

IN THE MATTER OF
JOHN H. JEFFCOAT, DOING BUSINESS AS, JEFFCOAT MOTORS

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

Docket No. C-2131. Complaint, Jan. 12, 1972—Decision, Jan. 12, 1972

Consent order requiring a Memphis, Tenn., seller of used automobiles to cease violating the Truth in Lending Act by failing to disclose in his credit transactions the "annual percentage rate," "total of payments," "finance charge," "deferred payment price," the method of computing delinquency charges, and other disclosures required by Regulation Z of said 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 John H. Jeffcoat, individually and doing business as Jeffcoat Motors, 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

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public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent John H. Jeffcoat is an individual trading and doing business as Jeffcoat Motors, with his principal place of business and office located at 274 Vance Avenue, Memphis, Tennessee.

PAR. 2. Respondent is now, and for sometime last past has been, engaged in the sale of used automobiles to the public.

PAR. 3. In the ordinary course and conduct of his business, as aforesaid, respondent regularly extends and arranges 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, respondent in the ordinary course and conduct of his business and in connection with his arranging for consumer credit, prepares documents containing consumer credit cost disclosures required by Section 226.8 of Regulation Z and obtains from customers written acknowledgment of receipt of these disclosures. In some instances, where there is no finance charge, in those transactions requiring payment in more than four installments, respondent fails to provide the customer with a copy of such disclosures, as required by Section 226.8(a) of Regulation Z.

PAR. 5. In the disclosure statements for credit other than open end used by respondent, referred to in Paragraph Four hereof, respondent:

1. Failed in some instances to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5(b)(1) of Regulation Z.

2. Failed in some instances to print the term "annual percentage rate" more conspicuously than the other terminology as required by Section 226.6(a) of Regulation Z.

3. Failed in some instances to identify the payments which were more than twice the amount of an otherwise regularly scheduled equal payment by the term "balloon payment" as is required by Section 226.8(b)(3) of Regulation Z.

4. Failed in some instances to use the term "total of payments" as required by Section 226.8(b)(3) of Regulation Z.

5. Failed in some instances to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments as required by Section 226.8(b)(4) of Regulation Z.

6. Failed in some instances to use the term "finance charge" as required by Section 226.8(c)(8)(i) of Regulation Z.

7. Failed in some instances to use the term "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

8. Failed in some instances to disclose the correct "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has 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 Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 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 had reason to believe that the respondent has violated the said Act, 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 John H. Jeffcoat is an individual trading and doing business as Jeffcoat Motors, with his principal place of business and office located at 274 Vance Avenue, Memphis, Tennessee.

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 John H. Jeffcoat, individually and trading and doing business as Jeffcoat Motors, 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 (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to provide customers with copies of a Consumer Cost Disclosure Statement as required by Section 226.8(a) of Regulation Z.

2. Failing to disclose the "Annual Percentage Rate" accurately to the nearest quarter of 1 percent, in accordance with Section 226.5(b)(1) of Regulation Z.

3. Failing to print the term "Annual Percentage Rate" more conspicuously than the other terminology as required by Section 226.6(a) of Regulation Z.

4. Failing to identify the payments which are more than twice the amount of an otherwise regularly scheduled equal payment by the term "balloon payment" as is required by Section 226.8(b)(3) of Regulation Z.

5. Failing to use the term "Total of Payments" as required by Section 226.8(b)(3) of Regulation Z.

6. 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 as required by Section 226.8(b)(4) of Regulation Z.

7. Failing to use the term "Finance Charge" as required by Section 226.8(c)(8)(i) of Regulation Z.

8. Failing to use the term "Deferred Payment Price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

9. Failing to disclose the correct "Deferred Payment Price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

10. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5, 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 respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent

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engaged in the consummation of any extension of consumer credit or any aspects of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent 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 business which may affect compliance obligations arising out of the order.

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