

IN THE MATTER OF
GULF OIL CORPORATION

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

Docket 9044. Complaint, July 15, 1975 — Decision, Sept. 13, 1977

This consent order, among other things, requires a Pittsburgh, Pa. seller of petroleum and other products to cease failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Federal Reserve Board regulations.

Appearances

For the Commission: *Howard F. Daniels, C. Lee Peeler and Hong S. Dea.*

For the respondent: *Frank W. Morgan, Pittsburgh, Pa., John E. Bailey and Catherine C. McCulley, Houston, Texas.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Gulf Oil Corporation, a corporation, hereinafter referred to as respondent, has 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 Gulf Oil Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with its principal office and place of business located at 435 7th Ave., Pittsburgh, Pennsylvania.

PAR. 2. Respondent is now, and for some time in the past has been, engaged in the advertising, offering for sale, and sale of petroleum products and other merchandise to the public.

PAR. 3. In the ordinary course and conduct of its business as aforesaid, respondent regularly engages in credit sales, as "credit sale" is defined in Section 226.2(n) 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. 4. Subsequent to October 28, 1974, respondent has caused to be

disseminated through the mails, advertisements, as "advertisement" is defined in Section 226.2(b) of Regulation Z, to aid, promote or assist directly or indirectly consumer credit sales of merchandise of various types. These consumer credit sales were repayable in more than four installments without the imposition of a separately stated finance charge. Certain of these advertisements have:

1. failed to state clearly and conspicuously, as required by Section 146 of the Truth in Lending Act, the disclosure that "The cost of credit is included in the price quoted for the goods and services;" and
2. by making representations such as "no charge for credit" and "no finance charge," supplied additional information which contradicts, obscures or detracts attention from the information required to be disclosed by Section 146, in violation of Section 226.6(c) of Regulation Z.

PAR. 5. Pursuant to Section 103(g) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of the Truth in Lending Act and Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereto with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission issued, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent to 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 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 withdrawn the matter from adjudication for the purpose of considering the consent order; 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, and having duly considered the comment filed thereafter pursuant to 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. Respondent Gulf Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Pennsylvania, with its office and principal place of business located at 435 7th Ave., Pittsburgh, Pennsylvania.

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

ORDER

It is ordered, That respondent Gulf Oil Corporation, a corporation, its successors and assigns, and its representatives, agents and employees, directly or through any corporate 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, (15 U.S.C. 1601-65 (1970)), *as amended*, (15 U.S.C. 1601-65a, (Supp. IV 1974)), do forthwith cease and desist from:

1. Failing in any advertisement to aid, promote, or assist directly or indirectly an extension of consumer credit repayable by agreement in more than four installments, unless a specific finance charge is or may be imposed, to state clearly and conspicuously: "THE COST OF CREDIT IS INCLUDED IN THE PRICE QUOTED FOR THE GOODS AND SERVICES," as required by Section 226.10(f) of Regulation Z.

2. Using in any advertisement to aid, promote or assist directly or indirectly an extension of consumer credit repayable by agreement in more than four installments, unless a specific finance charge is or may be imposed, any of the following statements:

YOU PAY NO FINANCE CHARGE. . . .

THERE ARE NO FINANCE CHARGES. . . .

NO CHARGE FOR CREDIT. . . .

or using other statements of similar import and meaning PROVIDED, that respondent may use the statement:

there is no additional cost of credit or finance charge. . . .

No additional finance charge. . . .

No additional cost of credit. . . .

No separate finance charge. . . .

or other statements of similar import and meaning, when such statements are used in conjunction with the disclosure required by Section 226.10(f) of Regulation Z.

3. Supplying with the disclosures required by Section 226.10(f) of Regulation Z any additional information which is stated, utilized or placed so as to mislead or confuse the customer or contradict, obscure or detract attention from the disclosure required by Section 226.10(f) of the Regulation Z, in violation of Section 226.6(c) of Regulation Z.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions in the United States involved in the advertisement or extension of consumer credit.

It is further ordered, That the respondent herein shall within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF
ITT CONTINENTAL BAKING COMPANY, INC., ET AL.

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

Docket 8860. Final Order, Oct. 19, 1973—Modified Order, Sept. 16, 1977

This modified order to cease and desist replaces an order dated October 19, 1973, 38 FR 31827, 83 F.T.C. 865, modified at 1105, 39 FR 1260, by adding a defense clause for the Ted Bates & Company, Inc., deleting Paragraphs I and III, and modifying Paragraph IV, to accord with the decision and judgment rendered by the Court of Appeals for the Second Circuit on March 1, 1976, 532 F.2d 207 (1976).

Appearances

For the Commission: *H. Robert Field.*

For the respondents: *Gordon A. Thomas* and *Alan C. Davis*, Rye, New York and *Covington & Burling*, Washington, D.C. for ITT Continental Baking Company, Inc.; *Donald J. Mulvihill*, *Cahill, Gordon, Sonnett, Reindell & Ohl*, Washington, D.C. and *Elhanan C. Stone*, New York City for Ted Bates & Company.

MODIFIED ORDER TO CEASE AND DESIST

Respondents having filed in the United States Court of Appeals for the Second Circuit on November 5, 1973, petitions to review an order to cease and desist issued herein on October 19, 1973; and the Court having rendered its decision and judgment on March 1, 1976, affirming and enforcing the Commission's order with the deletion of Paragraphs I and III, the modification of Paragraph IV, and the addition of a defense clause for respondent Ted Bates & Company, Inc.; and the time in which to file a petition for certiorari having expired without the parties having filed such a petition;

Now, therefore, It is hereby ordered, That the aforesaid order to cease and desist be, and it hereby is, modified in accordance with the decision and judgment of the Court to read as follows:

ORDER

I

It is ordered, That respondent, ITT Continental Baking Company, Inc., a corporation, and respondent, Ted Bates & Company, Inc., a corporation, their successors, assigns and respondents' officers, agents, representatives, and employees, directly or through any