

Complaint

86 F.T.C.

IN THE MATTER OF

TV STEREO CITY FREIGHT LIQUIDATORS, INC., ET
AL.FINAL ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND TRUTH IN LENDING
ACTS*Docket 9002. Complaint, Jan. 7, 1975—Decision, Sept. 3, 1975*

Order requiring a former renter and seller of stereos, television sets, and other electronic equipment formerly located in Pennsauken, N.J., among other things to cease using price misrepresentations and other unfair and deceptive means to sell its merchandise; and 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: *Everette E. Thomas, Richard C. Donohue and Mitchell Paul.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of 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 TV Stereo City Freight Liquidators, Inc., a corporation, and Dennis R. LaVine, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have engaged in acts and practices contrary to the Commission's Trade Regulation Rule Relating to Deceptive Advertising as to Sizes of Viewable Pictures Shown by Television Receiving Sets (16 CFR 410), as amended, in violation of the Federal Trade Commission Act, and have also engaged in acts and practices in violation of the provisions of the above-mentioned Acts, and the 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 TV Stereo City Freight Liquidators, Inc., is a corporation organized, existing and formerly doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business formerly located at 5245 Marlton Pike, Pennsauken, N.J.

Respondent Dennis R. LaVine is an individual and is the principal officer of the corporate respondent. He formulated, directed and controlled the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 31 Kendall Blvd., Oaklyn, N.J.

PAR. 2. Respondents were engaged in the advertising, offering for rental or sale, rental or sale and distribution of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or other articles of merchandise to the public at retail.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two, hereof, are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused their said merchandise, when rented or sold, to be shipped from their place of business in the State of New Jersey to purchasers thereof located in various other States of the United States, and maintained a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the rental or purchase of certain television sets, radios, stereos, radio/television/stereo combinations, electric appliances or other articles of merchandise, the respondents made numerous statements and representations by repeated advertisements inserted in newspapers of interstate circulation, and by oral statements and representations of their salesmen to prospective purchasers or renters with respect to their merchandise and services.

Typical and illustrative, but not all inclusive thereof, are the following:

Rent or Buy
Scott 300 Watts
Pay only \$5.68 weekly
Rent/Buy
Comparative retail value \$899.
Our price Only \$699.
AM/FM Stereo
Olympic 150 Watts
Modular System
\$3.66 weekly
Rent/Buy
Comparative retail value \$899.

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Our price \$799.
Emerson Briarwood 25" Color
Model 25cc90w
Pay only \$6.48 weekly
Rent/Buy
Comparative retail value \$899.
Our price \$799.
Sanyo Automatic 19" Color TV
Pay only \$3.88 weekly Rent/Buy
Comparative retail value \$529.
Our price \$469.
Emerson Dorchester 25" Color,
Pay Only \$5.68 weekly Rent/Buy.
Comparative retail value \$899.
Our price only \$699.
Emerson Automatic 19" Color TV,
Pay only \$3.88 weekly Rent/Buy,
Comparative retail value \$529.
Our price \$469 with Free Stand.
Dumont Sheridan 25" Color,
Pay only \$5.68 Weekly Rent/Buy,
Comparative retail value \$899.
Our price only \$699.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of respondents' salesmen to customers and prospective customers, the respondents have represented, directly or by implication, that:

1. By and through the use of the words "Comparative Retail Value \$899.00. Our price only \$699.00," and other words of similar import and meaning not set out specifically herein, that said comparative retail value was the price at which the same merchandise was being offered for sale by a substantial number of the principal outlets in respondents' trade area.

2. By and through the use of the terms "Rent or Buy," "Pay Only \$5.68," and other terms of similar import or meaning, that purchasers or renters of respondents' merchandise were being given a bona fide option of renting said merchandise on a week-to-week basis at the advertised rate.

PAR. 6. In truth and in fact:

1. The same merchandise was not offered for sale at the compara-

tive price by a substantial number of the principal outlets in respondents' trade area.

