

IN THE MATTER OF
RELYON, INC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION
AND THE TRUTH IN LENDING ACTS

Docket C-2404. Complaint, May 22, 1973—Decision, May 22, 1973.

Consent order requiring two related Cleveland, Ohio, sellers and distributors of furniture, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as 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 Relyon, Inc., a corporation, and B. W. & W., Inc., a corporation, trading and doing business as Relyon, Inc., and Gerald Blank, individually and as an officer of said corporations, and E. Richard Weitz, individually and as an officer of B. W. & W., Inc., and Myron Weissman, individually and as an officer of B. W. & W., Inc., hereinafter sometimes referred to as respondents, have violated the provisions of said Acts and the implementing regulation 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 Relyon, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of

business located at 1837-41 East 55th Street, in the city of Cleveland, State of Ohio.

Respondent B. W. & W., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 4141 East 131st Street, in the city of Cleveland, State of Ohio.

Respondent Gerald Blank is an individual and is an officer of the corporate respondents. He formulates, directs and controls the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. His address is the same as that of Relyon, Inc.

Respondent E. Richard Weitz is an individual and is an officer of B. W. & W., Inc. He formulates, directs and controls the acts and practices of B. W. & W., Inc., including the acts and practices hereinafter set forth. His address is the same as that of B. W. & W., Inc.

Respondent Myron Weissman is an individual and is an officer of B. W. & W., Inc. He formulates, directs and controls the acts and practices of B. W. & W., Inc., including the acts and practices hereinafter set forth. His address is the same as that of B. W. & W., Inc.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for sometime last past have been, engaged in the advertising, offering for sale, sale and distribution of furniture to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents arrange for the extension of consumer credit or offer to extend or arrange for the extension of such 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 business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused, and are causing, customers to execute a blank Purchase Money Security Agreement and Note, hereinafter referred to as the "Agreement." Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through the use of the agreement, respondents:

(1) Fail to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as prescribed by Section 226.8(b)(2) of Regulation Z;

(2) Fail to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness, as prescribed by Section 226.8(b)(3) of Regulation Z;

(3) Fail to disclose the cash price of the property or service purchased and to describe that amount as the "cash price," as defined in Section 226.2(i) of Regulation Z, as prescribed by Section 226.8(c)(1) of Regulation Z;

(4) Fail to disclose the downpayment in money made in connection with the credit sale, and to describe the amount as the "cash downpayment," as prescribed by Section 226.8(c)(2) of Regulation Z;

(5) Fail to disclose the downpayment in property made in connection with the credit sale, and to describe that amount as the "trade-in," as prescribed by Section 226.8(c)(2) of Regulation Z;

(6) Fail to disclose the sum of the "cash downpayment" and "trade-in" and to describe that sum as the "total downpayment," as prescribed by Section 226.8(c)(2) of Regulation Z;

(7) Fail to disclose the difference between the "cash price" and the "total downpayment," and to describe that amount as the "unpaid balance of cash price," as prescribed by Section 226.8(c)(3) of Regulation Z;

(8) Fail to disclose all charges which are not part of the "finance charge," but are included in the amount financed and to itemize each such charge individually, as prescribed by Section 226.8(c)(4) of Regulation Z;

(9) Fail to disclose the sum of the "unpaid balance of cash price" and all other amounts itemized individually which are part of the amount financed, but which are not included in the "finance charge" and to describe that amount as the "unpaid balance," as prescribed by Section 226.8(c)(5) of Regulation Z;

(10) Fail to disclose the amount of credit extended and to describe that amount as the "amount financed," as prescribed by Section 226.8(c)(7) of Regulation Z;

(11) Fail to disclose the sum of all charges required by Section 226.4 of Regulation Z to be included therein, and to describe that sum as the "finance charge," as prescribed by Section 226.8(c)(8)(i) of Regulation Z;

(12) 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 that sum as the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z;

(13) Fail to make consumer credit cost disclosures heretofore set forth in this paragraph before consummation of the transaction, and to furnish the customer with a duplicate of the instrument or a statement by which the disclosures required by Section 226.8 are made, as prescribed by Section 226.8(a) of Regulation Z.

PAR. 5. By the aforesaid failure to make disclosures, respondents have failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth In Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with 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 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 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 Act, 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 Relyon, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 1837-41 East 55th Street, in the city of Cleveland, State of Ohio.

Respondent B. W. & W., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 4141 East 131st Street, in the city of Cleveland, State of Ohio.

Respondent Gerald Blank is an individual and is an officer of the corporate respondents. He formulates, directs and controls the policies, acts and practices of the corporate respondents, and his address is the same as that of Relyon, Inc.

Respondents E. Richard Weitz and Myron Weissman are individuals and are officers of B. W. & W., Inc. They formulate, direct and control the policies, acts and practices of B. W. & W., Inc., and their address is the same as that of said corporation.

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 Relyon, Inc., a corporation, B. W. & W., Inc., a corporation, trading and doing business as Relyon, Inc., and their officers, and respondent Gerald Blank, individually and as an officer of said corporations, and respondents E. Richard Weitz and Myron Weissman, individually and as officers of B. W. & W., Inc., respondents' successors and assigns and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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 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 disclose the annual percentage rate,

computed in accordance with Section 226.5 of Regulation Z, as prescribed by Section 226.8(b)(2) of Regulation Z;

(2) Failing to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness, as prescribed by Section 226.8(b)(3) of Regulation Z;

(3) Failing to disclose the cash price of the property or service purchased and to describe that amount as the “cash price,” as defined in Section 226.2(i) of Regulation Z, as prescribed by Section 226.8(c)(1) of Regulation Z;

(4) Failing to disclose the downpayment in money made in connection with the credit sale, and to describe that amount as the “cash downpayment,” as prescribed by Section 226.8(c)(2) of Regulation Z;

(5) Failing to disclose the downpayment in property made in connection with the credit sale, and to describe that amount as the “trade-in,” as prescribed by Section 226.8(c)(2) of Regulation Z;

(6) Failing to disclose the sum of the “cash downpayment” and “trade-in,” and to describe that sum as the “total downpayment,” as prescribed by Section 226.8(c)(2) of Regulation Z;

(7) Failing to disclose the difference between the “cash price” and the “total downpayment,” and to describe that amount as the “unpaid balance of cash price,” as prescribed by Section 226.8(c)(3) of Regulation Z;

(8) Failing to disclose all charges which are not part of the “finance charge,” but are included in the amount financed and to itemize each such charge individually, as prescribed by Section 226.8(c)(4) of Regulation Z;

(9) Failing to disclose the sum of the “unpaid balance of cash price” and all other amounts itemized individually which are part of the amount financed, but which are not included in the “finance charge” and to describe that amount as the “unpaid balance,” as prescribed by Section 226.8(c)(5) of Regulation Z;

(10) Failing to disclose the amount of credit extended, and to describe that amount as the “amount financed,” as prescribed by Section 226.8(c)(7) of Regulation Z;

(11) Failing to disclose the sum of all charges required by Section 226.4 of Regulation Z to be included therein, and to describe that sum as the “finance charge,” as prescribed by Section 226.8(c)(8)(i) of Regulation Z;

(12) Failing 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 that sum as the "deferred payment price," as prescribed by Section 226.8(c)(8)(ii) of Regulation Z;

(13) Failing to make consumer credit cost disclosures before consummation of the transaction, and to furnish the customer with a duplicate of the instrument or a statement by which the disclosures required by Section 226.8 are made, as prescribed by Section 226.8(a) of Regulation Z;

(14) 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, 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 prominently display no less than two signs on the premises which will clearly and conspicuously state that a customer must receive a completed copy of the consumer credit cost disclosures, as required by the Truth in Lending Act, in any transaction which is financed, before the transaction is consummated.

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 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 business address and a statement as to the nature of the business or employment in which they are engaged, as well as a description of their duties and responsibilities.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed changes in the corporate respondents, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other changes in the corporations which may affect compliance obligations arising out of this order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the

