

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

Docket C-2234. Complaint, June 14, 1972—Decision, June 14, 1972

Consent order requiring an Evansville, Indiana, retail seller of household furniture to cease violating the Truth in Lending Act by failing to disclose to customers the finance charge, annual percentage rate, the amount

Complaint

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financed, the amount of the downpayment required, and other disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulations promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Gem Furniture, a corporation, and Louis Mack and Jesse Green, individually and as officers and directors of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and of the regulations promulgated under the Truth in Lending 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. Respondent Gem Furniture is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 15 Northwest Sixth Street, Evansville, Indiana.

Respondents Louis Mack and Jesse Green are officers and directors of said corporation. They formulate policy, direct and control the 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 advertising, offering for sale, sale and distribution of retail household furniture to the general public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents regularly extend and for some last 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, respondents in the ordinary course and conduct of their business and in connection with credit sales as "credit sale" is defined in Regulation Z, have caused and are causing their customers to execute retail installment contracts, hereinafter referred to as the contract.

PAR. 5. By and through the use of the contract, respondents:

1. In a number of instances fail to disclose the finance charge expressed as an annual percentage rate, as required by Section 226.8(b)(2) of Regulation Z.

2. Fail to disclose the "finance charge" and the "annual percentage rate" more conspicuously than other required terminology as required by Section 226.6(a) of Regulation Z.

3. Have failed to use the term "amount financed" to describe the amount of credit extended to a customer, as required by Section 226.8 (c) (7) of Regulation Z.

PAR. 6. Subsequent to July 1, 1969, respondents in the ordinary course and conduct of their business and in connection with credit sales as "credit sale" is defined in Regulation Z, have caused and are causing to be published advertising to aid, promote, or assist credit sales other than open end credit.

PAR. 7. By and through the use of the above-mentioned advertising, respondents have stated that no downpayment is required without disclosing the items required by Section 226.10(d) (2) (i-v) of Regulation Z.

PAR. 8. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitute violations of that Act, and, pursuant to Section 108 thereof, respondents 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 draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with a violation of the Federal Trade Commission Act and the Truth in Lending 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 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 Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the ex-

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ecuted 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 Gem Furniture is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 15 Northwest Sixth Street, Evansville, Indiana.

Respondent Louis Mack is an officer of said corporation. He formulated, directed and controlled the acts and practices being investigated. His address is 6610 Washington Avenue, Evansville, Indiana.

Respondent Jesse Green is an officer of said corporation. He formulated, directed and controlled the acts and practices being investigated. His address is 806 Van Avenue, Evansville, Indiana.

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 Gem Furniture, a corporation, and its successors and assigns and officers, and Louis Mack and Jesse Green, as individuals and officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate 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 disclose the finance charge expressed as an annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Failing to disclose the terms "finance charge" and "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

3. Failing to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c) of Regulation Z.

4. Stating, in the advertising of credit sales other than open end credit, the amount of downpayment required or that no downpayment is required, the amount of any installment pay-

ment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, without disclosing the items required by Section 226.10 (d) (2) (i-v) of Regulation Z.

5. Failing in any consumer credit transaction or advertisement to make all disclosures, determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, in the manner, form and amount required by Section 226.6, Section 226.7, Section 226.8 and Section 226.10 of Regulation Z.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and shall secure from each such salesman or other person a signed statement acknowledging receipt of said order.

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 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

HELEN FILOOGLU DOING BUSINESS AS HELENE'S ORIGINALS

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