
IN THE MATTER OF
GOLDBLATT BROS., INC.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION ACT AND THE TRUTH IN LENDING ACT

Docket C-2437. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Chicago, Illinois, seller of retail merchandise, 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. Respondent is further required to publish for a period of seven consecutive days in seven newspapers a waiver of lien rights arising from confessions of judgment in credit transactions.

Appearances

For the Commission: *Walter R. Baron.*

For the respondent: *Earl Pollock, of Sonnenschein, Levinson, Carlin, Nath & Rosenthal, Chicago, Illinois.*

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 Goldblatt Bros., Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said acts and implementing regulation, 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 Goldblatt Bros., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 333 South State Street, Chicago, Illinois.

PAR. 2. Respondent is now and for some time last past has been engaged in the sale of retail merchandise to the public.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly extends, and for some time past has 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, respondent, in the ordinary conduct of its business, and in connection with credit sales as "credit sale" is defined in Regulation Z, has sent to customers periodic statements within the meaning of Sections 226.7(b) and (c) of Regulation Z. In the periodic statements sent by respondent, the term "Finance Charge" is not printed more conspicuously than other terminology, as required by Section 226.6(a) of Regulation Z.

PAR. 5. In connection with the consumer credit transactions set forth in Paragraph Three hereof, respondent has caused and is causing customers to execute Retail Installment Contracts, herein referred to as "contracts." By and through the use of the contracts, respondent has entered into transactions in which respondent retained or acquired a security interest in real property which is used or is expected to be used as the principal residence of the customer by taking a confession of judgment or cognovit note. Having retained or acquired such a security interest, respondent failed to notify customers of their right to rescind such transactions under Section 226.9(a) of Regulation Z, in the form and manner prescribed in Section 226.9(b) of Regulation Z.

PAR. 6. By and through the use of the contracts, respondent:

(1) Failed in some instances to disclose the annual percentage rate, as required by Section 226.8(b)(2) of Regulation Z or to print the term "Annual Percentage Rate" more conspicuously than other terminology, as required by Section 226.6(a) of Regulation Z.

(2) Failed in some instances to disclose the annual percentage rate computed with an accuracy at least to the nearest quarter of one per-

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cent, as required by Section 226.5(b) and Section 226.8(b)(2) of Regulation Z.

(3) Failed in some instances to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term "Total of Payments," and in some instances failed to disclose the "Total of Payments" accurately, as required by Section 226.8(b)(3) of Regulation Z.

(4) Failed in some instances to disclose the amount of the "finance charge," as required by Section 226.8(c)(i) of Regulation Z.

(5) Failed to state the "Amount Financed" using that term, as required by Section 226.8(c)(7) of Regulation Z.

(6) Failed to correctly disclose as the "Deferred Payment Price," using that term, the sum of the cash price, 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.

(7) Failed in some instances to provide the customer with a copy of the disclosures required by Section 226.8 of Regulation Z prior to consummation of the transaction, except as provided in Sections 226.8(g) and 226.8(h).

(8) Failed in some instances to preserve evidence of compliance for a period of not less than two years as required by Section 226.6(i) of Regulation Z.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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

respondent 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 provisionally 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 Goldblatt Bros., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 333 S. State Street, Chicago, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Goldblatt Bros., Inc., a corporation, and its officers, agents, representatives and employees directly or through any corporate or other device in connection with any extension of consumer credit as "consumer credit" is 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 print the terms "Finance Charge" and "Annual Percentage Rate," where required to be used, more conspicuously than other required terminology in the periodic statements sent to customers, as required by Section 226.6(a) of Regulation Z.

2. Failing in any transaction in which a security interest is acquired or retained in real property which is used or is expected to be used as the principal resident of the customer to provide such customer with notice of the right to rescind, in the form and manner specified by Section 226.9(b) and Section 226.9(f) of Regulation Z.

3. Failing to disclose the annual percentage rate computed with an accuracy at least to the nearest quarter of one percent, as required by Section 226.5(b) and Section 226.8(b)(2) of Regulation Z.

