

IN THE MATTER OF

AVCO FINANCIAL SERVICES, INC.

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3141. Complaint, Aug. 9, 1984—Decision, Aug. 9, 1984

This consent order requires a Newport Beach, Ca. finance company to cease, in connection with the collection of debts, using obscenities in conversations with debtors and third parties; threatening to use physical force or violence; improperly contacting or communicating with debtors, their friends, relatives and employers; or engaging in any conduct that would harass, abuse or oppress a debtor or third party. The order prohibits the company from contacting consumers known to be represented by an attorney or who request in writing that the company cease communications. The order further requires respondent to maintain a toll-free customer service telephone number; include in certain notices, a prescribed statement informing the recipient of his/her rights under federal law and of the availability of complaint resolution procedures; resolve complaints within 90 days; maintain a plan with explicit policies and procedures for lawful debt collection practices; and impose disciplinary sanctions for violations of this plan.

Appearances

For the Commission: *Christopher Schwartz.*

For the respondent: *Herbert Smith, Newport Beach, Ca.*

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 Avco Financial Services, Inc., a corporation, hereinafter sometimes referred to as respondent or Avco, 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 in that respect as follows:

PARAGRAPH 1. For purposes of this complaint the following definitions shall apply:

A. *Consumer loan* means a cash advance by Avco, which is received by a consumer, for which the payment of a *finance charge* within the meaning of the Truth in Lending Act, 15 U.S.C. 1601, and Regulation Z, 16 C.F.R. 226 (1980), is or may be required, and which is used primarily for personal, family or household purposes.

B. *Debt* means any obligation or alleged obligation of a consumer to pay money to Avco, in which the money, property, or services which are the subject of the transaction which gave rise to the obligation are primarily for personal, family or household purposes, whether or not such obligation has been reduced to judgment.

C. *Debtor* or *Consumer* means any natural person obligated or alleged by Avco to be obligated to pay any debt, including any cosigner.

D. *Delinquent* means the state at which a debt is due and unpaid at the time fixed by contract.

E. *Subsidiary* means any domestic corporation or entity, fifty (50) percent or more of the outstanding voting shares of which are owned directly or indirectly by Avco.

F. *Third party* means any natural person or any entity not obligated to pay the debt which is the basis of the debt collection activity by Avco.

PAR. 2. Respondent, Avco Financial Services, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 620 Newport Center Drive, Newport Beach, California. Respondent's policy and procedures are developed in and disseminated from Avco's principal place of business. Such policies and procedures govern respondent's operations throughout the United States. Avco now exercises and for some time in the past has exercised domination and control over the acts and practices of its wholly-owned subsidiaries and the acts and practices of each Avco branch office.

PAR. 3. Avco conducts and has conducted its business in all States of the United States (except Arkansas and Alaska) and in the United States Commonwealth of Puerto Rico, directly and indirectly through approximately 165 wholly-owned domestic subsidiaries. Avco operates approximately 620 branch offices in the United States. Therefore, respondent maintains and has maintained a substantial course of business which is in or affects commerce, as defined in the Federal Trade Commission Act.

PAR. 4. Respondent is now and has for some time in the past been regularly engaged in the extension of consumer credit in various forms. Avco's business activities denominated herein as financial service operations include and have included issuance of consumer loans, including the refinancing of consumers' outstanding indebtedness. Avco's business activities denominated herein as sales finance operations include the acquisition and issuance of retail installment contracts. In the ordinary course and conduct of the aforesaid business, respondent, through its representatives, agents and employees, regularly engages and has engaged in the collection of debts arising from these transactions.

PAR. 5. In the course and conduct of its aforesaid business, and for the purpose of inducing payment on debts alleged by respondent to be delinquent, Avco, through its representatives, agents and employees, has engaged in, and in some instances continues to engage in the following acts and practices:

(a) Using obscene or profane language in conversations with debtors or third parties, or language or tone of voice the natural consequence of which is to harass or abuse such persons.

(b) Making repeated or continuous telephone calls to debtors or third parties with intent to harass or abuse persons at the called number.

(c) Contacting debtors or third parties by telephone or otherwise, at times or places which Avco knew or should have known would interfere with the debtors' or third parties' employment or would harass or abuse the debtors or third parties.

