

Complaint

98 F.T.C.

IN THE MATTER OF
ZALE CORPORATION

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

Docket C-3072. Complaint, Aug. 4, 1981—Decision, Aug. 4, 1981

This consent order requires, among other things, that a Dallas, Texas retailer cease, in connection with the extension of open end credit, failing to comply with the billing error resolution procedures required by the Fair Credit Billing Act. The firm is required to send a prescribed "Billing Complaint Form" to specified customers and upon receipt of such form, investigate each billing error claim and either refund or credit the amount in error, or provide the customer with proof that the claim was incorrect; take reasonable steps to correct any erroneous credit report; and pay all unpaid credit balances which existed after April 1, 1975, plus daily interest. The order also requires the firm to include a specified disclosure on all future periodic statements which reflect a credit balance, and pay all credit balances upon written request, or automatically after 7 months if no request has been made.

Appearances

For the Commission: *David Pender, George Zweibel and Rachel Garson.*

For the respondent: *Charles Stewart, Vice-President and Associate General Counsel, Zale Corp.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and its implementing Regulation Z, duly promulgated by the Board of Governors of the Federal Reserve System, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Zale Corporation, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts and Regulation Z, and that a proceeding in respect thereof would be in the public interest, hereby issues this complaint:

PARAGRAPH 1. Respondent Zale Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located at 3000 Diamond Park Drive, Dallas, Texas.

PAR. 2. Respondent is now, and for some time last past has been, engaged directly and through its subsidiaries in the advertising,

offering for sale, sale and distribution of jewelry merchandise, footwear, drug store products, sporting goods, and related products to the public at retail.

PAR. 3. At all times relevant hereto respondent, directly and through its subsidiaries, in the ordinary course of business, did and does regularly extend, offer to extend, arrange, or offer to arrange "consumer credit" for its customers' purchases, and has been and is a "creditor" [as those terms are defined in Section 226.2(p) and (s) of Regulation Z, 12 C.F.R. 226.2(p) and (s), respectively]. The transactions involve the extension of "open end credit" [as defined in Section 226.2(x) of Regulation Z, 12 C.F.R. 226.2(x)].

PAR. 4. Respondent maintains, and has maintained, a substantial course of business, including the acts and practices herein set forth, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

Count I

Alleging violations of the Truth in Lending Act and its implementing Regulation Z, and of the Federal Trade Commission Act, the allegations of Paragraphs One through Three are incorporated by reference herein as if fully set forth verbatim.

PAR. 5. Subsequent to October 28, 1975, pursuant to its aforesaid extensions of credit, respondent has in many instances received from customers "proper written notification of a billing error" [as defined in Section 226.2(cc) of Regulation Z, 12 C.F.R. 226.2(cc)]. In several such instances respondent has:

1. Contrary to the requirements of Section 226.14(a)(1) of Regulation Z, 12 C.F.R. 226.14(a)(1), failed to take any of the following actions within 30 days after receipt of the notification:

- a. Mail or deliver to the customer a written acknowledgement thereof;

- b. Make appropriate corrections in the customer's account and mail or deliver to the customer a written notice of the corrections; or

- c. Mail or deliver to the customer a written explanation, after having conducted a reasonable investigation, setting forth the reasons why the billing is believed to be correct.

2. Contrary to the requirements of Section 226.14(a)(2) of Regulation Z, 12 C.F.R. 226.14(a)(2), failed to take either of the following actions within the lesser of 90 days or two complete billing cycles from the date of receipt of the notification:

Complaint

98 F.T.C.

- a. Make appropriate corrections in the customer's account and mail or deliver to the customer a written notice of the corrections; or
- b. Mail or deliver to the customer a written explanation, after having conducted a reasonable investigation, setting forth the reasons why the billing is believed to be correct.

3. Failed to retain for at least two years the written notifications of billing errors, copies of all correspondence in response thereto, and other evidence of compliance with Section 226.14(a) of Regulation Z, 12 C.F.R. 226.14(a), as required by Section 226.6(i) of Regulation Z, 12 C.F.R. 226.6(i).

PAR. 6. Pursuant to Section 103(s) of the Truth in Lending Act, 15 U.S.C. 1602(s), respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108(c) thereof, 15 U.S.C. 1607(c), respondent has engaged in unfair or deceptive acts or practices in violation of Section 5(a)(1) of the Federal Trade Commission Act, all to the prejudice and injury of the public.

