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be bound by the terms of this order; *Provided*, That if said respondent wishes to present to the Commission any reasons why said order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth said reasons prior to the consummation of said succession or transfer.

*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, signed by such respondents, setting forth in detail the manner and form of their compliance with this order.

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IN THE MATTER OF

SCHEFLIN-REICH, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

*Docket C-2174. Complaint, March 22, 1972—Decision, March 22, 1972.*

Consent order requiring a New York City firm buying and selling furs to cease falsely and deceptively invoicing its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Schefflin-Reich, Inc., a corporation, and Joseph Reich and Murray Schefflin, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling 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 Schefflin-Reich, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Joseph Reich and Murray Schefflin are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are fur merchants with their office and principal place of business located at 333 Seventh Avenue, New York, New York,

who either buy raw skins and have them dressed or buy skins already dressed which are sold to their customers.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce; and have introduced into commerce, sold, advertised and offered for sale in commerce and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products or furs were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products or furs but not limited thereto, were fur products or furs covered by invoices which failed to disclose that the fur contained in the fur products or furs was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 4. Certain of said fur products or furs were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the rules and regulations promulgated thereunder in that the term "natural" was not used on invoices to describe fur products or furs which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said rules and regulations.

PAR. 5. The aforesaid acts and practices of respondents are in violation of the Fur Products Labeling Act and the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

#### DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act and the Fur Products Labeling Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents, their attorney 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 complaint to issue herein, 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of 30 days, now in further conformity with the procedure prescribed in Section 2.14(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Schefflin-Reich, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Joseph Reich and Murray Schefflin are officers of the corporate respondent. They formulate, direct, and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are fur merchants with their office and principal place of business located at 333 Seventh Avenue, New York, New York.

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 Schefflin-Reich, Inc., a corporation, and its officers, and Joseph Reich and Murray Schefflin, individually and as officers of said corporation, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce; or in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur, as the terms "commerce,"

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"fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely and deceptively invoicing such fur or fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Failing to set forth the term "natural" as part of the information required to be disclosed on any invoice under the Fur Products Labeling Act and the rules and regulations promulgated thereunder to describe any fur or fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

*It is further ordered,* That respondents Schefflin-Reich, Inc., a corporation, and its officers, and Joseph Reich and Murray Schefflin, individually and as officers of said corporation, shall forthwith distribute a copy of this order to each of its salesmen and to each of the five customers who received furs which gave rise to this matter.

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

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

*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 of their compliance with this order.

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IN THE MATTER OF

IMPERIAL CHEMICAL INDUSTRIES, LTD., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7  
OF THE CLAYTON ACT

*Docket C-2175. Complaint, March 22, 1972—Decision, March 22, 1972*

Consent order requiring a British corporation, one of the world's largest chemical companies, to divest itself within three years of the explosives and

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aerospace divisions of a Wilmington, Del., corporation, and not to acquire for a period of 10 years any interest in an American explosive business without the approval of the Commission.

## COMPLAINT

The Federal Trade Commission, having reason to believe that Imperial Chemical Industries, Ltd., a corporation subject to the Commission's jurisdiction by reason of the transaction hereinafter described, and its wholly-owned and controlled subsidiary, ICI-America, Inc., a corporation subject to the commission's jurisdiction, have acquired control of the capital stock of Atlas Chemical Industries, Inc., a corporation subject to the Commission's jurisdiction, in violation of Section 7 of the Clayton Act (15 U.S.C. §18), hereby issues its complaint, pursuant to Section 11 of that Act (15 U.S.C. § 21) stating its charges as follows:

## I DEFINITIONS

1. As used in this complaint:

(a) "High explosives" refers to nitroglycerine based commercial explosives, including permissible explosives approved by the United States Bureau of Mines for use in certain underground mining operations, and excluding blasting accessories.

(b) "ANFO" refers to ammonium nitrate-fuel oil sensitized commercial explosives, including ammonium nitrate for use in such mixtures, and excludes slurries.

(c) "Slurries" refers to a commercial explosive in the form of a liquid or gel containing ammonium nitrate and a sensitizer such as TNT or aluminum.

(d) "Electric blasting caps" refers to delay and non-delay electric caps.

(e) "Blasting Accessories" refers to all accessories to the use of commercial explosives, including primers and detonating devices such as electric blasting caps and detonating fuse.

(f) "Commercial explosives" refer to high explosives, ANFO, and slurries.

(g) "Explosives business" refers to the business of manufacturing high explosives, ANFO, or slurries and in connection with the sale of such products of supplying a full line of commercial explosives and blasting accessories, and technical advice on the use of said products.

(h) "United States" includes all fifty states.

