
IN THE MATTER OF

ANTELOPE SHORES, INCORPORATED, ET AL.

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

Docket C-2738. Complaint, Oct. 14, 1975-Decision, Oct. 14, 1975

Consent order requiring six Denison, Tex., sellers of undeveloped real estate, 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: *John J. Hemrick.*

For the respondents: *Charles L. Gullett, Denison, Tex.*

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 the parties named in the caption hereof and more particularly described below and sometimes referred to hereinafter 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:

1. Respondents Antelope Shores, Inc., doing business as Sherwood Shores VII and VIII of Belton; and Castle Land and Livestock Company, doing business as Castle Lake Ranch; and Greenbelt, Inc., doing business as Sherwood Shores IX; and Saint's Roost, Inc. doing business as Mesa Verde Ranch; and Texoma Lakeside Village, Inc., doing business as Mill Creek Meadows, are corporations organized, existing and doing business under and by virtue of the laws of the State of Texas with their principal office and place of business located at P.O. Box 497, 200 S. Austin St., Denison, Tex.

Respondent Sherwood Properties, Inc. of Utah doing business as Sherwood Shores V, is a corporation organized, existing and doing business under and by virtue of the laws of the States of Utah and Texas, with its principal office and place of business located at P.O. Box 497, 200 S. Austin St., Denison, Tex.

Respondent George L. DeArmond is a director of the corporate respondents, and an officer of the corporate respondents except respondent Saint's Roost, Inc. doing business as Mesa Verde Ranch. He formulates, directs and controls the acts and practices of the corporate respondents including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondents.

2. Respondents are now and for sometime last past have been engaged in the advertising, offering for sale and sale of undeveloped real estate to the public.

3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend, and for some time last past have regularly extended, 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.

4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' real estate. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures prior to the consummation of the "credit sale" as required by Section 226.8(a) of Regulation Z.

COUNT I

Alleging violations of the Truth in Lending Act, the charges of Paragraphs 1, 2, 3 and 4 hereof are incorporated by reference herein as if set forth verbatim.

5. By and through the use of the contract, respondents:

A. Fail to disclose the finance charge and the annual percentage rate above or adjacent to the place for the customer's signature as required by Section 226.8(a)(1) of Regulation Z.

B. Fail to disclose the number of payments scheduled to repay the obligation as required by Section 226.8(b)(3) of Regulation Z.

C. Fail to disclose the "total of payments" using that term as required by Section 226.8(b)(3) of Regulation Z.

D. Fail to use the term "cash down payment" as required by Section 226.8(c)(2) of Regulation Z.

E. Fail to use the terms as applicable "unpaid balance of cash price" or "unpaid balance" or "amount financed" as required by Sections 226.8(c)(3)(5) and (7) of Regulation Z.

F. Fail to disclose the "deferred payment price" using that term as required by Section 226.8(c)(8)(ii) of Regulation Z.

G. Fail to determine on the face of the contract whether the customer expects to use the property purchased from respondents as a principal residence so that it can be determined whether the customer is entitled to any of the rights provided in Section 226.9 of Regulation Z.

COUNT II

Alleging violations of the Truth in Lending Act, the charges of Paragraphs 1, 2, 3 and 4 hereof are incorporated by reference herein as if set forth verbatim except as to respondents Saint's Roost, Inc. doing

business as Mesa Verde Ranch and Texoma Lakeside Village, Inc. doing business as Mill Creek Meadows.

6. By and through the use of the contract, respondents, except those excluded, have failed to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent as required by Section 226.5(b)(1) of Regulation Z.

COUNT III

Alleging violations of the Truth in Lending Act, the charges of Paragraphs 1, 2, 3 and 4 hereof are incorporated by reference herein as if set forth verbatim except as to respondents Castle Land and Livestock Company doing business as Castle Lake Ranch; Saint's Roost, Inc. doing business as Mesa Verde Ranch and Texoma Lakeside Village, Inc. doing business as Mill Creek Meadows.

7. By and through the use of the contract, respondents, except those excluded, have failed to use the term "cash price" as required by Section 226.8(c)(1) of Regulation Z.

COUNT IV

Alleging violations of the Truth in Lending Act, the charges of Paragraphs 1, 2, 3 and 4 hereof are incorporated by reference herein as if set forth verbatim except as to respondents Castle Land and Livestock Company doing business as Castle Lake Ranch; Greenbelt, Inc. doing business as Sherwood Shores IX; Sherwood Properties, Inc. of Utah doing business as Sherwood Shores V and Texoma Lakeside Village, Inc. doing business as Mill Creek Meadows.

