

IN THE MATTER OF
PACIFIC HOMES MORTGAGE AND INVESTMENT CO.,
T/A PACIFIC PLAN OF CALIFORNIA, ET AL.

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

Docket C-2815. Complaint, April 12, 1976—Decision, April 12, 1976

Consent order requiring a Menlo Park, Calif., mortgage company and its Palo Alto, Calif., advertising agency, 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: *Harold G. Sodergren.*

For the respondents: *Thoits, Lehman & Hanna, Palo Alto, Calif.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Pacific Homes Mortgage and Investment Co., a corporation doing business as Pacific Plan of California (hereinafter sometimes referred to as "Pacific"), and Michelson Advertising, Inc., a corporation (hereinafter sometimes referred to as "Michelson"), have violated the provisions of said Acts and 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 Pacific is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 2200 Sand Hill Rd., Menlo Park, California.

Respondent Michelson is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3345 El Camino Real, Palo Alto, California.

PAR. 2. Respondent Pacific is now and for some time last past has been engaged in the business of arranging loans secured by real property for a fee under the California Mortgage Loan Broker Act.

PAR. 3. Respondent Michelson, an advertising agency, is now and for

some time last past has been engaged in the business of creating producing, preparing and placing advertising for its clients, one of which is respondent Pacific.

PAR. 4. In the ordinary course and conduct of its business as aforesaid, respondent Pacific regularly arranges for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 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. 5. In order to promote or assist directly or indirectly the extension of other than open end credit, respondent Pacific has caused advertisements, as "advertisement" is defined in Section 226.2 of Regulation Z, to be placed in various media. Certain of these advertisements were created, prepared, produced and placed by respondent Michelson.

PAR. 6. In certain of the advertisements referred to in Paragraph Five which were broadcast on television subsequent to July 1, 1969 respondents Pacific and Michelson stated the amount of installment payments required (in dollars), the dollar amount of the finance charge or the number of installments, or the periods of repayment. In these advertisements the additional credit terms required to be disclosed by Section 226.10(d)(2)(i), (iii), (iv) and (v) were not disclosed:

1. Simultaneously in the same video portion of the television commercial.
2. Simultaneously in both the audio and video portions of the television commercial.
3. In letters of the same size and boldness, thereby obscuring, and detracting from, the meaning of the credit terms shown.
4. In letters of the same conspicuousness as the numerical amounts featured in conjunction therewith, thereby obscuring, and detracting from, the meaning of the credit terms shown.
5. For a sufficient duration to enable the viewer to completely read the said credit terms.

By means of such advertisements, respondents Pacific and Michelson violated Section 226.6(a) of Regulation Z which requires disclosures to be made clearly, conspicuously, and in meaningful sequence.

PAR. 7. In certain of the advertisements referred to in Paragraph Five which were published in newspapers and direct mail flyers subsequent to July 1, 1969, respondents Pacific and Michelson stated the amount of installment payments required (in dollars), the dollar amount of the finance charge or the number of installments, or the periods of repayment. In these advertisements the additional credit

terms required to be disclosed by Section 226.10(d)(2)(i), (iii), (iv) and (v) were not disclosed:

1. In letters of the same size and boldness, thereby obscuring, and detracting from, the meaning of the credit terms shown.

2. In letters of the same conspicuousness as the numerical amounts featured in conjunction therewith, thereby obscuring, and detracting from, the meaning of the credit terms shown.

By means of such advertisements respondents Pacific and Michelson violated Section 226.6(a) of Regulation Z which requires disclosures to be made clearly, conspicuously, and in meaningful sequence.

PAR. 8. Subsequent to July 1, 1969, respondent Pacific, in connection with its business of arranging consumer credit transactions has sold and is now selling, substantial numbers of customers credit life, and credit accident and health insurance in connection with the credit transaction.

Respondent Pacific includes premiums for such insurance in the sum of the "Amount Financed" in its "Disclosure Statement of Loan Made in Compliance with Federal Law" (hereinafter sometimes referred to as "the disclosure statement") on which certain disclosures required by the Truth in Lending Act and Regulation Z are made. In selling such insurance, respondent Pacific does not:

1. Clearly and conspicuously disclose in writing to the customer that such credit insurance coverage is not required by the creditor; and

2. Obtain from each customer desiring credit insurance a specifically dated and separately signed affirmative written indication of the customer's desire for such insurance after the customer has received a written disclosure of the cost of such insurance.

