

Complaint

IN THE MATTER OF

RILEY MANUFACTURED HOMES, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO ALLEGED
VIOLATIONS OF THE TRUTH IN LENDING ACT*Docket C-3963; File No. 992 3202**Complaint, July 24, 2000 -- Decision, July 24, 2000*

This consent order addresses Riley Manufactured Homes, Inc.'s, and its president, Dennis Ohnstad's failure to fully disclose financing terms when selling manufactured homes. The complaint alleges that respondents' advertisements stated a rate of finance charge for financing the purchase of manufactured homes but did not properly disclose the rate as an annual percentage rate, as required by Regulation Z. Additionally, respondents' credit advertisements stated a monthly payment amount or other triggering terms, but failed to disclose the amount or percentage of the down payment; the terms of repayment; and the annual percentage rate. The consent order prohibits respondents from: (A) stating a rate of finance charge without disclosing the APR; (B) using triggering terms without providing the additional disclosures required by Regulation Z; and (C) failing to comply with TILA and Regulation Z.

Participants

For the Commission: *John C. Hallerud*, and *BE*.

For the Respondents: *Evan D. Coobs; Meyer, Capel, Hirschfeld, Muncy, Jahn & Aldeen*.

COMPLAINT

The Federal Trade Commission, having reason to believe that Riley Manufactured Homes, Inc., a corporation, and Dennis Ohnstad, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Truth in Lending Act, 15 U.S.C. ' ' 1601-1667e, as amended, and its implementing Regulation Z, 12 C.F.R. ' 226, as amended, and it

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appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Riley Manufactured Homes, Inc., is an Illinois corporation with its principal office or place of business at 2610 N. Cunningham Avenue, Urbana, Illinois 61801.

2. Respondent Dennis Ohnstad is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Riley Manufactured Homes, Inc.

3. Respondents have disseminated advertisements to the public that promote extensions of closed-end credit in consumer credit transactions, as the terms Aadvertisement,@ and Aconsumer credit@ are defined in Section 226.2 of Regulation Z, 12 C.F.R. ' 226.2, as amended.

4. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. ' 44.

CREDIT ADVERTISING

5. Respondents have disseminated or have caused to be disseminated advertisements for homes in the print media, including but not necessarily limited to the attached Exhibit A. These advertisements contain statements such as the following:

Interest rates from 5.78%

6. Respondents have disseminated or have caused to be disseminated advertisements for homes in the print media, including but not necessarily limited to the attached Exhibit B. These advertisements contain statements such as the following:

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\$279 PER Month*

* * *

*based on \$29,900 SP plus ST, less \$1589 DP for
300 months at 10.25% VAR interest.

TRUTH IN LENDING ACT AND REGULATION Z
VIOLATIONS:

Failure to Disclose Required Information

7. In advertisements, including, but not necessarily limited to, Exhibits A and B, respondents have stated a rate of finance charge for financing the purchase of the advertised homes.

8. These advertisements, described in Paragraph 7, have failed to state the rate of finance charge as an annual percentage rate as required by Regulation Z, 12 C.F.R. ' 226.24(b).

9. Respondents' failure to state the rate of finance charge as an annual percentage rate as set forth in Paragraph 8 violates Section 144 of the Truth in Lending Act, 15 U.S.C. ' 1664, as amended, and Section 226.24(b) of Regulation Z, 12 C.F.R. ' 226.24(b).

10. In advertisements, including, but not necessarily limited to, Exhibit B, respondents have stated the amount or percentage of any downpayment; the number of payments or the period of repayment; the amount of any payment; or the amount of any finance charge.

11. These advertisements have failed to state the amount or percentage of the downpayment; the terms of repayment; and the "annual percentage rate," using that term or the abbreviation "APR," as required by Regulation Z, 12 C.F.R. ' 226.24(c).

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12. Respondents' failure to state the amount or percentage of the downpayment; the terms of repayment; and the "annual percentage rate," using that term or the abbreviation "APR," as set forth in Paragraph 11 violates Section 144 of the Truth in Lending Act, 15 U.S.C. ' 1664, as amended, and Section 226.24(c) of Regulation Z, 12 C.F.R. ' 226.24(c).

THEREFORE, the Federal Trade Commission this twenty-fourth day of July, 2000, has issued this complaint against respondents.

By the Commission.

