

JOAL FURNITURE CORP., ET AL.

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

Docket C-2133. Complaint, Jan. 13, 1972—Decision, Jan. 13, 1972

Consent order requiring a Brooklyn, N.Y., seller of furniture, electrical appliances and other merchandise to cease violating the Truth in Lending Act by causing their customers to sign blank or partially executed retail installment contracts and failing to make 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 Joal Furniture Corporation, a corporation and Alvin Gold and

Joseph Kamph, 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 Joal Furniture Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and sole place of business located at 886 DeKalb Avenue, Brooklyn, New York.

Respondents Alvin Gold and Joseph Kamph are officers of the corporate respondent. They formulate, direct and control the consumer credit 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 corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the sale of furniture, electrical appliances, and other merchandise to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend, and for some time in the 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.

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

1. Caused their customers to sign blank or partially executed retail installment contracts at the time the transactions were consummated. Respondents thereby failed to make all or most of the required disclosures to these customers before the transactions were consummated, in violation of Sections 226.6 and 226.8 of Regulation Z.

2. Continued to use printed retail installment contract forms subsequent to December 31, 1969 which did not conform to the specific

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disclosure requirements of Regulation Z, in violation of Section 226.6 (k) 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 have 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 New York Regional Office 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

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents 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 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 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 Joal Furniture Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 886 DeKalb Avenue, in the County of Kings, City and State of New York.

Respondents Joseph Kamph and Alvin Gold are the president and secretary/treasurer, respectively, of said corporation. They formulate, direct and control the consumer credit policies, acts and practices of said corporation and their principal office and place of business is located at the above stated address.

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, Joal Furniture Corp., a corporation, and its officers, Alvin Gold and Joseph Kamph, individually and as officers of said corporation, and respondents' agents, representatives, employees, successors and assigns, directly or through any corporate or other device or under any other name in connection with any consumer credit sale, as "consumer credit" and "credit sale" 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. Causing their customers to sign blank or partially executed retail installment contracts and failing to make all required disclosures to these customers before the transactions are consummated, as required by Sections 226.6 and 226.8 of Regulation Z.
2. Failing to use printed retail installment contract forms which conform to the specific disclosure requirements of Sections 226.6 and 226.8 of Regulation Z.
3. 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, 226.7, 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 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 resulting 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, 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.

Complaint

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IN THE MATTER OF

PLAZA CLUB, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2134. Complaint, Jan. 14, 1972—Decision, Jan. 14, 1972

Consent order requiring Kansas City, Mo., operators of four physical fitness and/or health salons to cease misrepresenting that their membership prices are special or reduced, failing to disclose that the purpose of their promotions is to sell memberships, failing to disclose the nature of the facilities at each club, misrepresenting that members can alleviate various health problems, failing to give notice that promissory notes may be sold to third parties, failing to furnish each customer with a copy of his contract, and not to negotiate any finance paper to a third party prior to midnight of the third day.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Plaza Club, Inc., a corporation, Health Spa, Inc., a corporation, European Health Spa, Inc., a corporation, James R. Booker, individually and as an officer of said corporations, and George E. Shore, individually and as a stockholder of said corporations, and European Health Spa & Country Club, Inc., and James R. Booker and George E. Shore, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, 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. Respondents Plaza Club, Inc., Health Spa, Inc., European Health Spa, Inc., and European Health Spa and Country Club, Inc., are corporations organized, existing, and doing business under and by virtue of the laws of the State of Missouri, with their principal office and place of business located at 5030 Main Street, in the city of Kansas City, State of Missouri.

Respondent James R. Booker is an individual and an officer of the corporate respondents. He formulates, directs, and controls the acts and practices of all of the corporate respondents, including the acts and practices hereinafter set forth. His address is 5030 Main Street, Kansas City, Missouri.