
IN THE MATTER OF
CHARLES S. NACOL JEWELRY CO., ET AL.

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

Docket C-2604. Complaint, Dec. 2, 1974 - Decision, Dec. 2, 1974

Consent order requiring a Port Arthur, Tex., jeweler, 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: *Richard H. Gateley.*

For the respondents: *Jas. W. Mehaffey*, Port Arthur, Tex.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and 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 Charles S. Nacol Jewelry Co., a partnership, and Charles S. Nacol and Habeeb Nacol, individually and as co-partners trading and doing business as Charles S. Nacol Jewelry Co., 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 Charles S. Nacol Jewelry Co., is a partnership, organized, existing and doing business under and by laws of the State of Texas with its main business office located at 3703 Twin City Highway, Port Arthur, Tex.

Respondents Charles S. Nacol and Habeeb Nacol are co-partners of the said partnership. They formulate, direct and control the acts and practices of the respondent partnership including the acts and practices hereinafter set forth. Their address is the same as that of said partnership.

PAR. 2. Respondents are now and for some time last past have been, engaged in the offering for sale and retail sale of jewelry and other merchandise 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 and conduct of their business as aforesaid, have extended and are extending consumer credit on which a finance charge, as that term is defined in Section 226.2(q) of Regulation Z is imposed starting sixty (60) days after the date of sale. Respondents do not provide a written statement of consumer credit cost disclosures in connection with such credit sales, as "credit sale" is defined in Section 226.2(n) of Regulation Z, to their customers and thereby have violated and are violating Section 226.7(a) of Regulation Z.

Respondents have failed to provide any of the consumer cost disclosures in writing as required by Section 226.7(a) of Regulation Z, and in the manner and form prescribed by Section 226.6(a) of Regulation Z:

1. The conditions under which a finance charge may be imposed, including the explanation of the time period, if any, within which any credit extended may be paid without incurring a finance charge as required by Section 226.7(a)(1) of Regulation Z.

2. The method of determining the balance upon which a finance charge may be imposed as required by Section 226.7(a)(2) of Regulation Z.

3. The method of determining the amount of the finance charge as required by Section 226.7(a)(3) of Regulation Z.

4. Where one or more periodic rates may be used to compute the finance charge, each such rate, the range of balances to which it is applicable and the corresponding annual percentage rate determined by multiplying the periodic rate by the number of periods in a year as required by Section 226.7(a)(4) of Regulation Z.

5. The conditions under which any other charges may be imposed, and the method by which they will be determined as required by Section 226.7(a)(6) of Regulation Z.

6. The conditions under which the creditor may retain or require any security interest, as that term is defined in Section 226.2(z) of Regulation Z, and any property to secure the payment of any credit extended on the account, and a description or identification of the type of interest or interest which may be so retained or acquired as required by Section 226.7(a)(7) of Regulation Z.

7. The minimum periodic payment required in accordance with Section 226.7(a)(8) of Regulation Z.

PAR. 5. Subsequent to July 1, 1969, respondents, in the ordinary course and conduct of their business and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused to be delivered and are delivering to customers periodic statements, as "periodic statements" are described in Section 226.7(b) and Section 226.7(c) of Regulation Z. By and through the use of the periodic statements respondents:

1. Fail to disclose the amounts credited to the billing cycle for payments, using the term "payments" and for other credits using the term "credits" as required by Section 226.7(b)(3) of Regulation Z.

2. Failed to disclose the amount of any finance charge, using the term "finance charge," debited to the account during the billing cycle as required by Section 226.7(b)(4) of Regulation Z.

3. Failed to disclose the balance on which the finance charge was computed, and a statement of how that balance was determined, as required by Section 226.7(b)(8) of Regulation Z.

PAR. 6. By the aforesaid failure to make the disclosures in the manner and form required by Regulation Z, as set forth in Paragraphs Four and Five hereof, respondents fail to comply with the requirements of Regulation Z of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 105 of that Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents 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 Dallas 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 Charles S. Nacol Jewelry Co. is a partnership organized, existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 3703 Twin City Highway, city of Port Arthur, State of Texas. Respondents Charles S. Nacol and Habeeb Nacol are co-partners of said partnership, they formulate, direct and control the policies, acts and practices of said partnership, and their 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 Charles S. Nacol Jewelry Co., a partnership, and Charles S. Nacol and Habeeb Nacol, individually and as co-partners trading and doing business as Charles S. Nacol Jewelry Co.,

Z, the amount of any finance charge, using the term "finance charge," debited to the account during the billing cycle as required by Section 226.7(b)(4) of Regulation Z.

11. Failing to disclose in periodic statements, as "periodic statements" are described in Sections 226.7(b) and 226.7(c) of Regulation Z, the balance on which the finance charge was computed, and the statement of how that balance was determined, as required by Section 226.7(b)(8) of Regulation Z.

12. 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, and 226.10 of Regulation Z.

It is further ordered, That respondents prominently display the following notice in two or more locations at each of respondents' stores in that portion of respondents' businesses most frequented by prospective customers and in each location where customers normally sign consumer credit documents or other binding instruments. Such notice shall be considered prominently displayed only if so positioned as to be easily observed and read by the interested individuals:

NOTICE TO CREDIT CUSTOMERS

IF THE DEALER IS FINANCING OR ARRANGING THE FINANCING OF YOUR PURCHASE, YOU ARE ENTITLED TO CONSUMER CREDIT COST DISCLOSURES AS REQUIRED BY THE FEDERAL TRUTH IN LENDING ACT. THESE MUST BE PROVIDED TO YOU IN WRITING BEFORE YOU ARE ASKED TO SIGN ANY DOCUMENT OR OTHER PAPERS WHICH WOULD BIND YOU TO SUCH A PURCHASE.

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 arranging or consummation of any extension of consumer credit or in any aspect of the preparation, creation or placing of advertising and that respondents secure a signed statement from each such person that he has read and understands such order.

It is further ordered, That respondents retain and preserve evidence of compliance with the requirements imposed under Regulation Z, other than advertising requirements under Section 226.10 of Regulation Z, for a period of not less than two (2) years after the date each disclosure is required to be made in accordance with Section 226.6(i) of Regulation Z.

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

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employment. Such notice shall include the 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.