

Complaint

IN THE MATTER OF

HERSON'S, INC., TRADING AS HERSON'S AND HERSON'S AUTO
& APPLIANCE CO., ET AL.

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

Docket C-2446. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Washington, D.C., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Alan Cohen and Bernard Rowitz.*

For the respondents: *Irving B. Yochelson, Grossberg, Yochelson, Fox & Beyda, Washington, D.C.*

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Herson's, Inc., a corporation, trading and doing business as Herson's and Herson's Auto & Appliance Co., and Gerald Herson, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Herson's, Inc., trading and doing business as Herson's and Herson's Auto & Appliance Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 4100 Georgia Avenue, N.W., Washington, D.C.

Respondent Gerald Herson is an officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporation, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

Complaint

83 F.T.C.

PAR. 2. Respondents are now, and for some time last past have been engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused, and are causing, customers to execute a binding conditional sales contract. Respondents also provide these customers with a Credit Disclosure Statement.

By and through the use of the credit disclosure statement, respondents:

1. Fail in some instances to disclose the annual percentage rate with an accuracy at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Fail in some instances to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

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

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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Herson's, Inc., trading and doing business as Herson's and Herson's Auto & Appliance Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 4100 Georgia Avenue, N.W., Washington, D.C.

Respondent Gerald Herson is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

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

It is ordered, That respondents Herson's, Inc., a corporation, trading and doing business as Herson's and Herson's Auto & Appliance Co., or under any name or names, its successors and assigns and its officers, and Gerald Herson, individually and as an officer of said corporation and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act

Decision and Order

83 F.T.C.

(Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate, with an accuracy of at least to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.
2. Failing to disclose the annual percentage rate computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.
3. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

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

Complaint

IN THE MATTER OF

HERSON AUTO PARTS & GLASS, INC., ET AL.

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2447. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Washington, D.C., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Bernard Rowitz.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Herson Auto Parts & Glass, Inc., a corporation, and Nathaniel Herson, individually and as an officer of said corporation, herein after sometimes referred to as respondents, have violated the provisions of said Acts and implementing regulation, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Herson Auto Parts & Glass, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 72 Florida Avenue, N.E., Washington, D.C.

Respondent Nathaniel Herson is an officer of the corporate respondent. He formulates, directs and controls the policies, acts and practices of the corporation including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the offering for sale and retail sale and distribution of used cars to the public.

Complaint

83 F.T.C.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing customers to enter into credit sales contracts and execute binding conditional sales contracts accompanied by credit sales disclosure statements. On the contracts referred to hereinabove in this paragraph, hereinafter referred to as "the contract," respondents have provided certain limited consumer credit cost information, but have not provided these customers with any other consumer credit cost disclosures.

By and through the use of the contract, respondents:

1. Fail to disclose the annual percentage rate accurately to the nearest quarter of one percent in accordance to Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

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

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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with such procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Herson Auto Parts & Glass, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 72 Florida Avenue, N.E., Washington, D.C.

Respondent Nathaniel Herson is an officer of said corporation. He formulates, directs, and controls the policies, acts, and practices of said corporation, and his principal office and place of business is located at the above stated address.

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

It is ordered, That respondents Herson Auto Parts & Glass, Inc., a corporation, its successors and assigns, and its officers, and Nathaniel Herson, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device in connection with any extension of consumer credit or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), to forthwith cease and desist from:

1. Failing to disclose the annual percentage rate accurately to the nearest quarter of one percent in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Failing in any consumer credit transaction or advertisement to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

Decision and Order

83 F.T.C.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

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

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

IN THE MATTER OF

MARKET MOTORS, INC., TRADING AS AUTO MARKET,
ET AL.

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

Docket C-2448. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Washington, D.C., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Bernard Rowitz.*

For the respondents: *pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Market Motors, Inc., a corporation, trading and doing business as Auto Market, and Abe Mason, individually and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Market Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 510 K Street, N.W., Washington, D.C. Said corporate respondent trades and does business as Auto Market.

