

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

84 F.T.C.

*Appearances*For the Commission: *Paul D. Hodge.*For the respondent: *Pro se.*

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 Richard A. Edson, trading and doing business as American Roofing and Remodeling Co., 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 Richard A. Edson is an individual trading and doing business as American Roofing and Remodeling Co., with his principal office and place of business located at 5133 Ramsgate Drive, Newark, Calif.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution to the public of home improvement products, including, but not limited to, residential siding, and in the installation thereof.

PAR. 3. In the ordinary course and conduct of his business, as aforesaid, respondent regularly extends, and for some time last 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 course of business as aforesaid, and in connection with credit sales, as "credit sale" is defined in Regulation Z, has caused and now is causing customers to enter into contracts for the purchase of respondent's home improvement products. On these contracts, hereinafter referred to as "the contract" respondent has provided certain consumer credit cost information, but has not provided his customers with certain other consumer credit cost disclosures.

PAR. 5. By and through the use of the contract, as set forth in Paragraph Four, respondent has failed to:

1. Disclose the date on which the finance charge begins to accrue

when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.

2. Disclose the "annual percentage rate," using that term, in credit transactions where finance charges are imposed, as required by Section 226.8(b)(2) of Regulation Z.

3. Disclose the sum of all payments required, and describe that sum as the total of payments, as required by Section 226.8(b)(3) of Regulation Z.

4. Provide a description of the type of any security interest held or to be retained or acquired by the creditor in connection with the transaction, as required by Section 226.8(b)(5) of Regulation Z.

5. Identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, as required by Section 226.8(b)(7) of Regulation Z.

6. Use the term "cash price," as defined in Section 226.2(i) of Regulation Z, to describe the purchase price of the transaction, as required by Section 226.8(c)(1) of Regulation Z.

7. Use the term "cash downpayment" to describe the downpayment in money made in connection with the transaction, as required by Section 226.8(c)(2) of Regulation Z.

8. Use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c)(3) of Regulation Z.

9. Disclose all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, as required by Section 226.8(c)(4) of Regulation Z.

10. Disclose the sum of the unpaid balance of cash price and all other charges and describe that sum as the unpaid balance, as required by Section 226.8(c)(5) of Regulation Z.

11. Use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

12. Disclose the "finance charge," using that term, as required by Section 226.8(c)(8)(i) of Regulation Z.

13. Disclose the sum of the cash price, all charges which are included in the amount financed but which are not a part of the finance charge, and the finance charge, and describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 6. By and through the use of the contract, as set forth in Paragraph Four, respondent retains or acquires a security interest in real property which is or is expected to be used as the principal residence of the customer. The customer thereby has the right to rescind the transaction, as provided in Section 226.9(a) of Regulation Z.

Respondent has failed, and is failing, to provide each customer, who has the right to rescind with the required notice prescribed by Section 226.9(b) of Regulation Z, as required by that Section.

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 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 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 regulation promulgated thereunder and of 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; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has 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 sixty (60) 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 Richard A. Edson is an individual trading and doing business as American Roofing and Remodeling Co., with his principal office and place of business located at 5133 Ramsgate Drive, Newark, Calif.
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 Richard A. Edson, an individual trading and doing business as American Roofing and Remodeling Co., or under any other name or names, and respondent's agents, representatives, and employees, successors and assigns, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement of consumer credit or advertisement to aid, promote, or assist directly or indirectly any arrangement or 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 date on which the finance charge begins to accrue when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.

2. Failing to disclose the term "annual percentage rate," using that term, in credit transactions where finance charges are imposed, as required by Section 226.8(b)(2) of Regulation Z.

3. Failing to disclose the sum of all payments required, and describe that sum as the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

4. Failing to provide a description of the type of any security interest held or to be retained or acquired by the creditor in connection with the transaction, as required by Section 226.8(b)(5) of Regulation Z.

5. Failing to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, as required by Section 226.8(b)(7) of Regulation Z.

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

7. Failing to use the term "cash downpayment" to describe the downpayment in money made in connection with the transaction, as required by Section 226.8(c)(2) of Regulation Z.

8. Failing to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c)(3) of Regulation Z.

9. Failing to disclose all other charges, individually itemized, which are included in the amount financed but which are not part of the finance charge, as required by Section 226.8(c)(4) of Regulation Z.

10. Failing to disclose the sum of the unpaid balance of cash price

and all other charges and describe that sum as the "unpaid balance," as required by Section 226.8(c)(5) of Regulation Z.

11. Failing to use the term "amount financed" to describe the amount of credit extended as required by Section 226.8(c)(7) of Regulation Z.

12. Failing to disclose the "finance charge," using that term, as required by Section 226.8(c)(8)(i) of Regulation Z.

13. Failing to disclose the sum of the cash price, all charges which are not included in the amount financed but which are not a part of the finance charge, and describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

14. Failing, in any transaction in which respondent retains or acquired a security interest in real property which is used or is expected to be used as the principal residence of the customer, to provide each customer with notice of the right to rescind in the manner and form specified in Sections 226.9(b) and 226.9(f) of Regulation Z, prior to consummation of the transaction.

15. Failing in any consumer credit transaction or advertisement 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, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in his business organization such as dissolution, assignment, incorporation, partnership, sale or any other change 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 each of his operating divisions and to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business address or employment and of his affiliation with a new 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 within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

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Complaint

IN THE MATTER OF

JACK LA LANNE MANAGEMENT CORP., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-2578. Complaint, Oct. 17, 1974—Decision, Oct. 17, 1974*

Consent order requiring a chain of Jack La Lanne health spas in the New York City area, among other things to cease misrepresenting the price of memberships and the benefits and facilities available to members, and using deceptive collection methods. The order contains a provision to insure that customers sued by the spas receive adequate notice of the suits.

Appearances

For the Commission: *George E. Schulman.*

For the respondents: *Irving Scher, Weil, Gotshal & Manges, New York, N.Y.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Jack La Lanne Management Corp., Jack La Lanne Health Enterprises, Inc., Canadian International Health Spa, Inc., Jack La Lanne Madison Health Spa, Inc., Jack La Lanne Executive Health Spa, Inc., Jack La Lanne Lefrak City, Inc., Jack La Lanne Kings Highway, Inc., Jack La Lanne 5 Towns Health Club, Inc., Jacques-line Health Spa, Inc., Jack La Lanne Biltmore Health Spa, Inc., Jack La Lanne Fort Lee Health Spa, Inc., Jack La Lanne 86th St. Health Spa, Inc., Jack La Lanne Fifth Avenue Health Spa, Inc., Churchill Collection Service, Inc., corporations, and Harry Schwartz, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said 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. For the purpose of this proceeding, the following definition shall apply:

Health spa. An establishment or establishments which provide services or facilities which are purported to assist patrons to improve their physical condition or appearance through change in weight, weight