

Consent order requiring a Chicago, Ill., firm selling at retail radios, television sets, phonographs, jewelry and furniture to cease violating the Truth in Lending Act by failing to use the terms cash price, cash downpayment, trade-in, total downpayment, amount financed, deferred payment, failing to disclose the annual percentage rate, and all other disclosures required by Regulation Z of said Act.

Complaint

79 F.T.C.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing 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 Shaw Bros. Co., a corporation, and Arnold Cohn and Harold Cohn, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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 Shaw Bros. Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 208 South Wabash Avenue, Chicago, Illinois. Respondent Arnold Cohn is president of the corporate respondent. Respondent Harold Cohn is chairman of the board of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is 208 South Wabash Avenue, Chicago, Illinois.

PAR. 2. Respondents are now and for some time last past have been engaged in the offering for sale, sale and distribution of radios, televisions, phonographs, jewelry, furniture and other articles of merchandise at retail to the public.

PAR. 3. Since July 1, 1969, in the ordinary course and conduct of their business as aforesaid, respondents 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 and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, enter into retail installment contracts with their customers, hereinafter referred to as "the contract." Respondents make no consumer credit cost disclosures other than on the contract.

By and through the use of the contract, respondents:

1. Fail to use the term "cash price" to describe the price of the merchandise or services which are the subject of the transaction, as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to use the term "cash downpayment" to describe the amount of the downpayment in money, as required by Section 226.8(c)(2) of Regulation Z.

3. Fail to use the term "trade-in" to describe the amount of the downpayment in property, as required by Section 226.8(c)(2) of Regulation Z.

4. Fail to use the term "total downpayment" to describe the sum of the "cash downpayment" and the "trade-in," as required by Section 226.8(c)(2) of Regulation Z.

5. Fail to disclose all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, as required by Section 226.8(c)(4) of Regulation Z.

6. Fail to use the term "amount financed" to describe the amount of credit of which the customer will have the actual use, determined in accordance with Sections 226.4, 226.8(c)(7) and 226.8(d)(1) of Regulation Z, as required by Section 226.8(c)(7) of Regulation Z.

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

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

9. Fail to disclose the date the finance charge begins to accrue when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.

10. Fail to disclose the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

11. Fail to use the term "finance charge" in disclosing the right of prepayment and the method of computing any unearned portion of the finance charge in the event of prepayment, as required by Section 226.8(b)(7) of Regulation Z.

12. Fail, in any transaction in which respondents retail or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer, to provide each customer with notice of the right to rescind, in the form and manner specified by Section 226.9(b) and Section 226.9(f) of Regulation Z, prior to consummation of the transaction.

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 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 Bureau of Consumer Protection 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 thereafter 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 implementing regulation, 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 Shaw Bros. Co. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 208 South Wabash Avenue, Chicago, Illinois.

Respondent Arnold Cohn is president of the corporate respondent. Respondent Harold Cohn is chairman of the board of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is 208 South Wabash Avenue, Chicago, Illinois.

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 Shaw Bros. Co., a corporation, and its officers, and Arnold Cohn and Harold Cohn, individually and as officers of said corporation, 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 use the term "cash price" to describe the price of the merchandise or services which are the subject of the transaction, as required by Section 226.8(c) (1) of Regulation Z.
2. Failing to use the term "cash downpayment" to describe the amount of any downpayment in money, as required by Section 226.8(c) (2) of Regulation Z.
3. Failing to use the term "trade-in" to describe the amount of any downpayment in property, as required by Section 226.8(c) (2) of Regulation Z.
4. Failing to use the term "total downpayment" to describe the sum of the "cash downpayment" and the "trade-in," as required by Section 226.8(c) (2) of Regulation Z.
5. Failing to disclose all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, as required by Section 226.8(c) (4) of Regulation Z.
6. Failing to use the term "amount financed" to describe the amount of credit of which the customer will have the actual use, determined in accordance with Sections 226.8(c) (7) and (d) (1) of Regulation Z, as required by Section 226.8(c) (7) of Regulation Z.
7. Failing to use the term "deferred payment price" to describe the sum of the cash price, the finance charge, and all other charges which are included in the amount financed but which are not included in the finance charge, as required by Section 226.8(c) (8) (ii) of Regulation Z.
8. Failing to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.
9. Failing to disclose the date the finance charge begins to ac-

crue if different from the date of the transaction, as required by Section 226.8(b) (3) of Regulation Z.

10. Failing to disclose the "total of payments," as required by Section 226.8(b) (3) of Regulation Z.

11. Failing to use the term "finance charge" in disclosing the right of prepayment and the method of computing any unearned portion of the finance charge in the event of prepayment, as required by Section 226.8(b) (7) of Regulation Z.

12. Failing, in any transaction in which respondents retain or acquire a security interest in real property which is used or is expected to be used as the principal residence of the customer, to provide each customer with notice of the right to rescind, in the form and manner specified by Section 226.9(b) and Section 226.9(f) of Regulation Z, prior to consummation of the transaction.

13. Failing, in any consumer credit transaction, 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.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the offering for sale and sale of respondents' products or services, and shall secure from each salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in respondents' business, such as assignment or sale resulting in the emergence of a successor business, corporate or otherwise, the creation of subsidiaries, or any other change 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.

Order

IN THE MATTER OF

ISRAEL RETTINGER, ET AL. DOING BUSINESS AS
RETTINGER RAINCOAT MFG. CO., INC.

ORDER OF DISMISSAL IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION ACT

Docket 6534. Complaint, March 22, 1956—Decision Oct. 19, 1971

Order and decision reopening the proceeding as to two respondents, rescinding an order to cease and desist (53 F.T.C. 132) as modified (75 F.T.C. 944), and dismissing the complaint.

ORDER AND DECISION REOPENING PROCEEDING, RESCINDING ORDER
AND DISMISSING COMPLAINT

The Commission having issued an order to cease and desist, as modified by its order of May 27, 1969 [75 F.T.C. 944], against the respondents David Rettinger and Rettinger Raincoat Mfg. Co., Inc., a corporation; and

The Commission having issued its order to show cause why this proceeding should not be reopened for the purpose of rescinding its said order to cease and desist and dismissing its complaint; and

The respondents not having responded to said Order To Show Cause within 30 days after service of said order on each of them; and

The Commission, for the reasons set forth in its Order to Show Cause, being of the opinion that the public interest will best be served by reopening the proceedings herein, rescinding its order to cease and desist, and dismissing its complaint, hereby issues its order as follows:

It is ordered, That this matter be, and it hereby is, reopened as to respondents named herein.

It is further ordered, That the Commission's Order to Cease and Desist as modified by the Commission's order of May 27, 1969, be, and it hereby is, rescinded as to the respondents Rettinger Raincoat Mfg. Co., Inc., a New York corporation, and David Rettinger, individually and as a former copartner in Rettinger Raincoat Mfg. Co., a partnership now dissolved, and as a former officer and active stockholder of Rettinger Raincoat Mfg. Co., Inc., a New York corporation, which corporation, is the successor and assign of said partnership, and that the complaint as to such respondents be, and it hereby is, dismissed without prejudice to the right of the Commission to take such further action as circumstances may warrant.