

IN THE MATTER OF
CHARLIE'S MOBILE LIVING, INC., ET AL.

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

Docket C-2222. Complaint, May 16, 1972—Decision, May 16, 1972

Consent order requiring a Louisville, Kentucky, mobile home dealer to cease violating the Truth in Lending Act by failing to disclose to customers the amount and method of computing penalty charges, identification of collateral required, finance charges, the annual percentage rate, 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 Charlie's Mobile Living, Inc., a corporation, and Charles T. Meredith and Willard L. Keehn, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and regulations, 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 Charlie's Mobile Living, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 4711 Dixie Highway, Louisville, Kentucky. Respondent owns and operates other branches at 560 Kopp Lane, Clarksville, Indiana; Bowling Green, Kentucky; and Bardstown, Kentucky. Respondent Charles T. Meredith is the president of the corporate respondent, and Williard L. Keehn is the vice president of the corporate respondent. They formulate, direct and control the 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 sometime last past have been, engaged in the sale of mobile homes, and other merchandise, to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange 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, respondents, in the ordinary course of their business as aforesaid, and in connection with their own 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.

By and through the use of the contract, respondents:

(1) Fail to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) 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.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b)(5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obliga-

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tion, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c)(8)(i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

(2) Fail to use the term "deferred payment price" to describe the sum determined according to (1)(g) above as required by Section 226.8(c)(8)(ii) of the Regulation.

(3) Fail to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, 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 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 Cleveland 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 Truth In Lending Act and the regulations promulgated thereunder and violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agree-

ment 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 Acts, 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 Charlie's Mobile Living, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office and place of business located at 4711 Dixie Highway, Louisville, Kentucky. Respondent owns and operates other branches at 560 Kopp Lane, Clarksville, Indiana; Bowling Green, Kentucky; and Bardstown, Kentucky. Respondent Charles T. Meredith is the president and Willard Keehn is the vice president of the corporate respondent. They formulate, direct and control the acts and practices of said corporation. Their address is the same as that of the corporate respondent.

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 Charlie's Mobile Living, Inc., a corporation, and Charles T. Meredith and Willard Keehn, individually and as officers of said corporation, its 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 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.*), to forthwith cease and desist from:

(1) Failing to disclose, before the transaction is consummated, as required by Section 226.8(a), the following:

(a) The amount, or method of computing the amount, or any default, delinquency, or similar charges payable in the

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event of late payments, as required by Section 226.8(b) (4) of Regulation Z.

(b) A description or identification of the type of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, as required by Section 226.8(b) (5) of Regulation Z.

(c) Identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the obligation or refunded to the customer, as required by Section 226.8(b) (7) of Regulation Z.

(d) The amount of the finance charge, as required by Section 226.8(c) (8) (i) of Regulation Z.

(e) The annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

(f) The due dates or periods of payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

(g) The deferred payment price: the sum of the amounts of the "cash price," the total of all other charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c) (8) (ii) of Regulation Z.

(2) Failing to use the term "deferred payment price" to describe the sum determined according to (1) (g) above as required by Section 226.8(c) (8) (ii) of the regulation.

(3) Failing to use the term "total downpayment" to describe the sum of the cash downpayment and the trade-in downpayment, as required by Section 226.8(c) (2) of Regulation Z.

(4) Failing, in any consumer credit transactions or advertising, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and 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

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in any respect 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, for purposes of notification only, notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent, such as dissolution, assignment, or sale, resultant in the emergence of a successor corporation, the creation or dissolution 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 therein.