4. Failing to disclose the number, amount, and due dates or periods of payments scheduled to repay the indebtedness, and the

sum of such payments using the term "Total of Payments," as required by Section 226.8(b) (3) of Regulation Z.

5. Failing to disclose the "Amount Financed," using that term, as required by Section 226.8(b) of Regulation Z.

6. Failing to correctly disclose as the "Deferred Payment Price," using that term, the sum of the cash price, 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.

7. Failing to disclose the amount of the finance charge," as required by Section 226.8(c) (i) of Regulation Z.

8. Failing in any credit sale to provide the customer with a copy of the disclosures required by Section 226.8 of Regulation Z prior to consummation of the transaction, except as provided in Sections 226.8(g) and 226.8(h).

9. Failing in any credit sale to preserve evidence of compliance for a period of not less than two years as required by Section 226.6 (i) of Regulation Z.

10. 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, 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 respondent shall not, with respect to any judgment obtained against a customer who purchased merchandise from respondent in any credit transaction consummated on or after July 1, 1969, by confession of judgment executed by the customer in connection with the extension of credit, and who did not contemporaneously receive in connection therewith notice of the right to rescind as required by Section 226.9(b) of Regulation Z, record or register the judgment or any memorandum or record thereof so as to create a lien on any real property which the customer uses or expects to use as the customer's principal residence, nor levy execution of any such judgment on any such real property.

It is further ordered, That respondent shall, within thirty (30) days after service upon it of this order publish notice, by the insertion of a display ad on each of seven consecutive days in one daily newspaper of general circulation published within each metropolitan area in the State of Illinois in which respondent has a retail store or other retail facility. An exact copy of the advertisement to be so published is attached to this order as Exhibit A and is incorporated herein in refer-

ence. A list of the newspapers of general circulation in which such advertisement is to be published is attached hereto as Exhibit B and is incorporated herein by reference.

It is further ordered, That respondent 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 this order.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future supervisory personnel of respondent responsible for the consummation of any extension of consumer credit and that respondent secure a signed statement acknowledging receipt of said order from each such person.

EXHIBIT A

NOTICE TO CERTAIN OWNERS OF REAL PROPERTY WHO HAVE INCURRED DEBT ON OR AFTER JULY 1, 1969 TO GOLDBLATT BROS., INC. UNDER ITS TIME PAYMENT PLAN

On ——— 1972, Goldblatt Bros., Inc. entered into an agreement with the Federal Trade Commission for the entry of a consent order with respect to certain requirements of the Truth-in-Lending Act in consumer credit transactions.

The agreement with the Federal Trade Commission expressly provides that it is for settlement purposes only and does not constitute an admission by Goldblatt's of any violation of law, nor does it constitute an adjudication of any such violation.

There are certain transactions which are subject to the provisions of Section 226.9(b) of Regulation Z requiring certain disclosures with respect to a lien on the real property of a customer which is used or intended to be used as his principal residence where such lien may be obtained by the recording or registering of a judgment or memorandum or record thereof, that was obtained through a confession of judgment executed in connection with an extension of credit. In that regard, the consent order provides that Goldblatt's shall not, with respect to any judgment obtained by confession against a customer who purchased merchandise from Goldblatt's in any credit transaction consummated on or after July 1, 1969, by confession of judgment executed by the customer in connection with the extension of credit and who did not receive in connection therewith notice of the right to rescind as required by Section 226.9(b) of Regulation Z, record or register the judgment or any memorandum or record thereof so as to create a lien on any such real property nor levy execution of any such judgment on any such real property.

As a matter of principle, Goldblatt's has not proceeded to execute judgments in a manner which would be prohibited by this consent order. Goldblatt's is pleased to be able to assure its customers that its collection policies in this regard will continue in effect.

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EXHIBIT B

NEWSPAPERS

Chicago Sun Times

Champaign Courier

Joliet News

Rockford Star

Illinois State Journal

Decatur Herald

Danville Com. News

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