

Complaint

IN THE MATTER OF

R P & L, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS*Docket C-2127. Complaint, Jan. 4, 1972—Decision, Jan. 4, 1972*

Consent order requiring a St. Louis, Mo., school for professional models to cease failing to disclose that the purpose of its advertising is to induce the enrollment of students, misrepresenting that it is an airline company or a job placement service, that its enrollees are assured employment, that the school will make job interview appointments, failing to provide a Notice of the right of students to rescind contracts within three days, and failing to make other disclosures as to the obligations of the school. Respondents are also required to cease violating the Truth in Lending Act by failing to use in their contracts the language required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and 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 R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, hereinafter referred to as respondents, have 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 R P & L, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 306 North Grand Boulevard, St. Louis, Missouri.

PAR. 2. Respondent Ray Quinlan is an individual and officer of the said corporation, with his principal office and place of business located at 14753 Ventura Boulevard, Sherman Oaks, California. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth.

PAR. 3. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of various courses of instruction, and in the operation of schools, either directly or indirectly, wherein courses of instruction are offered to those

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seeking employment as professional models, fashion advisers and coordinators, airline stewardesses, and in various other fields, and in the operation of modeling agencies for the purpose of placing graduates of their schools, and others, in various jobs relating to professional modeling.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three above are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 4. Respondents operate a school of modeling instruction, known as Pat Quinlan Modeling and Finishing School in St. Louis, Missouri, located at 306 North Grand Boulevard. Respondents' school representatives solicit prospective students from the States of Missouri and Illinois by means of advertisements in various St. Louis, Missouri, newspapers, which have an interstate circulation, by television advertising on a station which is viewed in the States of Missouri and Illinois, and, in some instances, by telephone calls to prospective students in the States of Missouri and Illinois. In addition, written communications, advertising bills, checks, letters and other written instruments have been sent and have been received between the individual respondent, Ray Quinlan, at his principal place of business located in California, as aforesaid, and the said school located in St. Louis, Missouri. The individual respondent travels between his principal place of business located in California and the aforesaid school, located in Missouri, on a frequent and regular basis for the purpose of directing, controlling and formulating policies for the said school in Missouri.

PAR. 5. By virtue of the aforesaid acts and practices, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said modeling instruction courses in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 6. In the course and conduct of their business as aforesaid, and for the purpose of inducing persons to sign contracts for respondents' courses of instruction, respondents' representatives have made and are making numerous statements and representations, concerning said courses of instruction, through oral statements made to prospective students by their employees, representatives, and salesmen, through telephone solicitation calls, and through television and newspaper advertising, with respect to the nature of respondents' offer, their courses of instruction, employment opportunities for

students and graduates, and expected earnings potential for students and graduates of their aforesaid school.

Typical and illustrative of respondents' printed advertising representations, but not all inclusive thereof, are the following:

HELP WTD—FEMALE—FALL PROMOTION

Fall promotional style show to be presented to insurance executives wives. Must be between 20 and 0. (sic) For interview call 652-4666, 9 to 9 daily.

HELP WTD—FEMALE—YOUNG LADIES

Are needed now for part time work during school year in shopping plaza. Must be able to coordinate fashions. Call OL 2-4667 or OL 2-5376.

HELP WTD—FEMALE—GIRLS—FLY

For St. Louis private airline. Excellent opportunity. Ages 17 to 28. Call for interview, 652-4665.

HELP WTD—FEMALE—ATTRACTIVE GIRL

As fashion assistant to coordinator. Must have flair for fashion. Interesting position; needed immediately. Call Miss Anderson 652-4665.

PAR. 7. By and through the use of the aforesaid statements and representations, and others of similar import and meaning, but not expressly set out herein, respondents have represented, directly or by implication, that:

1. A bona fide offer of employment is made through respondents' advertisements.

2. Respondents' primary business is that of an airline company or job placement service.

3. Graduates of respondents' school of instruction will be qualified for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for employment in various other jobs related to careers in professional modeling.

4. Persons enrolling in respondents' school, who require temporary employment to defray their expenses while attending the courses, are assured of employment sufficient for that purpose.