## II THE COMPANIES

2. Atlas Chemical Industries, Inc., ("Atlas") was a corporation organized under the laws of the State of Delaware, with its principal office and place of business located in Wilmington, Delaware, and was one of the corporations formed as a result of the decree in *United States v. E. I. DuPont de Nemours & Co.*, 188 Fed. 127 (1911). It is now merged with ICI-America, Inc.

3. In 1970 Atlas had sales in excess of \$155 million and assets in excess of \$139 million. It ranked approximately 540th among the nation's largest industrial firms by sales.

4. Atlas was one of the six to eight companies in this country which are known as "powder companies" and which manufacture most of a full-line of explosives and blasting accessories, have a network of distributors, salesmen, and magazines, are able to supply field engineering services, and have an established record of safety and reliability. In 1970 Atlas' sales of explosives and blasting accessories (other than sales to other manufacturers) were approximately \$30 million, or approximately 15 percent of total domestic sales of such products and Atlas ranked second among companies making such sales. At all times relevant hereto Atlas sold and shipped its products throughout the United States and engaged in "commerce" as that term is defined in the Clayton Act.

5. (a) Respondent Imperial Chemical Industries, Ltd., ("ICI") is a corporation organized and existing under the laws of the United Kingdom.

(b) Together with its subsidiaries and affiliated companies (hereinafter referred to collectively as "ICI"), ICI had sales in 1970 in excess of \$3.5 billion, and its assets exceeded \$4.5 billion. It ranked approximately 6th in size among the largest industrial firms not based in this country. It would have ranked approximately 20th among the largest domestic industrial firms.

(c) Immediately prior to the acquisition, ICI imported a substantial quantity of goods into this country; it had investments valued in excess of \$300 million in domestic firms, one of which was its wholly-owned subsidiary, ICI-America, Inc. ("ICIA"), which investments generated in excess of \$100 million in sales in 1970. The activity above described continued after the merger. The acquisition of Atlas was planned, financed, and controlled by ICI.

6. Respondent ICIA is a corporation organized and existing under the laws of the State of Delaware, with its principal places of business in Stamford, Connecticut, and Wilmington, Delaware.

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7. Canadian Industries, Ltd., ("CIL") is a corporation organized and existing under the laws of Canada; approximately 74 percent of its stock is owned by ICI, and it is one of ICI's "subsidiary or affiliated companies" as that term is used in this complaint. In 1970 CIL had sales in excess of \$(C)300 million on assets exceeding \$(C)290 million. It ranks among the 25 largest manufacturing companies in Canada.

## III THE ACQUISITION

8. On or about July 20, 1971, ICI, through ICIA, acquired all of the then issued and outstanding stock of Atlas, aggregating 4,089,893 shares, for \$40 per share, or \$163,595,720 (the "acquisition").

## IV TRADE AND COMMERCE

9. (a) Outside the United States, ICI is one of the largest producers and marketers of commercial explosives and blasting accessories. Sales in the United Kingdom including exports exceeded \$38 million in 1970. Canadian sales through CIL exceeded \$40 million in 1970. CIL is the largest producer of explosives in Canada, producing and selling approximately 70 percent of all explosives sold in that country.

(b) Over a period of years, during which it has been one of the world's foremost suppliers of explosives, ICI has maintained long standing commercial relationships with large consumers of explosives outside the United States, including international mining companies.

10. (a) At least since 1967 ICI has competed with Atlas in the sale in this country of electric blasting caps. In 1970 approximately 4 percent of electric blasting caps sold in this country had been manufactured by ICI.

(b) CIL has sought to participate in the Alaska market for explosives through sale of a full-line of explosives in that state.

(c) Prior to the acquisition, ICI considered expanding its participation in the United States commercial explosives markets, in terms of volume of sales, variety of explosives sold, and areas of the country to which sales are made, and it has considered making such participation part of an explosives business conducted on a continental scale.

11. As a result of its long experience, extensive manufacturing facilities, established sales organization and customer relationships, and CIL's entrenched position in Canada, immediately prior to the acquisition ICI was one of the most likely potential entrants into the

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business of selling explosives in this country and of being a "powder company" in this country.

12. The relevant geographic markets involved in this complaint are the United States as a whole and regional areas containing a high proportion of explosives users in the construction and quarrying industries.

13. The relevant product market involved in this complaint is the explosives business. The relevant product sub-markets are:

- (a) Commercial explosives
  - (i) high explosives
  - (ii) ANFO
  - (iii) slurries
- (b) Blasting accessories
- (c) Electric blasting caps
- (d) Explosives sold to users in the Construction Industry.
- (e) Explosives sold to users in the Quarrying Industry.