PAR. 9. In connection with the acts and practices described in Paragraph Eight above, respondent Pacific has failed to include charges for credit life, and credit accident and health insurance in the finance charge when a specifically dated and separately signed affirmative written indication of the customer's desire for such insurance has not been obtained as required by Section 226.4(a)(5) of Regulation Z; and thereby respondent Pacific:

1. Fails to compute and disclose accurately the "finance charge" as required by Section 226.4 and 226.8 of Regulation Z; and

2. Fails to compute and disclose the "annual percentage rate" accurately to the nearest quarter of one percent as required by Section 226.5 and 226.8 of Regulation Z.

PAR. 10. Subsequent to July 1, 1969, respondent Pacific in connection with its business of arranging consumer credit transactions has sold and is now selling substantial numbers of customers fire insurance written in connection with the credit transaction.

Complaint

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On the disclosure statement referred to in Paragraph Eight, above, the following disclosure is made:

(1) Fire Insurance Premium (includes policy servicing fee)
\$18.50.

The amount "\$18.50" is preprinted on the face of the statement.

At the same time at which the disclosure statement is furnished to the customer, respondent Pacific causes the customer to execute an Agency and Servicing Agreement, hereinafter sometimes referred to as "the Agreement." The portion of the Agreement which deals with insurance reads as follows:

Borrowers hereby appoint as their insurance agent to obtain Fire Insurance/Life and Accidental Bodily Injury and Sickness Insurance to protect their obligations under said loan in the event of sickness, injury or death:

Fire Insurance \$-----

Life, Health and Accident Insurance

-----for the term of this loan \$-----

(Borrowers write in name
of insurance agent)

Borrowers hereby state that their choice of insurance agent was voluntarily made and was not a condition precedent to their obtaining the above referred to loan, and that said Borrowers understand that said insurance may be obtained from a person of Borrowers' choice. Dated-----, 19-- Signature-----

Before the Agreement is presented to the customer, respondent Pacific types the name "Scurry-Burns" above the line immediately under which are the words "(Borrowers write in name of insurance agent)." When the Agreement is presented to the borrower, the borrower is instructed to write the name "Scurry-Burns" on the line and to sign the agreement.

PAR. 11. Despite the declaration in the above-quoted portion of the Agreement that fire insurance may be obtained from a person of the customer's choice, respondent Pacific, by instructing the customer to write the name "Scurry-Burns" in the manner described in Paragraph Ten and by preprinting the cost of insurance on the disclosure statement, defeats the elective language contained in the Agreement by obscuring the disclosure that the customer may seek the person through which the fire insurance may be obtained. This practice has the effect of discouraging substantial numbers of customers from exercising their own independent, voluntary choice of the person through which fire insurance may be obtained.

PAR. 12. By and through the acts and practices described in Paragraphs Ten and Eleven hereof, respondent Pacific has failed to include the charges for fire insurance in the Finance Charge when the customer has not been furnished a statement in writing which states

that the customer may choose the person through which the fire insurance is to be obtained, as required by Section 226.4(a)(6) of Regulation Z, and thereby respondent Pacific:

1. Fails to compute and disclose accurately the "finance charge" as required by Section 226.4 and 226.8 of Regulation Z; and
2. Fails to compute and disclose the "annual percentage rate" accurately to the nearest quarter of one percent, as required by Sections 225.5 and 226.8 of Regulation Z.

PAR. 13. By and through the use of the disclosure statement referred to in Paragraph Eight respondent Pacific:

1. Fails when making a joint disclosure, to identify all creditors to the transaction, as required by Section 226.6(d) of Regulation Z;
2. Fails to disclose the date on which the finance charge begins to accrue, when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z;
3. In the instances where a balloon payment is scheduled, within the meaning of Section 226.8(b)(3) of Regulation Z, fails to state the conditions under which that payment may be refinanced if not paid when due, as required by that Section;
4. Fails to disclose the amount of the first payment scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z;
5. Fails to describe the penalty charge and to explain the method of computation of such charge and the conditions under which it may be imposed for prepayment of the principal of the obligation, as required by Section 226.8(b)(6) of Regulation Z;
6. Fails to disclose the amount and method of computing the amount of foreclosure charges which automatically become due in the event of default, as required by Section 226.8(b)(4) of Regulation Z.

PAR. 14. In the ordinary course and conduct of its business as aforesaid, respondent Pacific arranges for the extension of credit in transactions in which a security interest is acquired in real property which is used as the principal residence of the customer. The retention or acquisition of such security interest in said real property thereby entitles customers to be given the right to rescind that transaction until midnight of the third business day following the consummation of the credit transaction or the date of delivery of all the disclosures required by Regulation Z, whichever is later, pursuant to Section 226.9 of Regulation Z.

