

IN THE MATTER OF

SANDERS AIRLINE TRAINING SCHOOL, ET AL.

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

Docket C-2122. Complaint, Dec. 28, 1971—Decision, Dec. 28, 1971

Consent order requiring a correspondence school, selling a home study course in airline personnel training, located in Newark, N.J., to cease violating provisions of the Truth in Lending Act by failing, in consumer credit transactions and advertisements, to make all disclosures in the manner, form and amount required by Regulation Z of the Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Sanders Airline Training School, a corporation, and Louis Rudnick, Ben Simon and Stanley Young, 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 Sanders Airline Training School is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 786 Broad Street, Newark, New Jersey.

Respondents Louis Rudnick, Ben Simon and Stanley Young are officers of the corporate respondent. They formulate, direct and control the policy, acts and practices of the corporation, including the acts and practices hereinafter set forth. Their addresses are the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale to the public of a home study course of instruction in Airline Personnel Training.

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, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures. Respondents regularly extend consumer credit payable in more than four (4) installments, without finance charge as "finance charge" is defined in Regulation Z.

PAR. 5. By and through the use of the contract set forth in Paragraph Four respondents have:

1. Failed to use the term "cash price" to describe the price at which respondents offer, in the regular course of business, to sell for cash the services which are the subject of the credit sale, as required by Section 226.8(c) (1) of Regulation Z.
2. Failed to disclose the cash downpayment and failed to use the term "cash downpayment" to describe the downpayment made in connection with the credit sale, as required by Section 226.8(c) (2) of Regulation Z.
3. Failed to disclose the unpaid balance of cash price and failed to use the term "unpaid balance of cash price" to describe the difference between the cash price and the cash downpayment as required by Section 226.8(c) (3) of Regulation Z.
4. Failed to disclose the amount of the unpaid balance, the amount financed and the deferred payment price and failed to describe these amounts as "unpaid balance," "amount financed" and "deferred payment price" as required by Section 226.8(c) (5), (7) and (8) (ii). Because there is no finance charge and no other charges, these amounts are all the same.
5. Failed to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term "total of payments" as required by Section 226.8(b) (3) of Regulation Z.
6. Disclosed the condition under which the contract could be can-

celled, modified or adjusted and the method of computing the charges payable in the event of cancellation, modification or adjustment but failed to make the disclosure with other required disclosures on the same side of the page of the instrument evidencing the obligation, above or adjacent to the place for the customer's signature as required by Section 226.8(a)(1) of Regulation Z.

PAR. 6. 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 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. Respondent Sanders Airline Training School is a corporation organized, existing and doing business under and by virtue of the

laws of the State of New Jersey, with its office and principal place of business located at 786 Broad Street, Newark, New Jersey.

Respondents Louis Rudnick, Ben Simon, and Stanley Young are officers of said corporation; they formulate, direct and control the policies, acts and practices of said corporation and their addresses are the same as that of said corporation.

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 Sanders Airline Training School, a corporation, and its officers, and Louis Rudnick, Ben Simon, and Stanley Young, individually and as officers of said corporation, and respondents' agents, representatives, employees, successors and assigns, directly or through any corporate or other device, in connection with any extension of consumer credit, as "consumer credit" is 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 failing in any consumer credit transactions 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 required by Sections 226.6, 226.8 and 226.10 of Regulation Z the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

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 corporate respondent, such as dissolution, assignment, or sale resultant in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, 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 the order to cease and desist contained herein.

Complaint

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IN THE MATTER OF

SOL L. SILVERSTEIN & CO., INC., ET AL.

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

Docket C-2096. Complaint, Nov. 15, 1971—Decision, Nov. 15, 1971

Consent order requiring an importer of Los Angeles, Calif., to cease marketing dangerously flammable products in violation of the Flammable Fabrics Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Sol L. Silverstein & Co., Inc., a corporation, and Sol L. Silverstein and Robert Silverstein, individually and as officers of said corporation, hereinafter referred to as respondents have violated the provisions of said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, 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 Sol L. Silverstein & Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 849 South Broadway, Los Angeles, California.

Respondents Sol L. Silverstein and Robert Silverstein are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of the said corporation.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the importation and distribution of ladies' and misses' wearing apparel, including, but not limited to, ladies' scarves.

PAR. 3. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce," and "product" are defined in the Flammable Fabrics Act, as amended, which products fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.