

Complaint

IN THE MATTER OF

CANAVERAL INTERNATIONAL 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-2163. Complaint, March 2, 1972—Decision, March 2, 1972

Consent order requiring a Miami, Fla., seller and distributor of mobile homes and other associated respondents to cease violating the Truth in Lending Act by failing to disclose to customers the annual finance charge, the total payments, the method of computing penalty charges, the cash price, the unpaid balance of cash price, the deferred payment price, the cash downpayment, and other disclosures required by Regulation Z of the 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 Canaveral International Corp., a corporation, Baker Mobile Homes, Inc., a corporation, Colonial Coach Estates, Inc., a Florida corporation and Colonial Coach Estates, Inc., a Georgia corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing 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 Canaveral International Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 7100 Biscayne Boulevard, Miami, Florida.

Respondent Baker Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 2089 N.W. 79th Street, Miami, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 9315 Memorial Highway, Tampa, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

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of the State of Georgia, with its principal office and place of business located at 8000 State Highway 85, Riverdale, Georgia.

Respondent Canaveral International Corp. owns all of the shares of the other respondents and controls the policies, acts and practices of the other respondents, 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, sale and distribution of mobile homes to the public.

PAR. 3. 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. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, 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 disclosures. Respondents do not provide these customers with any other consumer credit cost disclosures prior to the consummation of the "credit sale" as required by Section 226.8(a) of Regulation Z.

By and through use of the contract, respondents:

1. Fail to provide customers with the following consumer credit cost disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z in the manner, form and amount required by Section 226.6 and 226.8 of Regulation Z:

- a. The finance charge expressed as an annual percentage rate.
- b. The "total of payments."
- c. The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments.
- d. A description of the penalty charge that may be imposed by respondents or their assignee for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed.
- e. An identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation.
- f. The "cash price."

- g. The "unpaid balance of cash price."
- h. All other charges which are included in the amount financed but which are not part of the finance charge.
- i. The "unpaid balance" and "amount financed."
- j. The "finance charge."
- k. The "deferred payment price."
- 2. Fail to clearly and conspicuously disclose the type of security interest acquired in connection with their credit sales and the property to which the security interest relates as required by Sections 226.6(a) and 226.8(b)(5) of Regulation Z.
- 3. Fail to use the term "cash downpayment" to describe the downpayment in money made in connection with their credit sales, as required by Section 226.8(c)(2) of Regulation Z.
- 4. Fail to use the term "trade-in" to describe the downpayment in property made in connection with their credit sales, as required by Section 226.8(c)(2) of Regulation Z.
- 5. Fail to use the term "total downpayment" to describe the sum of the "cash downpayment" and "trade-in" as required by Section 226.8(c)(2) of Regulation Z.

PAR. 5. 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 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 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 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. Respondent Canaveral International Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 7100 Biscayne Boulevard, Miami, Florida.

Respondent Baker Mobile Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 2089 N.W. 79th Street, Miami, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 9315 Memorial Highway, Tampa, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 8000 State Highway 85, Riverdale, Georgia.

Respondent Canaveral International Corp. owns all of the shares of the other respondents and controls the policies, acts and practices of the other respondents.

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 Canaveral International Corp., a corporation, Baker Mobile Homes, Inc., a corporation, Colonial Coach Estates, Inc., a Florida corporation, and Colonial Coach Estates, Inc., a Georgia corporation, their successors and assigns, and respondents' officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any 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 the following consumer credit cost 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 and 226.8 of Regulation Z:
 - a. The finance charge expressed as an annual percentage rate.
 - b. The "total of payments."
 - c. The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments.
 - d. A description of the penalty charge that may be imposed by respondents or their assignee for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed.
 - e. An identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation.
 - f. The "cash price."
 - g. The "unpaid balance of cash price."
 - h. All other charges which are included in the amount financed but which are not part of the finance charge.
 - i. The "unpaid balance" and "amount financed."
 - j. The "finance charge."
 - k. The "deferred payment price."
2. Failing to clearly and conspicuously disclose the type of security interest acquired in connection with their credit sales and the property to which the security interest relates as required by Sections 226.6(a) and 226.8(b) (5) of Regulation Z.
3. Failing to use the term "cash downpayment" to describe the downpayment in money made in connection with their credit sales, as required by Section 226.8(c) (2) of Regulation Z.
4. Failing to use the term "trade-in" to describe the downpayment in property made in connection with their credit sales, as required by Section 226.8(c) (2) of Regulation Z.
5. Failing to use the term "total downpayment" to describe the sum of the "cash downpayment" and "trade-in" as required by Section 226.8(c) (2) of Regulation Z.
6. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with

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Section 226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.8 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 any of the respondents, such as dissolution, assignment, or sale resulting in the emergence of any successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

It is further ordered, That the 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.

IN THE MATTER OF

O & P MOTORS, INC., ET AL.