Respondent Pacific has provided customers who have the right to rescind with copies of a notice of right to rescind pursuant to Section 226.9 of Regulation Z, which notice fails to contain the correct date of consummation of the credit transaction, and the correct date by which

the customer may give notice of cancellation, as required by Section 226.9(b) of Regulation Z. Respondent has, therefore, failed to give the disclosures required by Section 226.9(a) of Regulation Z in the manner and form required by Section 226.9(b) of the Regulation.

PAR. 15. 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 have thereby violated the Federal Trade Commission Act, as amended.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the San Francisco Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, as amended, the Truth in Lending Act, and the regulations promulgated under the Truth in Lending Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Pacific Homes Mortgage and Investment Co. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 2200 Sand Hill Rd., Menlo Park, California.

Respondent Michelson Advertising, Inc. is a corporation organized,

existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3345 El Camino Real, Palo Alto, California.

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 respondent Pacific Homes Mortgage and Investment Co., a corporation doing business as Pacific Plan of California or by any other name, its successors and assigns, and its officers, (hereinafter, in this and other paragraphs of this order, referred to as "Pacific") and Pacific's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement of consumer credit, or any advertisement to aid, promote, or assist directly or indirectly any arrangement or 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. Failing in connection with all television and radio advertisements in which cost of credit disclosures must be made, pursuant to Section 226.10 of Regulation Z, to make such disclosures clearly, conspicuously, and in meaningful sequence, as required by Section 226.6(a) of Regulation Z. The following standards shall be met in order for a television advertisement to be deemed a "clear and conspicuous" disclosure within the meaning of this order:

(a) The required disclosures shall be presented simultaneously in both the audio and video portions of the television advertisement.

(b) The video portion of the required disclosures shall contain letters of sufficient size so that said letters can be easily seen and read on all television sets, regardless of picture tube size, that are commercially available for the consuming public.

(c) The audio portion of the required disclosures shall be spoken with sufficient deliberateness, clarity, and volume, so as not to obscure or detract attention from the required disclosures.

(d) The video portion of the required disclosures shall contain letters of a color or shade that readily contrast with the background on both color and black and white television sets. The background shall consist of only one color or shade.

(e) During the video portion of the required disclosures no words or

images shall appear on the television screen which are not part of the required disclosures; *provided, however*, that during said disclosure one half of the television screen may contain images which contribute to and emphasize said disclosure.

(f) During the audio portion of the required disclosures, no other sounds, including music, may be presented.

(g) The audio and video portions of the required disclosures shall immediately follow the specific representation which triggers the affirmative disclosure requirement contained in Section 226.10(d)(2) of Regulation Z.

(h) The audio and video portions of the required disclosures shall give equal emphasis to each word and numeral of the required disclosure.

(i) The audio and video portions of the required disclosures shall be no less than ten seconds duration.

(j) The video portion of the required disclosures shall present the entire text of the required disclosure for the entire duration of the disclosure.

2. Failing in connection with all newspaper or other printed advertisements in which cost of credit disclosures must be made pursuant to Section 226.10 of Regulation Z, to make such disclosures clearly, conspicuously, and in meaningful sequence, as required by Section 226.6(a) of Regulation Z. The following standards shall be met in order for a newspaper or other printed advertisement to be deemed a "clear and conspicuous" disclosure within the meaning of this order:

(a) The required disclosures shall contain letters of sufficient size so that they can be easily seen and read in the advertisement.

(b) The advertisement shall give equal emphasis to each word and numeral of the required disclosures.

(c) The required disclosures shall contain letters of a color or shade that readily contrasts with the background. The background shall consist of only one color or shade.

(d) The required disclosures shall be a separate element in each advertisement and shall not contain or include any part of any picture, design, illustration or text within the advertisement.

(e) The required disclosures shall appear in immediate conjunction with the specific representation that triggers the affirmative disclosure required by Section 226.10(d)(2) of Regulation Z.