(d) Using or threatening the use of force or violence against a debtor's person or property.

PAR. 6. The use by respondent of the acts and practices described in Paragraph Five has had and now has the capacity and tendency to cause substantial injury to debtors or third parties who are contacted by Avco by, among other things, adversely affecting the debtor's reputation, interfering with the debtor's or third party's employment relations including, but not limited to, causing warnings by employers of possible discharge, impairing the debtor's relations with friends, relatives, neighbors, and co-workers, and inducing the payment of disputed debts. Therefore, the use by respondent of such acts and practices was and is unfair.

PAR. 7. In the course and conduct of its aforesaid business, and for the purpose of inducing payment on debts alleged to be delinquent, Avco, through its representatives, agents and employees, has communicated, and in some instances continues to communicate, the existence of a consumer's debt, directly or by implication, to third party employers, co-employees, friends, neighbors or relatives of the debtor, without the prior consent of the consumer or the permission of a court of competent jurisdiction, and before the entry of a judgment thereon.

PAR. 8. The acts and practices of respondent set forth in Paragraph Seven has had and now has the capacity and tendency to cause substantial injury to debtors or third parties who are contacted by Avco by, among other things, adversely affecting the debtor's reputation, interfering with the debtor's employment relations including, but not limited to, causing warnings by employers of possible discharge, impairing the debtor's relations with friends, relatives, neighbors, and

co-workers, and inducing the payment of disputed debts. Therefore, the use by respondent of such facts and practices was and is unfair.

PAR. 9. In the course and conduct of its aforesaid business, and for the purpose of inducing payment on debts alleged by Avco to be delinquent, respondent, through its representatives, agents and employees, in conversations with debtors, by telephone or otherwise, utilized, and in some instances continue to utilize, fictitious identities including, but not limited to, attorneys, deputy sheriffs, police officers and other law enforcement officials.

PAR. 10. In truth and in fact, the said representatives, agents and employees of respondent were and are not the persons whom they purported to be as described in Paragraph Nine. Therefore, the representatives referred to in Paragraph Nine were and are false, misleading and deceptive.

PAR. 11. In the course and conduct of its aforesaid business, and for the purpose of inducing payment on debts alleged by Avco to be delinquent, respondent, through its representatives, agents, and employees has represented, and in some instances continues to represent to debtors, directly or by implication, orally or in writing that:

(a) Unless payment is received, respondent will institute or will cause to be instituted legal action against the debtor.

(b) Unless payment is received, respondent will seize or repossess, or will cause to be seized or repossessed, the property of the debtor.

PAR. 12. In truth and in fact, representations set forth in Paragraph Eleven were made, and in some instances continue to be made, where respondent did not intend and did not take the specified actions in the event of nonpayment. Therefore, such representations have been and are false, misleading and deceptive.

PAR. 13. The use by respondent of the false, misleading and deceptive representations set forth in Paragraphs Nine and Eleven has had and now has the capacity and tendency to mislead debtors into the belief that such representations are true, and to induce and coerce by subterfuge the payment of alleged delinquent debts by reason of such erroneous and mistaken belief.

PAR. 14. In the course and conduct of its aforesaid business, and for the purpose of acquiring information regarding the whereabouts of the debtor, respondent, through its representatives, agents and employees, in conversations with third parties by telephone or otherwise, has utilized, and in some instances continues to utilize, various fictitious identities including, but not limited to, insurance investigators, persons with money due to the debtor, friends and relatives of the debtor, and law enforcement officials.

PAR. 15. In truth and in fact, the said representatives, agents or

employees of respondent were and are not the persons whom they purported to be as described in Paragraph Fourteen. Therefore, the representations referred to in Paragraph Fourteen were and are false, misleading and deceptive.

PAR. 16. The use by respondent of the false, misleading and deceptive representations set forth in Paragraph Fourteen has had and now has the capacity and tendency to mislead members of the public into the belief that such representations are true, and to induce by subterfuge the disclosure of private information about the debtor by reason of such erroneous and mistaken belief.

PAR. 17. In the course and conduct of its aforesaid business, and for the purpose of inducing payment on debts alleged by respondent to be delinquent, Avco, through its representatives, agents and employees has engaged in, and in some instances continues to engage in, conduct the natural consequence of which is to deceive the debtor or third party, including, but not limited to, making false, deceptive or misleading representations which include, among other things, falsely representing that the debtor has committed a crime or engaged in other conduct that would subject him to ridicule or disgrace. Therefore, the use of such acts and practices was and is misleading and deceptive.