Respondent Abe Mason is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of business as aforesaid, and in connection with their credit sales, as "credit sales" is defined in Regulation Z, respondents have caused and are causing customers to enter into credit sales contracts and execute binding conditional sales contracts, accompanied by credit sales disclosure statements. On the contracts referred to hereinabove in this paragraph, hereinafter referred to as "the contract," respondents have

Complaint

83 F.T.C.

provided certain limited consumer credit cost information, but have not provided these customers with any other consumer credit cost disclosures.

By and through the use of the contract, respondents:

1. Fail to disclose the annual percentage rate accurately to the nearest quarter of one percent in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

2. Fail to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

3. Fail to accurately disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

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

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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Truth in Lending Act and the implementing regulation promulgated thereunder; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have

violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Market Motors, Inc., trading and doing business as Auto Market, is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 510 K Street, N.W., Washington, D.C.

Respondent Abe Mason is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

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

It is ordered, That respondents Market Motors, Inc., a corporation, trading and doing business as Auto Market, or under any name or names, its successors and assigns, and its officers, and Abe Mason, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate accurately to the nearest quarter of one percent in accordance with Section 226.5(b) of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.
2. Failing to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.
3. Failing to accurately disclose the sum of the cash price, all charges which are included in the amount financed but which are

Decision and Order

83 F.T.C.

not a part of the finance charge, and the finance charge, as required by Section 226.8(c) (8) (ii) of Regulation Z.

4. Failing, in any consumer credit transaction or advertisement, to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z at the time and in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

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

IN THE MATTER OF

RALPH M. SUTHERLAND TRADING AS NEW AUTO LAND

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

Docket C-2449. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Fairfax, Virginia, retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to

disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission : *Michael Mpras* and *Bernard Rowitz*.

For the respondent : *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ralph M. Sutherland, an individual trading and doing business as New Auto Land, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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. Respondent Ralph M. Sutherland is an individual trading and doing business as New Auto Land with his principal office and only place of business located at 11325 Lee Highway, Fairfax, Virginia.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of his business as aforesaid, respondent regularly extends consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondent in the ordinary course of business as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused, and is now causing, customers to execute a binding Used Car Order Contract, hereinafter referred to as the "Order Contract."

PAR. 5. By and through the use of the "Order Contract," respondent :

1. Fails to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

Complaint

88 F.T.C.

2. Fails, in some instances, to disclose the number, amount, and due dates of payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

3. Fails to disclose the difference between the "cash price" and the "total downpayment," and to describe that amount as the "unpaid balance of cash price," as required by Section 226.8(c)(3) of Regulation Z.

4. Fails to disclose the amount of the "amount financed," as required by Section 226.8(c)(7) of Regulation Z.

5. Fails to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The 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 Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder and 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 Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed

consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ralph M. Sutherland is an individual, trading and doing business as New Auto Land, with his office and only place of business located at 11325 Lee Highway, Fairfax, Virginia.

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

ORDER

It is ordered, That respondent, Ralph M. Sutherland, an individual trading and doing business as New Auto Land, or under any other name or names, and respondent's agents, representatives, and employees, successors and assigns, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement to aid, promote, or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose the annual percentage rate, computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b) (2) of Regulation Z.

2. Failing to disclose the number, amount and due dates of payments, scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

3. Failing to disclose the "unpaid balance of cash price" in the manner and form required by Section 226.8(c) (3) of Regulation Z.

4. Failing to disclose the amount of the "amount financed," as required by Section 226.8(c) (7) of Regulation Z.

5. Failing to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price," as required by Section 226.8(c) (8) (ii) of Regulation Z.

6. Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, at the time and in the

Decision and Order

83 F.T.C.

manner, form and amount required by Section 226.6, Section 226.7, Section 226.8, Section 226.9 and Section 226.10 of Regulation Z.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

IN THE MATTER OF

RAY'S USED CARS, INC., ET AL.

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

Docket C-2450. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Beltsville, Md., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Michael Mpras* and *Bernard Rowitz*.