14. The manufacture and sale of explosives is a significant business in the United States. During 1970 total domestic sales (other than sales to other manufacturers) amounted to approximately \$200 million. For that year, Atlas' rankings in the relevant markets were:

Market:	<i>Atlas' ranking</i>
Commercial explosives.....	3
High explosives.....	2
ANFO .....	4
Slurries .....	8
Blasting accessories.....	2
Electric blasting caps.....	2
Construction industry.....	2
Quarrying industry.....	2

15. The relevant markets and submarkets are marked by a high degree of concentration. In 1970 seven companies were substantial marketers of a full-line of explosives, three companies produced electric detonators, three companies produced detonating fuse, four companies produced over 85 percent of the high explosives (including ammonium nitrate sold for explosives use), and three companies produced over 80 percent of the slurries. In addition, a substantial quantity of the ANFO (including ammonium nitrate sold for explosives use) was sold by producers thereof to powder companies and their distributors, who then resold for use.

16. Entry into the manufacture of high explosives, slurries, and blasting accessories is difficult because the manufacturer must have a substantial investment in plant and equipment, due in part to economies of scale and/or the scarcity and complexity of the equip-

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ment, must have extensive manufacturing and handling know-how, and must have a reputation for safety.

(b) Entry into the sale of commercial explosives is difficult because of the prevalence of distribution through exclusive distributors, and because of the substantial competitive advantage enjoyed by the seller able to supply a full-line of commercial explosives and blasting accessories, to supply commercial explosives at manufacturer's prices, and to supply field engineering services.

## V EFFECTS OF ACQUISITION

17. The effects of the acquisition of Atlas by ICI may be to substantially lessen competition or to tend to create a monopoly in the manufacture and sale of the relevant products and subproducts in the relevant geographic market and sub-markets in the following ways, among others:

(a) Actual competition between Atlas and ICI in the sale of electric blasting caps has been eliminated.

(b) Substantial potential competition by ICI has been eliminated in each relevant market and submarket.

(c) Barriers to entry will be increased and the effectiveness of competition by smaller firms will be diminished by the substitution of ICI for Atlas.

## VI VIOLATION CHARGED

18. The acquisition of Atlas by ICI constitutes a violation of Section 7 of the Clayton Act, as amended (15 U.S.C. Section 18).

## 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 Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondents with violation of Section 7 of the Clayton Act, as amended;

Respondents, their attorneys and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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 said 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 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 Imperial Chemical Industries, Ltd., a corporation which has its principal place of business in London, England.

2. Respondent ICI America, Inc., is the wholly-owned subsidiary of respondent Imperial Chemical Industries, Ltd., and is a corporation which has principal places of business at Stamford, Connecticut and Wilmington, Delaware.

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

ORDER

I

*It is ordered*, That respondents Imperial Chemical Industries, Ltd., and ICI-America, Inc., (hereinafter referred to collectively as "ICI"), their successors and assigns, shall as soon as possible divest themselves of the business conducted by the Explosives and Aerospace Components Divisions of Atlas Chemical Industries Inc. ("Atlas"), as hereinafter defined: *Provided, however*, That, with the approval of the Federal Trade Commission, the business conducted by the Aerospace Components Division of Atlas need not be divested. Such divestiture shall be accomplished no later than three years (3) from the service of this order and shall be subject to the prior approval of the Federal Trade Commission.

II

*It is further ordered*, That as used in the order "the business conducted by the Explosives and Aerospace Components Division of Atlas" means a viable and going business engaged in the research, manufacture, distribution and sale of commercial explosives and related products and, unless excluded pursuant to Paragraph I of

this order, of the product sold by the Aerospace Components Division, in the product lines in which said divisions were engaged at the time of Atlas' acquisition by ICI. Said business (hereinafter also referred to as "the business to be divested") includes all plant, equipment, real estate, inventory, customer accounts, lists and receivables, distributor agreements, leases, products, trademarks, technical and scientific know-how, patents, good will, all other assets, all liabilities and obligations (including obligations to the employees of the business at the time of divestiture) and all additions, improvements, replacements and withdrawals of real and personal property made in conformity with the provisions of Paragraph IV of this order until the date of divestiture, which are devoted to or arise in connection with the research, manufacture, distribution and sale of commercial explosives and of the products sold by the Aerospace Components Division of Atlas. In connection with the divestiture provided under Paragraph I of this order, ICI may, subject to the approval of the Federal Trade Commission, lease to the acquirer real estate underlying explosive magazines or distribution facilities, provided that upon termination of any lease ICI will not utilize said real estate in the conduct of any explosives business.