Count II

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One through Six are incorporated by reference herein as if fully set forth verbatim.

PAR. 7. By failing in certain instances, after receipt of written notification from customers questioning or disputing billed charges, to correct erroneous billings to the affected accounts, respondent caused a substantial number of its customers to be deprived of the use of significant sums of money rightfully theirs. Therefore, the acts and practices described in Paragraph Five were and are unfair and/or deceptive.

PAR. 8. The acts and practices of respondent set forth in Paragraph Seven were and are all to the prejudice and injury of the public and constituted, and now constitute, unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

Count III

Alleging violations of the Truth in Lending Act and its implementing Regulation Z, and of the Federal Trade Commission Act, the allegations of Paragraphs One through Three are incorporated by reference herein as if fully set forth verbatim.

PAR. 9. On various occasions a substantial number of individual

customers' accounts had "credit balances," representing amounts of money owed to the customers by respondent. These credit balances were the result of, among other things, overpayments by the customer or credits for returned merchandise.

PAR. 10. In several such instances respondent failed to mail or deliver to the customer, for each billing cycle at the end of which there was an outstanding credit balance in excess of \$1.00 in the account, a periodic statement appropriately identifying the outstanding balance in the account at the beginning of the billing cycle, the amounts and dates of crediting to the account during the billing cycle for payments and other credits, and the credit balance on the closing date of the billing cycle, as required by Section 226.7(b)(1)(i), (iii) and (ix) of Regulation Z, 12 C.F.R. 226.7(b)(1)(i), (iii) and (ix).

PAR. 11. Subsequent to October 28, 1975, in connection with its aforesaid extensions of credit, respondent in several instances failed to mail or deliver to its customers a periodic statement setting forth an address to be used by respondent for the purpose of receiving billing inquiries from customers, as required by Section 226.7(b)(1)(x) of Regulation Z, 12 C.F.R. 226.7(b)(1)(x).

PAR. 12. The allegations of Paragraph Six are incorporated by reference herein as if fully set forth verbatim.

Count IV

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One through Four, Nine and Ten are incorporated by reference herein as if fully set forth verbatim.

PAR. 13. The following are additional pertinent aspects of respondent's past practices in handling charge accounts of customers who had a credit balance:

1. With the possible exception of billing cycles in which a credit balance was created or in which there occurred a transaction that increased or reduced but did not fully offset a credit balance not yet cleared from the customer's account, in certain instances respondent failed to provide to the customer a periodic statement setting forth the amount of the credit balance.

2. If the customer made further purchases on the account within a limited period of time determined by respondent, respondent applied the amount of the credit balance to reduce or eliminate the customer's obligation created by such further purchase or purchases.

3. If the customer neither requested a refund of the amount of the credit balance nor made a purchase within the aforesaid limited period of time, respondent, through bookkeeping entries, deleted the

amount of the credit balance from the customer's account. No payment was made to the customer and the deleted credit balance was not applied to any purchase subsequently made on the customer's account.

4. Respondent did not refund credit balances to customers unless a specific request therefor was made by or on behalf of the customer.

PAR. 14. By failing to notify customers whose accounts reflected credit balances that such balances existed and that they would be refunded on request; by deleting credit balances from customers' accounts without refunding such amounts; by failing to refund credit balances without request therefor; and by issuing subsequent billing statements which did not reflect such credit balances, respondent caused a substantial number of its customers to be deprived of the use of significant sums of money rightfully theirs. Therefore, the acts and practices described in Paragraphs Nine, Ten, and Thirteen above were and are unfair and/or deceptive.

PAR. 15. The acts and practices of respondent set forth in Paragraphs Thirteen and Fourteen were and are all to the prejudice and injury of the public and constituted, and now constitute, unfair or deceptive acts or practices in or affecting commerce in violation of Section 5 (a)(1) of 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 Seattle 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 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 days, now in future 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. Proposed respondent Zale Corporation is a corporation organized, 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 3000 Diamond Park Drive, in the City of Dallas, State of Texas.

