

consent order requiring a Washington, D.C., retailer and distributor of used cars, 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

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Appearances

For the Commission: *Alan Cohen* and *Bernard Rowitz*.

For the respondents: *Jacob C. Lish*, Washington, D.C.

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 reasons to believe that G. B. Enterprises, Inc., a corporation, trading and doing business as Lee Used Ford Sales, hereinafter sometimes 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 G. B. Enterprises, Inc., trading and doing business as Lee Used Ford Sales, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 948 New York Avenue, N.W., Washington, D.C.

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

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondent regularly extends 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 course of business as aforesaid, and in connection with its credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute a binding Used Car Order Contract. Respondent also provides these customers with a Creditor Disclosure Statement.

By and through the use of the creditor disclosure statement, respondent:

Fails in some instances to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 5. In the ordinary course of its business as aforesaid, respondent caused to be published advertisements of its goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extension of consumer credit in connection with the sale of these goods and services. By and through the use of advertisements, respondent:

1. Fails to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a).

2. Fails to use the term "annual percentage rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

3. Fails to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) of Regulation Z.

4. States the minimum amount of the downpayment required without also stating all of the following items for that minimum amount, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) the cash price;
- (ii) the number, amount, and due dates or periods of payments scheduled to repay the indebtedness if the credit is extended;
- (iii) the amount of the finance charge expressed as annual percentage rate; and
- (iv) the deferred payment price.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitutes violations of that Act and, pursuant to Section 108 thereof, respondent has 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 respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Washington, D.C. Regional Office proposed to present to the Commission for its consideration, and which, if issued by the Commission, would charge respondent with violation of the Truth in Lending Act and the implementing regula-

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tion promulgated thereunder, and the Federal Trade Commission Act; 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;

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the 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 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 G. B. Enterprises, Inc., trading and doing business as Lee Used Ford Sales, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 948 New York Avenue, N.W., Washington, D.C.

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 G. B. Enterprises, Inc., a corporation, trading and doing business as Lee Used Ford Sales, or under any name or names, its successors and assigns and its officers, and respondent's 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, with an accuracy at least to the nearest quarter of one percent, in accordance

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

2. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to print the term "annual percentage rate" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z.

3. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "annual percentage rate" to describe the rate of a finance charge, as required by Section 226.10(d)(1) of Regulation Z.

4. Failing in any published advertisement, as "advertisement" is defined in Regulation Z, to use the term "deferred payment price" to describe 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, as required by Section 226.10(d)(2)(v) of Regulation Z.

5. Representing, directly or by implication, in an 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 dollar amount of any finance charge, 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:

- (i) the cash price;
- (ii) the amount of the downpayment required or that no downpayment is required, as applicable;
- (iii) the number, amount, and due dates or periods of payments scheduled to repay the indebtedness if the credit is extended;
- (iv) the amount of the finance charge expressed as an annual percentage rate; and
- (v) the deferred payment price.

6. 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 respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the computation, preparation or execution of consumer

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credit documents or in any aspect of preparation, creation, or placing of advertising and that respondent secure a signed statement acknowledging receipt of said order from each such person.

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 the order.

It is further ordered, That the respondent 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 it has complied with this order.

IN THE MATTER OF

SONS AUTO CENTER, INC., TRADING AS MONROE'S
AUTOMOTIVE CENTER, ET AL.