

Accordingly, *it is ordered*, That the request that this matter be reopened for modification of the order be denied.
Commissioner Thompson abstaining.

IN THE MATTER OF
PLAZA CLUB, INC., ET AL.

MODIFIED ORDER, IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2134. Order, Dec. 17, 1974

Order modifying subparagraph (J) of Paragraph I of a consent order issued against respondents, 80 F.T.C. 62, to except the use of negotiable instruments in consumer credit transactions in the State of Kansas.

Appearances

For the Commission: *Keith Q. Hayes.*

For the respondents: *McFadin & Spooner*, N. Kansas City, Mo.

ORDER REOPENING PROCEEDINGS AND MODIFYING ORDER TO
CEASE AND DESIST

This matter is before the Commission upon a motion captioned "Petition to Reopen Docket," received Oct. 29, 1974, filed by Spa Fitness Centers, Inc., Carl Lane, Kenneth Melby and Scott Rice, successors in interest to the above-captioned respondents. The Bureau of Consumer Protection has filed an answer dated Nov. 26, 1974.

Petitioners point out that the law of Kansas, in which they transact business, now forbids the use of negotiable instruments in those consumer credit transactions in which they engage, and the law further preserves all defenses of a consumer against a third party to whom an instrument of indebtedness may have been negotiated in violation of the law. Therefore, the disclosure required by Paragraph I (J) of the order in this matter is no longer necessary, and indeed may be misleading with respect to contracts governed by Kansas law. Respondents seek exemption from the requirement for their operations in Kansas, and the Bureau of Consumer Protection does not object.

The Commission has considered the arguments of the parties and has determined, in the exercise of its discretion, to grant the petition to reopen, and to modify the order as provided hereinafter:

It is ordered, That the proceedings in this matter be reopened and that subparagraph (J) of Paragraph I of the order to cease and desist issued against respondents on Jan. 14, 1972, be modified to read as follows:

With the exception of contracts executed in the State of Kansas and to be performed in the State of Kansas, failing to incorporate the following statement on the face of all contracts executed by respondents' customers with such conspicuousness and clarity as is likely to be observed, read, and understood by the purchaser:

IMPORTANT NOTICE

If you are obtaining credit in connection with this contract, you will be required to sign a promissory note. This note may be purchased by a bank, finance company or any other third party. If it is purchased by another party, you will be required to make your payments to the purchaser of the note. You should be aware that if this happens you may have to pay the note in full to the new owner of the note even if this contract is not fulfilled.

IN THE MATTER OF

C & C DISTRIBUTING CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2615. Complaint, Dec. 17, 1974 - Decision, Dec. 17, 1974

Consent order requiring a Terrell, Tex., seller and distributor of ladies' cologne and franchises in relation thereto, among other things to cease misrepresenting the