2. Respondents did not offer to purchasers or renters of respondents' merchandise a bona fide option of renting the merchandise on a week-to-week basis at the advertised rate. To the contrary, the rental of any of respondents' merchandise required a \$100 deposit and a minimum rental period of six months.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were false, misleading and deceptive.

PAR. 7. In the further course and conduct of their business, respondents made representations, separately and in connection with the oral statements and representations of respondents' salesmen to customers and prospective customers, concerning the size of viewable pictures shown by television receiving sets bought and distributed by them and thereby represented, directly or by implication, that the indicated size so described was the actual size of the viewable picture area measured on a single plane basis.

PAR. 8. In representing, directly or indirectly, the actual size of the viewable pictures shown by television receiving sets, respondents have represented television picture sizes that did not represent the horizontal dimension of the actual viewable picture area of the television receiving set.

PAR. 9. On Apr. 21, 1971, after due notice and hearing, the Commission promulgated its amendment of the trade regulation rule relating to the deceptive advertising of television picture sizes (31 F.R. 3342), which rule became effective on Jan. 1, 1967. This amendment of the Trade Regulation Rule relating to the Deceptive Advertising as to Sizes of Viewable Pictures Shown by Television Receiving Sets (16 CFR 410), as amended, became effective on Dec. 10, 1971. On the basis of its findings, as set out in the "Accompanying Statement of Basis and Purpose" of the said Trade Regulation Rule, the Commission determined that it constitutes an unfair method of competition and an unfair and deceptive act or practice to:

Use any figure or size designation to refer to the size of the picture shown by a television receiving set or the picture tube contained therein unless such indicated size is the actual size of the viewable picture area measured on a single plane basis. If the indicated size is other than the horizontal dimension of the actual viewable picture area such size designation shall be accompanied by a statement, in close connection and conjunction therewith, clearly and conspicuously showing the manner of measurement.

PAR. 10. Notice is hereby given that the presentation of evidence in the course of a hearing in this proceeding may be required to dispose of the issues that may arise as a result of the allegations contained in Paragraphs One through Four and Paragraphs Seven through Nine herein, and that if the issues presented as a result of the allegations

contained in those paragraphs should be resolved in substantiation of such allegations, then the above trade regulation rule is relevant to the alleged practices of the respondents. Therefore, the respondents are given further notice that they may present evidence, according to Section 1.12(c) of the Commission's Procedures and Rules of Practice, to show that the above trade regulation rule is not applicable to the alleged acts or practices of respondents. If the Commission should find that the above rule is applicable to the alleged acts or practices of the respondents, then it will proceed to make its findings, conclusions, and final order in this proceeding on the basis of that rule. A copy of the rule and Accompanying Statement of Basis and Purpose, marked Appendix A, is attached hereto and made a part of this pleading.

PAR. 11. The aforesaid methods of competition and acts and practices of respondents, as alleged in Paragraph Seven hereof, were contrary to the provisions and requirements of the Commission's Trade Regulation Rule relating to Deceptive Advertising As To Sizes of Viewable Pictures Shown By Television Receiving Sets (16 CFR 410), as amended, and thereby constituted unfair methods of competition in commerce and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

PAR. 12. In the course and conduct of their business respondents were in substantial competition, in commerce, with corporations, firms and individuals in the sale or rental of television sets, radios, stereos, radio/television/stereo combinations, electric appliances and other articles of merchandise of the same general kind and nature as those sold by respondents.

PAR. 13. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations and practices has had the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were true and into the purchase or rental of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 14. The aforesaid acts and practices of respondents, as herein alleged, were all to the prejudice and injury of the public and of respondents' competitors and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

COUNT II

Alleging violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and of the Federal Trade Commis-

sion Act, the allegations of Paragraphs One and Two, hereof, are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 15. Subsequent to July 1, 1969, respondents in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" 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, have caused customers to execute binding retail installment contracts, hereinafter referred to as the contracts. Respondents have not provided these customers with any other consumer credit cost disclosures.