For the respondents: *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation

promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ray's Used Cars, Inc., a corporation, and Wilbur R. Cummings, an individual and as an officer of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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. Respondent Ray's Used Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 10411 Baltimore Boulevard, Beltsville, Maryland.

Respondent Wilbur R. Cummings, is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents, in the ordinary course of business as aforesaid, in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are now causing customers to execute a binding used car order contract, hereinafter referred to as the "Order Contract."

By and through the use of the "order contract," respondents:

1. Fail to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

2. Fail to use the term "cash price" as defined in Section 226.2(i) of Regulation Z, to describe the purchase of the automobile, as required by Section 226.8(c)(1) of Regulation Z.

Complaint

83 F.T.C.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their used cars as "advertisements" is defined in Regulation Z. These advertisements aid, promote or assist, directly or indirectly, extensions of consumer credit in connection with the sale of these used cars. By and through the use of the advertisements, respondents:

1. Fail to state the rate of any finance charge expressed as an "Annual Percentage Rate," as required by Section 226.10(d)(1) of Regulation Z.

2. Fail to make disclosures clearly and conspicuously, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failure to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

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 Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder and violation of the Federal Trade Commission Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for

a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ray's Used Cars, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland with its principal office and place of business located at 10411 Baltimore Boulevard, Beltsville, Maryland.

Respondent Wilbur R. Cummings, is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his principal office and place of business is located at the above stated address.

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

It is ordered, That respondents Ray's Used Cars, Inc., a corporation, its successors and assigns, and its officers, and Wilbur R. Cummings, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with any extension or arrangement for the extension of consumer credit or any advertisement to aid, promote, or assist, directly or indirectly in the extension of consumer credit, as "consumer credit" and "advertisement" as defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to make disclosures clearly and conspicuously and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

2. Failing to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

3. Failing to state, in its advertisements, the rate of any finance charge expressed as an "annual percentage rate," as required by Section 226.10(d)(1) of Regulation Z.

4. Failing to use the term "cash price," as defined in Section

Decision and Order

83 F.T.C.

226.2(i) of Regulation Z, to describe the purchase price of the automobile, as required by Section 226.8(c)(1) of Regulation Z.

5. Failing in any consumer credit transaction or advertising, to make all disclosures determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, at the time and in the form, manner and amount required by Sections 226.6, 226.7, 226.8, 226.9 and 226.10 of Regulation Z.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

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

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

IN THE MATTER OF

VERNON WOLVERTON, TRADING AS SUBURBAN MOTORS

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

Docket C-2451. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Hyattsville, Md., retailer and distributor of used cars, among other things to cease violating the Truth in Lending Act by failing to

disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission : *Michael Mpras* and *Bernard Rowitz*.

For the respondent : *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Vernon Wolverton, an individual trading and doing business as Suburban Motors, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending 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. Respondent Vernon Wolverton is an individual trading and doing business as Suburban Motors, with his principal office and only place of business located at 4211 Crittenden Street, Hyattsville, Maryland.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the offering for sale and retail sale and distribution of used cars to the public.

PAR. 3. In the ordinary course and conduct of his business as aforesaid, respondent regularly extends consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondent in the ordinary course of business as aforesaid, and in connection with his credit sales, as "credit sale" is defined in Regulation Z, has caused, and is now causing, customers to execute a binding conditional sales contract, hereinafter referred to as the "Sales Contract."

PAR. 5. By and through the use of the "Sales Contract," respondent:

1. Fails to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment in the manner and form required by Section 226.8(c)(3) of Regulation Z.

Complaint

83 F.T.C.

2. Fails to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as "deferred payment price" as required by Section 226.8(c)(8)(ii) of Regulation Z.

PAR. 6. In the ordinary course of his business as aforesaid, respondent causes to be published advertisements of his used cars, as "advertisements" is defined in Regulation Z. These advertisements aid, promote or assist, directly extensions of consumer credit in connection with the sale of these used cars. By and through the use of the advertisements, respondent:

1. Fails to state the rate of any finance charge expressed as an "annual percentage rate," as required by Section 226.10(d)(1) of Regulation Z.