PAR. 18. In the course and conduct of its business, and at all times mentioned herein, respondent has been and now is in substantial competition in or affecting commerce with corporations, firms and individuals engaged in the extension of consumer credit and the collection of debts arising therefrom.

PAR. 19. The acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in or affecting commerce in violation of Section 5 of 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 respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the New York 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, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, and

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 has 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 (60) days and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of its Rules, 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 Avco Financial Services, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 620 Newport Center Drive, in the City of Newport Beach, State of 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

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

Definitions

A. *Avco Financial Services, Inc.*, means Avco Financial Services, Inc. and its subsidiaries, to the extent that such entities are engaged in the extension of consumer credit through the issuance of consumer loans, the refinancing of consumer's outstanding indebtedness and the acquisition of retail installment contracts, within the United States of America, its territories or possessions, and each officer, director, employee, agent or representative acting or purporting to act on its or their behalf.

B. *Subsidiary* means any domestic corporation or entity, fifty (50) percent or more of the outstanding voting shares of which are owned directly or indirectly by Avco Financial Services, Inc.

C. *Consumer loan* means a cash advance by Avco Financial Ser-

vices, Inc., which is received by a consumer, for which the payment of a *finance charge* within the meaning of the Truth in Lending Act, 15 U.S.C. 1601, as amended, and Regulation Z, 16 CFR 226 (1980), is or may be required, and which is used primarily for personal, family or household purposes.

D. *Debtor or Consumer* means any natural person obligated or allegedly obligated to pay any debt, including any cosigner.

E. *Debt* shall mean any obligation or alleged obligation of a natural person to pay money to Avco Financial Services, Inc., in which the money, property or services which are the subject of the transaction which gave rise to the obligation are primarily used for personal, family or household purposes, whether or not such obligation has been reduced to judgment.

F. *Delinquent* means the state at which a debt is due and unpaid at the time fixed by contract.

G. *Collecting a debtor debt collection* means any activity other than the use of judicial process and the making of ancillary third party contacts which is intended to or does bring about repayment of all or part of a consumer debt.

H. *Ancillary third party contacts* means communications which are collateral to the direct debt collection process, including but not limited to, contacts with other creditors, submission of credit reports or credit inquiries to credit bureaus, and contacts with debt collection agencies, collection attorneys, bankruptcy attorneys and judicial and quasi-judicial authorities.

I. *Third party* means any natural person or entity not obligated to pay the debt which is the basis of the debt collection activity by Avco Financial Services, Inc.

J. *Location information* means a consumer's residence and his telephone number at such place, or his place of employment.

I.

It is ordered, That respondent Avco Financial Services, Inc., 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 course of collecting a debt, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

a. Using obscene or profane language in conversations with debtors or third parties, or language or tone of voice the natural consequence of which is to harass, abuse or oppress the hearer.

b. Making repeated or continuous telephone calls with intent to harass, abuse or oppress the person at the called number.

c. Contacting or communicating with:

(1) Any person, by telephone or otherwise, at times or places known or which should be known by the contactor or communicator to be inconvenient to such person. Respondent shall assume that the convenient time for communicating with such person is after 8 o'clock AM and before 9 o'clock PM, local time at such person's location, unless respondent has knowledge of circumstances to the contrary.

(2) Any consumer's place of employment, by telephone or otherwise, where such contacts are known or should be known by the contactor or communicator to be objected to or prohibited by the consumer's employer.

(3) Any consumer, where respondent knows that the consumer is represented by an attorney acting on behalf of and in the name of the consumer with respect to the debt, and has knowledge of such attorney's name and address; *provided, however*, that respondent may communicate directly with the consumer if: 1) the attorney fails to respond to a communication from respondent within such time as prescribed by state law or, if state law is silent, within twenty-one (21) days, or 2) the attorney consents to direct communication with the consumer, or 3) the communication is made with the express permission of a court of competent jurisdiction.