## III

*It is further ordered,* That unless the divestiture required by this order has been accomplished within two (2) years of service of this order then as part of its compliance with Paragraph I of this order, ICI shall within said two (2) years cause to be incorporated a new company, hereinafter referred to as Atlas Powder Co., and shall transfer to that company the business to be divested, as defined in Paragraph II of this order, and ICI shall divest itself of all interests in Atlas Powder Co., pursuant to Paragraph I of this order.

## IV

*It is further ordered,* That pending the divestiture required by this order,

(a) ICI shall cause the business to be divested and Atlas Powder Co., as the case may be to be operated in accordance with sound business practices and maintained at not less than the standards of operational performance in effect on the date of acquisition and in such manner as not to impair or adversely

affect its economic, competitive or financial condition. ICI shall not be required unreasonably to replace assets which are destroyed or seriously damaged or rendered unusable, either accidentally or by acts of God.

(b) ICI shall do everything within its power to assure that the business to be divested and Atlas Powder Co. as the case may be will remain properly staffed and that all reasonable means will be used to assist said business in retaining, rehiring or replacing key management and sales personnel needed for its operation. Subject to the approval of the Federal Trade Commission the acquirer of the divested business shall be required to extend to the employees of said business terms and conditions of employment and fringe benefits which are in the aggregate as favorable to such employees as those applicable at the time of divestiture.

(c) ICI shall not commingle its other assets, products or research with those of the business to be divested but pending divestiture ICI shall continue to provide to said business and to Atlas Powder Co. as the case may be the use of assets and personnel involved in the services such as were furnished on a corporate basis by Atlas to the Explosives and Aerospace Components Divisions at the time of acquisition.

v

*It is further ordered,* That ICI shall not for a period of three (3) years after the divestiture required by this order solicit the employment of, or without the prior written consent of the acquirer offer employment to or employ, any key personnel directly concerned with the divested business at the time of divestiture.

VI

*It is further ordered,* That no interest in the business to be divested or Atlas Powder Co. as the case may be, shall be sold or transferred, directly or indirectly, to any person who is, at the time of the divestiture, an officer, director, employee, or agent of, or under the direct or indirect control or direction of, ICI, any of ICI's subsidiary or affiliated companies, anyone who owns or controls, directly or indirectly, more than 1 percent of the outstanding shares of ICI or any of ICI's subsidiary or affiliated companies, or to anyone not approved in advance by the Federal Trade Commission.

## VII

*It is further ordered,* That for a period commencing with the effective date of this order and continuing for ten (10) years thereafter, ICI, its successors and assigns, shall cease and desist from acquiring, directly or indirectly, without the prior approval of the Federal Trade Commission, the whole or any part of the stock, share capital, assets, any interest in, or any interest of, any domestic concern, corporate or non-corporate, engaged in the sale of commercial explosives, to the extent that such acquisition involves the domestic manufacture or sale of commercial explosives, nor shall ICI enter into any arrangement with an such concern by which ICI obtains the market share, in whole or in part, of such concern in the domestic sale of commercial explosives. ICI may acquire stock or assets of any existing distributor of the Explosives Division where such acquisition is necessary to carry out its obligations under Paragraph IV(a) of this order.

## VIII

*It is further ordered,* That within forty-five (45) days from the date of service of this order and every six (6) months from such date until divestiture is accomplished, ICI shall submit, in writing, to the Federal Trade Commission a report setting forth in detail the manner and form in which ICI intends to comply, is complying or has complied with this order. All compliance reports shall include, among other things that are from time to time required, (a) the steps taken to accomplish the required divestiture and (b) copies of all documents, including reports, memoranda, and correspondence referring or relating to the divestiture. One year following the effective date of this order and each year thereafter during which Paragraph VII is in effect, ICI shall notify the Commission in writing whether any acquisition of the type referred to in Paragraph VII has been made by it, and shall furnish such information with respect thereto as may be requested by the Federal Trade Commission.

## IX

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

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## IN THE MATTER OF

## J. S. HOSIERY CO. INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACT

*Docket C-2176. Complaint, March 22, 1972—Decision, March 22, 1972*

Consent order requiring a New York City seller and distributor of textile fiber products, including ladies' scarves, to cease violating the Flammable Fabrics Act by importing and selling any fabric which fails to conform to the standards of said Act.

## COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that J. S. Hosiery Co. Inc., a corporation and Blima Shajnfeld, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and rules and regulations promulgated under the Flammable Fabrics Act, as amended, 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 J. S. Hosiery Co. Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. It's address is 30 Orchard Street, New York, New York.

