

Consent order requiring a used-car dealer of Philadelphia, Pa., to cease violating the Truth in Lending Act by failing, in consumer credit transactions and advertisements, to make all disclosures in the manner, form, and amount in accordance with Regulation Z of the Act.

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 Harold Burdumy, an individual trading as Harold Burdumy, hereinafter referred to as respondent, has 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. Harold Burdumy is an individual trading as Harold Burdumy, with his office and principal place of business located at 6601 Frankford Avenue, Philadelphia, Pennsylvania.

PAR. 2. Respondent is now and for some time last past has been engaged in the advertising for sale, offering for sale and sale of used cars 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 his business, as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute retail installment contracts, hereinafter referred to as "the contract." Respondent does not provide these customers with any other consumer credit cost disclosures. By and through the use of the contract, respondent:

1. Failed to print the terms "finance charge" and "annual percentage rate" where these terms are required to be used, more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

2. Failed to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, on the face of the contract above or adjacent to the place for the customer's signature, as required by Section 226.8(a) (1) of Regulation Z.

3. Failed to disclose (a) the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and (b) a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, on the face of the contract above or adjacent to the place for the customer's signature as required by Sections 226.8(a) (1) and 226.8(b) (7) of Regulation Z.

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4. Failed to disclose the finance charge expressed as an annual percentage rate, and failed to describe that rate as the "annual percentage rate," as required by Section 226.8(b)(2) of Regulation Z.

5. Failed to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

6. Failed to use the term "cash price" to describe the price at which respondent offers, in the regular course of business, to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

7. Failed to disclose the amount of the downpayment, itemized when applicable, as the downpayment in money using the term "cash downpayment," the trade-in allowance using the term "trade-in," and the sum of "cash downpayment" and "trade-in," using the term "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.

8. Failed to disclose the difference between the cash price and the total downpayment, using the term "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

9. Failed to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

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

PAR. 5. Respondent, subsequent to July 1, 1969, has advertised, as "advertisement" is defined in Regulation Z, in the form of exterior signs located on the premises of his place of business. Such advertisements aid, promote, or assist, directly or indirectly, extensions of consumer credit, as "consumer credit" is defined in Regulation Z.

By and through the use of said advertisements, respondent:

1. Failed to disclose the following, when advertising "No Money Down" and "If you Qualify Nothing Down":

(a) the cash price;

(b) the number, amount and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(c) the amount of the finance charge expressed as an annual percentage rate; and

(d) the deferred payment price;

as required by Section 226.10(d)(2) of Regulation Z.

PAR. 6. By and through the respondent's aforesaid failure to make the disclosures in the manner and form set forth in Paragraphs Four and Five hereof, respondent failed to comply with the requirements

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of Regulation Z, the implementing regulations of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of that Act, such failure to comply constitutes a violation of the Truth in Lending Act, and pursuant to Section 108 thereof, respondent 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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act and the Truth in Lending Act and the implementing 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 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 the 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 has 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 Harold Burdumy is an individual trading as Harold Burdumy, with his principal office and place of business located at 6601 Frankford Avenue, Philadelphia, Pennsylvania.
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.

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ORDER

It is ordered, That respondent Harold Burdumy, an individual, trading or doing business as Harold Burdumy under any other name or form of business, and respondent's agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension or arrangement for the 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 "finance charge" and "annual percentage rate," where these terms are required to be used, more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.
2. Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, on the face of the contract above or adjacent to the place for the customer's signature, as required by Section 226.8(a) (1) of Regulation Z.
3. Failing to disclose (a) the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and (b) a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, on the face of the contract above or adjacent to the place for the customer's signature, as required by Sections 226.8(a) (1) and 226.8(b) (7) of Regulation Z.
4. Failing to disclose the finance charge expressed as an annual percentage rate, and failing to describe that rate as the "annual percentage rate," as required by Section 226.8(b) (2) of Regulation Z.
5. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.
6. Failing to use the term "cash price" to describe the price at which respondent offers, in the regular course of business, to sell for cash the property or services which are the subject of the credit sale, as required by Section 226.8(c) (1) of Regulation Z.
7. Failing to disclose the amount of downpayment, itemized, when applicable, as the downpayment in money using the term

"cash downpayment" the trade-in allowance using the term "trade-in," and the sum of the "cash downpayment" and "trade-in," using the term "total downpayment," as required by Section 226.8(c)(2) of Regulation Z.

8. Failing to disclose the difference between the cash price and the total downpayment, using the term "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

9. Failing to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

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

11. Stating, in any advertisement, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless there is also stated in that advertisement all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (a) the cash price;
- (b) the amount of the downpayment or that no downpayment is required, as applicable;
- (c) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (d) the annual percentage rate; and
- (e) the deferred payment price.

12. 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, 226.7, 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 respondents 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.

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It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in respondent's 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 respondent 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 the order to cease and desist contained herein.

IN THE MATTER OF