. DOING BUSINESS AS

WEST SIDE LOAN OFFICE

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

Docket C-2050. Complaint, Sept. 22, 1971—Decision, Sept. 22, 1971

Consent order requiring two Atlanta, Ga., individuals doing business as pawnbrokers to cease violating the Truth in Lending Act.