

in individual cases. As the Commission pointed out in *Permanente Cement Co.*, 65 F.T.C. 410, 494 (1964):

In the interim between the institution of a Trade Regulation Rule proceeding and the actual promulgation of any Trade Regulation Rules, the Commission, if it is to enforce the statutes within its jurisdiction, may be obliged to rely on the case-by-case adjudicative method. Commencement of a rule-making proceeding is not tantamount to declaring a moratorium on all enforcement activities with respect to transactions consummated before the effective date of the rules.

The deceptive practices found to exist in the instant case clearly call for the imposition of a three-day cooling-off period, and we believe the proposed rule-making in this area in no way impairs the Commission's authority to order such a remedy to assure the cessation of these practices.

IN THE MATTER OF

THE CREDIT BUREAU, INC. OF WASHINGTON, D.C.,
ET AL.

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

Docket C-2113. Complaint, Dec. 7, 1971—Decision, Dec. 7, 1971

Consent order requiring a credit reporting service of Washington, D.C., which includes the operation of a new resident information-reporting service under the franchised name of Welcome Newcomer, to cease securing personal and financial information from new area residents through subterfuge and selling it without their knowledge.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The Credit Bureau, Inc. of Washington, D.C., a corporation, and Edward F. Garretson, individually, and as manager of The Credit Bureau, Inc. of Washington, D.C., hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent The Credit Bureau, Inc. of Washington, D.C. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal

office located at 1600 Peachtree Street, Northwest, Atlanta, Georgia, and its principal place of business located at 222 Sixth Street, N.W., Washington, D.C.

On or about October 28, 1970, said respondent, The Credit Bureau, Inc. of Washington, D.C., acquired The Credit Bureau, Inc., which was 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 222 Sixth Street, N.W., Washington, D.C., and controlled and dominated its acts and practices until it was dissolved on or about November 18, 1970. The business operations of The Credit Bureau, Inc. were thereafter continued at 222 Sixth Street, N.W., Washington, D.C., by The Credit Bureau, Inc. of Washington, D.C.

Respondent Edward F. Garretson is an individual and was an officer of The Credit Bureau, Inc., and is manager of its corporate successor, respondent The Credit Bureau, Inc. of Washington, D.C. The said individual respondent formulated, directed and controlled the acts and practices of The Credit Bureau, Inc., including the acts and practices hereinafter set forth. He now is primarily responsible for formulating, directing and controlling the acts and practices of the corporate respondent, including those hereinafter set forth.

The aforementioned respondents cooperated and acted together in the carrying out of the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, among other things, engaged in the business operation of a credit reporting service, which business operation includes the gathering, dissemination and sale of personal and financial information from residents newly located in the Washington, D.C. metropolitan area. In the course and conduct of their business aforesaid, respondents use the trade name Welcome Newcomer. Individuals designated by respondents as Welcome Newcomer Hostesses make visits to new residents to the area, purportedly to dispense free gifts, familiarize them with area businesses, and make application for charge accounts with firms which do business in the community.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents now cause, and for some time last past have caused, materials relating to newcomers to be delivered to newcomers who are located in Washington, D.C. and in various States of the United States, and information received from said newcomers to be transmitted from their place of business in Washington, D.C. to persons and businesses located in various other States of the United States and Washington, D.C.

Respondents, therefore, maintain, and at all times mentioned herein have maintained, a substantial course of trade in the aforesaid products and services in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, as aforesaid, and for the purpose of inducing newcomers to supply personal and financial information, respondents employ and engage persons (called hostesses) who call on the newcomers in their homes, and through their hostesses respondents have made, and are now making, to newcomers various statements and representations, directly or by implication, of which the following are typical and illustrative, but not all inclusive thereof:

1. The personal data obtained by the hostess will be used only as proof that the hostess has called upon the newcomer or to make application for charge accounts with firms which do business in the community.

2. The information will be available only to a limited number of persons.

PAR. 5. In truth and in fact:

1. The personal data obtained by the hostess is used for purposes in addition to proof that the hostess has called upon the newcomer or to make application for charge accounts with firms which do business in the community, which purpose is not disclosed to the newcomer.

2. The information is not available only to a limited number of persons, but is generally available to an unlimited number of persons. The information is relayed by the hostesses to respondents, who place the information in their files for use in making credit reports throughout the United States. Furthermore, the personal information is compiled on lists which are available to anyone desiring to purchase this information, which fact is not disclosed to the newcomer.

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

PAR. 6. Furthermore, it was and is an unfair practice and a false, misleading and deceptive act and practice for respondents to induce persons new to the Washington, D.C. metropolitan area to provide them with personal and financial information which would not have been otherwise revealed by such persons had they been informed of the purpose for which the information was being sought. Respondents' subterfuge and failure to disclose the actual purpose for obtaining such information and failure to adequately disclose that the trade name Welcome Newcomer identifies a credit bureau or a service or activity of a credit bureau, constitute a scheme to obtain personal and financial information through deception and misrepresentation.