(4) Any consumer if such person has notified respondent in writing that said consumer refuses to pay the debt or is not obligated to pay the debt and wishes respondent to cease further communication; except that respondent may transmit such written notices as are required by law and, in addition, may make one further contact after the initial notification by the consumer to cease further communication:

(i) To inform the consumer of the specified remedies which are ordinarily invoked by respondent; or

(ii) To pursue bona fide compromise and settlement negotiations which may continue upon the written consent of the consumer; or

(iii) To advise the consumer that respondent will cease further communication.

d. Using or threatening the use of force or violence to harm the physical person or property of any person.

e. Engaging in any conduct, the natural consequence of which is to deceive any person including, but not limited to, making any false, misleading or deceptive representation.

f. Engaging in any conduct the natural consequence of which is to harass, abuse or oppress any person including, but not limited to,

repeated, substantial harassment and threatening that nonpayment will result in actions which are not intended to be taken or which cannot legally be taken, such as disclosure of the debt to third parties other than through ancillary third party contacts.

g. Contacting any third party in the course of collecting a debt without the express consent of the consumer given at the time of collecting the debt, except:

(1) The consumer's attorney.

(2) Third parties, for the purpose of acquiring location information where the whereabouts of the consumer are genuinely unknown and to make reasonable inquiries concerning the nature and extent of a consumer's property; *provided, however*, that no mention of the debt is made.

(3) Third parties, as permitted by a court of competent jurisdiction.

(4) Other creditors, credit reporting agencies, debt collection agencies, collection attorneys, bankruptcy attorneys and other judicial and quasi-judicial authorities.

For the purpose of this paragraph, the term *consumer* includes the consumer's spouse, parent (if the consumer is a minor), guardian, executor, or administrator.

h. Misrepresenting the business, company or personal identity of respondent or its employees.

Provided, That it shall be permissible under this paragraph for respondent's representatives, agents or employees to identify themselves in accordance with regularly used pseudonyms which are recorded, and said records are maintained by respondent for a period of three (3) years.

i. Representing, directly or by implication, either orally or in writing, that (1) nonpayment of a debt will result in respondent instituting or causing to be instituted legal action against the debtor and/or (2) nonpayment of a debt will result in respondent seizing or repossessing or causing to be seized or repossessed a consumer's property unless respondent can show that it intended to take the represented action at the time such representation was made.

Intent may be determined by any of the following factors: (1) whether respondent had issued a *bona fide* authorization to take such action at the time of the representation; (2) whether respondent ordinarily takes such action in similar circumstances; or (3) other factors and circumstances which demonstrate that respondent intended to take the represented action.

Further, respondent shall cease and desist from representing, directly or by implication, that respondent or any third party may take any action unless respondent can show that at the time the represen-

tation was made there was a reasonable likelihood of such action occurring.

II.

It is further ordered, That respondent Avco Financial Services, Inc., its successors and assigns, and respondent's officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in the course of collecting a debt, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended shall maintain and at all times comply with a plan for collecting debts which shall provide for:

(a) Policies and procedures which explicitly prohibit such debt collection practices as are specified as unfair or deceptive in the complaint here attached or otherwise prohibited by federal law.

(b) The training of all such respondent's personnel as reasonably may engage in debt collection activities with respect to the policies and procedures set forth in subparagraph (a) above.

(c) The maintenance of a toll-free customer service telephone number at respondent's principal place of business for the receipt of complaints regarding respondent's acts and practices in connection with its debt collection activities within such States of the United States as are denominated as states of the date this order becomes final.

(d) Distribution of the following notice to consumers within such States of the United States as are denominated as states as of the date this order becomes final:

The law prohibits unfair or deceptive debt collection practices. These practices include harassment, abuse, improper disclosure of the debt to other persons and threats to take legal action which is not intended to be taken. If you have any complaints about the way we are collecting this debt, contact our branch manager (phone number on front) or call our *toll-free* customer service number (all U.S. except California 800-854-3883 - California only 800-432-7025). You may also write to Avco Financial Services, Customer Service Department, P.O. Box 2210, Newport Beach, CA 92663 or the Federal Trade Commission, Correspondence Branch, 6th and Pennsylvania Ave., N.W., Washington, D.C. 20580, or your state Attorney General.