2. Fails to make disclosures clearly, conspicuously, and in a meaningful sequence, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

PAR. 7. Pursuant to Section 103(q) of the Truth in Lending Act, respondent's aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The 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 Washington, D.C. 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 Truth in Lending Act and the implementing regulation promulgated thereunder and 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 has reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Vernon Wolverton is an individual, trading as Suburban Motors, with his office and only place of business located at 4211 Crittenden Street, Hyattsville, Maryland.

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

ORDER

It is ordered, That respondent Vernon Wolverton, an individual trading and doing business as Suburban Motors, or under any other name or names, his 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 or arrangement for the extension of consumer credit or any advertisement to aid, promote, or assist, directly or indirectly, any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, U.S.C. 1601 et seq.), do forthwith cease and desist from:

1. Failing to make disclosures clearly, conspicuously, and in a meaningful sequence, and in the form and manner prescribed under Section 226.6(a) of Regulation Z, as required by Section 226.10(d) of Regulation Z.

2. Failing to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment in the manner and form required by Section 226.8(c) (3) of Regulation Z.

3. Failing to disclose the sum of the cash price, charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that

Decision and Order

83 F.T.C.

sum as "deferred payment price" as required by Section 226.8(c) (8) (ii) of Regulation Z.

4. Stating, in any advertisement, the rate of any finance charge unless it is expressed as an "annual percentage rate" as required by Section 226.10(d) (1) of Regulation Z.

5. Failing, in any consumer credit transaction or advertising, to make all disclosures determined in accordance with Section 226.4 and Section 226.5 of Regulation Z, at the time and in the manner, form and amount required by Section 226.6, Section 226.7, Section 226.8, Section 226.9 and Section 226.10 of Regulation Z.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

IN THE MATTER OF

HAMMOND BEGUN TRADING AS FREIGHT LIQUIDATORS

CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATIONS OF THE FEDERAL
TRADE COMMISSION AND THE TEXTILE FABRICS PRODUCTS IDENTIFICATION
ACTS

Docket C-2452. Complaint, Sept. 11, 1973—Decision, Sept. 11, 1973.

Consent order requiring a Glen Burnie, Maryland, retailer of rugs, sewing machines, stereo radios and phonographs, and various other articles of merchandise, among other things to cease using the words "Liquidators,"

Complaint

"Freight," "Forwarding," or words of similar import or meaning in respondent's trade or corporate name; misrepresenting the source, character, or nature of merchandise being offered for sale; misrepresenting the sale price(s) as reduced; failing to maintain adequate records; using misleading or deceptive sales plans; using "bait and switch" selling tactics; advertising merchandise falsely or misleadingly; misrepresenting limited offers or supplies; falsely advertising and misbranding its textile fiber products. Respondent is further required to publish, for one year, in connection with its advertising a notice stating that the respondent has been found by the Federal Trade Commission to have been engaged in "bait and switch" advertising solely to sell products other than those advertised.

Appearances

For the Commission: *Alice Kelleher* and *Everette Thomas*.

For the respondent: *pro se*.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that the party named in the caption above, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts, and the rules and regulations promulgated under the Textile Fiber Products Identification 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 follow:

PARAGRAPH 1. Repondent Hammond Begun is an individual and a former partner, trading and doing business as Freight Liquidators at 1616 North Ritchie Highway, Glen Burnie, Maryland.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of rugs, sewing machines, stereo radios and phonographs, and various other articles of merchandise, to the purchasing public.

COUNT I

Alleging violation of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One and Two hereof are incorporated by reference in Count I as if fully set forth verbatim.

PAR 3. In the course and conduct of his business as aforesaid, respondent has caused, and now causes, the dissemination of certain advertisements concerning the aforesaid articles of merchandise, by various means in commerce, as "commerce" is defined in the Federal

Complaint

83 F.T.C.

Trade Commission Act, including, but not limited to, advertisements inserted in newspapers of interstate circulation, and by means of radio broadcasts transmitted by radio stations located in the State of Virginia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of respondent's said merchandise.