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

I

It is ordered, That respondent Zale Corporation, a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of "open end credit," including "consumer credit" extended on an account by use of a "credit card," as those terms are defined in Regulation Z (12 C.F.R. 226), the implementing regulation of the Truth in Lending Act (15 U.S.C. 1601 *et seq.*, as amended), do forthwith cease and desist from:

A. Failing, within 30 days after receipt of any proper written notification of a billing error (as defined in Regulation Z), to mail or deliver a written acknowledgment thereof to the customer's current designated address, as prescribed by Section 226.14(a)(1) of Regulation Z, 12 C.F.R. 226.14(a)(1), unless:

1. the customer has agreed, within such 30-day period, that the periodic statement is correct; or
2. respondent has taken the applicable action specified in Paragraph I.B.1-3 of this Order within such 30-day period.

B. Failing, not later than two complete billing cycles (and in no event more than 90 days) from the date of receipt of any proper written notification of a billing error, to resolve the dispute by:

1. correcting the customer's account in the full amount indicated by the customer to have been erroneously billed, and mailing or delivering to the customer a written notification of correction(s) in

the manner prescribed by Section 226.14(a)(2)(i) of Regulation Z, 12 C.F.R. 226.14(a)(2)(i); or

2. correcting the customer's account by an amount different from that indicated by the customer as being erroneously billed, and mailing or delivering to the customer a written explanation of the change(s), accompanied by copies of documentary evidence of the customer's indebtedness if such evidence is requested by the customer, in the manner prescribed by Section 226.14(a)(2)(ii) of Regulation Z, 12 C.F.R. 226.14(a)(2)(ii); or

3. mailing or delivering to the customer, after having conducted a reasonable investigation, a written explanation or clarification which sets forth the reason(s) why respondent believes the periodic statement is correct, and, if the customer requests, furnishing copies of documentary evidence of the customer's indebtedness, in the manner prescribed by Section 226.14(a)(2)(iii) of Regulation Z, 12 C.F.R. 226.14(a)(2)(iii).

Provided, however, That respondent need not perform the actions specified in this Paragraph I.B if the customer has agreed, not later than two complete billing cycles (and in no event more than 90 days) from the date of respondent's receipt of the proper written notification of a billing error, that the periodic statement is correct.

C. Taking or causing any action, prior to the time the dispute has been resolved as provided in Paragraph I.B. of this Order, to collect:

1. any portion of an amount indicated in the customer's notification as being a billing error; or

2. any finance charge, late payment charge, or other charge computed on such disputed amount.

D. Failing, in each instance where respondent has not complied with any requirement of Section 226.14 of Regulation Z, 12 C.F.R. 226.14, to forfeit the right to collect from the customer the amount indicated to be a billing error, including corresponding finance and other charges, up to \$50 (the "forfeited amount"), as required by Section 226.14(f)(1) of Regulation Z, 12 C.F.R. 226.14(f)(1).

1. If the customer pays or has paid all or part of the forfeited amount, respondent shall either credit that amount to the customer's account or refund it to the customer, and shall notify the customer as to why the credit or refund has been made.

2. If the customer has not paid all or part of the forfeited amount, respondent shall act in a manner consistent with such forfeiture; for example, respondent shall not reflect such amount in periodic

statements, take any collection action, or report nonpayment to any third party. Where appropriate, respondent shall provide an explanation of action(s) it has taken.

E. Failing to comply with any requirement of Section 226.14 of Regulation Z, as amended, 12 C.F.R. 226.14, as amended.

F. Failing to mail or deliver to each customer who has an open end credit account, for each billing cycle at the end of which there is an outstanding debit or credit balance in excess of \$1.00 in that account or with respect to which a finance charge is imposed, a statement which the customer may retain and which:

1. sets forth the amount of the outstanding balance in the account at the beginning and closing dates of the billing cycle, and appropriately identifies any credit balance as such, as required by Section 226.7(b)(1)(i) and (ix) of Regulation Z, 12 C.F.R. 226.7(b)(1)(i) and (ix);

2. sets forth the amounts and dates of crediting to the account during the billing cycle, as required by Section 226.7(b)(1)(iii) of Regulation Z, 12 C.F.R. 226.7(b)(1)(iii);

3. sets forth an address to be used by respondent for the purpose of receiving billing inquiries from customers, preceded by the caption "Send Inquiries To:" indicating that the address is the proper location to send such inquiries, as required by Section 226.7(b)(1)(x) of Regulation Z, 12 C.F.R. 226.7(b)(1)(x); and

4. sets forth all other items required by Section 226.7(b) of Regulation Z, 12 C.F.R. 226.7(b), in the manner prescribed by Section 226.7(c) of Regulation Z, 12 C.F.R. 226.7(c).

