

IN THE MATTER OF
JAMES NEECE T/A CARPET SHOWCASE, ET AL.

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

Docket C-2735. Complaint, Oct. 3, 1975-Decision, Oct. 3, 1975

Consent order requiring a Beaumont, Tex., distributor and installer of carpeting and floor coverings, among other things to cease using false and deceptive advertisements and sales techniques; failing to disclose the quantity or cost per unit of carpeting or floor coverings; intimidating customers into accepting defective merchandise; in connection with the extension of consumer credit, violating the Truth in Lending Act by failing to disclose to consumers such information as required by Regulation Z of said Act; misbranding textile fiber products and failing to maintain proper records of the fiber content of such products. Further, the order requires respondent to provide a 3-day cooling off period to every customer; to notify each advertising medium used by respondent that the Federal Trade Commission has found that he engages in unfair and deceptive acts; and to refund money to any customer where investigation reveals the transaction involved violations of the order.

Appearances

For the Commission: *Richard H. Gateley.*

For the respondent: *Harry S. Long* and *Michael D. Matheny*,
Beaumont, Tex.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Truth in Lending Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that James Neece, an individual, trading and doing business as Carpet Showcase, hereinafter referred to as respondent, has violated the provisions of said Acts, and the implementing regulations promulgated thereunder and the Textile Fiber Products Identification 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 James Neece is an individual trading and doing business as Carpet Showcase, a proprietorship existing and doing business under and by virtue of the laws of the State of Texas, with his principal office and place of business located at 3705 Highland Ave., Beaumont, Tex.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale, distribution and installation of carpeting and floor coverings to the public.

COUNT I

Alleging violations 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 his business as aforesaid, respondent now causes, and for some time last past has caused, his said merchandise, when sold, to be shipped from his place of business located in the State of Texas to purchasers thereof located in the State of Texas and various other States and maintains and at all times mentioned herein has maintained a course of trade in commerce or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of his aforesaid business, and for the purpose of inducing the purchase of his carpeting and floor coverings, the respondent has made, and is now making, numerous statements and representations by repeated advertisements disseminated in various media of general circulation including advertisements transmitted over television stations having the capacity to broadcast into States other than the State of Texas and by oral and written statements and representations of his salesmen to prospective purchasers with respect to his products and services.

Typical and illustrative of said statements and representations, but not all-inclusive thereof, are the following:

TO DO THIS JOB, WE HAD TO ORDER A TRUCKLOAD MORE CARPETING THAN WE NEEDED, SO HERE'S YOUR CHANCE TO MAKE A FABULOUS SAVINGS ON THIS BEAUTIFUL CARPETING IN *YOUR HOME*. HURRY — OFFER IS LIMITED TO CARPETING ON HAND.

DURING JULY CARPET SHOWCASE WILL INSTALL THE CARPETING, WITH A THICK PAD, AT NO EXTRA COST TO YOU. FREE INSTALLATION, FREE PADDING, DURING JULY ONLY.

TAKE ADVANTAGE OF OUR BIG JULY SPECIAL, OFFER LIMITED TO 100 MILE RADIUS OF BEAUMONT. THAT'S RIGHT INSTALLATION AND PADDING ABSOLUTELY FREE.

DURING AUGUST WE HAVE A WONDERFUL OFFER FOR YOU: PICK THE CARPET YOU WANT * * * AND DEDUCT 15% OFF THE PRICE FOR A BIG SAVINGS. AND OUR REVOLVING PLAN IS SO EASY TO USE.

IT WAS THE BIGGEST OFFER CARPET SHOWCASE EVER MADE, AND WE'RE GONNA REPEAT IT BECAUSE YOU DEMANDED IT. AGAIN IN SEPTEMBER * * * SELECT THE CARPET YOU WANT, AND CARPET SHOWCASE WILL INSTALL IT, WITH A THICK PAD, AT NO EXTRA COST TO YOU. FREE INSTALLATION, FREE PADDING * * * DURING SEPTEMBER ONLY.

THIS OFFER LIMITED TO 100 MILE RADIUS OF BEAUMONT AND USE OUR REVOLVING CHARGE PLAN.

CALL US FOR FREE ESTIMATE OR BRING IN YOUR ROOM MEASUREMENTS * * * WE FINANCE * * * WITH NO MONEY DOWN.

