

emergence of a successor corporation, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondents 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.

IN THE MATTER OF
U.S. REMODELING CORP., ET AL.

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

Docket C-2130. Complaint, Jan. 6, 1972—Decision, Jan. 6, 1972

Consent order requiring a Milford, Conn., firm selling home remodeling services and goods to cease violating the Truth in Lending Act by failing to disclose the "cash price," "cash downpayment," "deferred payment price," and failing to furnish customers with notices of their right to rescind contracts, and make other disclosures required by Regulation Z of the 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 U.S. Remodeling Corp., a corporation, and Robert Murray and William A. Van Arsdale, Jr., individually and as officers of said corporation, hereinafter referred to as respondents, have violated the 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 U.S. Remodeling Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 250 Broad Street, Milford, Connecticut.

Respondents Robert Murray and William A. Van Arsdale, Jr., are officers of the corporate respondent. They formulate, direct and

control its policies, acts and practices, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of home remodeling services and goods used in connection therewith.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondents regularly arrange, and for some time last past have regularly arranged, for the extension of 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 arranged for customers to enter into consumer credit transactions with other creditors for the purpose of financing purchases of respondents' goods and services. Respondents thereby arrange for the extension of consumer credit within the meaning of Regulation Z. Respondents provide such customers with documents containing cost of credit disclosures. By and through the use of these documents, respondents:

1. Fail to disclose the cash price of the goods and services which are the subject of the credit transactions, and fail to describe that price as the "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to disclose the amount of the downpayment in money made in connection with the credit sale, and fail to describe that amount as the "cash downpayment," as required by Section 226.8(c)(2) of Regulation Z.

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

4. Fail 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, and fail to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(iii) of Regulation Z.

PAR. 5. In the regular course of their business and in connection with their credit sales, as aforesaid, respondents retain or acquire a security interest in real property which is used as the principal residence of the customer. Pursuant to Section 226.9(a) of Regulation Z, the customer therefore has the right to rescind such credit

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transaction. Having retained or acquired such a security interest, respondents:

1. Fail to provide each customer who is an owner of such property with two copies of a notice of their right to rescind, in the form and manner prescribed in Sections 226.9(b) and 226.9(f) of Regulation Z, and in some instances fail to provide each such customer with any copies of such notice.

2. Make physical changes in the property of the customer and perform work for the customer before the three day rescission period provided for in Section 226.9(a) has expired, contrary to the requirements of Section 226.9(c) of Regulation Z.

PAR. 6. In order to promote the sale of their goods and services respondents have caused advertisements to appear in various newspapers. Such advertisements aid, promote, or assist directly or indirectly the aforesaid extensions of consumer credit which respondents arrange. By and through the use of the advertisements, respondents state that no downpayment is required in connection with their credit sales, without disclosing, in the terminology prescribed by Section 226.8 of Regulation Z, the following additional items required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;
2. The number, amount and due dates or period of repayment scheduled to repay the indebtedness if the credit is extended;
3. The amount of the finance charge expressed as an annual percentage rate; and
4. The deferred payment price of the item advertised.

PAR. 7. Pursuant to Section 103(k) 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 Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder, and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by

the respondents of all jurisdictional facts set forth in the complaint to issue herein, 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 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 described 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. Respondent U. S. Remodeling Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 250 Broad Street, Milford, Connecticut.

Respondents Robert Murray and William A. Van Arsdale, Jr., are officers of said corporation. They formulate, direct and control the consumer credit 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 U. S. Remodeling Corp., a corporation, and its officers, and Robert Murray and William A. Van Arsdale, Jr., 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 to finance the purchase of respondents' goods or services, or in connection with 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 (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the cash price of the goods and services which are the subject of any credit sale and to describe that price as the "cash price," as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to disclose the amount of any downpayment in money made in connection with any credit sale, using the term

"cash downpayment," 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" in any credit sale, 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 which are included in the amount financed but which are not a part of the finance charge, and the finance charge, using the term "deferred payment price," as required by Section 226.8(c)(iii) of Regulation Z.

5. 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 manner and form specified in Sections 226.9(b) and 226.9(f) of Regulation Z, prior to consummation of the transaction.

6. Making any physical changes in a customer's property or performing any work or services on such property before expiration of the three day rescission period, in connection with any credit transaction in which respondents retain or acquire security interest in real property which is used or is expected to be used as the customer's principal residence, as provided in Section 226.9(c) of Regulation Z.

7. Representing, directly or by implication, 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 all of the following items are stated, in terminology prescribed by Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z.

(i) The cash price;

(ii) The amount of the downpayment required, or that no downpayment is required, as applicable;

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

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

(v) The deferred payment price.

8. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with

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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 deliver a copy of this order to cease and desist to all present and future personnel of the 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 person.

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

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF

JOHN H. JEFFCOAT, DOING BUSINESS AS, JEFFCOAT MOTORS