

Consent order requiring an Atlanta, Ga., individual doing business as a pawnbroker 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 all 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

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thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Morris Shmerling, individually and doing business as Reliable Loan Office, hereinafter referred to as respondent, has violated the provisions of said Acts, and 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 an individual doing business as Reliable Loan Office with its principal office and place of business located at 88 Pryor Street, S.W., Atlanta, Georgia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in business as a pawnbroker, 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 his business, as aforesaid, 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. 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 consumer credit cost disclosures other than those in the agreement. By and through the use of the agreement, respondent:

1. Fails 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. Fails 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, respondent's aforesaid failures 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 Atlanta Regional Office 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 an individual, with his office and principal place of business located at 88 Pryor Street, S.W., 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, Morris Shmerling, individually and doing business as Reliable Loan Office or under any other name, and respondent's 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.

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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 respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent's engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed sale of respondent's business, any proposed change in the name under which respondent does business, any change in the form of respondent's business such as incorporation or formation of a business partnership, or the entry of respondent into any other business individually or through a corporation, business partnership or other form of doing business, or other change in respondent's business status which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

L.G. BALFOUR COMPANY, ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE
COMMISSION ACT

Docket 8435. Complaint, June 16, 1961—Decision, Sept. 23, 1971

Order modifying a cease and desist order of July 29, 1968, 74 F.T.C. 345, which required the nation's largest manufacturer of college fraternity jewelry and its sales subsidiaries to cease and desist from certain practices.