8. In the ordinary course of their business as aforesaid, respondents, except those excluded, cause to be published advertisements of their property, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of their property.

Typical and illustrative of said advertisements, but not all inclusive thereof are:

A. 11.22 Acre tract — Cash Price \$3,310 or owner will finance with \$110 down payment, 10 year payment at \$38.83 per month. 8% simple interest.

B. Sherwood Shores — \$995 — Will sell for \$695. \$70 down and \$20 per month.

9. By and through the use of the advertisements set forth in Paragraph Eight hereof, respondents, except those excluded, have stated the amount of the down payment, the number of monthly installments, the period of repayment, and the simple rate of interest without also disclosing the following items in the terminology required by Section 226.8 of Regulation Z:

A. Failed to use the term "cash price" to describe the cash price of the property as required by Section 226.10(d)(2)(i) of Regulation Z.

B. Fail to use the term "cash down payment" to describe the amount of the down payment in cash as required by Section 226.10(d)(2)(ii) of Regulation Z.

C. Fail to disclose the number of installments scheduled to repay the obligation as required by Section 226.10(d)(2)(iii) of Regulation Z.

D. Fail to disclose the "annual percentage rate" using that term as required by Sections 226.10(d)(2)(iv) of Regulation Z.

E. Fail to disclose the "deferred payment price" using that term as required by Section 226.10(d)(2)(v) of Regulation Z.

10. By and through the acts and practices set forth above, respondents have failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act, and, pursuant to Section 108 thereof, respondents have violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; 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 complaint to issue herein, 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 considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents Antelope Shores, Incorporated doing business as

Sherwood Shores VII and VIII of Belton; Castle Land and Livestock Company doing business as Castle Lake Ranch; Greenbelt, Inc., doing business as Sherwood Shores IX; Saint's Roost, Inc., doing business as Mesa Verde Ranch, and Texoma Lakeside Village, Inc., doing business as Mill Creek Meadows, are corporations organized, existing and doing business under and by virtue of the laws of the State of Texas with their principal office and place of business located at P.O. Box 497, 200 S. Austin St., Denison, Tex.

Respondent Sherwood Properties, Inc., of Utah doing business as Sherwood Shores V, is a corporation organized, existing and doing business under and by virtue of the laws of the States of Utah and Texas, with its principal office and place of business located at P.O. Box 497, 200 S. Austin St., Denison, Tex.

Respondent George L. DeArmond is a director of the corporate respondents, and an officer of the corporate respondents except respondent Saint's Roost, Inc., doing business as Mesa Verde Ranch. He formulates, directs and controls the acts and practices of the corporate respondents including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondents.

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

I

It is ordered, That respondents, Antelope Shores, Incorporated, a corporation doing business as Sherwood Shores VII and VIII of Belton; Castle Land and Livestock Company, a corporation doing business as Castle Lake Ranch; Greenbelt, Inc., a corporation doing business as Sherwood Shores IX; Saint's Roost, Inc., a corporation doing business as Mesa Verde Ranch; Sherwood Properties, Inc., of Utah, a corporation doing business as Sherwood Shores V; and Texoma Lakeside Village, Inc., a corporation doing business as Mill Creek Meadows, their successors and assigns, and their officers, and George L. DeArmond, individually and as an officer or director of said corporations, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the extension of consumer credit, as "consumer credit" is 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 finance charge and the annual percentage

rate above or adjacent to the place for the customer's signature as required by Section 226.8(a)(1) of Regulation Z.

2. Failing to disclose the number of payments scheduled to repay the obligation as required by Section 226.8(b)(3) of Regulation Z.

3. Failing to disclose the "total of payments" using that term as required by Section 226.8(b)(3) of Regulation Z.

4. Failing to use the term "cash downpayment" as required by Section 226.8(c)(2) of Regulation Z.

5. Failing to use the term, or terms as applicable, "unpaid balance of cash price" or "unpaid balance" or "amount financed" as required by Sections 226.8(c)(3), (5) and (7) of Regulation Z.

6. Failing to disclose the "deferred payment price" using that term as required by Section 226.8(c)(8)(ii) of Regulation Z.

7. 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.