G. Failing to comply with any requirement of Section 226.7(a)(9), (d), (g), and (h) of Regulation Z, 12 C.F.R. 226.7(a)(9), (d), (g), and (h).

II

It is further ordered, That respondent:

A. Shall prepare a form (hereinafter referred to as Billing Complaint Form) in exactly the wording set forth in Attachment A of this Order (except that the name of the issuing entity may change as appropriate), printed clearly and conspicuously in 10-point, .075 inch computer or larger type. This form shall be mailed in duplicate, accompanied by a pre-addressed return envelope, with no additional information to the contrary or in mitigation thereof, within 120 days after service upon it of this Order:

1. to each person to whom a periodic statement is mailed or delivered at any time during either of two consecutive billing cycles within the aforesaid 120-day period;

2. to each other person whose open end credit account has been administered by or assigned to respondent's Zale Division Central Credit Offices in Seattle, Washington, and Portland, Oregon, at any time between October 28, 1975, and the date of service of this Order; provided that where an account has been maintained in the names of more than one person, respondent may send one Billing Complaint Form; and

3. to each other person who makes a written complaint, other than a proper written notification of a billing error (as defined in Regulation Z), about a billing error that occurred on or after October 28, 1975, but before the date of service of this Order upon respondent; *provided*, that if respondent receives such a written complaint more than 120 days after service upon it of this Order, respondent must mail the Billing Complaint Form within 30 days of receiving such complaint.

B. Shall send to all of respondent's retail store and credit center personnel, within 10 days from the date of publication in the *Federal Register* of the agreement containing this Order, a bulletin which instructs them that in the event they receive an oral complaint about a billing error that occurred on or after October 28, 1975, but before the date of service of this Order upon respondent, each such complainant is to be advised (1) to make the complaint in writing, and (2) to whom such complaint is to be mailed or otherwise delivered.

C. Shall, within 60 days after receipt of each Billing Complaint Form:

1. conduct and complete a reasonable investigation of the claimed billing error(s).

2. if the claimed billing error(s) is (are) incorrect, mail or deliver a written explanation to the customer setting forth the reason(s) why respondent believes the customer was mistaken, and furnish copies of all documents which support respondent's conclusion.

3. if the claimed billing error(s) is (are) correct in whole or part, or if respondent does not have documentary evidence showing that such claim(s) is (are) incorrect:

- a. mail a check to the customer in the amount of the billing error(s); or

- b. if an account for the customer exists, make a credit to the customer's account in the amount of the billing error(s); or
- c. open an account for the customer if no account exists therefor at that time, if the customer consents in writing to an account being opened, and make a credit to that account in the amount of the billing error(s).

4. if respondent makes a payment or credit pursuant to Paragraph II.C.3 of this Order, and the customer has indicated on the Billing Complaint Form that a disputed account has been reported to any third party as delinquent, correct respondent's records to show that the account was paid as agreed, and take reasonable steps to insure that the report to any third parties is corrected, *provided* the customer submits his/her address and account number or other information to enable respondent to identify such party (parties).

5. notify the customer in writing of the action(s) taken pursuant to this Paragraph II.C. For purposes of this subparagraph, respondent may place the required writing, *inter alia*, on a check, payment voucher attached to a check, or on the front or reverse of a periodic statement.

III

It is further ordered, That respondent Zale Corporation, a corporation, its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in the handling of credit balances arising subsequent to service of this Order, on open end credit accounts created or maintained in connection with the sale of merchandise or services to the public, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall:

A. Include the following disclosure clearly and conspicuously in 10-point, .075 inch computer or larger type, separated from any other written matter, entirely on the front side of each periodic statement reflecting a credit balance, and accompanied by a pre-addressed return envelope:

To get your credit balance now, write "I want a refund" on this statement. Mail it back to us in the enclosed envelope.

B. Refund the full amount of each credit balance within 30 days after a customer requests a refund by mail, except to the extent that such amount has already been refunded or credited against further purchases on that account.

C. Refund the full amount of each credit balance in excess of \$1.00 no later than 30 days after the end of the sixth consecutive month during which a credit balance existed. The amount to be refunded shall be the credit balance existing at the end of the sixth month.