5. Job interview appointments will be made by respondents' school representatives for students and graduates with airlines, department stores and other business organizations which have indicated an interest in hiring personnel trained by respondents' school.

6. In some instances, students are signing documents other than a contract, during their initial interview with respondents' school representatives, at which time said contracts are executed.

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7. Prospective students and students are assured the return of their investment in the price of the modeling courses of instruction taken through jobs obtained for them by respondents' school representatives either during training, or immediately upon graduation.

PAR. 8. In truth and in fact:

1. A bona fide offer of employment is not made through the respondents' advertisements, but instead, such advertisements are placed for the purpose of obtaining leads as to persons who may be interested in purchasing respondents' courses of instruction.

2. Respondents' primary business is not that of an airline company, nor a job placement service, but, rather, respondents' primary business is that of operating a school of modeling instruction, as aforesaid.

3. Respondents' various courses of instruction do not qualify graduates thereof for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or for other jobs related to careers in modeling.

4. Respondents' representatives seldom attempt to obtain employment for students to defray their expenses while attending respondents' training courses after the student has executed a contract and enrolled in said courses. In a few instances, in which jobs have been obtained for students, wages have been much lower than the students were originally led to believe by respondents' representatives, and in some cases, students have not been able to collect wages owed to them by respondents' school for work performed.

5. Job interview appointments are seldom made by respondents' school representatives for students and graduates with airlines, department stores or other business organizations. In fact, very few department stores or other business organizations have indicated any interest in hiring graduates of respondents' school, and in the few cases where respondents' representatives have made job interview appointments, on behalf of the school's students and graduates, such appointments were secured only after insistent demands were made on respondents' representatives by the students and graduates that the appointments be secured. In most instances, even when job interview appointments are made for students and graduates by respondents' representatives, the employment offered, if any, and the remuneration are not of the nature and amount said students and graduates have been led to expect by respondents' representatives.

6. In some instances, students execute contracts with respondents' school to enroll in and pay for training courses, when they sign what they believe to be receipts for downpayment money, or other written

documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from \$200 to over \$500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

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stewardesses, fashion coordinators and in other high-paying positions, contingent upon such prospect's or student's willingness to execute a contract agreeing to take certain of the modeling courses offered by respondents' school. Such prospects and students often discover, during or after completion of the courses they have agreed to take, that the specific employment assured them by respondents' representatives and employees, which originally induced them to execute contracts, is not, in fact, available. When said prospects or students complain to respondents' representatives and employees regarding this matter, other interesting and lucrative employment is assured as a substitute for the original employment promised, and attempts are often made to induce such prospects and students to execute contracts agreeing to enroll in and pay for additional modeling courses, purportedly qualifying them for the substitute employment.

4. Respondents' representatives and employees induce prospective students and students to execute contracts, agreeing to enroll in and pay for certain of the modeling courses offered by respondents' school, through representations that graduates of the said school are in great demand by airline companies, department stores and other business organizations, and can be assured of high-paying jobs as airline stewardesses, professional models, and in other related fields. Some prospective students and students have been guaranteed jobs by respondents' representatives with starting salaries of as much as \$200 per week and \$20 per hour. In fact, after executing said contracts, prospective students and students come to realize that the guaranteed jobs and salaries are not available as promised.

Therefore, these statements, representations and practices as hereinabove set forth were and are unfair and deceptive.

PAR. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of the same general kind and nature as those sold by respondents.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of respondents' courses of instruction by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public

documents, purported to be other than contracts by respondents' representatives.

7. Students of the respondents' school seldom receive a return of their investment, in the price of the training courses taken, through jobs obtained for them by respondents' school representatives, either during such training or after graduation. In fact, few, if any, jobs are obtained for the school's students and graduates by respondents' representatives. In the few instances where respondents' school has provided jobs for its own students, wages have been too low to allow a return of the student's investment in the training courses within a reasonable period of time.

Therefore, the statements and representations set forth and referred to hereinabove are false, misleading, and deceptive.

