

Consent order requiring a Great Falls, Mont., retailer of new and used mobile homes and travel trailers, 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: *Larsen & Gliko, Great Falls, Mont.*

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 American Ideal Homes, Inc. a corporation, and John E. Boles and Arnold F. Kruse, individually and as officers of said corporation, and George H. Boomer, individually and as sales manager of said corporation, hereinafter referred to 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. Respondent American Ideal Homes, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Montana, with its principal office and place of business located at 3006 - 10th Avenue South, Great Falls, Mont.

Respondents John E. Boles and Arnold F. Kruse are individuals and officers of the corporate respondent. They formulate, direct, and control the policies, acts, and practices of the corporate respondent, including the acts and practices hereinafter set forth. Respondent Kruse's address is the same as that of the corporate respondent, while respondent Boles' address is 2944 North Montana Avenue, Helena, Mont.

Respondent George H. Boomer is an individual and the sales manager of the corporate respondent. He cooperates and participates with the other individual respondents in formulating and effectuating the policies, 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 advertising, offering for sale, and sale of new and used mobile homes and travel trailers to the public in metropolitan Great Falls and Helena, Mont.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly engage in credit sales and arrange for the extension of consumer credit, as "credit sale," "arrange for the extension of credit," and "consumer credit" are defined in Section 226.2

of 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 have caused to be published, in various media, advertisements (as "advertisement" is defined in Regulation Z) to aid, promote, or assist directly or indirectly respondents' consumer credit sales of mobile homes and travel trailers. Certain of these advertisements have stated the period of repayment 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:

1. the cash price;
2. the amount of the downpayment required or that no downpayment is required, as applicable;
3. the number, amount, and due dates or period of payments scheduled to repay the indebtedness;
4. the amount of the finance charge expressed as an annual percentage rate; and
5. the deferred payment price.

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. Respondent American Ideal Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Montana, with its office and principal place of business located at 3006 - 10th Avenue South, Great Falls, Mont.

Respondents John E. Boles and Arnold F. Kruse are individuals and officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of said corporation. Respondent Kruse's address is the same as that of said corporation. Respondent Boles' address is 2944 North Montana Avenue, Helena, Mont.

Respondent George H. Boomer is an individual and the sales manager of the corporate respondent. He cooperates and participates with respondents Kruse and Boles in formulating and effectuating the policies, acts and practices of said corporation, and his address is the same as that of said corporation.

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 American Ideal Homes, Inc., a corporation, and its officers, and John E. Boles and Arnold F. Kruse, individually and as officers of said corporation, and George H. Boomer, individually and as sales manager of said corporation, 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. 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. the deferred payment price.

2. 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 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 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.