

Docket C-2450. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Beltsville, Md., 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.

Appearances

For the Commission: *Michael Mpras* and *Bernard Rowitz*.

For the respondents: *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation

promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ray's Used Cars, Inc., a corporation, and Wilbur R. Cummings, an individual and as an officer of said corporation, 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 Ray's Used Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 10411 Baltimore Boulevard, Beltsville, Maryland.

Respondent Wilbur R. Cummings, is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

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 and conduct of their business as aforesaid, respondents regularly extend 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, respondents, in the ordinary course of business as aforesaid, in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are now causing customers to execute a binding used car order contract, hereinafter referred to as the "Order Contract."

By and through the use of the "order contract," respondents:

1. 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 required by Section 226.8(c)(8)(ii) of Regulation Z.

2. Fail to use the term "cash price" as defined in Section 226.2(i) of Regulation Z, to describe the purchase of the automobile, as required by Section 226.8(c)(1) of Regulation Z.

Complaint

83 F.T.C.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their used cars as "advertisements" is defined in Regulation Z. These advertisements aid, promote or assist, directly or indirectly, extensions of consumer credit in connection with the sale of these used cars. By and through the use of the advertisements, respondents:

1. Fail to state the rate of any finance charge expressed as an "Annual Percentage Rate," as required by Section 226.10(d)(1) of Regulation Z.

2. Fail to make disclosures clearly and conspicuously, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure 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 Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder and 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 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 Ray's Used Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 10411 Baltimore Boulevard, Beltsville, Maryland.

Respondent Wilbur R. Cummings, is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his principal office and place of business is located at the above stated address.

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 Ray's Used Cars, Inc., a corporation, its successors and assigns, and its officers, and Wilbur R. Cummings, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote, or assist, directly or indirectly in the extension of consumer credit, as "consumer credit" and "advertisement" as 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 make disclosures clearly and conspicuously and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

2. 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 required by Section 226.8(c)(8)(ii) of Regulation Z.

3. Failing to state, in its advertisements, the rate of any finance charge expressed as an "annual percentage rate," as required by Section 226.10(d)(1) of Regulation Z.

4. Failing to use the term "cash price," as defined in Section

Decision and Order

83 F.T.C.

226.2(i) of Regulation Z, to describe the purchase price of the automobile, as required by Section 226.8(c) (1) of Regulation Z.

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

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

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 consummation of any extension of consumer credit 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 individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the respondent 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

VERNON WOLVERTON, TRADING AS SUBURBAN MOTORS

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

Docket C-2451. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Hyattsville, Md., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to