PAR. 9. In the course and conduct of their aforesaid business, respondents, through their representatives and employees, have used various unfair and deceptive techniques and practices as a means of selling initial or supplemental courses of instruction in modeling. Typical and illustrative, but not all inclusive, of such techniques and practices are the following:

1. Respondents' representatives and employees represent to students or prospective students, that upon completion of a given course of instruction, the student will have achieved a specific standard of proficiency; whereas, in fact, before the given course of instruction is completed and before the specified standard of proficiency has been achieved, the prospect or student is subjected to further coercive sales efforts toward the purchase of additional courses of instruction.

2. Respondents' representatives and employees use intense, emotional and unrelenting sales pressure to persuade a prospective student or student to execute a contract, obligating such person to pay for a substantial number of hours of modeling or other instruction at substantial cost, without affording such person a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved. Such contracts often provide for more than forty (40) hours of modeling instruction with a cost to the prospect or student from \$200 to over \$500, depending upon the type of courses taken, and such person is insistently urged, cajoled, and coerced to sign such a contract hurriedly and precipitately and through the use of persistent and emotionally forceful sales presentations.

3. Respondents' representatives and employees represent to prospective students and students that they are assured employment in specific interesting and lucrative jobs as professional models, airline

stewardesses, fashion coordinators and in other high-paying positions, contingent upon such prospect's or student's willingness to execute a contract agreeing to take certain of the modeling courses offered by respondents' school. Such prospects and students often discover, during or after completion of the courses they have agreed to take, that the specific employment assured them by respondents' representatives and employees, which originally induced them to execute contracts, is not, in fact, available. When said prospects or students complain to respondents' representatives and employees regarding this matter, other interesting and lucrative employment is assured as a substitute for the original employment promised, and attempts are often made to induce such prospects and students to execute contracts agreeing to enroll in and pay for additional modeling courses, purportedly qualifying them for the substitute employment.

4. Respondents' representatives and employees induce prospective students and students to execute contracts, agreeing to enroll in and pay for certain of the modeling courses offered by respondents' school, through representations that graduates of the said school are in great demand by airline companies, department stores and other business organizations, and can be assured of high-paying jobs as airline stewardesses, professional models, and in other related fields. Some prospective students and students have been guaranteed jobs by respondents' representatives with starting salaries of as much as \$200 per week and \$20 per hour. In fact, after executing said contracts, prospective students and students come to realize that the guaranteed jobs and salaries are not available as promised.

Therefore, these statements, representations and practices as hereinabove set forth were and are unfair and deceptive.

PAR. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of courses of the same general kind and nature as those sold by respondents.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true, and into the purchase of substantial quantities of respondents' courses of instruction by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public

and of respondents' competitors, and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleging violations of the Truth in Lending Act and the implementing regulation promulgated thereunder, and of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three above are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 13. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend 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. 14. Subsequent to July 1, 1969, in the ordinary course and conduct of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents' employees and representatives have caused and are causing prospective students and students to execute retail installment contracts, hereinafter referred to as the "contract." By and through the use of the contract, respondents' employees and representatives:

1. Failed to disclose, in a number of instances, the cash price for the modeling courses sold, using the term "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Failed, in a number of instances, to disclose the amount of the downpayment in money, and to designate it as the "cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

3. Failed, in a number of instances to disclose the difference between the cash price and the total downpayment, and to designate that difference as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Failed, in a number of instances, to disclose the sum of the cash price, all charges other than the cash price which are included in the amount financed, but which are not part of the finance charge, and the finance charge, and to designate that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 15. Subsequent to July 1, 1969, respondents, through their employees and representatives, in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have extended and are extending,

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in some instances, to their prospective students and students a ten percent (10%) discount from the stated price of the modeling courses, in the event they pay for that modeling course in cash or on or before a specified date. Respondents' employees and representatives thereby:

1. Fail to make the separate disclosures required by Section 226.8(o), as amended, of Regulation Z, on the invoice or other evidence of sale, as required thereby.

2. By failing to deduct the amount of the discount for the purpose of computing and disclosing the cash price, as required by Amended Section 226.8(o)(7) of Regulation Z, fail to state accurately the amount of the cash price, as required by Section 226.8(c)(1) of Regulation Z.