Respondent Blima Shajnfeld is an officer of the corporate respondent. She formulates, directs and controls the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are engaged in the sale and distribution of textile fiber products, including, but not limited to, ladies' scarves.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

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Among such products mentioned hereinabove were ladies' scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of 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 New York 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 Flammable Fabrics Act; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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 have 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(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent J. S. Hosiery Co. Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 30 Orchard Street, in the county of New York, city and State of New York.

Respondent Blima Shajnfeld is the president of said corporation. She formulates, directs and controls the acts, practices and policies

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of said corporation and their 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 the respondents J. S. Hosiery Co. Inc., a corporation, its successors and assigns, and its officers, and Blima Shajunfeld, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation issued, amended or continued in effect, under the provisions of the aforesaid Act.

*It is further ordered*, That respondents notify all of their customers who have purchased or to whom have been delivered the scarves which gave rise to the complaint, of the flammable nature of said scarves and effect the recall of said scarves from such customers.

*It is further ordered*, That the respondents herein either process the scarves which gave rise to the complaint so as to bring it into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said scarves.

*It is further ordered*, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the scarves which gave rise to the complaint, (2) the number of said scarves in inventory, (3) any action taken and any further actions proposed to be taken to notify customers of the flammability of said scarves and effect the recall of said scarves from customers, and of the results thereof, (4) any disposition of said scarves since March 10, 1971, and (5) any action taken

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or proposed to be taken to bring said scarves into conformance with the applicable standard of flammability under the Flammable Act, as amended, or destroy said scarves, and the results of such action. Such report shall further inform the Commission as to whether or not respondents have in inventory any product, fabric or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or any other material or combinations thereof in a weight of two ounces or less per square yard, or any product, fabric, or related material having a raised fiber surface. Respondents shall submit samples of not less than one square yard in size of any such product, fabric, or related material with this report.

*It is further ordered,* That respondents notify the Commission at least 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 this order.

*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 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 the order to cease and desist contained herein.

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IN THE MATTER OF

NATIONAL TEA COMPANY

MODIFIED ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

*Docket 7453. Complaint, Mar. 26, 1959—Decision, Mar. 23, 1972.*

Order reopening and modifying an earlier order, 69 F.T.C. 226, dated March 4, 1966, which prohibited petitioner from acquiring stock of other food product retailers for a period of 10 years by bringing its provisions more into line with orders involving other food chains issued since 1967.

ORDER REOPENING PROCEEDING AND MODIFYING  
ORDER TO CEASE AND DESIST

This matter is before the Commission on the petition of respondent National Tea Company, filed December 10, 1971, requesting that this

proceeding be reopened for the purpose of modifying the order to cease and desist issued March 4, 1966, which prohibits the petitioner for a period of ten years, without prior Commission approval, from acquiring the whole or any part of the stock or assets of any firm, partnership or corporation engaged in the retail sale of food products. Petitioner requests that the original order be modified to read as follows:

*It is ordered,* That, for a period of ten (10) years from March 4, 1966, National Tea Co. shall not (A) merge with or acquire, directly or indirectly, through subsidiaries, or in any other manner, except with the prior approval of the Commission upon written application, the whole or any part of any grocery store (an establishment classified in Industry No. 5411, Standard Industrial Classification Manual, 1967 revision, or a grocery department in a non-food store), where such acquisition or merger involves (1) five or more grocery stores, (2) annual grocery store sales of more than five (5) million dollars, or (3) combined (respondent and the grocery stores to be acquired or merged) grocery store sales of more than five (5) percent of total grocery or food store sales in any city or county in the United States; and (B) without sixty (60) days prior notification to the Commission, merge with or acquire, directly or indirectly, through subsidiaries or in any other manner, any grocery store establishment for which prior approval is not required pursuant to subparagraph A.

A request for a similar modification was denied by the Commission on May 20, 1969 [75 F.T.C. 1087].

In support of this request petitioner has alleged that there have been changed conditions of fact and law since the entry of the 1966 order and that the public interest in fair competition requires that restrictions imposed on National Tea Company be no more stringent than those imposed upon other food chains against which Section 7 Clayton Act orders have been issued. Petitioner has also submitted in support of its allegation of changed condition of fact "An Economic Study of Competitive Developments in Retail Food Distribution Since 1966," prepared for petitioner by an economic consultant. Petitioner's claim of a changed condition of law is based principally upon the issuance by the Commission in 1967 of its Enforcement Policy With Respect to Mergers in The Food Industry.

The Director of the Bureau of Competition has filed an answer to the petition advising that he does not oppose the requested modification giving as his principal reason therefor that such modifica-

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tion would be consistent with the aforesaid policy statement and with other orders issued by the Commission subsequent to the original proceeding against National Tea Company. The director has expressed some doubt as to the accuracy and correctness of the economic study submitted by petitioner but feels that even though there has been no great change of fact the petition should nevertheless be granted.