Said notice shall be transmitted to consumers on each computer generated acknowledgement of receipt of payment and/or computer generated statement of account on an outstanding debt (receipt/statement). The notice shall be provided in the identical type size, position and manner as it is displayed on attached Appendix "A". The color of ink used shall be the same as that used for the other pre-printed information or darker.

In addition, the statement IMPORTANT: SEE OVER ABOUT

YOUR RIGHTS shall be clearly and conspicuously printed on the front side of said receipt/statement in the identical type size, position and manner as it is displayed on attached Appendix "B" and in the same color ink as that used for other pre-printed information or darker.

(e) Distribution of the following notice on informational material accompanying the first receipt/statement:

Unfair or deceptive collection practices, including harassment, abuse, improper disclosure of the debt to other persons and threats to take legal action which is not intended, are prohibited by law. See reverse side of the _____ Statement for further information.

An appropriate descriptive term denominating the receipt/statement and consistent with the term used on said informational material shall be inserted in the notice prior to the word "Statement".

Said notice shall be clearly and conspicuously provided in the identical type size, position and manner as it is displayed on attached Appendix "E". The notice shall be in red so long as other information is principally provided in blue; if blue is not used the designated notice shall be printed in a distinctive and contrasting color.

(f) Distribution of the following notice to consumers not within such states of the United States as are denominated as states as of the date this order becomes final:

The law prohibits unfair or deceptive debt collection practices. These practices include harassment, abuse, improper disclosure of the debt to other persons and threats to take legal action which is not intended to be taken. If you have any complaints about the way we are collecting this debt, contact our branch manager. You may also write to Avco Financial Services, Customer Service Department, P.O. Box 2210, Newport Beach, California 92663 or the Federal Trade Commission, Correspondence Branch, 6th and Pennsylvania Avenue, N.W., Washington, D.C., 20580 or your Attorney General.

Said notice shall be clearly and conspicuously provided on the reverse side of delinquency notices regularly sent to past due accounts in the same manner and type size as displayed on Appendix "C". In addition, the statement **IMPORTANT: SEE OVER ABOUT YOUR RIGHTS** shall be clearly and conspicuously printed on the front side of said notice in the same manner and type size as displayed on Appendix "D" but with the word "Important" in a different and distinctive color from the balance of the required statement. For all debt collection activities conducted in Puerto Rico the above notices shall be provided in Spanish on Spanish language delinquency notices. The Spanish translation of the notice shall be approved by the Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission prior to its initiation.

(g) The resolution of each complaint received by respondent, either oral or written, within ninety (90) days from the receipt of such complaint.

(h) Maintenance of a record, in writing, of each complaint, oral or written, received by respondent regarding the following debt collection practices: use of obscenity or profanity; harassment, abuse, deception, or coercion; repeated or continuous telephone calls; contacts at inconvenient times or places or at places of employment, or when a consumer is represented by an attorney; contacts when a consumer has requested that further communication cease; use or threat of use of force or violence; the making of false, misleading or deceptive representations; threats to take legal action; contacts with third parties; and misrepresentation of the business, company or personal identity of the company or its employees.

The record shall be maintained without regard to the method by which the complaint was received. Said record shall show the name, telephone number and account number (if applicable) of the complainant, date and place of filing, a brief description of the complaint, and the location of the branch office(s) involved in the subject matter of the documents relating to the complaint shall be retained for three (3) years from the date the complaint was received. If the written record is compiled or maintained at a location other than the respondent's principal place of business, a copy of said record shall, within a reasonable period of time after its compilation, be transmitted to and maintained at respondent's principal place of business for three (3) years from the date the complaint was received.

(i) Maintenance of a record of each communication by respondent made or attempted with any person in the course of collecting a debt. Said record shall include, with regard to each such communication, an identification of such person and the date of the communication. With respect to written communications, a copy of said communication must be retained in the file of the debtor; *provided, however*, that if a form document is used, it will be adequate to designate the name or number of the form. The recordkeeping required by this subparagraph shall either utilize a uniform notation system for which a key to decoding is maintained, or be kept in such a manner as to be understandable by a person not familiar with respondent's notation system. Each record shall be retained for a period of three (3) years after the date of such contact.

(j) Disciplinary sanctions for violation of respondent's collection procedures.

III.

It is further ordered, That:

(a) Respondent shall permit access by the Commission, to any of its debt collection records upon reasonable notice and at reasonable hours. Respondent may provide the original documents or exact copies in lieu of access.