3. Fail to itemize the amount of the discount as part of the finance charge, as required by Sections 226.8(c)(8)(i) and 226.8(o), as amended, of Regulation Z, and to include that amount in the finance charge, when disclosing the amount of the finance charge as required by Section 226.8(c)(8)(i) of Regulation Z, and when computing the annual percentage rate, as provided in Sections 226.8(b)(2) and 226.8(o), as amended, of Regulation Z.

PAR. 16. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the requirements of Regulation Z constitutes a violation of the 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; 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 complaint to issue herein, 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. The respondent R P & L, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 306 North Grand Boulevard, St. Louis, Missouri.

The respondent Ray Quinlan is an individual and officer of said corporate respondent. He formulates, directs, and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 14753 Ventura Boulevard, Sherman Oaks, California.

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

I

It is ordered, That respondents R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, solicitation, offering for sale, or sale of modeling instruction, or other services in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using any advertisement, solicitation, or promotional or sales plan for the purpose of obtaining leads as to prospective purchasers of modeling instruction or to induce persons to come to respondents' school unless respondents disclose fully and conspicuously in each and every advertisement, solicitation, or promotional or sales plan;

a. That the purpose of such advertisement, solicitation or promotional or sales plan is to induce prospective purchasers of modeling instruction courses to come to respondents' school, and

b. That, once at respondents' school, the prospective purchaser will be subjected to attempts by respondents, through

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their employees or representatives, to sell said prospective purchasers courses of modeling instruction.

2. Representing directly or by implication that respondents' primary business is that of an airline company or job placement service, or misrepresenting, in any manner, the nature, scope or character of respondents' business.

3. Representing directly or by implication that respondents' modeling instruction will qualify graduates of respondents' school for employment as airline stewardesses and ground hostesses, professional models, fashion coordinators, make-up and grooming counselors, or in any other job related to a career in professional modeling.

4. Representing directly or by implication that persons enrolling in respondents' school are assured of employment sufficient for the purpose of defraying their expenses while attending respondents' modeling courses of instruction.

5. Representing directly or by implication that respondents' employees or representatives will make job interview appointments for students and graduates of respondents' school with airlines, department stores, or other business organizations; or representing that any kind of assistance will be given students and graduates of respondents' school in helping them find employment, unless respondents establish that such assistance has, in fact, been afforded in a substantial number of cases in the recent course and conduct of their school's business.

6. Misrepresenting, in any manner, the nature or character of respondents' contracts or any of respondents' business papers.

7. Representing directly or by implication that prospective students and students are assured the return of their investment, in the price of the modeling courses of instruction taken, through jobs obtained for them by respondents' school representatives either during training, or immediately upon graduation; or misrepresenting, in any manner, the amount of earnings such prospective students and students may reasonably expect during training or upon graduation.

8. Representing directly or by implication that upon completion of a given course of modeling instruction, a specified standard of proficiency will be achieved when, before the given course is completed or the given standard has been achieved, the student is or will be subjected to sales efforts to induce the purchase of additional modeling instruction.

9. Failing to provide on all contracts or written agreements the following notation in at least 10-point bold type:

NOTICE

You may rescind (cancel) this contract, for any reason whatever, by submitting notice in writing of your intention to do so within three (3) days from the date of making this agreement.

If you rescind (cancel) this contract, the only cost to you will be a fair charge for any course lessons or services actually furnished during the period prior to rescission, and all moneys due will be promptly refunded.

10. Representing directly or by implication that prospective students, students or graduates of respondents' school are assured employment in any specific job, or that employment in any job is contingent upon their willingness to execute a contract with respondents' school agreeing to take the courses of instruction in modeling offered.

11. Entering into a contract with a student, who is already under a contract with respondents' school, that provides for modeling instruction, until fewer than twenty (20) lesson hours remain under the existing contract. Any contract entered into shall state the number of lesson hours remaining under the existing contract, and shall provide that all modeling instruction previously contracted for shall be used or completed prior to the commencement of the additional course lessons.

12. Representing directly or by implication that graduates of respondents' school are assured of, or can obtain, high-paying positions in any field solely by finishing a course or courses of instruction offered by respondents' school.