D. Refrain from writing off, deleting or transferring any credit balance in excess of \$1.00 until a refund has been made or until the customer has made a fully offsetting purchase, unless respondent has taken all applicable actions required by Parts III and V.B of this Order with respect to that account.

E. Refrain from writing off, deleting or transferring any credit balance of \$1.00 or less until:

1. the customer has made a fully offsetting purchase; or
2. the credit balance has existed for seven consecutive months and the customer has been advised at least once in writing that such credit balance will be forfeited after it has existed for seven months unless a refund is requested by the customer.

F. Send to all of respondent's retail store and credit center personnel, within 10 days from the date of publication in the *Federal Register* of the agreement containing this Order, a bulletin which instructs them that in the event they receive a request for a refund of a credit balance they are to advise the person requesting such refund (1) to make the request in writing, and (2) to whom such request is to be mailed or otherwise delivered.

IV

It is further ordered, That respondent shall, with respect to each customer whose open end account had a credit balance in excess of \$1.00 at any time between April 1, 1975, and the date of service of this Order (if such balance has not been refunded, no fully offsetting purchase has been made, or the attempts to locate the customer described in Part V.B of this Order have not been made):

A. Mail a check to the customer in the amount of the credit balance, including daily interest on such amount from the date of its creation, computed at an annual rate of 6 percent (simple) interest, no later than 90 days after the service of this Order.

Provided, however, That respondent need not pay interest on any credit balance for which a refund check in the amount of the credit balance was mailed by respondent to the customer prior to August 4, 1978.

B. Notify the customer in writing that the check represents a refund of the credit balance, plus interest on the credit balance (if any). This notification must be placed on the check, on the payment voucher attached to the check, or on a notice sent with the check.

C. Refrain from writing off, deleting or transferring any such credit balance until a refund has been made or the customer has made a fully offsetting purchase, unless respondent has taken all applicable actions required by Parts IV and V.B of this Order with respect to that account.

V

It is further ordered, That:

A. Each payment required by this Order shall be given to the customer in person or by mailing a check payable to the order of the customer.

B. Each check, Billing Complaint Form, disclosure, or notice required by this Order shall be sent by First Class mail in an envelope which clearly states that it is from respondent (or the entity of respondent which the customer did business with), to the customer's last address shown in respondent's records. Each check required to be sent by this Order, and each Billing Complaint Form required to be sent by Paragraphs II.A.2 and II.A.3 of this Order, shall include the notation "Address Correction Requested" on the envelope. In the event that any such check, disclosure or notice concerning a credit balance or payment in the amount of \$10 or more is returned to respondent undelivered, respondent shall obtain from a credit bureau the most current address(es) available for the customer by means of an in-file report or other report on information then existing in the credit bureau's files. If a new address is obtained, respondent shall then resend such check, disclosure, or notice by First Class mail to the customer at the most current address obtained.

C. For each credit balance refund unpaid despite performance of the steps set out in Paragraph V.B of this Order, respondent:

1. shall, except as provided in Paragraph V.C.2 of this Order, make available to the customer as a credit to his/her account the full amount of the credit balance for one year from the date on which the most recent mailing was returned; and

2. shall refund the full amount of the credit balance within 30 days of any subsequent oral or written request therefor by the customer.

VI

It is further ordered, That respondent shall maintain complete business records relative to the manner and form of its continuing compliance with this Order, including but not limited to (1) the data enumerated in Paragraph VII.E of this Order; (2) the number and dollar amounts of credit balances refunded, on an annual basis; and (3) the name and address of each customer who requested a refund of a credit balance but whose request was refused, the date and amount of the request, and the date and reason(s) for the refusal. With respect to Paragraphs I.A-I.D of this Order, such records shall include every written notification of billing error respondent received, copies of all notices, corrections and correspondence mailed or delivered in response thereto, documentation of "reasonable investigations," and all other evidence of compliance. Respondent shall retain all such records and data for at least three years and shall, upon reasonable notice, make them available for examination and copying by representatives of the Federal Trade Commission.

VII

It is further ordered, That:

A. For the purposes of this Order, every reference to the Truth in Lending Act or Regulation Z are understood to mean "as amended." "As amended" includes substantive as well as nonsubstantive (such as organizational) revisions to the current Act and Regulation.