Having considered the petition and the answer thereto, the Commission concurs in the views expressed by the Director of the Bureau of Competition and is of the opinion that in the circumstances shown to exist the requested modification of the order should be made.

The Commission has also considered a request by petitioner that certain tables and charts accompanying the aforesaid economic study be accorded confidential treatment and has determined that the type of information contained therein is customarily privileged and not otherwise available to petitioner's competitors.

Accordingly, *It is ordered*, That this proceeding be, and it hereby is, reopened and the Commission's order of March 4, 1966, be, and hereby is, modified to read as follows:

*It is ordered*, That, for a period of ten (10) years from May 4, 1966, National Tea Co. shall not (A) merge with or acquire, directly or indirectly, through subsidiaries, or in any other manner, except with the prior approval of the Commission upon written application, the whole or any part of any grocery store (an establishment classified in Industry No. 5411, Standard Industrial Classification Manual, 1967 revision, or a grocery department in a non-food store), where such acquisition or merger involves (1) five or more grocery stores, (2) annual grocery store sales of more than five (5) million dollars, or (3) combined (respondent and the grocery stores to be acquired or merged) grocery store sales of more than five (5) percent of total grocery or food store sales in any city or county in the United States; and (B) without sixty (60) days prior notification to the Commission, merge with or acquire, directly or indirectly, through subsidiaries or in any other manner, any grocery store establishment for which prior approval is not required pursuant to subparagraph A.

Within thirty (30) days from the effective date of this order, and annually thereafter until it has fully complied with this order, National Tea Co. shall submit a verified written report to the Federal Trade Commission setting forth in detail the manner and form in which it intends to comply, is complying, or has complied with this order.

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*It is further ordered*, That petitioner's request that confidential treatment be accorded those tables and charts which it has designated "Confidential" be, and it hereby is, granted.

IN THE MATTER OF  
UNION MORTGAGE CO.,  
DOING BUSINESS AS  
UNION HOME LOANS, ET AL.

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

*Docket C-2177. Complaint, March 24, 1972—Decision, March 24, 1972.*

Consent order requiring three California companies located in Los Angeles and Sacramento engaged in arranging loans secured by real property to cease violating the Truth in Lending Act by failing to disclose in its extension of consumer credit the terms annual percentage rate, finance charge, amount financed, the number of installments, any charge for life or property insurance, and other disclosures required by Regulation Z of said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Union Mortgage Co., a corporation doing business as Union Home Loans, and Stockton Home Mortgage Co., a corporation doing business as Union Home Loans, and Hacienda Home Loans, a corporation, and Irving Tushner, individually, and Joseph Seedman, individually and as an officer of said corporations, hereinafter 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 Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

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Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents formulate, direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

PAR. 2. Respondents are now and for some time last past have been engaged in the business of arranging loans secured by real property for a fee under the California Mortgage Loan Broker Act.

PAR. 3. In the ordinary course and conduct of their business as aforesaid, respondents regularly arrange for the extension of consumer credit, as "arrange for the extension of credit" and "consumer credit" are defined in Section 226.2 of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, respondents have caused advertisements to be published, broadcast, or delivered, which advertisements aid, promote or assist directly or indirectly the extension of other than open end credit. These advertisements state the amount of installment payments and the period of repayment to be made if the credit is extended, without also stating all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 of Regulation Z:

1. The amount of the loan;
2. The number of payments scheduled to repay the indebtedness if the credit is extended;
3. The rate of the finance charge expressed as an annual percentage rate; and
4. The sum of the payments.

PAR. 5. Respondents, in certain of the advertisements referred to in Paragraph Four have advertised installment amounts and periods of repayment which they do not usually or customarily arrange, in violation of Section 226.10(a) of Regulation Z.

PAR. 6. Respondents, in certain of the advertisements referred to in Paragraph Four have incorrectly stated the amount of the loan in violation of Sections 226.10(d)(2)(i) and 226.8(d)(1) of Regulation Z by representing as the amount of credit available to the borrower an amount which includes respondent's commission.

PAR. 7. Respondents, in certain of the advertisements referred to in Paragraph Four, fail to disclose clearly and conspicuously the "annual percentage rate," the "total of payments," the "amount financed," and the number of payments scheduled to repay the indebtedness if the credit is extended, as required by Section 226.6(a) of Regulation Z.