WE FINANCE NO MONEY DOWN * * * AND WE DO INSTALL TOMORROW IF YOU BUY TODAY.

OUR CONVENIENT REVOLVING CHARGE ACCOUNT MEANS YOU CAN HAVE THAT CARPET RIGHT NOW. BUY FROM CARPET SHOWCASE TODAY, WE INSTALL TOMORROW.

WE HAVE A WIDE SELECTION FOR YOU TO CHOOSE FROM, AND WE CAN SAVE YOU MONEY, INCLUDING *FREE* INSTALLATION UP TO 100 MILES FROM BEAUMONT. YOU DON'T NEED CASH * * * USE OUR REVOLVING CHARGE ACCOUNT THAT'S SO CONVENIENT.

USE OUR REVOLVING CHARGE ACCOUNT * * * EASY BUDGET PLAN.

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 advertising and oral statements and written statements and representations of respondent's salesmen to customers and prospective customers, respondent has represented, and is now representing, directly or indirectly, or by implication that:

1. Respondent is making a bona fide offer to sell the carpeting and floor coverings on the terms and conditions stated.

2. By and through the use of the terms "15% OFF," "SPECIAL" and other words of similar import and meaning not set out specifically herein, that said carpeting and floor coverings may be purchased at special or reduced prices, and purchasers are thereby afforded savings from respondent's regular selling prices.

3. By and through the use of the words "FREE INSTALLATION" and "FREE PADDING" and other words of similar import and meaning, not set out specifically herein, that installation and padding of respondent's carpets and floor coverings is provided without cost or obligation to respondent's customer.

4. By and through the use of the words "WE FINANCE NO MONEY DOWN" and "USE OUR REVOLVING CHARGE ACCOUNT * * * EASY BUDGET PLAN," and other words of similar import and meaning not set forth specifically herein, purchasers of respondent's products are granted easy credit terms, without regard to their financial status or ability to pay and that respondent is in the business of extending credit rather than arranging credit for his customers through financial institutions such as finance companies and banks.

PAR. 6. In truth and in fact:

1. Respondent is not making a bona fide offer to sell carpeting and floor coverings on the terms and conditions stated. To the contrary,

said offers are made for the purpose of obtaining leads to persons interested in the purchase of carpeting and floor coverings. Members of the purchasing public responding to such offers often visit respondent's place of business to select carpeting and floor coverings from sample merchandise exhibited by respondent or his salesmen. Such persons are later called upon in their homes by respondent or his salesmen and negotiate a contract for the sale, delivery and installation of said merchandise without regard for the terms and conditions stated in respondent's offers aforementioned. In addition, unknown to prospective purchasers, respondent installs or causes to be installed carpeting or floor coverings of a grade and quality different than that contracted for by said prospective purchasers.

2. Respondent's products are not being offered for sale at special or reduced prices. To the contrary, the prices at which respondent's products are sold pursuant to such offers are identical to the prices charged by respondent in the regular course of business and therefore do not represent a genuine bargain or saving.

3. The cost of installation and padding is not "free" but is added to the cost of respondent's carpeting and floor coverings and is thereby included in the price paid by purchasers for respondent's products. In some instances, carpeting installed by or on behalf of respondent has rubberized backing which is bonded to the carpeting.

4. Purchasers of respondent's products are not granted easy credit terms without regard to their financial status or ability to pay. Respondent does not extend credit to his customers but arranges for the extension of credit using the services of financial institutions including finance companies and banks.

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

PAR. 7. In the further course and conduct of his business as aforesaid, and in furtherance of a sales program for the purpose of inducing the purchase of his carpet and floor coverings, respondent, his salesmen or representatives have engaged in the following additional unfair, false, misleading and deceptive acts and practices:

In a substantial number of instances, through the use of the false, misleading and deceptive statements, representations and practices set forth in Paragraphs Four through Five, above, respondent or his representatives have been able to induce customers into signing a contract upon initial contact without giving the customer sufficient time to carefully consider the purchase and the consequences thereof.

PAR. 8. In the further course and conduct of his aforesaid business, respondent now induces and has induced purchasers to pay substantial

sums of money to respondent without disclosing to such purchasers the price per square yard, the number of square yards of carpeting or floor coverings contracted for or the cost of installation and padding. These facts, if known to certain prospective purchasers, would likely affect their decision as to whether to buy or use the products and services of respondent. Therefore, respondent's failure to make such disclosures is an unfair or deceptive act or practice.