13. Representing directly or by implication that graduates of respondents' modeling courses are in great demand by airline companies, department stores or other business organizations, for employment as airline stewardesses, professional models, fashion coordinators or in other related fields.

14. Representing directly or by implication that graduates of respondents' school are guaranteed specific lucrative starting salaries, or representing, in any manner, that graduates of respondents' school are guaranteed any specific salary or remuneration.

15. Failing to deliver to each party a copy of every contract entered into by such party providing for modeling instruction or other services.

16. Failing to post, in a prominent place in respondents' school, a copy of this cease and desist order, with the notice

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that any student or prospective student may receive a copy on demand.

17. Failing to deliver a copy of this order to cease and desist to all present and future employees, instructors, or other persons engaged in the sale of respondents' services, and failing to secure from each employee or other person a signed statement acknowledging receipt of said order.

II

It is further ordered. That respondents R P & L, Inc., a corporation, and Ray Quinlan, individually and as an officer 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 sale of modeling instruction or other services or any advertisement to aid, assist or promote, 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 (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

2. Failing to disclose the amount of any downpayment in money as the "cash downpayment," using the term, as required by Section 226.8(c)(2) of Regulation Z.

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

4. Failing to disclose the sum of the cash price, all charges other than the cash price 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.

5. Failing, in connection with any offer of a discount for prompt payment, to make the separate disclosures required by Section 226.8(o), as amended, of Regulation Z, on the invoice or other evidence of sale, as required thereby.

6. Failing, in connection with any offer of a discount for prompt payment, to exclude from the amount of the cash price the greatest amount of discount for prompt payment of which the customer may avail himself under the terms of the offer, as required by Section 226.8(c)(1) of Regulation Z.

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7. Failing, in connection with any offer of a discount for prompt payment, to itemize the amount of the discount as part of the finance charge, as required by Sections 226.8(c)(8)(i) and 226.8(o), as amended, of Regulation Z, and to include that amount in the finance charge when disclosing the amount of the finance charge as required by Section 226.8(c)(8)(i) of Regulation Z and when computing the annual percentage rate, as required by Sections 226.8(b)(2) and 226.8(o), as amended, of Regulation Z.

8. Stating in any advertisement the period of repayment, without stating all of the following items, in the manner and form prescribed by 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 required;
- c. the number, amount and due dates of repayments scheduled to repay the indebtedness;
- d. the amount of the finance charge expressed as an annual percentage rate; and
- e. the deferred payment price.

9. 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 required by Sections 226.6, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondents shall forthwith distribute a copy of this order to each of their operating subsidiaries and divisions, and to each and every representative or employee engaged in the sale of courses of instruction, or other services.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the business status of their aforesaid school, such as dissolution, assignment or sale resulting in the emergence of a successor corporation or other business device, the creation or dissolution of subsidiaries which may affect compliance obligations arising out of the order, or any other change in the school 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.

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IN THE MATTER OF

RIVERSIDE MOTORS, INC., ET AL.

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

Docket C-2128. Complaint, Jan. 4, 1972—Decision, Jan. 4, 1972

Consent order requiring a Harahan, La., seller of used automobiles to cease misrepresenting that it extends credit in selling its automobiles and to cease violating the Truth in Lending Act by failing to make the required disclosures as to downpayments and finance charges as 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 regulations promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Riverside Motors, Inc., a corporation, and Roy Tannahill and John Stephens, individually and as officers of said corporation, hereinafter referred to as respondents have violated provisions of said Acts and 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 Riverside Motors, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 6502 Jefferson Highway, Harahan, Louisiana.

Respondents Roy E. Tannahill and John Stephens are officers of the Riverside Motors, Inc. They formulate, direct and control the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporation.

PAR. 2. Respondents Riverside Motors, Inc., Roy E. Tannahill and John Stephens are now, and for some time last past have been, engaged in the advertising and sale of used cars to the public.

COUNT I

Alleged violation of the Federal Trade Commission Act. The allegations of Paragraphs One and Two above are incorporated by reference as if fully set forth herein.

PAR. 3. In the ordinary course and conduct of its business respondents now cause, and for some time last past have caused, its adver-