In the further course and conduct of his business, as aforesaid, respondent has caused, and now causes, his said merchandise to be shipped across state lines between his various retail outlets located in the States of Virginia and Maryland, for sale to purchasers thereof located in the States of Virginia and Maryland, and the District of Columbia. Thus, respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. By means of advertisements inserted in newspapers and disseminated as aforesaid, and by means of advertising circulars disseminated by hand delivery to numerous places of residence in the States of Virginia and Maryland and the District of Columbia, respondent has made various statements and representations of which the following are typical and illustrative, but not all inclusive thereof:

PUBLIC NOTICE

(4 DAYS ONLY!)
LIQUIDATION SALE

BANKRUPTCY STOCK—FACTORY & MILL CLOSEOUTS
ALL NEW MERCHANDISE—FAMOUS BRAND NAMES

\$1,287,350.00 WORTH OF PRE-CUT RUGS AND MILL-END ROLLS, TELEVISIONS, STEREOS AND COMPONENTS & SEWING MACHINES

(HUNDREDS OF ITEMS NOT SHOWN BELOW ARE ALSO ON DISPLAY.)
BE EARLY FOR BEST SELECTION

* * * * *

STEREO

UNCLAIMED FREIGHT

BANKRUPTCY STOCK FACTORY CLOSEOUTS

TRUCK LOAD LIQUIDATION

All New Merchandise
LAST NOTICE FOR THIS WEEKEND
FRIDAY, SATURDAY, SUNDAY & MONDAY

Complaint

ONLY \$88

New 1972 (in cartons), 5-piece Stereo Component Units, 40 Watts, AM/FM radio, deluxe 4 spd. BSR turntable, 4-speaker sound system, equipped for 8 track tape player, tape recorder, etc. Only \$88.

Only \$147

New 5-Piece Components 4-speed Deluxe Turn Tbl., 100 watts, AM/FM radio, deluxe 4-spd. turntable w/diamond stylus, 4-speaker air suspension audio system. Equip. for 8-trk. cassette. Orig; \$329. Yours for \$147.

Only \$108

New 1972 (in cartons), famous make, 100 watt tuners w/AM/FM multiplex equipped for 8 track or cassette. Only \$108.

From Only \$88

New console stereo, various sizes & finishes. Lge. assortment /w/AM/FM radio & deluxe 4 spd. changer.

FREIGHT LIQUIDATORS

Deal With The Store Near You * * *

* * * * *

RUGS

12x9's \$19

WAREHOUSE LIQUIDATION**4 DAYS ONLY!**

All 100% nylon, acrilan, polyester pile. Full sizes 9x12, 12x12, 12x15, 12x21, 6x9, also odd sizes and various size ovals. In gold, green, red, blue, and other exciting colors. Shags, plushes, twists and sculptured. Will give a warm look to your apt.

OVALS—FRINGED \$8

**WE LIQUIDATE RUGS FOR FAMOUS SOUTHERN MILLS. ALL ARE
GUARANTEED PERFECT.**

MASTER CHARGE, BANKAMERICARD, TERMS AVAILABLE**FREIGHT LIQUIDATORS WAREHOUSES**

* * * * *

Complaint

83 F.T.C.

FREIGHT LIQUIDATORS

Deal With The Store Near You * * *

BRAND NEW

SEWING
MACHINES \$63

You may own a 1971 "Touch-N-Stitch" Zig-Zag, new stretch stitch, embroiders, monograms, appliques, makes buttonholes, etc., all without attachments. Ordered for schools, "UNCLAIMED BY THEM." 25-year guarantee and instructions.

* * * * *

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, separately and in connection with the oral statements and representations of respondent's salesmen to customers and prospective customers, the respondent has represented, and is now representing, directly or by implication, that:

1. By and through the use of said name "Freight Liquidators," separately or in connection with the foregoing statements and representations or by said statements and representations alone, that he is a liquidator, authorized adjustor or agent engaged in the sale or disposition of bankrupt, salvage, distrained or other distress or transportation company surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims.