PAR. 9. In the course and conduct of his aforesaid business, respondent is using a contract providing, among other things, that a purchaser repudiating his purported obligations under such contract is liable for the amount due under the contract as well as a penalty of thirty percent of the monetary obligation evidenced thereby in addition to attorney's fees necessary to enforce collection.

The contract is oftentimes used by respondent to intimidate purchasers who have executed said contracts into accepting carpeting and floor coverings which are of a grade and quality different than that contracted for, which are defective in some respect or which are improperly installed.

The utilization of the said contract, and the intimidations by respondent have misled purchasers into the mistaken and erroneous belief that they must accept respondent's products without recourse or legal redress and have, or may, unlawfully restrict, restrain and hinder competition in the selling of carpet and floor coverings. Therefore, the acts and practices alleged herein are false, misleading and unfair and a continuing violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. In the course and conduct of his business as aforesaid, and at all times mentioned herein, respondent has been and now is, in substantial competition in commerce, with corporations, firms and individuals in the sale, distribution and installation of carpeting and floor coverings and service of the same general kind and nature as that offered by respondent.

PAR. 11. The use by respondent of the aforesaid unfair, false, misleading and deceptive statements, representations, acts and practices and his failure to disclose material facts and his use of contracts as aforesaid, has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said state- purchase of substantial quantities of respondent's products and services by reason of said erroneous and mistaken beliefs.

PAR. 12. The aforesaid acts and practices of respondent, as herein alleged, have caused and are now causing substantial pecuniary losses to persons utilizing respondent's products and services and are all to the prejudice and injury of the public and to respondent's competitors and constitute 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 Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 13. In the ordinary course and conduct of his business as aforesaid, respondent regularly arranges for the extension of, or offers to arrange for the extension of, consumer credit, as "consumer credit" and "arrange for the extension of credit" are defined in Sections 226.2 (k) and 226.2 (f) 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. 14. Subsequent to July 1, 1969, respondent, in the ordinary course of business as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused and is causing customers to execute binding retail charge agreements.

PAR. 15. In order to promote the sale of carpet and floor coverings, respondent disseminates advertisements, as "advertisement" is defined in Section 226.2 (b) of Regulation Z, in various media. These advertisements aid, promote or assist directly or indirectly the extension of consumer credit. Certain of said advertisements which were published, broadcast or delivered subsequent to July 1, 1969, stated that:

A. No downpayment was required without also stating the following items and terminology described under Section 226.8 of Regulation Z, as required by Section 226.10 (d) (2) thereof:

1. The cash price or amount of the loan, as applicable;
2. The number and amount of payments scheduled to repay the indebtedness if the credit is extended;
3. The amount of the finance charge expressed as an annual percentage rate; and
4. The deferred payment price.

B. No downpayment would be required in connection with any extension of credit when the creditor usually and customarily required a downpayment, in violation of Section 226.10(a)(2) of Regulation Z.

PAR. 16. In the further course and conduct of his business as aforesaid, and in connection with credit sales, the respondent has failed to preserve evidence of compliance with the requirements of Regulation Z for two years after the date of each disclosure as required by Section 226.6(i) of Regulation Z.

PAR. 17. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with provisions of Regulation Z, constitute violations of that Act, and pursuant to Section 108 thereof, respondent thereby is violating the Federal Trade Commission Act.

COUNT III

Alleging violations of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count III as if fully set forth verbatim.

PAR. 18. Respondent is now and has been engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale in commerce, and in the transportation or causing to be transported in commerce, of textile fiber products including carpeting and floor coverings and has sold, offered for sale, advertised, delivered, transported, and caused to be transported, textile fiber products which have been advertised or offered for sale in commerce, and has sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original State or contained in other textile fiber products, as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 19. Respondent is misbranding textile fiber products by failing to affix a stamp, tag, label or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act; or as an alternative to the foregoing, where properly labeled samples, swatches, or specimens are used to effect the sale of articles of carpeting or floor covering or other household textile articles which are manufactured specifically for a particular customer after the sale is consummated, and such articles of carpeting or floor covering or other household textile articles are of the same fiber content as the samples, swatches or specimens from which the sale was effected, failing to provide an invoice or other paper to accompany them showing the information otherwise required to appear on the label, as allowed by Rule 21(b) of the rules and regulations promulgated under the Textile Fiber Products Identification Act, effective Mar. 30, 1960, as amended.

