

Complaint

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IN THE MATTER OF

NATHAN DIAMOND TRADING AS EMPIRE FURNITURE
STORES, ETC.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND TRUTH IN LENDING ACTS*Docket C-2052, Complaint, Sept. 24, 1971—Decision, Sept. 24, 1971*

Consent order requiring a Los Angeles, Calif., individual trading as a seller and distributor of furniture to cease violating the Truth in Lending Act by failing to use the terms "cash price," "cash downpayment," "amount financed," "finance charge," "annual percentage rate," and other terms required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the 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 Nathan Diamond, individually, and trading as Empire Furniture Stores or Nat Diamond's Empire Furniture Stores, hereinafter referred to as respondent, has violated the provisions of said Acts, 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 Nathan Diamond is an individual trading as Empire Furniture Stores or Nat Diamond's Empire Furniture Stores at two locations in Los Angeles, California, 4431 West Adams Boulevard and 4525 South Central Avenue.

PAR. 2. Respondent is now and for many years has been engaged in the offering for sale, sale, and distribution of furniture and other merchandise to the public through retail stores.

PAR. 3. In the ordinary course and conduct of his business, respondent regularly extends, and for sometime has 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 and conduct of his business and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing his customers to execute retail installment conditional sales contracts. Respondent has made no other written disclosures in order

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to comply with the Truth in Lending Act. By and through the use of these contracts, respondent:

1. Fails to clearly, conspicuously, and in meaningful sequence make the required disclosures, as prescribed by Section 226.6(a) of Regulation Z.
2. Fails to use the term "cash price" to describe the cash price of the goods sold by him, as prescribed by Section 226.8(c) (1) of Regulation Z.
3. Fails to use the term "cash down payment" to describe any down-payment in money, as prescribed by Section 226.8(c) (2) of Regulation Z.
4. Fails to use the term "amount financed" to describe the amount financed, as prescribed by Section 226.8(c) (7) of Regulation Z.
5. Fails to use the term "finance charge" to describe the finance charge, as prescribed by Section 226.8(c) (8) (i) of Regulation Z.
6. Fails to print "finance charge" more conspicuously than other required terminology, as prescribed by Section 226.6(a) of Regulation Z.
7. Fails to disclose the sum of the cash price and the finance charge, and to describe that sum as the "deferred payment price," as prescribed by Section 226.8(c) (8) (ii) of Regulation Z.
8. Fails to use the term "total of payments" to describe the sum of the payments, as prescribed by Section 226.8(b) (3) of Regulation Z.
9. Fails to disclose the annual percentage rate with an accuracy to the nearest quarter of one percent, as prescribed by Section 226.5(b) (1) of Regulation Z.
10. Fails to print "annual percentage rate" more conspicuously than other required terminology, as prescribed by Section 226.6(a) of Regulation Z.
11. Fails to make the disclosures required by Sections 226.8(b) (4) and 226.8(b) (5), as prescribed by Sections 226.8(a) and 226.801 of Regulation Z.

PAR. 5. By and through the acts and practices set forth above, respondent 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, respondent has 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 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 respondent and counsel for the Commission having thereafter 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 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 procedure prescribed in Section 2.34(b) of its rules, the Commission issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Nat Diamond is an individual and sole proprietor of Empire Furniture Stores, also known as Nat Diamond's Empire Furniture Stores. He owns and operates two furniture stores. His office and main place of business is located at 4431 West Adams Boulevard, Los Angeles, California. The other store is located at 4525 South Central Avenue, Los Angeles, California.

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 Nathan Diamond, individually, and trading as Empire Furniture Stores or Nat Diamond's Empire Furniture Stores, 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 clearly, conspicuously, and in meaningful sequence make the required disclosures, as prescribed by Section 226.6(a) of Regulation Z.

2. Failing to use the term "cash price" to describe the cash price of the goods sold by him, as prescribed by Section 226.8(c)(1) of Regulation Z.

3. Failing to use the term "cash down payment" to describe any downpayment in money, as prescribed by Section 226.8(c)(2) of Regulation Z.

4. Failing to use the term "amount financed" to describe the amount financed as prescribed by Section 226.8(c)(7) of Regulation Z.

5. Failing to use the term "finance charge" to describe the finance charge, as prescribed by Section 226.8(c)(8)(i) of Regulation Z.

6. Failing to print "finance charge" more conspicuously than other required terminology, as prescribed by Section 226.6(a) of Regulation Z.

7. Failing to disclose the sum of the cash price and the finance charge, and to describe that sum as the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z.

8. Failing to use the term "total of payments" to describe the sum of the payments, as prescribed in Section 226.8(b)(3) of Regulation Z.

9. Failing to disclose the annual percentage rate with an accuracy to the nearest quarter of one percent, as prescribed by Section 226.5(b)(1) of Regulation Z.

10. Failing to print "annual percentage rate" more conspicuously than other required terminology, as prescribed by Section 226.6(a) of Regulation Z.

11. Failing to make all the required disclosures in one of the following three ways, in accordance with Section 226.8(a) or 226.801 of Regulation Z:

- (a) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

- (b) on one side of a separate statement which identifies the transaction; or

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(c) on both sides of a single document containing on each side thereof the statement "Notice: See other side for important information," with the place for the customer's signature following the full content of the document.

12. 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 prescribed by Sections 226.6, 226.7, 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 engaged in the consummation of any extension of consumer credit or in any aspect of the 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 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.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the respondent's business such as dissolution, assignment or sale resulting in the emergence of a successor business, corporate or otherwise, the creation of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of this order.

IN THE MATTER OF

GERMAN AUTO AGENCY, ET AL.

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

Docket C-2053. Complaint, Sept. 28, 1971—Decision, Sept. 28, 1971

Consent order requiring an Arlington, Va., firm which sells, services and repairs used Volkswagen automobiles to cease misrepresenting that they are