8. Failing to have the following notice printed in bold face type on the face of each of the respondents' contracts:

NOTICE

IF YOU EXPECT TO USE THIS PROPERTY AS YOUR PRINCIPAL RESIDENCE YOU HAVE UNTIL MIDNIGHT OF THE THIRD BUSINESS DAY FOLLOWING THE DAY YOU SIGN THIS CONTRACT TO CANCEL THIS TRANSACTION. IT IS THEREFORE REQUIRED THAT YOU COMPLETE THE FOLLOWING:

I DO	I DO NOT
EXPECT TO USE THIS PROPERTY AS THE SITE OF MY PRINCIPAL RESIDENCE	

SIGNATURE

DATE

9. Failing to provide two copies of the notice of the right of rescission to each customer so entitled in the manner and form required by Section 226.9 of Regulation Z.

II

It is further ordered, That respondents Antelope Shores, Incorporated, a corporation doing business as Sherwood Shores VII and VIII of Belton; Castle Land and Livestock Company, a corporation doing business as Castle Lake Ranch; Greenbelt, Inc., a corporation doing business as Sherwood Shores IX; and Sherwood Properties, Inc., of Utah, a corporation doing business as Sherwood Shores V, their successors and assigns, and their officers, and George L. DeArmond, individually and as an officer or director of said corporations, and

respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the extension of consumer credit as "consumer credit" is 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:

10. Failing to disclose the annual percentage rate with an accuracy of at least to the nearest quarter of one percent as required by Section 226.5(b)(1) of Regulation Z.

III

It is further ordered, That respondents Antelope Shores, Incorporated, a corporation doing business as Sherwood Shores VII and VIII of Belton; and Greenbelt, Inc., a corporation doing business as Sherwood Shores IX; and Sherwood Properties, Inc., of Utah, a corporation doing business as Sherwood Shores V, their successors and assigns, and their officers, and George L. DeArmond, individually and as an officer or director of said corporations, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the extension of consumer credit, as "consumer credit" is 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:

11. Failing to use the term "cash price" as required by Section 226.8(c)(1) of Regulation Z.

IV

It is further ordered, That respondents Antelope Shores, Incorporated, a corporation doing business as Sherwood Shores VII and VIII of Belton; and Saint's Roost, Inc., a corporation doing business as Mesa Verde Ranch, corporations, their successors and assigns, and their officers, and George L. DeArmond, individually and as an officer or director of said respondent corporations, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the extension of consumer credit, as "consumer credit" is 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:

12. Representing, directly or by implication, in any advertisement as "advertisement" is defined in Regulation Z, that no downpayment is required, or the amount of the downpayment or of any installment payment required (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 it also clearly and conspicuously sets forth all of the following items in terminology prescribed under Section 226.8, as required by Section 226.10(d)(2):

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

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 deliver a copy of this order to cease and desist to all present and future personnel of respondents who are engaged in any aspect of the 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 copy of this order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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 this order.

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.

IN THE MATTER OF
TYSONS CORNER REGIONAL SHOPPING CENTER, ET
AL.

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

Docket 8886. Decision, June 10, 1975-Modifying Order, Oct. 21, 1975

Order modifying an earlier order dated June 10, 1975, 85 F.T.C. 987, 40 F.R. 36560, issued against a New York City department store chain by expanding the order with the addition of Paragraph III(C) to permit respondent to negotiate to include agreements in its shopping center leases which would provide that a W&J Sloane furniture specialty store shall be the only tenant in the center primarily engaged in the sale of furniture, home furnishings, and related accessories; and by modifying Paragraph IV(B) to allow respondent to limit distribution of copies of the order to those developers of shopping centers in which respondent is a tenant operating a store containing 50,000 square feet or more.

Appearances

For the Commission: *Anthony Low Joseph, David I. Wilson and Maynard F. Thomson.*

For the respondents: *Irving Scher, Weil, Gotshal & Manges, New York City for City Stores Company.*

ORDER REOPENING PROCEEDING AND MODIFYING ORDER TO
CEASE AND DESIST

By petition dated Oct. 2, 1975, City Stores Company has requested the Commission to modify its order of June 10, 1975, in two respects, described below. The Bureau of Competition has filed an answer objecting to the requested modification.

Respondent requests initially that a new subparagraph III(C) be added which would permit it to negotiate to include agreements in its shopping center leases which would provide that a W&J Sloane furniture specialty store shall be the only tenant in the center primarily engaged in the sale of furniture, home furnishings, and related accessories. (Such clauses would not prevent the competitive sale of these items by tenants such as department stores for whom such sale was not their principal activity.)

We agree with respondent's contention that the agreements it contemplates were not at issue in the litigated case, and under the circumstances the requested narrow modification is appropriate. It should be noted that this change is not intended to signify the Commission's approval of such agreements, but merely to exempt them