PAR. 20. Respondent has failed to maintain and preserve proper records showing the fiber content of his textile fiber products, in that said respondent substituted stamps, tags, labels or other identification pursuant to Section 5 (b) of the Textile Fiber Products Identification

Act and failed to maintain and preserve such records as would show the information set forth on the stamps, tags, labels or other identification removed by him, together with the name or names of the person or persons from whom such textile fiber products were received, in violation of Section 6(b) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations promulgated under the Textile Fiber Products Identification Act, effective Mar. 30, 1960, as amended.

PAR. 21. The acts and practices of respondent as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair and deceptive acts and practices, in commerce, and unfair methods of competition, in commerce, under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent and Counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has violated the said Act, and that the 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 James Neece is an individual trading and doing business as Carpet Showcase, a proprietorship 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 3705 Highland Ave., Beaumont, Tex.

2. The Federal Trade Commission has jurisdiction of the subject matter of the proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent James Neece, individually and trading and doing business as Carpet Showcase, or under any other name or names, his successors and assigns, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device in connection with the advertising, offering for sale, sale, distribution or installation of carpeting and floor coverings, or any other article of merchandise, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using, in any manner, a sales plan, scheme or device wherein false, misleading, or deceptive statements or representations are made in order to obtain leads or prospects for the sale of carpeting or other merchandise or services.

2. Making representations by any means purporting to offer merchandise for sale when the purpose of the representations is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at a higher price or of a grade or quality different than that contracted for by prospective customers.

3. Representing by any means that any merchandise or services are offered for sale when such offer is not a bona fide offer to sell such merchandise or services.

4. Using the words "15% OFF," "SPECIAL" or any other word or words of similar import or meaning not set forth specifically herein unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at which such merchandise was sold or offered for sale to the public on a regular basis by respondent for a reasonably substantial period of time in the recent regular course of his business.

5. Representing by any means that any merchandise or service is furnished "free" or at no cost to the purchaser.

6. Representing by any means quantities of carpet or floor coverings in a unit of measurement not usually and customarily employed in the retail advertising, offering for sale or sale of carpeting or floor coverings.

7. Using the terms "WE FINANCE — NO MONEY DOWN,"

"USE OUR REVOLVING CHARGE ACCOUNT * * * EASY BUDGET PLAN," or any other terms of similar import or meaning not set forth specifically herein, or representing by any means that credit is extended to customers without regard to their financial status or ability to pay or that respondent extends credit to his customers rather than arranging for the extension of credit through financial institutions including finance companies and banks.

8. Contracting for any sale whether in the form of credit acceptance, conditional sales contract, promissory note or otherwise which shall become binding on the customer prior to midnight of the third day, excluding Sundays and legal holidays, after the date of execution.

9. Failing to make the following disclosures in connection with the sale or offering for sale of carpet, floor coverings or similar products on each instrument utilized by respondent that requires payment of any consideration, at any time, to respondent or any third parties, by respondent's clients. Said disclosures shall be in more conspicuous print than all other language in said instrument, but in no case shall they be smaller than 12-point upper case type. *Provided*, That said disclosures and instrument shall be delivered to prospective customers at least three days, excluding Sundays and legal holidays, prior to the time prospective customers execute said instruments or pay any consideration to respondent. *Provided, further*, That said disclosures shall be made on the contract or other binding instrument to be executed by prospective customers. The disclosures shall contain the following information in the sequence set forth and be set off from the text of the instrument by a black border and immediately above the line for the prospective customers' signatures:

A. The number of square yards of each style of carpeting or floor covering to be purchased by the customer.

B. The price per square yard of each style of carpeting or floor coverings to be purchased by the customer; excluding the cost of padding and the cost of installation.

C. The cost for installing one square yard of such carpeting or floor coverings.

D. The cost of padding for one square yard of carpeting or floor coverings.

E. The cost of installing each style of carpet or floor covering, such figure to be obtained by multiplying the number of square yards as disclosed in subparagraph A above by the cost per square yard as disclosed in subparagraph C above.