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EXHIBIT A

**YOUR BEST HOUSING
VALUE-GUARANTEED!**
...Has Been Since 1967!

 Doublewides from \$299,900^{*1*2}	 Modular Ranches from \$39,900^{*1*2}
 Cape Cods from \$59,900^{*1*2}	 2 Stories from \$69,900^{*1*2}

• **PRICE GUARANTEE** - *1*2 back to you if we aren't always your best housing value.
 • **ON SITE MORTGAGE DEPARTMENT** - Interest rates from 5.78%^{*1}
 • **IN HOUSE SITE DEVELOPMENT DEPARTMENT** - to insure your building site is properly prepared - garages, wells, septic, basements, foundations, concrete flat work... etc. we've always done it all for you!
 • **ILLINOIS' LARGEST DISPLAY OF MODEL HOMES** - Over 9 acres of models open for your inspection.
 • **HUNDREDS OF PLANS TO CHOOSE FROM**
 • **OPEN SEVEN DAYS** - We match your schedule, not ours!

*Rates subject to change without notice. Subject to credit approval. *1 base price *2 optional interior

RILEY HOMES
Since 1967
RT. 45N, URBANA • 800-798-1541
www.rileyhomes.com rileyhome@aol.com

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EXHIBIT A

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EXHIBIT B

\$279 PER Month*
New 1998 1200
sq.ft. home on
display and can be
delivered to your
location. 3
bedrooms, 2 full
baths, center island
kitchen, and deluxe
master bath. Riley
Homes. Rt 45 N
Urbana, 1-800-305-
9761. * based on
\$29,900 SP plus
ST, less \$1509 DP
for 300 months at
10.25% VAR
interest.

\$211 PER Month*
beautiful front
kitchen home with 2
bedrooms, 1 bath,
ready to live in on
your lot. Riley
Homes. Rt 45 N
Urbana, 1-800-305-
9761. * based on
\$22,500 SP plus
ST, less \$1196 DP
for 300 months at
10.25% VAR
interest.

\$233 PER Month*
Own your own
home. Now
luxurious home with
3 bedrooms, 2 full
baths delivered and
set on your lot.
Riley Homes. Rt 45
N. Urbana, 1 800
305-9761 * based
on \$24,900 SP plus
ST, less \$1324 DP
for 300 months at
10.25% VAR
interest.

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EXHIBIT B

Decision and Order

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 Midwest Region proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondents with violations of the Federal Trade Commission Act; and

The Respondents, their attorneys, 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 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 thirty (30) 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.a. Respondent Riley Manufactured Homes, Inc., is an Illinois corporation with its principal office or place of business at 2610 North Cunningham Avenue, Urbana, Illinois 61801.

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1.b. Respondent Dennis Ohnstad is an officer of the corporate Respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation. His principal office or place of business is the same as that of Riley Manufactured Homes, Inc.

2. The acts and practices of the Respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

3. 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

DEFINITIONS

1. ACommerce@ shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. ' 44.

2. Unless otherwise specified, ARespondents@ shall mean Riley Manufactured Homes, Inc., a corporation, its successors and assigns and its officers; Dennis Ohnstad, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

I.

IT IS ORDERED that Respondents, directly or through any corporation, subsidiary, division, or any other device, in connection with any advertisement to promote, directly or indirectly, any extension of consumer credit in or affecting commerce, as Aadvertisement@ and Aconsumer credit@ are defined in Section 226.2 of Regulation Z, 12 C.F.R. ' 226.2, as amended, shall not, in any manner, expressly or by implication:

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- A. State a rate of finance charge without stating the rate as an annual percentage rate as required by Section 144 of the Truth in Lending Act (ATILA@), 15 U.S.C. ' 1664, as amended, and Section 226.24(b) of Regulation Z, 12 C.F.R. ' 226.24(b), as amended.
- B. State the amount or percentage of any downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge, without disclosing clearly and conspicuously all of the terms required by Section 144 of the Truth in Lending Act, 15 U.S.C. ' 1664, as amended, and Section 226.24(c) of Regulation Z, 12 C.F.R. ' 226.24(c), as amended, as more fully set out in Section 226.24(c) of the Federal Reserve Board's Official Staff Commentary to Regulation Z, 12 C.F.R. ' 226.24(c), as amended, as follows:
 - 1. the amount or percentage of the downpayment;
 - 2. the terms of repayment; and
 - 3. the annual percentage rate, using that term or the abbreviation "APR." If the annual percentage rate may be increased after consummation of the credit transaction, that fact must also be disclosed.
- C. Fail to comply in any other respect with Regulation Z, 12 C.F.R. ' 226, as amended, and the TILA, 15 U.S.C. ' ' 1601-1667, as amended.

II.

IT IS FURTHER ORDERED that Respondents shall, for five (5) years after the last date of dissemination of any advertisement covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection

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and copying all records that will demonstrate compliance with the requirements of this order.

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III.

IT IS FURTHER ORDERED that Respondents shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

IV.

IT IS FURTHER ORDERED that Respondent Riley Manufactured Homes, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not necessarily limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. *Provided, however,* that, with respect to any proposed change in the corporation about which Respondent learns less than thirty (30) days prior to the date such action is to take place, Respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to Director, Midwest Region, Federal Trade Commission, 55 East Monroe, Suite 1860, Chicago, Illinois 60603.