By and through the use of these retail installment contracts, respondents in some instances:

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

PAR. 16. In the ordinary course and conduct of their business as aforesaid, respondents caused to be published advertisements to aid, promote and assist credit sales as "advertisement" and "credit sale" are defined in Regulation Z.

By and through the use of certain of said advertisements respondents:

1. Failed to make disclosures clearly, conspicuously, and in a meaningful sequence, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

2. Disclosed in a number of instances the amount of weekly payments computed to the amount of monthly payments without disclosing whether such payments will have to be made weekly or monthly if credit is extended. Failure to disclose such information has the ability and tendency to mislead or confuse customers in violation of Section 226.6(c) of Regulation Z.

3. Stated the amount of installment payment or period of payment scheduled to repay the indebtedness without also stating all the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) the cash price;
- (ii) the amount of the downpayment or that no downpayment is required, as applicable;
- (iii) the number, amount and due dates or period of payments scheduled to repay the indebtedness if credit is extended;

(iv) the amount of the finance charge expressed as an annual percentage rate; and

(v) the deferred payment price.

PAR. 17. 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 thereby violated the Federal Trade Commission Act.

INITIAL DECISION BY THOMAS F. HOWDER, ADMINISTRATIVE
LAW JUDGE

JULY 17, 1975

PRELIMINARY STATEMENT

The Commission issued a complaint on Jan. 7, 1975, charging respondents TV Stereo City Freight Liquidators, Inc., a corporation, and Dennis R. LaVine, individually and as an officer of said corporation, with unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act. The complaint also charged respondents with violating the Truth in Lending Act and the implementing regulation promulgated thereunder, in violation of the Federal Trade Commission Act.

Said complaint and accompanying notice order were personally served on respondent LaVine on Feb. 21, 1975. Under Section 4.4(a)(1)(ii) of the Commission's Rules of Practice, service upon respondent LaVine constitutes valid service upon the respondent corporation. No answer or other response has been received, although answer was required within 30 days following service.

Section 3.12(c) of the Commission's Rules of Practice provides that failure to file answer within the time provided shall be deemed to constitute waiver of the right of appearance and to contest the allegations of the complaint. Further, this section authorizes the administrative law judge, without further notice to respondents, to find the facts to be as alleged in the complaint and to enter an initial decision containing such findings, appropriate conclusions, and order.

Pursuant to the above rule, complaint counsel on Apr. 8, 1975, moved that respondents be held in default for failure to answer the complaint. Complaint counsel's motion is hereby granted, and the following findings, conclusions and order are issued:

FINDINGS OF FACT

PARAGRAPH 1. Respondent TV Stereo City Freight Liquidators, Inc., is a corporation organized, existing and formerly doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business formerly located at 5245 Marlton Pike, Pennsauken, N.J.

Respondent Dennis R. LaVine is an individual and is the principal officer of the corporate respondent. He formulated, directed and controlled the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 31 Kendall Blvd., Oaklyn, N.J.

PAR. 2. Respondents were engaged in the advertising, offering for rental or sale, rental or sale and distribution of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or other articles of merchandise to the public at retail.

I

The findings set forth in Paragraphs One and Two are incorporated by reference into the following findings set forth in Paragraphs Three through Fourteen, inclusive.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused their said merchandise, when rented or sold, to be shipped from their place of business in the State of New Jersey to purchasers thereof located in various other States of the United States, and maintained a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the rental or purchase of certain television sets, radios, stereos, radio/television/stereo combinations, electric appliances or other articles of merchandise, the respondents made numerous statements and representations by repeated advertisements inserted in newspapers of interstate circulation, and by oral statements and representations of their salesmen to prospective purchasers or renters with respect to their merchandise and services.

Typical and illustrative, but not all inclusive thereof, are the following:

Rent or Buy
Scott 300 Watts
Pay only \$5.68 weekly
Rent/Buy
Comparative retail value \$899.

Our price Only \$699.

AM/FM Stereo

Olympic 150 Watts

Modular System

\$3.66 weekly

Rent/Buy

Comparative retail value \$899.