F. The cost of padding to be furnished for the carpet or floor coverings, such cost to be obtained by multiplying the number of

square yards as disclosed in subparagraph A above by the cost per square yard as disclosed in subparagraph D.

G. The total price for each style of carpeting or floor coverings which shall be obtained by multiplying the number of square yards as disclosed in subparagraph A above by the cost per square yard as disclosed in subparagraph B above and to this amount adding the sum of the cost of padding as disclosed in subparagraph F and the cost of installation, as disclosed in subparagraph E.

H. A notice in the following form:

NOTICE

IF YOU ARE OBTAINING CREDIT IN CONNECTION WITH THIS PURCHASE, YOU WILL BE REQUIRED TO SIGN A PROMISSORY NOTE, A SALES CONTRACT OR OTHER INSTRUMENT OF INDEBTEDNESS WHICH MAY BE PURCHASED FROM THE SELLER BY A BANK, FINANCE COMPANY OR ANY OTHER THIRD PARTY. IF SUCH IS THE CASE, YOU WILL BE REQUIRED TO MAKE YOUR PAYMENTS TO SOMEONE OTHER THAN THE SELLER. YOU SHOULD BE AWARE THAT IF THIS HAPPENS YOU MAY HAVE TO PAY THE NOTE, CONTRACT OR OTHER INSTRUMENT OF INDEBTEDNESS IN FULL TO ITS NEW OWNER EVEN IF YOUR PURCHASE CONTRACT IS NOT FILLED.

10. Representing by any means that persons executing contracts or other binding instruments with respondent may be or are liable to pay a penalty of thirty percent of the amount of the contract or any other liquidated sum upon cancellation of said contracts or other binding instruments; *Provided*, That respondent may make such representations concerning a customer's liabilities as may be allowed by State law.

11. Utilizing any instrument including a completion certificate, or using coercion, threats, intimidations or any means which may lead a customer to accept merchandise which is of a price, grade or quality different than that contracted for, which is defective in some respect or which is improperly installed.

12. Failing, in all pamphlets, brochures and other promotional material to make the following disclosures in the manner and form provided for herein.

(a) At the time advertising is submitted to any advertising agency and newspaper or other printed publication, respondent shall provide a copy of the following notice to each such publication:

NOTICE

The Federal Trade Commission has found that _____ (*Name of Respondent*) has engaged in unfair and deceptive acts and practices. A copy of the Commission's news release is available from _____ (*Name of Respondent*) upon request.

(b) At the time advertising is submitted to any radio or television

station, respondent shall provide a copy of the following notice to each such station:

NOTICE

The Federal Trade Commission has found that _____ (*Name of Respondent*) has engaged in unfair and deceptive acts and practices. A copy of the Commission's news release is available from _____ (*Name of Respondent*) upon request. Your attention is directed to an agreement between the Federal Trade Commission and the Federal Communications Commission dated April 27, 1972.

13. Failing to maintain for a period of three (3) years after any advertisements are disseminated, records disclosing:

- (a) The date or dates each advertisement was published; and
- (b) The name and address of the advertising agencies and the newspapers, other publications or broadcast media disseminating said advertisement.

14. Advertising, offering for sale, selling or distributing any carpeting or floor coverings using a unit of measurement which tends to exaggerate the size or quantity of carpet or floor coverings being offered by respondent.

15. Failing to maintain and produce for inspection and copying for a period of three (3) years following the date of execution of any contract or other binding instrument, the contract or other binding instrument and adequate records which disclose the facts upon which the cost of carpeting, installation and padding as set forth in Paragraph 9 is based and from which the validity of such cost can be determined.

It is further ordered, That respondent forthwith cease and desist from:

- (a) Including in any contract, binding instrument or other document any waiver, limitation or condition on the rights of customers or prospective customers under this order.
- (b) Misrepresenting the rights of a customer or prospective customer under this order.

II

It is further ordered, That respondent James Neece, individually and trading and doing business as Carpet Showcase, or under any other trade name or names, his successors and assigns, and respondent's 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 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 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. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any credit sale or other extension of consumer credit, other than open end credit, which advertisement represents, directly or by implication:

(a) 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;

(1) the cash price or the amount of the loan, as applicable;

(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 if the credit is extended;

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

(5) the deferred payment price or the total of payments, as applicable.