3. When the charges for credit life insurance and/or credit accident and health insurance are not included in the finance charge:

(a) Failing, immediately prior to the time that the borrower is furnished the duplicate of the instrument or the statement required by Section 226.8(a) of Regulation Z, to present to the borrower a separate,

written personal insurance authorization form which sets forth clearly and conspicuously:

(i) that a mortgage loan of a specified amount has been approved for the customer;

(ii) that the customer's decision with regard to purchasing the credit insurance available through Pacific is not considered in granting the credit;

(iii) that the purchase of credit insurance is optional and is not required by the creditor in connection with the loan;

(iv) the amount of the total premium for credit life insurance and/or the amount of the total premium for credit accident and health insurance which if elected, will become part of the loan, and that said amount(s) does not include the finance charge on said credit insurance;

(v) the insurance options available to the customer together with the total premiums (not including the finance charge on said premiums) which will become due upon the customer's election to take the loan: (1) with credit life insurance only, (2) with credit accident and health insurance only, (3) both credit life insurance and credit accident and health insurance, and (4) other available forms of credit insurance if applicable, (5) no insurance;

(vi) a signature and date line for the customer to indicate his election; and

(vii) that the borrower authorizes Pacific on behalf of the borrower to pay the insurance premiums to the insurance company for such personal insurance which has been chosen.

(b) Failing to make the disclosures required by subsection (a) above on a separate document which contains no other printed or written material. The disclosures required by subsections (i), (ii) and (iii) above shall be made in at least 12 point type.

A form substantially in conformance with Attachment A herein will be considered in compliance with the provisions of subsections (a) and (b). Pacific shall maintain the original statement relating to each credit insurance election for two years following its execution and provide the customer with a copy thereof.

(c) Failing to leave the Truth in Lending disclosure statement blank as to the cost of credit life insurance and/or credit accident and health insurance and all other information or amounts which are affected by the election or declination of insurance until the customer has signed the written disclosure required by subsection (a) above.

(d) Making any marks or otherwise instructing a customer where to sign or date the separate personal insurance authorization form required by subsection (a) above in advance of the customer's free and independent choice for such insurance.

(e) Representing, orally or otherwise, directly or by implication, that credit life and/or credit accident and health insurance are required as a condition of obtaining credit from Pacific.

(f) Discouraging, by representation, orally or otherwise, directly or by implication, the declination of credit life and/or credit accident and health insurance.

(g) Representing, orally or otherwise, directly or indirectly, that the customer's failure to elect credit insurance will result in delay in processing his loan or in his receiving the proceeds.

4. When a charge for fire insurance is not included in the finance charge:

(a) Failing to present to the customer prior to closing of the credit transaction a separate written personal insurance authorization form which sets forth clearly and conspicuously:

(i) that a mortgage loan of a specified amount has been approved for the customer;

(ii) the cost of the fire insurance if obtained from or through Pacific;

(iii) the customer may choose the person through which the insurance is to be obtained;

(iv) that the customer's decision with regard to purchasing the fire insurance available through Pacific is not considered in granting the credit;

(v) a description of insurance coverage offered.

(b) Failing to make the disclosures required by subsection (a) above on a separate document which contains no other printed or written material. The disclosures required by subsections (iii) and (iv) above shall be made in at least 12 point type. Pacific shall maintain the original statement relating to each fire insurance election for two years following its execution and provide the customer with a copy thereof.

(c) Failing to leave the Truth in Lending disclosure statement blank as to the cost of fire insurance and all other information or amounts which are affected by the election or declination of insurance until the customer has made a choice regarding the person through which the insurance is to be obtained.

(d) Using any language in addition to and/or unrelated to that which is necessary to make the disclosure statement required by Section 226.4(a)(6) of Regulation Z, which may have the effect of obscuring or detracting from the clarity and conspicuousness of such disclosure statement.

5. Failing to tell every customer the purpose(s) of each signature requested by Pacific on any document directly related to the consummation of the credit transaction.

6. Failing to compute and disclose accurately the finance charge as required by Sections 226.4(a)(5) and 226.8(d) of Regulation Z.
7. Failing to compute and disclose accurately the annual percentage rate to the nearest quarter of one percent as required by Sections 226.5(b) and 226.8(b)(2) of Regulation Z.
8. Failing to disclose the date on which the finance charge begins to accrue when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.
9. Failing to state the conditions under which a balloon payment may be refinanced if not paid when due, as required by Section 226.8(b)(3) of Regulation Z.
10. Failing to disclose the amount of each payment scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
11. Failing to disclose the amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments, as required by Section 226.8(b)(4) of Regulation Z.
12. Failing to describe the penalty charge and to explain the method of computation of such charge and the conditions under which it may be imposed for prepayment of the principal of the obligation, as required by Section 226.8(b)(6) of Regulation Z.
13. Failing in any credit transaction in which the customer has a right to rescind under Section 226.9 of Regulation Z, to provide the customer with the notice of right to rescind, in the form and manner provided in that section.
14. Failing in any consumer credit transaction or advertisement to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form and amount required by Sections 226.6, 226.8, 226.9 and 226.10 of Regulation Z.
15. Failing to deliver a copy of this order to cease and desist to all present and future personnel of Pacific at its general offices in Menlo Park and in each of its subsidiary loan offices who are engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and failing to secure a signed statement acknowledging receipt of said copy of this order from each such person.