Our price \$799.

Emerson Briarwood 25" Color

Model 25cc90w

Pay only \$6.48 weekly

Rent/Buy

Comparative retail value \$899.

Our price \$799.

Sanyo Automatic 19" Color TV

Pay only \$3.88 weekly Rent/Buy

Comparative retail value \$529.

Our price \$469.

Emerson Dorchester 25" Color,

Pay Only \$5.68 weekly Rent/Buy.

Comparative retail value \$899.

Our price only \$699.

Emerson Automatic 19" Color TV,

Pay only \$3.88 weekly Rent/Buy,

Comparative retail value \$529.

Our price \$469 with Free Stand.

Dumont Sheridan 25" Color,

Pay only \$5.68 Weekly Rent/Buy,

Comparative retail value \$899.

Our price only \$699.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of respondents' salesmen to customers and prospective customers, the respondents have represented, directly or by implication, that:

1. By and through the use of the words "Comparative Retail Value \$899. Our price only \$699," and other words of similar import and meaning not set out specifically herein, that said comparative retail value was the price at which the same merchandise was being offered for sale by a substantial number of the principal outlets in respondents' trade area.

2. By and through the use of the terms "Rent or Buy," "Pay Only

\$5.68," and other terms of similar import or meaning, that purchasers or renters of respondents' merchandise were being given a bona fide option of renting said merchandise on a week-to-week basis at the advertised rate.

PAR. 6. In truth and in fact:

1. The same merchandise was not offered for sale at the comparative price by a substantial number of the principal outlets in respondents' trade area.

2. Respondents did not offer to purchasers or renters of respondents' merchandise a bona fide option of renting the merchandise on a week-to-week basis at the advertised rate. To the contrary, the rental of any of respondents' merchandise required a \$100 deposit and a minimum rental period of six months.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were false, misleading and deceptive.

PAR. 7. In the further course and conduct of their business, respondents made representations, separately and in connection with the oral statements and representations of respondents' salesmen to customers and prospective customers, concerning the size of viewable pictures shown by television receiving sets bought and distributed by them and thereby represented, directly or by implication, that the indicated size so described was the actual size of the viewable picture area measured on a single plane basis.

PAR. 8. In representing, directly or indirectly, the actual size of the viewable pictures shown by television receiving sets, respondents have represented television picture sizes that did not represent the horizontal dimension of the actual viewable picture area of the television receiving set.

PAR. 9. On Apr. 21, 1971, after due notice and hearing, the Commission promulgated its amendment of the trade regulation rule relating to the deceptive advertising of television picture sizes (31 F.R. 3342), which rule became effective on Jan. 1, 1967. This amendment of the trade regulation rule relating to the Deceptive Advertising as to Sizes of Viewable Pictures Shown by Television Receiving Sets (16 CFR 410), as amended, became effective on Dec. 10, 1971. On the basis of its findings, as set out in the "Accompanying Statement of Basis and Purpose" of the said trade regulation rule, the Commission determined that it constitutes an unfair method of competition and an unfair and deceptive act or practice to:

Use any figure or size designation to refer to the size of the picture shown by a television receiving set or the picture tube contained therein unless such indicated size is the actual size of the viewable picture area measured on a single plane basis. If the indicated size is other than the horizontal dimension of the actual viewable picture area

such size designation shall be accompanied by a statement, in close connection and conjunction therewith, clearly and conspicuously showing the manner of measurement.

PAR. 10. Respondents were placed on notice by the complaint that they could present evidence in the course of a hearing in this proceeding as might be required to dispose of the issues that could arise as a result of the allegations contained in Paragraphs One through Four and Paragraphs Seven through Nine herein, and that if the issues presented as a result of the allegations contained in those Paragraphs should be resolved in substantiation of such allegations, then the above trade regulation rule would be relevant to the alleged practices of the respondents. The respondents were given further notice that they could present evidence, according to Section 1.12(c) of the Commission's Procedures and Rules of Practice, to show that the above trade regulation rule was not applicable to the alleged acts or practices of respondents, and that if the Commission should find that the above rule was applicable to the alleged acts or practices of the respondents, then it would proceed to make its findings, conclusions, and final order in this proceeding on the basis of that rule. A copy of the rule and Accompanying Statement of Basis and Purpose, marked Appendix A, was attached to the complaint and made a part of that pleading.