(b) In the event that the Federal Trade Commission promulgates a Trade Regulation Rule applicable to respondent's third party contact activities, compliance with that rule shall be deemed to be compliance with Section II(f) of this order.

(c) Respondent shall distribute, for a period of five (5) years after the date this order becomes final, a copy of this order to each of its operating departments and subsidiaries and to each of its present and future officers, agents, representatives or employees engaged in any aspect of respondent's debt collection activities, including without limitation, management, supervision, auditing, training, day-to-day debt collection, the development of policy and procedures, and customer service. Respondent shall secure a signed statement acknowledging receipt of the order from each such person and retain such statements for a period of five (5) years from the date this order becomes final.

Provided, That respondent shall be deemed to be in compliance with this paragraph if a copy of this order is distributed for insertion or is inserted in the Collection Section of each Operations Policy and Procedure Manual which has been or will be distributed and a signed statement obtained from each person designated in the proceeding subsection which specifies that said person has read the order of the Federal Trade Commission, understands that Avco is bound by it and that disciplinary sanctions for its violation may result. Such statements must be retained for a period of five (5) years.

(d) Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation(s), or any other change, including the creation or dissolution of subsidiaries, if any such changes may affect compliance obligations arising out of this order.

(e) Respondent shall, within one hundred twenty (120) 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.

FEDERAL TRADE COMMISSION DECISIONS

Decision and Order

104 F.T.C.

EXHIBIT A

EXHIBIT A

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THE LAW PROHIBITS UNFAIR OR DECEPTIVE DEBT COLLECTION PRACTICES. THESE PRACTICES INCLUDE HARASSMENT, ABUSE, IMPROPER DISCLOSURE OF THE DEBT TO OTHER PERSONS AND THREATS TO TAKE LEGAL ACTION WHICH IS NOT INTENDED TO BE TAKEN. IF YOU HAVE ANY COMPLAINTS ABOUT THE WAY WE ARE COLLECTING THIS DEBT, CONTACT OUR TOLL-FREE CUSTOMER SERVICE NUMBER, OR FRONT, OR CALL 432-7025. YOU MAY ALSO WRITE TO AVCO FINANCIAL SERVICES, CUSTOMER SERVICE DEPARTMENT, P.O. BOX 2210, NEWPORT BEACH, CA 92643. OR THE FEDERAL TRADE COMMISSION, CORRESPONDENCE BRANCH, 6TH AND PENNSYLVANIA AVE., N.W., WASHINGTON, D.C. OR YOUR STATE ATTORNEY GENERAL.

EXPLANATION OF RECEIPT STATEMENT

RECEIPT STATEMENT

1. NAME AND ADDRESS OF DEBTOR

2. NAME AND ADDRESS OF CREDITOR

3. DATE OF RECEIPT

4. AMOUNT OF DEBT

5. DATE OF RECEIPT

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87. DATE OF RECEIPT

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96. DATE OF RECEIPT

97. DATE OF RECEIPT

98. DATE OF RECEIPT

99. DATE OF RECEIPT

100. DATE OF RECEIPT

RECEIPT/STATEMENT

IMPORTANT: SEE OVER ABOUT "OUR POLICY"

STANDARD		DATE		PAID		PREVIOUS	
ACCOUNT NUMBER		PREVIOUS BALANCE		SUBJECT TO CREDIT APPROVAL			
CODE	TRANSACTION DATE	PAYMENT & CHG OTHER CHG	NO OF DAYS	INTEREST CHARGES	APPLIED TO BALANCE	NEW BALANCE	
PAYMENT DUE THIS IS THE DATE YOUR PAYMENT IS DUE EACH MONTH							
CODE	ADDITIONAL CHARGES DUE	PAYMENT PART DUE	NEXT CURRENT SCHEDULED PAY	PAY THIS AMOUNT	SEE REVERSE SIDE FOR EXPLANATION OF CODES AND CHARGES		
					DATE PAID AMOUNT PAID CHECK NO.		

