

Complaint

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IN THE MATTER OF

H&R BLOCK, INC.

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

Docket C-2162. Complaint, March 1, 1972—Decision, March 1, 1972

Consent order requiring a Kansas City, Mo., firm offering income tax preparation and other services to cease misrepresenting the terms and conditions of any guarantee, that respondent will reimburse customers for any addition he may have to make to his initial tax payment, that respondent will not assume liability for any additional taxes assessed, using information obtained from customer's tax data for purposes other than the tax return, and where respondent intends to transfer such information, to obtain customer's signature releasing the information.

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 H&R Block, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent H&R Block, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4410 Main Street in the city of Kansas City, State of Missouri.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale and sale of personal income tax preparation services, mutual funds and life insurance to the general public.

Respondent sells its aforesaid products and services directly and through various corporate subsidiaries, affiliates, and franchisees hereinafter referred to for convenience as respondent's representatives.

PAR. 3. In the course and conduct of its business as aforesaid, respondent now causes, and for some time last past has caused, monies, contracts, business forms and other commercial paper and printed materials in connection with said income tax preparation services, mutual funds and life insurance to be sent by United States

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mail from respondent's place of business in the State of Missouri to its local offices and franchises and purchasers of respondent's products and services located in various other States of the United States, and maintains and all times mentioned herein has maintained a substantial course of trade in said services in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business, respondent and its representatives have disseminated, and caused the dissemination of, certain advertisements concerning the said income tax preparation services by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said income tax preparation services.

PAR. 5. Among the advertisements disseminated in the aforesaid manner, are certain radio and television commercial broadcasts and newspaper and periodical insertions. In these radio and television commercial broadcasts, respondent utilizes the services of John Cameron Swayze, a noted news commentator and television personality, to narrate the broadcast script. The narration by John Cameron Swayze includes certain statements and representations respecting Block's size and extent of operation, the complexity of income tax preparation, the security which members of the consuming public will experience when their tax returns are prepared by Block, the thoroughness of Block's preparation procedures and the Block guarantee of accuracy. Typical of the statements and representations in said advertisements, but not all inclusive thereof, are the following:

A. Television

1. John Cameron Swayze for H & R Block, America's Largest Income Tax Service.

Tax reforms *this year* will affect every taxpayer.

Millions of Americans will be using the 1040 Long Form for the first time, because the 1040A Short Form, has been eliminated. *But * * ** the Long Form itself has been changed dramatically. It's completely revised. And the surtax is still with us, too * * * at a *higher* effective rate. All this confusion means that now, more than ever, you need the security and peace of mind H&R Block can provide.

They'll prepare, double-check and guarantee your return.

See H&R Block, the Income Tax People. (emphasis in original).

2. Signs play an important part in our lives. Most of us take them for granted, but here's one it will pay you to look for. It's the H&R Block sign, which appears in front of more than 4000 offices coast to coast.

It means that Block will prepare, double-check and guarantee your return for accuracy, making sure you receive every legitimate deduction. It means that the cost for all this service and peace of mind is surprisingly low, and deductible next year.

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So look for this sign, and trust H & R Block. There's no finer Tax Service in America. You'll be glad you got together.

3. It does make a difference who prepares your income tax, especially this year.

John Cameron Swayze here, with just *two* of the differences which have made H & R BLOCK America's Largest Income Tax Service.

First * * * income tax is BLOCK'S only business. They'll prepare and double-check your return to make sure you receive every legitimate deduction. Second * * * H & R BLOCK stands behind its work with this written guarantee * * *. If we make any error that costs you penalty or interest, we will pay that penalty or interest. The cost for this service? Surprisingly low, and the charge is deductible next year.

H & R BLOCK, a *good* place to place *your* confidence. You'll be glad you got together.

4. I'm John Cameron Swayze for H & R Block. Keeping abreast of the constantly changing tax rules and regulations is a full-time job. That's why you can't be a once-a-year expert when it comes to preparing your own income tax return.

The new Tax Reform Act, which will affect *everyone* for the first time this year, has brought about the most sweeping changes in history.