PAR. 8. Subsequent to July 1, 1969, respondents, in connection with their arrangement for the extension of consumer credit, have provided customers with credit cost disclosure statements which:

1. Fail to make the disclosures required by Section 226.8 of Regulation Z clearly, conspicuously and in a meaningful sequence, as required by Section 226.6(a) of Regulation Z;

2. Fail to print the terms "annual percentage rate" and "finance charge" more conspicuously than other required terminology, as required by Section 226.6(a) of Regulation Z;

3. Fail to make all the required disclosures in any one of the following three ways, as required by Sections 226.8(a) and 226.801 of Regulation Z;

- (1) Together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

- (2) On one side of a separate statement which identifies the transaction; or

- (3) on both sides of a single document containing on each side thereof the statement *NOTICE*: "See other side for important information," with the place for the customer's signature following the full content of the document.

4. Provide additional information which misleads or confuses the customer or obscures or detracts attention from the information required to be disclosed by Regulation Z, in violation of Section 226.6(c) of Regulation Z;

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5. Fail to identify the creditor other than the respondents, when the credit is extended by a creditor other than respondents, as required by Section 226.6(d) of Regulation Z;
6. Fail to disclose the date on which the finance charge begins to accrue, when different from the date of the transaction, as required by Section 226.8(b) (1) of Regulation Z;
7. Fail to disclose the due date of the first payment scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z;
8. Fail, when a specific dated and separately signed affirmative written indication of the customer's desire for credit life and disability insurance is not obtained, to include the amount of the charge for such insurance in the finance charge as required by Section 226.4(a) (5) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
9. Fail, when a clear, conspicuous and specific statement in writing is not made that the customer may choose the person through whom property insurance is obtained, to include the charges for such insurance in the finance charge as required by Section 226.4(a) (6) of Regulation Z, and thereby fail to state the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
10. Fail, where the customer is obligated to pay a fee to respondents' collection agent for servicing the loan and collecting the installment payments, to disclose the amount of that fee or to include that amount in the finance charge as required by Section 226.4(a) of Regulation Z, and thereby fail to disclose the finance charge accurately as required by Section 226.8(d) (3) of Regulation Z;
11. Fail to disclose the annual percentage rate computed in accordance with the requirements of Section 226.5 of Regulation Z accurately to the nearest quarter of one percent, as required by Section 226.8(b) (2) of Regulation Z;
12. In the instances where a balloon payment is scheduled, within the meaning of Section 226.8(b) (3) of Regulation Z, fail to state the conditions under which that payment may be refinanced if not paid when due, as required by that Section;
13. In instances where existing extensions of credit are refinanced, within the meaning of Section 226.8(j) of Regulation Z, fail to make the disclosures required by Section 226.8 thereof as if the refinancing were a new transaction, in violation of Section 226.8(j) of Regulation Z.

PAR. 9. In the ordinary course and conduct of their business as aforesaid, respondents arrange for the extension of credit in transactions in which a security interest is acquired in real property which is used as the principal residence of the customer. The customer thereby has the right to rescind the transaction, as provided by Section 226.9 of Regulation Z. In these transactions, respondents:

1. Fail, in some instances, to provide each customer who has the right to rescind with two copies of the prescribed notice of right to rescind, as required by Section 226.9(b) of Regulation Z;

2. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice is not in type no less than 12 point bold-face, as required by Section 226.9(b) of Regulation Z;

3. In some instances provide customers who have the right to rescind with copies of the prescribed notice of right to rescind, which notice fails to identify the transaction to which that right applies, in violation of Section 226.9(b) of Regulation Z;

4. Fail, in some instances, to provide each customer who has the right to rescind with a copy of the disclosures required under Section 226.8 of Regulation Z, in violation of Section 226.6(e) of Regulation Z:

5. In instances where existing extensions of credit are refinanced within the meaning of Section 226.8(j) of Regulation Z and respondents are required thereby to treat the refinancing as a new transaction, fail to provide each customer who has the right to rescind with two copies of the notice of right to rescind, as required by Section 226.9(b) of Regulation Z.

PAR. 10. By and through the acts and practices set forth above, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 103(q) of the Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents have violated the Federal Trade Commission Act.

#### DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging respondents named in the caption hereof with violation of the Federal Trade Commission Act, the Truth in Lending Act and the implementing regulation promulgated thereunder,

and respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and comments thereon having been received, considered, and adopted in part by the Commission, and the agreement having been placed on the public record for an additional period of thirty (30) days during which time no comments were received, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Union Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Stockton Home Mortgage Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Union Home Loans, with its principal office and place of business located at 1745 Arden Way, Sacramento, California.

Respondent Hacienda Home Loans is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California, under the name Hacienda Home Loans, with its principal office and place of business located at 2641 West Olympic Boulevard, Los Angeles, California.

