

other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the corporate respondent shall forthwith distribute a copy of this order to each of its operating divisions.

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

DIRITO MOTORS, ET AL.

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

Docket C-2252. Complaint, July 19, 1972—Decision, July 19, 1972.

Consent order requiring an Oakland, California, used car dealer to cease violating the Truth in Lending Act by failing to disclose to customers the cash price, annual percentage rate, "balloon payment" and any 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 Dirito Motors, a partnership, and Donald D. Dirito and Ronald J. Dirito, individually and as co-partners trading and doing business as Dirito Motors, 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 will be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Dirito Motors is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 5825 East 14th Street in the city of Oakland, State of California.

Respondents Donald D. Dirito and Ronald J. Dirito are individuals and co-partners trading and doing business as Dirito Motors with their

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principal office and place of business located at the above-stated address in Oakland, California.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit and arrange for the extension of consumer credit, as "consumer credit" and "arrange for the extension of credit" are 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, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents 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 information. Respondents do not provide these customers with any other consumer credit costs disclosures. By and through use of the contract, respondents:

1. Fail to exclude from the "cash price," charges of the types described in Section 226.4 of Regulation Z, as required by Section 226.2(i) of Regulation Z, in that respondents fail to exclude the State of California Department of Motor Vehicles registration and transfer fees in computing the "cash price."

2. Fail to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe said sum as "deferred payment price" as required by Section 226.8(c) (8) (ii) of Regulation Z.

3. Fail to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

4. Fail to identify a payment which is more than twice the amount of an otherwise regularly scheduled equal payment as "balloon payment" as required by Section 226.8(b) (3) 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 San Francisco 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 Federal Trade Commission Act and the Truth in Lending Act and the regulations promulgated thereunder; 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 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 respondents have violated 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 procedures 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 Dirito Motors is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 5825 East 14th Street, Oakland, State of California.

Respondents Donald D. Dirito and Ronald J. Dirito are individuals and co-partners trading and doing business as Dirito Motors with their principal office and place of business located at the above stated address in Oakland, California.

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 Dirito Motors, a partnership, and Donald D. Dirito and Ronald J. Dirito individually and as co-partners

trading and doing business as the Dirito Motors, or under any name or names, respondents' agents, representatives, and employees, in connection with the arrangement or extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 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 exclude from the "cash price," charges of the types described in Section 226.4 of Regulation Z, as required by Section 226.2(i) of Regulation Z.

2. Failing to disclose an amount which is the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe said sum as "deferred payment price" as required by Section 226.8(c) (8)-(ii) of Regulation Z.

3. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

4. Failing to identify a payment which is more than twice the amount of an otherwise regularly scheduled equal payment as "balloon payment" as required by Section 226.8(b) (3) of Regulation Z.

5. Failing in any consumer credit transaction 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, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to each operating division and to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit, 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 the respondent partnership, such as dissolution, assignment, or sale, resulting in the emergence of a successor organization, the creation or dissolution of subsidiaries, or any other change in the partnership which may affect compliance obligations arising out of the order.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current busi-

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ness or employment in which they are engaged as well as a description