B. Respondent shall forthwith distribute a copy of this Order to each of its operating divisions, and to all present and future personnel having policy responsibilities with respect to the subject matter of this Order, including but not limited to the manager of each central credit office and the manager of each retail store which handles its own billings or receives billing complaints.

C. Respondent shall notify the Commission at least 30 days prior to:

1. any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation; and

2. any other change in the corporation, including the creation or dissolution of subsidiaries, which may affect compliance obligations arising out of this Order.

D. Respondent shall file with the Commission, within 60 days

after service of this Order, a written report setting forth in detail the manner and form in which it has complied with this Order.

E. Respondent shall file with the Commission, within 180 days after service of this Order, a written report setting forth all of the following data for each of its operating divisions:

1. the number and dollar amounts of credit balances which, pursuant to Paragraph IV of this Order, were:
 - a. refunded;
 - b. offset by further purchases made on the customer's account; and
 - c. retained by respondent because the customer could not be located.
2. the number of Billing Complaint Forms received from customers pursuant to Part II of this Order.
3. the number and dollar amounts of payments made to customers and credits made to customers' accounts pursuant to Part II of this Order.
4. the number of Billing Complaint Forms received from customers pursuant to Part II of this Order for which no payments were made to customers and no credits were made to customers' accounts.
5. the number of Billing Complaint Forms received from customers pursuant to Part II of this Order which indicated that a disputed account has been reported to any third party as delinquent, and the names and addresses of all third parties respondent contacted pursuant to Part II of this Order.

ATTACHMENT A TO ZALE CORPORATION ORDER

IMPORTANT NOTICE

This notice deals with mistakes we may have made in your bills since October 28, 1975. If you wrote to us about possible billing errors, we may not have handled your complaint as we should have under federal law.

If there was a mistake and we have not yet corrected it, we will do so now. We may also owe you money.

Please fill in the accompanying form. Be sure to include your name, account number and address. After you fill in the form, sign it, date it and send it back to us in the attached envelope. A copy of the form is also attached for your records. Please send copies of all letters, bills and other papers dealing with any billing errors. Keep the originals.

Decision and Order

98 F.T.C.

But be sure to send us this form even if you don't have other papers. If you can't remember the exact dates or amounts, please estimate.

1. My bill of _____ contained a mistake of
month/year
\$ _____ which was never corrected.
The mistake was _____

(If we made more than one mistake, list the others on another piece of paper and explain in detail. Be sure to put your name on each piece of paper.)

2. IF YOU THINK THIS MISTAKE HURT YOUR CREDIT RATING, we will tell the credit bureau that Zale settled the dispute in your favor.

Please provide as much of the following information as you can:

The city and state you lived in when the mistake on your bill occurred.

The location of the Zale store or Zale credit office involved.

The name and address of the credit bureau in that area, if you know.

Signature X _____

Name: _____

(Please Print)

Address: _____

Account Number (if known) _____

Date: _____

Complaint

IN THE MATTER OF
PALM BEACH COMPANYCONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3073. Complaint, Aug. 4, 1981—Decision, Aug. 4, 1981*

This consent order requires, among other things, a Cincinnati, Ohio manufacturer of men's apparel and accessories to cease attempting to fix the resale prices at which its products are advertised or sold, through coercion or otherwise. The order also prohibits respondent from withholding any earned advertising credit or benefit from recalcitrant dealers, and bars the firm from restricting the lawful use of its trademarks and brand names. Additionally, the firm is precluded from seeking the identity of dealers who deviate from suggested resale prices, and from disseminating suggested resale prices for a period of three years, unless such prices are accompanied by a specified disclosure statement.

Appearances

For the Commission: *David M. Newman* and *Jeffrey Klurfeld*.

For the respondent: *Walter L. Landergan, Jr.*, and *Michael T. Gengler, Rich, May, Bilodeau and Flaherty*, Boston, Mass.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Palm Beach Company, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions 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:

For purposes of this complaint, the following definitions shall apply:

Product is defined as any item of wearing apparel or related accessory which is manufactured, offered for sale or sold by the Men's Division of respondent.

Dealer is defined as any person, partnership, corporation or firm which sells any product at retail in the course of its business.

Resale Price is defined as any price, price floor, price ceiling, price range, or any mark-up, formula or margin of profit used by any dealer for pricing any product. Such term includes, but is not limited