SEE REVERSE SIDE FOR EXPLANATION OF CODES AND CHARGES

DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT

PLEASE INDICATE ANY ADDRESS OR TELEPHONE NUMBER CHANGE ABOVE

EXHIBIT C

THE LAW PROHIBITS UNFAIR OR DECEPTIVE DEBT COLLECTION PRACTICES. THESE PRACTICES INCLUDE HARASSMENT, ABUSE, IMPROPER DISCLOSURE OF THE DEBT TO OTHER PERSONS AND THREATS TO TAKE LEGAL ACTION WHICH IS NOT INTENDED TO BE TAKEN. IF YOU HAVE ANY COMPLAINTS ABOUT THE WAY WE ARE COLLECTING THIS DEBT, CONTACT OUR BRANCH MANAGER. YOU MAY ALSO WRITE TO AVCO FINANCIAL SERVICES, CUSTOMER SERVICE DEPARTMENT, P.O. BOX 2210, NEWPORT BEACH, CALIFORNIA 92663 OR THE FEDERAL TRADE COMMISSION, CORRESPONDENCE BRANCH, 6TH AND PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C., OR YOUR STATE ATTORNEY GENERAL.

EXHIBIT D

ZAVCO FINANCIAL SERVICES

Dear Customer:

Just a friendly reminder letting you know that our records show your payment is past due.

With all the important dates people have to keep in mind, it's no wonder that one particular date can skip by unnoticed. If this has happened to you, won't you please drop your check in the mail today?

However, if you are experiencing any sort of financial difficulty, please let us know about it. After all we're here to help. You always have our personal commitment to serve you when it concerns your financial matters.

Please feel free to call, or better yet come around and see us. We'll try our best to meet your financial service requirements.

Thank you,

THE MANAGER

Our People Put You in the Best Company.

If you have already made this payment, please disregard this notice. IMPORTANT: SEE OVER ABOUT YOUR RIGHTS

03-1652 (REV 7-82)

Decision and Order

104 F.T.C.

EXHIBIT E

The enclosed Periodic Billing Statement reflects the details of your new account with Avco. A Periodic Billing Statement will be prepared and sent to you each month and will reflect all activity on your account for the billing cycle shown on the Statement.

Note that your Periodic Billing Statement also shows the telephone number of the office that services your account; so, if you have any questions about your account, give us a call.

When you make your payments, detach the bottom portion of the Periodic Billing Statement and send it along with your payment in the envelope which is provided. (Be sure the Avco Office address shows through the window in the envelope.) Keep the top portion of the Periodic Billing Statement for your personal records.

See the reverse side of the Periodic Billing Statement for important information regarding your rights to dispute billing errors and for a detailed explanation of how the Finance Charge is computed on your account.

Unfair or deceptive collection practices, including harassment, abuse, and proper disclosure of the debt to other persons and threats to take legal action, which is not intended, are prohibited by law. See reverse side of the Periodic Billing Statement for further information.

Thank you for doing business with Avco.

SEE OVER FOR IMPORTANT INFORMATION



92-6004 (REV. 10-82)

IN THE MATTER OF

PEABODY BARNES, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT AND THE MAGNUSON-MOSS
WARRANTY-FEDERAL TRADE COMMISSION IMPROVEMENT ACT

Docket C-3142. Complaint, Aug. 15, 1984—Decision, Aug. 15, 1984

This consent order requires a Mansfield, Ohio manufacturer and seller of sump and sewage pumps and pump systems, among other things, to cease offering a warranty whose duration is measured from the date of manufacture, unless the warranty coverage extends for three years from the date of manufacture, or the company clearly discloses in the warranty, either the date the product was manufactured or an explanation as to how a customer can discover the date of manufacture. Any representation that a product's warranty coverage runs for a certain time is prohibited, unless the warranty will actually be in effect for that period. The order also requires respondent to treat every claim for warranty service made within 12 months of installation as timely, regardless of the product's date of manufacture, if the warranty document is not in compliance with this order; issue warranties that comply with the Magnuson-Moss Warranty Act; and send a notice explaining the revisions and changes in the company's warranty policy and documents to its dealers and distributors.

Appearances

For the Commission: *Rachel Miller and Christopher R. Brewster.*

For the respondent: *Stephen Greiner and Mitchell J. Auslander,*
New York City.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and of the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act ("Warranty Act") and the implementing Rules promulgated under the Warranty Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Peabody Barnes, Inc., a corporation ("respondent"), has violated the provisions of those Acts and implementing Rules, 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: