

Complaint

IN THE MATTER OF
MO-MOD SALES CO. DOING BUSINESS AS
SIPE'S MOBILE HOMES, ET AL.

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

Docket C-2435. Complaint, Aug. 31, 1973—Decision, Aug. 31, 1973.

Consent order requiring a Sedalia, Missouri, mobile home dealer, 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.

Appearances

For the Commission: *J. T. Hankins.*
For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulations 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 Mo-Mod Sales Co., a corporation doing business as Sipe's Mobile Homes, and Harvey C. Herrick and John L. Sipe, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing 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 Mo-Mod Sales Co. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Missouri with its principal office and place of business located at 104 West Main Street, Sedalia, Missouri.

Respondents Harvey C. Herrick and John L. Sipe are officers of the corporate respondent. Together, they formulate, direct, and control the policies, acts, and practices of the corporate respondent. Their address is the same as that of the corporate respondent.

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PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, and sale of mobile homes to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and are now causing, advertisements, as "advertisement" is defined in Section 226.2(b) of Regulation Z, to be placed in various media for the purpose of aiding, promoting, or assisting, directly or indirectly, the credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, of respondents' said mobile homes.

PAR. 4. Subsequent to July 1, 1969, certain of the advertisements referred to in Paragraph Three above have stated the amount of the downpayment required or that no downpayment is required, or the amount of installment payments, without also stating, as required by Section 226.10(d) (2) of Regulation Z, in terminology prescribed under Section 226.8 of Regulation Z, and in the manner and form prescribed under Section 226.6(a) of Regulation Z, all of the following:

1. The cash price;
2. The amount of the downpayment required or that no downpayment is required, as applicable;
3. The number, amount, and due dates or period of payments scheduled to repay the indebtedness;
4. The amount of the finance charge expressed as an annual percentage rate; and
5. The deferred payment price.

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 Kansas City 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 complaint to issue herein, 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 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. Respondent Mo-Mod Sales Co. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 104 West Main Street, Sedalia, Missouri.

Respondents Harvey C. Herrick and John L. Sipe are officers of 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.

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 respondent Mo-Mod Sales Co., a corporation, and its officers, and Harvey C. Herrick and John L. Sipe, individually and as officers of said corporation, trading under said corporate name or under any trade name or names, their successors and assigns, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the arrangement, extension, or advertisement of consumer credit in connection with the sale of mobile homes or other products or services, as "advertisement" and "consumer credit" 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. Representing, directly or by implication, in any advertisement, as "advertisement" is defined in Regulation Z, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

- (a) The cash price;
- (b) The amount of the downpayment required or that no downpayment is required, as applicable;
- (c) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (d) The amount of the finance charge expressed as an annual percentage rate; and
- (e) The deferred payment price.

2. Failing, in any consumer credit transaction or advertisement, to make all the disclosures, determined in accordance with Section 226.4 and 226.5 of Regulation Z, in the manner, form, and amount required by Sections 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

3. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, and placing of advertising, all persons engaged in reviewing the legal sufficiency of advertising, and all present and future agencies engaged in preparation, creation, and placing of advertising on behalf of respondents, and failing to secure from each such person or agency 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 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 shall, within sixty (60) days after service upon them of this order, file, individually, with the Commission, a report in writing, setting forth in detail the manner and form in which each of them has complied with this order.

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IN THE MATTER OF

GIANT ENTERPRISES, INC., ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2436. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring three affiliated furniture and appliance firms located in Dallas, Texas, and Atlanta, Georgia, and Jacksonville, Florida, among other things to cease using misleading or deceptive sales plans; failing to make full disclosure as to any additional costs for services advertised; misrepresenting prices as special or reduced; misrepresenting forced or sacrifice sales; failing to give notice as to the possibility of third party holder of notes of indebtedness; failing to maintain adequate records; failing to disclose to customers, in connection with the extension of consumer credit, such information as is required by Regulation Z of the Truth in Lending Act.

Appearances

For the Commission: *Donald B. Wiley.*

For the respondents: *Joseph F. Haas of Haas, Holland, Levison & Gilbert, Atlanta, Georgia.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Giant Enterprises, Inc., Texas Giant Furniture Warehouse, Inc., and Furniture City, USA, corporations, and Hilbert Margol, Melvin Margol and Howard Margol, individually and as officers of said corporations, 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, Giant Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 3622 Beach Boulevard, Jacksonville, Florida.