Therefore, the respondents' methods, as set forth herein, of obtaining personal and financial information were and are unfair acts and practices and were and are false, misleading and deceptive.

PAR. 7. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals gathering personal information of the same general kind and nature as that obtained and used by respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices and the failure to disclose the true nature, purpose and use of the information obtained through said visits, has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were and are true, and in making contributions of personal and financial information to the respondents by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade 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 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 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 upon 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 in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent The Credit Bureau, Inc. of Washington, D.C. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office located at 1600 Peachtree Street, Northwest, Atlanta, Georgia, and its principal place of business located at 222 Sixth Street, N.W., Washington, D.C.

Respondent Edward F. Garretson is an individual and manager of the said corporate respondent, The Credit Bureau, Inc. of Washington, D.C. His address is 222 Sixth Street, N.W., Washington, D.C.

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 The Credit Bureau, Inc. of Washington, D.C., a corporation, and its officers, and Edward F. Garretson, individually, and as manager of The Credit Bureau, Inc. of Washington, D.C., and each of said respondents trading as Welcome Newcomer or under any other trade name or names, and respondents' agents, employees and representatives, directly or through any corporate, subsidiary, division or other device, in connection with the solicitation, compilation, use, sale or distribution of personal, financial or other information or debt collections or other service in "commerce" as defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that the personal and financial information obtained by the hostess making the visit for Welcome Newcomer will be used only as proof that the hostess has called upon the newcomer or to make application for charge accounts with firms which do business in the community; or misrepresenting, in any manner, the purposes for obtaining any information from whatever source, or how or the manner in which the information is to be used or revealed to third parties.

2. Obtaining personal and financial information without clearly and conspicuously disclosing at the outset, in each introduction or presentation by hostesses or other representatives of respondents to newcomers that such information, in addition to being submitted in connection with any credit applications signed by the newcomer, will be available to specifically identified organizations

which subscribe to the Welcome Newcomer service and may solicit the newcomer's patronage.

3. Disclosing any personal or financial information furnished by a newcomer for any purposes other than those described in Paragraph 2 without clearly and conspicuously disclosing to the newcomer, prior to obtaining such information, the exact information which will be used, the particular use which will be made of such information, and the parties or entities to whom the information will be made available.

4. Using the trade name "Welcome Newcomer" or any other trade name of substantially similar import or meaning, either orally or in writing, in connection with the collection of personal or financial information for credit rating, debt collection or other purposes without clearly and conspicuously revealing in immediate connection therewith that the name identifies a credit bureau or a service or activity of a credit bureau.

It is further ordered, That respondents shall deliver a copy of this order to cease and desist to all present and future hostesses or other representatives engaged in securing personal and financial information from newcomers, and shall obtain a signed statement acknowledging receipt of said order from each said agent, representative or person receiving a copy of said order.

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 change in the corporation which may affect compliance obligations arising out of this 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 of their compliance with this order.

IN THE MATTER OF

SHELTON HEALTH SPA, INC., ET AL.

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

Docket C-2114. Complaint Dec. 7, 1971—Decision, Dec. 7, 1971

Consent order requiring two health clubs of Forest Hills, N.Y., and New York City, to cease violating the Truth in Lending Act by failing, in consumer

credit transactions and advertisements to use the terms "cash price," "unpaid balance of cash price," "amount financed," "finance charge," "total of payments," "deferred payment price," and "annual percentage rate" as required by Regulation Z of the 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 Shelton Health Spa, Inc., and Shelton Health Club for Women, Inc., corporations and Howard Joseph, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and 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 Shelton Health Spa, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 111-20 Queens Boulevard, Forest Hills, New York.

Respondent Shelton Health Club for Women, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 525 Lexington Avenue, New York, New York.

Respondent Howard Joseph, president, is an officer of the corporate respondents. He formulates, directs and controls the consumer credit policies, acts and practices of the corporations, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for sometime last past have been engaged in the advertising, offering for sale and sale of health club memberships of various types; the financing of the purchase of club memberships by the general public; the collection of members' club dues; and the general management and supervision of said health clubs located in Manhattan and Queens, New York which offer health club memberships to and accept said memberships from residents of the State of New York and other States of the United States.

PAR. 3. In the ordinary course 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 their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' services in the form of health club memberships. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures.

PAR. 5. By and through the use of the contract, set forth in Paragraph Four, respondents have:

1. Failed to obtain new contract forms or to alter their existing stock of contract forms prior to, during, and subsequent to the period beginning July 1, 1969 and ending December 31, 1969, as required by Section 226.6(k) of Regulation Z.

2. Failed to use the term "cash price" to describe the price which the respondents offer, in the ordinary course of business, to sell for cash the health club memberships which are the subject of the consumer credit transactions, as required by Section 226.8(c)(1) of Regulation Z.

3. Failed to use the term "unpaid balance of cash price" to describe the difference between the cash price and the cash downpayment, as required by Section 226.8(c)(3) of Regulation Z.

4. Failed to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.

5. Failed to use the term "finance charge" to describe the sum of all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c)(8)(i) of Regulation Z.