PAR. 11. The aforesaid methods of competition and acts and practices of respondents, as alleged in Paragraph Seven hereof, were contrary to the provisions and requirements of the Commission's trade regulation rule relating to Deceptive Advertising As To Sizes of Viewable Pictures Shown By Television Receiving Sets (16 CFR 410), as amended, and thereby constituted unfair methods of competition in commerce and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

PAR. 12. In the course and conduct of their business respondents were in substantial competition, in commerce, with corporations, firms and individuals in the sale or rental of television sets, radios, stereos, radio/television/stereo combinations, electric appliances and other articles of merchandise of the same general kind and nature as those sold by respondents.

PAR. 13. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations and practices has had the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were true and into the purchase or rental of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 14. The aforesaid acts and practices of respondents, as herein alleged, were all to the prejudice and injury of the public and of

respondents' competitors and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

II

The findings set forth in Paragraphs One and Two are incorporated by reference into the following findings set forth in Paragraphs Fifteen through Seventeen, inclusive.

PAR. 15. Subsequent to July 1, 1969, respondents in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" 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, have caused customers to execute binding retail installment contracts, hereinafter referred to as the contracts. Respondents have not provided these customers with any other consumer credit cost disclosures.

By and through the use of these retail installment contracts, respondents in some instances:

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

PAR. 16. In the ordinary course and conduct of their business as aforesaid, respondents caused to be published advertisements to aid, promote and assist credit sales as "advertisement" and "credit sale" are defined in Regulation Z.

By and through the use of certain of said advertisements respondents:

1. Failed to make disclosures clearly, conspicuously, and in a meaningful sequence, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

2. Disclosed in a number of instances the amount of weekly payments computed to the amount of monthly payments without disclosing whether such payments will have to be made weekly or monthly if credit is extended. Failure to disclose such information has the ability and tendency to mislead or confuse customers in violation of Section 226.6(c) of Regulation Z.

3. Stated the amount of installment payment or period of payment scheduled to repay the indebtedness without also stating all the

following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) the cash price;
- (ii) the amount of the downpayment or that no downpayment is required, as applicable;
- (iii) the number, amount and due dates or period of payments scheduled to repay the indebtedness if credit is extended;
- (iv) the amount of the finance charge expressed as an annual percentage rate; and
- (v) the deferred payment price.

PAR. 17. 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 thereby violated the Federal Trade Commission Act.

ORDER

It is ordered, That respondents TV Stereo City Freight Liquidators, Inc., a corporation, its successors and assigns, and its officers, and Dennis R. LaVine, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale or rental, sale or rental or distribution of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or any other articles of merchandise or services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. (a) Representing, directly or indirectly, orally or in writing, that by purchasing any of respondents' merchandise or services, customers are afforded savings amounting to the difference between respondents' stated price and a compared price for said merchandise or services in respondents' trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said merchandise or services at the compared price or some higher price.

(b) Representing, directly or indirectly, orally or in writing, that by purchasing any of respondents' merchandise or services, customers are afforded savings amounting to the difference between respondents' stated price and a compared value price for comparable merchandise, unless substantial sales of merchandise of like grade and quality are being made in the trade area at the compared price or a higher price and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area

which established the validity of said compared price and it is clearly and conspicuously disclosed that the comparison is with merchandise or services of like grade and quality.

(c) Representing, directly or indirectly, orally or in writing:

(1) that any amount is respondents' usual and customary retail price for merchandise unless such amount is the price at which the merchandise has been usually and customarily sold at retail by respondents in the recent regular course of business.