II

It is further ordered, That respondent Michelson Advertising, Inc., a corporation, its successors and assigns, and its officers (hereinafter, in this and other paragraphs of this order, referred to as "Michelson") and Michelson's agents, representatives and employees, directly or through

any corporation, subsidiary, division or other device, in connection with any advertisement to aid, promote or assist directly or indirectly any arrangement or 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. 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:

- (a) the amount of the loan;
- (b) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (c) the amount of the finance charge expressed as an annual percentage rate; and
- (d) the total of payments.

2. Failing to make all the disclosures required by Section 1, above, clearly, conspicuously, and in meaningful sequence as required by Section 226.6(a) of Regulation Z. In order for an advertisement to be deemed a "clear and conspicuous" disclosure within the meaning of this order, it shall meet, in the case of television and printed advertising, the standards set forth in Section 1 and Section 2 of Part I of the order, respectively.

3. Failing to deliver a copy of this order to cease and desist to all present and future personnel of Michelson engaged in reviewing the legal sufficiency of advertising prepared, created or placed on behalf of any advertiser, and failing to secure from each such person a signed statement acknowledging receipt of said order.

It is further ordered, That Pacific and Michelson notify the Commission at least thirty (30) days prior to any proposed change in the respective 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 corporations, which may affect compliance obligations arising out of this order.

It is further ordered, That Pacific and Michelson 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.

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Decision and Order

ATTACHMENT A

PERSONAL CREDIT INSURANCE AUTHORIZATION

Your loan has been approved in the amount of _____

YOU ARE UNDER NO OBLIGATION TO PURCHASE CREDIT INSURANCE TO OBTAIN THIS LOAN

Credit life or credit accident & health (disability) insurance is not required in connection with this extension of credit to you and your decision with regard to the credit insurance will not affect the total amount of credit which has already been approved for you.

If you elect credit insurance these premiums will be financed as part of your loan.

Type of Coverage	Cost, not including finance charge, for duration of loan
Credit Life	\$_____
Credit Accident & Health (Disability)	\$_____

I have read the above disclosure regarding insurance and have received a fully completed and executed copy of this form. I have reviewed the payment options set forth below and understand that if I choose a payment option that includes any of the insurance coverages I am authorizing Pacific Homes Mortgage and Investment Co. to pay the insurance premiums on my behalf. I understand that I am under no obligation to purchase credit insurance to obtain this loan.

CHECK COVERAGES DESIRED

	Cost (Finance charge not included)
☐ Credit Life Insurance.	\$_____
☐ Credit Accident and Health Insurance.	\$_____
☐ Credit Life, and Credit Accident and Health Insurance.	\$_____
☐ No credit insurance.	
Borrower's Signature _____	Date _____

IN THE MATTER OF

RUBBERMAID INCORPORATED

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

*Docket 8939. Complaint, Sept. 5, 1973—Final Order, April 13, 1976**

Consent order requiring a Wooster, Ohio, manufacturer, seller and distributor of rubber, plastic and rubber coated wire household products, under the brand name "Rubbermaid," among other things to cease maintaining contracts with wholesalers or retailers containing provisions which restrict trade and prices of respondent's commodities; refusing to deal with customers without such agreements; and discriminating against any reseller because of his failure to adhere to set resale prices or conditions. Further, respondent is required to make written offers of reinstatement to wholesalers terminated by respondent since January 1, 1966, for failure to comply with refusal to deal provisions of their contracts.

Appearances

For the Commission: *Ronald A. Bloch* and *Jerry A. Philpott*. Before the administrative law judge, *Ronald A. Bloch* and *Peter W. Marshall*.

For the respondent: *K. Norman Diamond* and *David Bonderman*, *Arnold & Porter*, Washington, D.C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Rubbermaid Incorporated, a corporation, hereinafter referred to as respondent, has been and is now in violation of Section 5(a)(1) of said 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 as follows:

COUNT I

PARAGRAPH 1. Unless otherwise required by context, the following definitions shall apply for purposes of this complaint and the accompanying Notice of Contemplated Relief:

(a) "State" means any State or Territory of the United States and the District of Columbia.

(b) "Fair trade law (or statute)" means any State statute or provision thereof providing in substance that contracts permitting

* Final order reported as corrected by order dated April 30, 1976.