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V.

IT IS FURTHER ORDERED that Respondent Dennis Ohnstad, for a period of three (3) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment involving the advertising and/or extension of "consumer credit," as that term is defined in the TILA and its implementing Regulation Z. The notice shall include Respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to Director, Midwest Region, 55 East Monroe, Suite 1860, Chicago, Illinois 60603.

VI.

IT IS FURTHER ORDERED that Respondents shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

VII.

IT IS FURTHER ORDERED that this order will terminate on July 24, 2020, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and

Analysis to Aid Public Comment

C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted an agreement to a proposed consent order from Riley Manufactured Homes, Inc., and its president, Dennis Ohnstad (Arespondents@).

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement=s proposed order.

The Commission=s complaint alleges that respondents= credit advertisements violated Section 144 of the Truth in Lending Act, (ATILA@), 15 U.S.C. ' 1664, and Section 226.24 of Regulation

Analysis to Aid Public Comment

Z, 12 C.F.R. ' ' 226.24. Congress established statutory disclosure requirements for credit advertising under the TILA and directed the Federal Reserve Board (ABoard@) to promulgate a regulation implementing such statute - - Regulation Z. See 15 U.S.C. ' ' 1601-1667e; 12 C.F.R. Part 226.

According to the complaint, respondents= advertisements stated a rate of finance charge for financing the purchase of manufactured homes but did not properly disclose the rate as an annual percentage rate, as required by Regulation Z. The complaint also alleges that respondents= credit advertisements stated a monthly payment amount or other Atriggering@ terms (the amount or percentage of any downpayment; the number of payments or the period of repayment; the amount of any payment; or the amount of any finance charge), but failed to disclose the following information required by Regulation Z: the amount or percentage of the downpayment; the terms of repayment; and the annual percentage rate.

The proposed consent order contains provisions designed to remedy the violations charged and to prevent the proposed respondents from engaging in similar acts in the future. In particular, Part I of the proposed order prohibits respondents from: (A) stating a rate of finance charge without disclosing the APR; (B) using triggering terms without providing the additional disclosures required by Regulation Z; and (C) failing to comply with TILA and Regulation Z. Part II of the proposed order requires respondents to maintain and make available records of compliance for five years. Part III requires respondents to distribute copies of the order to company personnel. Part IV requires respondents to notify the Commission of changes in corporate structure that may affect compliance obligations under the proposed order. Part V requires the individual respondent to notify the Commission of changes in his employment status for three years. Part VI requires respondents to file compliance reports. Finally, Part VII sunsets the proposed order after twenty years.

Analysis to Aid Public Comment

Analysis to Aid Public Comment

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

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IN THE MATTER OF

**PFIZER INC. AND WARNER-LAMBERT
COMPANY**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT AND
SECTION 7 OF THE CLAYTON ACT

*Docket C-3957; File No. 0010059
Complaint, June 19, 2000--Decision, July 27, 2000*

This consent order addresses the \$90 billion acquisition by Pfizer Inc. of Warner-Lambert Company. The complaint alleges that the proposed merger, if consummated, would constitute a violation of Section 7 of the Clayton Act and Section 5 of the FTC Act in the markets for: (1) SSRI/SNRI antidepressants; (2) pediculicides; (3) drugs for the treatment of Alzheimer=s disease; and (4) EGFr-tk inhibitors for the treatment of cancer. The consent order requires the companies to terminate Warner=s agreement with Forest Laboratories, Inc. to co-promote the antidepressant Celexa; divest Pfizer=s RID pediculicide (used to treat head lice) business to Bayer Corporation; divest all of Warner=s assets relating to the Alzheimer=s drug, Cognex, to First Horizon Pharmaceutical Corporation; and transfer and surrender, to OSI Pharmaceuticals, Inc., all of Pfizer=s assets relating to the Epidermal Growth Factor receptor tyrosine kinase inhibitor, CP-358,774, for the treatment of cancer.

Participants

For the Commission: *Elizabeth A. Jex, Randall A. Long, Laura I. Bren, Ann Malester, David Von Nirschl, Elizabeth A. Piotrowski, Debra J. Holt, Daniel O=Brien, and Gregory S. Vistnes.*

For the Respondents: *Mark D. Godler, David Klingsberg, and Michael Malina, Kaye Scholer, Fierman, Hays & Handler, Alec Y. Chang and Clifford N. Aronson, Skadden, Arps, Slate, Meagher & Flom LLP. Christopher R. Manning, Burke, Warren, Mackay & Serritella, Robert E. Bell, Wilmer, Cutler & Pickering, Howard Adler, Baker & McKenzie, and Herschel S. Weinstein, Dornbush, Mensch, Mandelstham & Schaeffer, LLP.*