(2) that any saving is afforded in the purchase of merchandise from the respondents' retail price unless the price at which the merchandise is offered constitutes a reduction from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

2. Failing to maintain and produce for inspection or copying for a period of three (3) years, adequate records (a) which disclose the facts upon which any savings claims, sale claims and other similar representations as set forth in Paragraph 1., of this order are based, and (b) from which the validity of any savings claims, sale claims and similar representations can be determined.

3. Representing, directly or indirectly, orally or in writing, that an individual can rent any of respondents' merchandise for any specified amount and any period of time without clearly and conspicuously disclosing in immediate conjunction with such offer, the terms, conditions or limitations of respondents' rental plans; or misrepresenting, in any manner, the advantages, amounts, sales, time period, terms, conditions or limitations of respondents' rental plans.

4. Using any figure or measurement to designate or describe, directly or by implication, the size of the picture tube with which their television receiving sets are equipped which is greater than the horizontal measurement of the viewable area of the tube on a single plane basis, unless it is conspicuously disclosed in immediate connection therewith that said figure or measurement is the diagonal measurement, when such is the fact; or an accurate specification of the viewable area of the tube, in square inches, is conspicuously disclosed in immediate connection with such figure or measurement.

It is further ordered, That respondents TV Stereo City Freight Liquidators, Inc., a corporation, its successors and assigns, and its officers, and Dennis R. LaVine, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or advertisement to aid, promote, or assist directly or indirectly any extension of consumer credit, as "consumer credit" and

"advertisement" are defined in Regulation Z (12 CFR §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 sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

2. Failing in such advertising to make disclosures clearly, conspicuously, and in a meaningful sequence, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

3. Representing the amount of weekly payments computed to monthly payments, unless the customer is told whether he will have to make payments weekly or monthly; or stating, utilizing, or placing any additional information or explanations with any disclosure required by Regulation Z so as to mislead or confuse the customer or contradict, obscure, or detract attention from the required information, as required by Section 226.6(c) of Regulation Z.

4. Representing in any such advertisement, directly or by implication, that no downpayment is required, the amount of the downpayment or the amount of any installment payment, either in dollars or as a percentage, 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 clearly and conspicuously stated, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z:

- (i) the cash price;
- (ii) the amount of the downpayment required or that no downpayment is required, as applicable;
- (iii) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (iv) the amount of the finance charge expressed as an annual percentage rate; and
- (v) the deferred payment price.

5. Failing in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Section 226.4 and 226.5 of Regulation Z, 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 shall maintain for at least a one (1) year period, following the effective date of this order, copies of all advertisements, including newspaper, radio and television advertisements, direct mail and in-store solicitation literature, and any other such promotional material utilized for the purpose of obtaining leads

for the sale or rental of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or any other articles of merchandise or services, utilized in the advertising, promotion or sale or rental of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or any other merchandise or services.

It is further ordered, That respondents, for a period of one (1) year from the effective date of this order, shall provide each advertising agency utilized by respondents and each newspaper publishing company, television or radio station or other advertising media which is utilized by the respondents to obtain leads for the sale or rental of television sets, radios, stereos, radio/television/stereo combinations, electric appliances or any other merchandise or services, with a copy of the Commission's news release setting forth the terms of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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 offering for sale, sale of any product, consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents 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 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 respondents notify the Commission at least 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.

FINAL ORDER

The administrative law judge filed his initial decision in this matter on July 17, 1975, finding respondents to have engaged in the acts and practices as alleged in the complaint and entering a cease-and-desist order against respondents. A copy of the initial decision and order was served on the respondents on Aug. 7, 1975. No appeal was taken from the initial decision.

Order

86 F.T.C.

The Commission having now determined that the matter should not be placed on its own docket for review, and that the initial decision should become effective as provided in Section 3.51(a) of the Commission's Rules of Practice,

It is ordered, That the initial decision and order contained therein shall become effective on Sept. 8, 1975; and

It is further ordered, That the respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a written report, signed by the respondents, setting forth in detail the manner and form in which they have complied with this order.