6. Failed to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

7. Failed to use the term "deferred payment price" to describe the sum of the cash price, all other charges which were included in the amount financed but which were not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.

8. Failed to express the finance charge as an annual percentage rate, using the term "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z.

9. Failed to disclose and identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and failed to provide a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be

credited to the obligation or refunded to the customer, as required by Section 226.8(b)(7) of Regulation Z.

PAR. 6. 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 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

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 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 Shelton Health Spa, 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 111-20 Queens Boulevard, Forest Hills, New York.

Respondent Shelton Health Club for Women, 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 525 Lexington Avenue, New York, New York.

Respondent Howard Joseph, president, is an officer of said corporations. He formulates, directs and controls the consumer credit policies,

acts and practices of said corporations and his address is the same as that of said corporations.

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 Shelton Health Spa, Inc., and Shelton Health Club for Women, Inc., and Howard Joseph, individually and as an officer of said corporations, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with any extension of consumer credit, as "consumer credit" is defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to use the term "cash price" to describe the price at which respondents offer, in the regular course of business, to sell for cash the health club memberships which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.
2. Failing to use the term "unpaid balance of cash price" to describe the difference between the cash price and the cash downpayment, as required by Section 226.8(c)(3) of Regulation Z.
3. Failing to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c)(7) of Regulation Z.
4. Failing to use the term "finance charge" to describe the sum of all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c)(8)(i) of Regulation Z.
5. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness, as required by Section 226.8(6)(3) of Regulation Z.
6. Failing to use the term "deferred payment price" to describe the sum of the cash price, all other charges which were included in the amount financed but which were not part of the finance charge, and the finance charge, as required by Section 226.8(c)(8)(ii) of Regulation Z.
7. Failing to express the finance charge as an annual percentage rate, using the term "annual percentage rate" as required by Section 226.8(b)(2) of Regulation Z.
8. Failing to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation and failing to provide a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to the

customer, as required by Section 226.8(b) (7) of Regulation Z.

9. Failing, in any consumer credit transaction or advertisement, to make all disclosures in the manner, form, and amount required by Sections 226.6, 226.7, 226.8, 226.9, 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 the 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 respondents notify the Commission at least thirty (30) days prior to any proposed change in corporate respondent's business organization such as dissolution; assignment or sale resulting in the emergence of a successor business, corporate or otherwise; the creation of subsidiaries; any change of business name or trade style; or any other change which may affect compliance obligations arising out of the order.

It is further ordered, That respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF

THREE "B" MOTORS, INC., ET AL.

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

Docket C-2115. Complaint, Dec. 7, 1971—Decision, Dec. 7, 1971

Consent order requiring two used car dealers of Miami, Fla., to cease violating the Truth in Lending Act by failing, in consumer credit transactions, to make all disclosures in the manner, form, and amount required by Regulation Z of the 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 Three "B" Motors, Inc., a corporation, and Joseph C. Barger, individ-

ually and as manager of said corporation, 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 Three "B" Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its principal office and place of business located at 501 N.W. 36th Street, Miami, Florida.

Respondent Joseph C. Barger is manager of the corporate respondent. He formulates, directs and controls the policy, 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.

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 consumer credit sales, as "consumer credit" and "credit sale" are defined in Regulation Z, have caused and are causing customers to execute a binding Used Car Order Contract, hereinafter referred to as the "Order Contract."

Respondents have caused and are causing customers to also sign a Florida Conditional Sales Contract, hereinafter referred to as the "Sales Contract." Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through the use of the Order Contract and the Sales Contract, respondents:

1. Fail to use the term "cash price" to describe the price at which respondents offer, in the regular course of business, to sell the vehicle for cash, as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to use the term "cash downpayment" to describe the downpayment in money made in connection with the credit sale, as required by Section 226.8(c)(2) of Regulation Z.

3. Fail to use the term "trade-in" to describe the downpayment in property made in connection with the credit sale, as required by Section 226.8(c)(2) of Regulation Z.

4. Fail to use the term "total downpayment" to describe the sum of

the cash downpayment and the trade-in, as required by Section 226.8 (c) (2) of Regulation Z.

5. Fail to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment, as required by Section 226.8(c) (3) of Regulation Z.

6. Fail to use the term "amount financed" to describe the amount of credit extended, as required by Section 226.8(c) (7) of Regulation Z.

7. Fail to use the term "finance charge" to describe the sum of all charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c) (8) (i) of Regulation Z.

8. 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.

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

10. Fail to disclose the number of payments scheduled to repay the indebtedness, as required by Section 226.8(b) (3) of Regulation Z.

11. Fail to use the term "total of payments" to describe the dollar amount of the sum of payments scheduled to repay the indebtedness as required by Section 226.8(b) (3) of Regulation Z.

12. Retain a security interest in property in connection with the credit sale and fail to describe the type of security interest as required by Section 226.8(b) (5) of Regulation Z.

13. Fail to identify the method of computing any unearned portion of the finance charge in the event of prepayment, as required by Section 226.8(b) (7) 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 Atlanta Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with viola-

