

Complaint
IN THE MATTER OF
BP OIL CORPORATION

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

Docket C-2210. Complaint, May 2, 1972—Decision, May 2, 1972

Consent order requiring a Cleveland, Ohio, distributor of petroleum and related filling station products to cease violating the Truth in Lending Act by issuing credit cards without prior request from recipient or in substitution for an accepted credit card as defined in Sec. 226.13(a) of Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act, as amended, 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 BP Oil Corporation, a corporation, herein-after referred to as respondent, has 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 BP Oil Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1725 Midland Building, Cleveland, Ohio.

PAR. 2. Respondent is now, and for some time in the past has been, engaged in the advertising, offering for sale, sale and distribution of petroleum and related products to the public.

PAR. 3. In the ordinary course and conduct of its business, as aforesaid, respondent regularly issued credit cards, as "credit card" 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 and subsequent to October 26, 1970, has caused and is causing such credit cards to be issued to its customers as a means by which said customers may obtain merchandise and services from respondent on credit, as "credit" is defined in Regulation Z.

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PAR. 4. In a substantial number of instances, respondent issued credit cards to consumers who had not filed a written credit application with respondent.

Typical and illustrative of the circumstances in which said credit cards were issued, but not all inclusive thereof, are the following:

1. Respondent advertises the acceptance of, and does in fact accept, credit cards issued by other companies. When a purchase is made using a credit card other than that issued by respondent, the sales invoice contains the following language:

Please issue me a BP credit card. (Strike out if card not desired.)

Since the above quoted language was not clearly and conspicuously disclosed, a substantial number of consumers signed the aforementioned sales invoices under the mistaken belief that they were merely obligating themselves to pay for the purchases made, and were unaware of the language purporting to authorize respondent to issue said consumers a credit card.

2. In a substantial number of instances, respondent issued credit cards to recipients of unsolicited credit cards which were mailed by its predecessor, Sinclair Oil Company. Such cards were in renewal of Sinclair credit cards which had not been signed or used by the recipient.

PAR. 5. By and through the use of the practices described in Paragraph Four hereof, respondent issued credit cards without a request or application therefor, and said credit cards were neither in renewal of nor in substitution for an accepted credit card, as "accepted credit card" is defined in Regulation Z, in violation of Section 132 of the Truth in Lending Act and Section 226.13(b) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failure to comply with Section 226.13 of Regulation Z constitutes a violation of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Truth in Lending Act, and respondent 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

Respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint to issue herein, 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 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. BP Oil Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 1725 Midland Building, Cleveland, Ohio.

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.

ORDER

It is ordered, That respondent BP Oil Corporation, a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the issuance of credit cards, as "credit card" is defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act, as amended, (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), shall forthwith cease and desist from:

1. Issuing any credit card without prior request or application therefor from the recipient, unless said credit card is in renewal of or in substitution for an accepted credit card, as "accepted credit card" is defined in Section 226.13(a) of Regulation Z.

2. Issuing any credit card pursuant to any form of authorization from the consumer, either written or oral, unless it is clearly and conspicuously disclosed to the consumer that, by his action, he is authorizing respondent to issue him a credit card.

It is further ordered, That respondent shall forthwith deliver a copy of this order to cease and desist to all present and future management personnel of respondent responsible for the issuance of

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credit cards 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 which may affect compliance obligations arising out of this order, such as dissolution, assignment or sale resulting in the emergence of a successor corporation or the transfer of that portion of respondent's business affected hereby to any subsidiary.

It is further ordered, That the respondent 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.