2. By and through the use of said name "Freight Liquidators," separately or in connection with the foregoing statements and representations or by said statements and representations alone, that merchandise advertised by respondent is bankrupt, salvage, distrained, distress or transportation company surplus merchandise, and therefore has a unique or special disposition.

3. Because of the unique or special disposition of the advertised merchandise, it is being offered at prices below those usually and customarily charged at retail.

4. Purchasers of the advertised merchandise are afforded savings equal to the differences between respondent's advertised prices and those at which the same merchandise is usually and customarily sold at retail.

5. The amount designated as "Orig." was the price at which the merchandise advertised had been sold by respondent in the recent, regular course of his business.

6. Purchasers of the merchandise advertised are afforded savings equal to the differences between the higher and lower prices listed in said statements.

7. Respondent is making a bona fide offer to sell the advertised merchandise at the price and on the terms and conditions stated in the advertisements.

8. Respondent is making a bona fide offer to sell a complete sewing machine without attachments for the advertised price.

9. Certain of respondent's products are unconditionally guaranteed for various periods of time such as twenty-five (25) years.

10. The quantities of merchandise and the time during which such are available for sale are limited.

PAR. 6. In truth and in fact:

1. Respondent is not a liquidator, authorized adjustor or agent engaged in the sale or disposition of bankrupt, salvage, distrained or other distress or transportation company surplus merchandise for the purpose of liquidating, adjusting, paying off or otherwise settling indebtedness or claims. Instead, respondent is in the business of purchasing the advertised merchandise from manufacturers or suppliers and selling it at retail for his own account to the purchasing public.

2. Merchandise advertised by respondent is not bankrupt, salvage, distrained, distress or transportation company surplus merchandise, and therefore does not have a unique or special disposition.

3. The advertised merchandise is not being offered at prices below those usually and customarily charged at retail.

4. Purchasers of the advertised merchandise are not afforded savings equal to the differences between respondent's advertised prices and those at which the same merchandise is usually and customarily sold at retail.

5. Said merchandise had not been customarily and usually sold at retail by respondent in the recent, regular course of his business for the amounts set out in the advertisements as "Orig."

6. Purchasers of the merchandise advertised are not afforded savings equal to the differences between the higher and lower prices listed in said statements.

7. Respondent is not making a bona fide offer to sell the advertised merchandise at the price and on the terms and conditions stated in the advertisements. To the contrary, said offers are made for the purpose of obtaining leads to persons interested in the purchase of merchandise similar to that advertised. Members of the purchasing public who respond to said advertisements are either told by respondent's sales-

Complaint

83 F.T.C.

men that the advertised merchandise is not available, or are shown higher priced merchandise of superior quality, which by comparison disparages and demeans the advertised merchandise. By these and other tactics, purchase of the advertised merchandise is discouraged, and respondent, through his salesmen, attempts to sell and frequently does sell the higher priced merchandise.

8. Respondent is not making a bona fide offer to sell a complete sewing machine without attachments for the advertised price. The advertised price is for a sewing machine head and does not include such essentials as a base or stand, without which the head of the machine is useless.

9. Respondent's products are not unconditionally guaranteed for the period of time stated in said advertisements or orally represented by respondent's salesmen. To the contrary, the only guarantee for respondent's products is that which is provided by the manufacturers thereof, and such guarantees are subject to conditions and limitations not disclosed in respondent's representatives' oral representations.

10. The quantities of merchandise and the time during which such are purportedly available for sale are not limited. In fact, this representation is designed to act as the inducement for the practices set forth in Paragraph Six 7, hereof.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. In the course and conduct of his aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition in commerce, with corporations, firms and individuals in the sale and distribution of merchandise of the same general kind and nature as that sold by respondent.

PAR. 8. The use by respondent of the aforesaid false, misleading and deceptive statements, representations, acts and practices, and his failure to disclose material facts, as aforesaid, has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and complete and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid 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,

