

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

*Docket C-2155. Complaint, Feb. 18, 1972—Decision, Feb. 18, 1972*

Consent order requiring a Memphis, Tenn., corporation selling furniture and electrical appliances to cease violating the Truth in Lending Act by failing to disclose in its retail installment contracts the terms and conditions of any security interest in the goods purchased, failing to itemize the amount of the total downpayment as cash downpayment or trade-in, and failing to disclose other terms as 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 Donald Furniture Company, Inc., a corporation, hereinafter referred to as respondent has 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:

## Complaint

80 F.T.C.

PARAGRAPH 1. Respondent Donald Furniture Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal office and place of business located at 405 North Cleveland Street, Memphis, Tennessee.

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

PAR. 3. In the ordinary course and conduct of its 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 of its business, as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, has caused and is now causing customers to execute retail installment contracts, hereinafter referred to as "the contract."

By and through the use of the contract, respondent:

1. Failed in some instances to disclose the terms and provisions of any security interest in the property or goods purchased, or the type of security interest required, in any one of the following three ways, as required by Section 226.8(a) and 226.801 of Regulation Z:

(a) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) On one side of the separate statement which identifies the transaction; or

(c) On both sides of a single document containing on each side thereof the statement *NOTICE*: "See other side for important information," with the place for the customer's signature following the full content of the document.

2. Failed in some instances to itemize the "total downpayment" as "cash downpayment" or "trade-in," as applicable as required by Section 226.8(c)(2) of Regulation Z.

3. Failed in some instances to disclose the amount of the "Unpaid Balance of Cash Price," and failure to use that term as required by Section 226.8(c)(3) of Regulation Z.

PAR. 5. 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 New Orleans Regional Office 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 Donald Furniture Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal office and place of business located at 405 North Cleveland Street, Memphis, Tennessee.

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 respondent Donald Furniture Company, Inc., a corporation and respondent's agents, representatives, and employees, successors and assigns, 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, pro-

## Decision and Order

80 F.T.C.

mote or assist directly or indirectly any extension of consumer credit as "consumer credit" and "advertisement" are defined in Regulation Z of the Truth in Lending Act, do forthwith cease and desist from:

1. Failing to disclose the terms and provisions of any security interest in the property or goods purchased, or the type of security interest required, in any one of the following three ways, as required by Section 226.8(a) and 226.801 of Regulation Z:

(a) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) On one side of the separate statement which identifies the transaction; or

(c) On both sides of a single document containing on each side thereof the statement *NOTICE*: "See other side for important information," with the place for the customer's signature following the full content of the document.

2. Failing to itemize the amount of the "total downpayment" as "cash downpayment" or "trade-in," as applicable as required by Section 226.8(c) (2) of Regulation Z.

3. Failing to disclose the amount of the "Unpaid Balance of Cash Price," and failure to use that term as required by Section 226.8(c) (3) of Regulation Z.

4. 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 respondent deliver a copy of this order to cease and desist to all present and future personnel of the respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and 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 corporation which may affect compliance obligations arising out of the order.

*It is further ordered*, That respondent shall within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with the order to cease and desist contained herein.

## Complaint

## IN THE MATTER OF

U.S. INDUSTRIES, INC., DOING BUSINESS AS VALOR DIVISION,  
ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

*Docket C-2156. Complaint, Feb. 25, 1972—Decision, Feb. 25, 1972*

Consent order requiring a New York City manufacturer and seller of wool products, including women's coats, to cease violating the Wool Products Labeling Act by misbranding its wool products.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939 and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that U.S. Industries, Inc., a corporation, trading as Valor Division, and Albert Markson, individually and as chairman of said division, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, 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. Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware. Respondent U.S. Industries, Inc. trades, among others, under the name of Valor Division.

Respondent Albert Markson is the chairman of the Valor Division of U.S. Industries, Inc. He directs the acts and practices of said division, including those hereinafter set forth.

Respondents are engaged in the manufacture and sale of wool products, including women's coats, with the office and principal place of business of respondent U.S. Industries, Inc., located at 250 Park Avenue, New York, New York. The office and principal place of business of Valor Division and respondent Albert Markson, chairman of Valor Division, is located at 671 Bellville Avenue, New Bedford, Massachusetts.

PAR. 2. Respondents, now and for some time last past, have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in the Wool