Respondent Joseph Seedman is the principal corporate officer of Union Mortgage Co., Stockton Home Mortgage Co., and Hacienda Home Loans. Irving Tushner is the principal stockholder of each of said corporate respondents. The individually named respondents for-

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mulate direct and control the acts and practices of all the corporate respondents, including the acts and practices hereinafter set forth. Their addresses are the same as the respective corporate respondents.

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 respondent Union Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Stockton Home Mortgage Co., a corporation, doing business as Union Home Loans or any other name, respondent Hacienda Home Loans, a corporation doing business as Hacienda Home Loans or any other name, their officers, and respondent Irving Tushner, individually, and respondent Joseph Seedman, individually and as an officer of respondent corporations, and respondents; agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, extension of "consumer credit" or arranging for "consumer credit" as defined in Regulation Z (12 CFR §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. Causing to be disseminated to the public in any manner whatsoever any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, which advertisement states:

a. the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless it states all of the following items in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) of Regulation Z;

- (1) the amount of the loan;
- (2) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
- (3) the amount of the finance charge expressed as an annual percentage rate; and
- (4) the sum of the payments.

b. that a specific amount of credit, installment amount, or period of repayment can be arranged unless respondents usually and customarily arrange or will arrange credit amounts or installments for the stated amount and for the

stated period, as required by Section 226.10 (a) of Regulation Z.

c. that loans at a specific annual percentage rate can be arranged unless respondents usually and customarily arrange or will arrange loans at the stated annual percentage rate.

d. any amount represented to be the amount of credit available to borrowers other than the "amount financed" as defined in Sections 226.2(d) and 226.8(d)(1) of Regulation Z.

2. Failing to disclose the annual percentage rate computed in accordance with Section 226.5 of Regulation Z to the nearest quarter of one percent, as required by Sections 226.8 and 226.10 of Regulation Z.

3. Failing to make all disclosures required by Regulation Z clearly, conspicuously, and in meaningful sequence, as required by Section 226.6(a) of Regulation Z.

4. Failing to print the terms "finance charge" and "annual percentage rate," where required to be used, more prominently than the other terminology required to be used by Regulation Z, as required by Section 226.6(a) thereof.

5. Failing to make all the required disclosures in one of the following three ways, in accordance with Sections 226.8(a) or 226.801 of Regulation Z.

(a) together on the contract evidencing the obligation on the same side of the page and above or adjacent to the place for the customer's signature; or

(b) on one side of a separate statement which identifies the transaction; or

(c) on both sides of a single document containing on each side thereof the statement "Notice: See other side for important information," with the place for the customer's signature following the full content of the document.

6. Stating, utilizing or placing any additional information in conjunction with the disclosures required by Regulation Z to be made, which information misleads or detracts attention from the information required by Regulation Z to be disclosed.

7. Failing to identify each creditor in the transaction, as required by Section 226.6(d) of Regulation Z.

8. Failing to disclose the date on which the finance charge begins to accrue when different from the date of the transaction, as required by Section 226.8(b)(1) of Regulation Z.

9. Failing to disclose the due dates of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.
10. Failing to include in the finance charge, for purposes of disclosure of the finance charge and computation of the annual percentage rate, any of the following charges incurred by the customer:
  - a. any charge for credit life or disability insurance, if a specific dated and separately signed affirmative written indication of the customer's desire for such insurance is not obtained, as provided in Section 226.4(a)(5) of Regulation Z;
  - b. any charge for property insurance, if a specific statement in writing is not made that the customer may choose the person through whom such insurance is obtained, as provided in Section 226.4(a)(5) of Regulation Z;
  - c. any charge for servicing extensions of credit or for collecting payments scheduled to repay the customer's indebtedness, as required by Section 226.4(a) of Regulation Z.
11. Failing to disclose the amount of the finance charge accurately, as required by Section 226.8(d)(3) of Regulation Z.
12. Failing to identify any payment which is more than twice the amount of an otherwise regularly scheduled equal payment as a "balloon payment," or failing to state the conditions under which that payment may be refinanced if not paid when due, as required by Section 226.8(b)(3) of Regulation Z.
13. Failing, when any existing extension of credit is refinanced within the meaning of Section 226.8(j) of Regulation Z, to make all disclosures required by Regulation Z to be made as if the refinancing were a new transaction, as required by Section 226.8(j) of Regulation Z.
14. Failing, in any transaction in which a security interest is or will be retained or acquired in real property which is used or is expected to be used as the principal residence of the customer, including any transaction required by Section 226.8(j) of Regulation Z to be treated as a new transaction, to:
  - a. Provide each customer who has the right provided by Section 226.9 (a) of Regulation Z to rescind the transaction with two copies of the notice of right to rescind in the form required by Section 226.9(b) of Regulation Z, which