2. Representing in any advertisement, directly or by implication, that no downpayment or that a specified downpayment will be accepted in connection with any extension of credit, unless the creditor usually and customarily accepts or will accept downpayments in that amount as required by Section 226.10(a)(2) of Regulation Z.

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, in the manner, form and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

4. Failing to preserve evidence of compliance with the requirements imposed under Regulation Z, other than advertising requirements under Section 226.10, for a period of not less than two years after the date each disclosure is required to be made and to make available all records and evidence of compliance regarding Regulation Z to the Federal Trade Commission or its staff on request.

III

It is further ordered, That respondent James Neece, individually and trading and doing business as Carpet Showcase, or under any other trade name or names, his successors and assigns, and respondent's

agents, representatives, and employees, directly or through any corporate, subsidiary, division, or other device, in connection with the introduction, delivery for introduction, sale, advertising, and offering for sale in commerce and in the transportation or causing to be transported in commerce, of any textile fiber product including any carpeting and floor coverings; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

1. Misbranding such textile fiber products by failing to affix a stamp, tag, label or other means of identification to each such textile fiber product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act; or as an alternative to the foregoing, where properly labeled samples, swatches, or specimens are used to effect the sale of articles of carpeting or floor covering or other household textile articles which are manufactured specifically for a particular customer after the sale is consummated, and such articles of carpeting or floor covering or other household textile articles are of the same fiber content as the samples, swatches or specimens from which the sale was effected, failing to provide an invoice or other paper to accompany them showing the information otherwise required to appear on the label, as allowed by Rule 21(b) of the rules and regulations promulgated under the Textile Fiber Products Identification Act, effective Mar. 30, 1960, as amended.

2. Failing to maintain and preserve, as required by Section 6(b) of the Textile Fiber Products Identification Act and by Rule 39 of the rules and regulations promulgated thereunder, such records of the fiber content of textile fiber products as will show the information set forth on the stamps, tags, labels or other identification removed by respondent, together with the name or names of the person or persons from whom such textile fiber products were received, when substituting stamps, tags, labels or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondent make no representations or engage in any course of conduct which is inconsistent with or detracts from the effectiveness of this order.

It is further ordered:

1. That respondent deliver, by hand, a copy of this order to each of his present or future salesmen, independent contractors, sales agents, employees or any other person who sells or promotes the sale of respondent's product or service.

2. That respondent provide each person so described in subparagraph 1 above with a form returnable to respondent, fully stating an intention to be bound by and conform their sales practices to the requirements of this order and retain such form for a period of three (3) years after it is executed by said persons;

3. That respondent inform each person described in subparagraph 1 above that respondent shall not use any such person, or the services of any such person, until such person agrees to and files notice with respondent to be bound by the provisions contained in this order;

4. That in the event such person will not agree to file such notice with respondent and be bound by the provisions of this order, respondent will not use such person, or the services of such person;

5. That respondent institute a program of continuing surveillance adequate to reveal whether the sales practices of each of said persons described in subparagraph 1 conform to the requirements of this order; and

6. That respondent discontinue dealing with any person described in subparagraph 1 of this order who engages in acts or practices prohibited by this order.

It is further ordered, That the respondent shall forthwith deliver a copy of this order to cease and desist to all present and future parties employed or utilized by respondent 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 respondent secure a signed statement from each such party that he has read and understands such order. Such statement shall be retained for at least three (3) years and made available to the Federal Trade Commission or its staff upon request.

It is further ordered, That respondent, upon receipt of a complaint from a customer alleging facts that indicate this order may have been violated, refund all monies paid by such customer where respondent determines, after a good faith investigation, that one or more paragraphs of this order may have been violated in connection with such customer's transaction with respondent. This paragraph shall not apply to transactions prior to the date this order became final. Respondent shall not engage in any course of conduct which contravenes the refund rights of any customers provided by this order.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in his business

Decision and Order

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organization such as dissolution, assignment or sale or transfer of all or a substantial part of the business or assets to any other person, partnership or corporation, or any other change in the business organization which may affect compliance obligations arising out of the order.

It is further ordered, That in the event the Federal Trade Commission promulgates a trade regulation rule applicable to respondent that this order shall be deemed modified to the extent it contravenes said rule.

It is further ordered, That the respondent named herein promptly notify the Commission of discontinuance of any 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 the respondent herein shall within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the matter and form in which he has complied with this order.
