

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

Docket C-2581. Complaint, Oct. 22, 1974—Decision, Oct. 22, 1974

Consent order requiring a Portland, Ore., firm engaged in the construction, development and sale of residential real property, 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: *Dean A. Fournier.*

For the respondents: *Austin T. Smith, Ralston, Smith & Sullivan,*
Los Angeles, Calif.

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 the parties identified in the caption hereof, and more particularly described and collectively referred to hereinafter as respondents, have

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. Respondents Century 21 Homes, Inc., Centurion Properties, Inc. and Century 21 Properties, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the State of Oregon, with their principal office and place of business located at 4547 Southwest Scholls Ferry Road, Portland, Ore. Centurion Properties, Inc. and Century 21 Properties, Inc. are wholly-owned subsidiaries of Century 21 Homes, Inc.

Respondent David L. Oringdulph is an individual and an officer of each of said corporations. Respondent Ralph E. Fish is an individual and an officer of Centurion Properties, Inc. Their address is the same as that of the corporate respondents.

Respondent Philip G. Mullard is an individual and a former officer of Century 21 Properties, Inc. His present address is 1750 Southwest Skyline Boulevard, Portland, Ore.

Respondent Century 21 Development is a joint venture of Century 21 Homes, Inc. and of Amfac Mortgage Corporation, an Oregon corporation wholly owned by Amfac, Inc., a Hawaii corporation. Said joint venture exists and does business in the State of Oregon, under the laws of such state. Respondent John F. Weiser is an individual and the general manager of Century 21 Development. His address, and the principal office and place of business of said joint venture, is the same as that of the aforementioned corporate respondents.

Respondents Weiser, Oringdulph, and Fish formulate, direct and control the policies, acts and practices of the corporate respondents and of the joint venture, including the acts and practices hereinafter set forth. Respondent Mullard, while an officer of Century 21 Properties, Inc., participated in the formulation, direction and control of such acts and practices.

The aforementioned respondents have cooperated and acted together in bringing about and carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the construction, development and sale of residential real property to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents have caused to be published various advertisements, as "advertisement" is defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promul-

gated by the Board of Governors of the Federal Reserve System. These advertisements have aided, promoted or assisted directly or indirectly the extension of consumer credit (as "consumer credit" is defined in Regulation Z) in connection with respondents' sales of residential real property.

PAR. 4. Subsequent to July 1, 1969, certain of the advertisements referred to in Paragraph Three above have:

1. Stated a rate of finance charge without expressing the rate of the finance charge as an "annual percentage rate," using that term, as required by Section 226.10(d)(1) of Regulation Z.

2. Stated the period of repayment and the amount of the downpayment required or that no downpayment is required, 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:

- 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;
- d. the amount of the finance charge expressed as an annual percentage rate; and
- e. except in the case of the sale of a dwelling or a loan secured by a first lien on a dwelling to purchase that dwelling, the deferred payment price or the sum of the payments, as applicable.

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 Seattle 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 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 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. Respondents Century 21 Homes, Inc., Centurion Properties, Inc. and Century 21 Properties, Inc. are corporations organized, existing and doing business under and by virtue of the laws of the state of Oregon, with their office and principal place of business located at 4547 Southwest Scholls Ferry Road, Portland, Ore.

Respondent David L. Oringdulph is an individual and an officer of each of said corporations. Respondent Ralph E. Fish is an individual and an officer of Centurion Properties, Inc. Their address is the same as that of the corporate respondents.

Respondent Philip G. Mullard is an individual and a former officer of Century 21 Properties, Inc. His present address is 1750 Southwest Skyline Boulevard, Portland, Ore.

Respondent Century 21 Development is a joint venture in which Century 21 Homes, Inc. is a participant. Said joint venture exists and does business in the state of Oregon, under the laws of such state. Respondent John F. Weiser is an individual and the general manager of Century 21 Development. His address, and the principal office and place of business of said joint venture, is the same as that of the corporate respondents.

Respondents Weiser, Oringdulph, and Fish formulate, direct and control the policies, acts and practices of the corporate respondents and of the joint venture. Respondent Mullard participated and cooperated in the formulation, direction and control of such acts and practices.

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 Century 21 Homes, Inc., Centurion Properties, Inc., and Century 21 Properties, Inc., corporations, and their officers, and David L. Oringdulph, Ralph E. Fish and Philip G. Mullard, individually and as officers and former officers of said corporations, and Century 21 Development, a joint venture, and John F. Weiser, individually and as general manager of Century 21 Development, and respondents' successors, assigns, 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 any extension of consumer credit, 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. Stating, in any such advertisement, the rate of any finance charge unless the rate of the finance charge is expressed as an "annual percentage rate," using that term, as required by Section 226.10(d)(1) of Regulation Z.
2. Representing in any such advertisement, directly or by implication, 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, as required by Section 226.10(d)(2) 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. except in the case of the sale of a dwelling or a loan secured by a first lien on a dwelling to purchase that dwelling, the deferred payment price or the sum of the payments, as applicable.
3. 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, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of the preparation, creation or placing of advertising, to all persons engaged in reviewing the legal sufficiency of advertising, and to all present and future agencies engaged in preparation, creation or placing of advertising on behalf of respondents, and that respondents secure from each such person and 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 Century 21 Development or in a corporate respondent, such as dissolution, termination, assignment or sale resulting in the emergence of a successor corporation or corporations, the creation or dissolution of subsidiaries, or any other change in such respondents as 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 the respondents 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

NORLIC IMPORT COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING
ACTS

Docket C-2583. Complaint, Oct. 22, 1974 — Decision, Oct. 22, 1974

Consent order requiring a New York City importer and seller of wool fabrics, among other things to cease misbranding and falsely guaranteeing its wool products and misrepresenting the fiber content of its goods. Further, respondent is required to bond its imported wool products for twice their value, with the bond subject to forfeiture should applicable legal requirements not be complied with.

Appearances

For the Commission: *Jerry R. McDonald.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Norlic Import Company, Inc., a corporation, and Norman Lichtenstein, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, 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 Norlic Import Company, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 1290 Avenue of the Americas, New York, N. Y.

Individual respondent Norman Lichtenstein is an officer of Norlic Import Company, Inc. He formulates, directs, and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is the same as that of the corporate respondent.

Respondents are engaged in the importation and sale of wool products including but not limited to wool fabrics.