H & R Block understands these new regulations and will prepare, check and *guarantee* your return starting as low as \$5.

For peace-of-mind and accuracy—trust your tax return to the "Income Tax People". And look for this sign * * *

H & R Block, a *good* place to place your confidence. (emphasis in original).

5. Signs play an important part in our lives. Most of us take them for granted, but here's one it will pay you to look for. It's the H & R Block sign, which appears in front of more than 5,000 offices worldwide.

It means that Block knows the provisions of the new Tax Reform Act, which will affect *Every* taxpayer this year.

It means that Block will prepare, double-check and guarantee your tax return, making sure you receive every legitimate deduction.

It means that the cost for all this service and peace of mind is surprisingly low, and deductible next year. So look for this sign, and trust H & R Block.

There's no finer Tax Service in America. (emphasis in original).

6. We guarantee accurate preparation of every tax return. If we make any errors which cost you penalty or interest, we will pay that penalty or interest. That's the H & R Block guarantee.

I'm John Cameron Swayze with some plain talk about H & R Block.

They feel when you pay for their service, you are entitled to complete satisfaction. If Block's service falls short through no fault of yours, they must accept that responsibility at no additional cost to you.

So, it's little wonder over 8 million Americans will trust their tax returns to H & R Block this year. You should, too.

H & R Block—A *good* place to place your confidence.

7. We guarantee accurate preparation of every tax return.

I'm John Cameron Swayze, speaking for H & R Block, The Income Tax People. Since 1955, Block has been trying hard to provide the *finest* tax service available anywhere.

That's why, this year, H & R Block will *go* anywhere in the continental United States to prepare your tax return.

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If you are unable to come to one of the more than 5,000 H & R Block offices, Block will come to you, *wherever* you live or work. The cost for this special service will be slightly more than their regular fee, but they sincerely believe that competent, *guaranteed* tax preparation should be available to everyone. Just call your nearest H & R Block office and they'll come to you. That's H & R Block, a good place to place your confidence. (emphasis in original).

B. Newspaper and direct mail:

1. Fast accurate service guaranteed accurate by trained tax preparers.

* * * * *

The yearly tax changes hold no mystery for our Tax detectives.

* * * * *

Trained tax men take your data and bale it up fast so you have every tax deduction you've got coming.

* * * * *

* * * offer to appear with you, should your return be selected for audit by IRS.

* * * * *

We will appear with you at an audit without cost to you.

* * * * *

Every year Internal Revenue selects a number of returns for audit or review. If you receive any notice, call H & R Block first. This is part of our year round service at no extra charge to you.

PAR. 6. By and through the use of the above-quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, respondent and its representatives have represented, and are now representing, directly or by implication, that:

1. Respondent will reimburse the taxpayer for any payments the taxpayer may be required to make in addition to his initial tax payment, if such additional payment results from an error made by respondent and its representatives in the preparation of the tax return.

2. If the customers' tax return is audited, respondent and its representatives will provide representation, without charge, by persons qualified and certified by, and enrolled to practice before, the Internal Revenue Service.

PAR. 7. In truth and in fact:

1. Respondent and its representatives do not reimburse the taxpayer for all payments he is required to make in addition to his initial tax payment if such additional payment results from an error made by respondent and its representatives in the preparation of the tax return.

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2. Respondents and its representatives do not provide representation by persons qualified and certified by, and enrolled to practice before, the Internal Revenue Service to their customers, in instances where the customer's tax return is audited.

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

PAR. 8. In the further course and conduct of its business, respondent and its representatives enter into a relationship with their tax preparation customers which is impliedly represented as, and is inherently, confidential and private in nature. As a result of the aforesaid relationship, respondent and its representatives are provided and receive certain information from their tax preparation customers. Data culled from the aforesaid information is given by respondent and its representatives to J.B. Grossman, Inc., which is a wholly-owned subsidiary of respondent and is managed, directed and controlled by respondent. On the basis of this data, J.B. Grossman, Inc., compiles several mailing lists of respondent's and its representatives' income tax preparation customers. Included on one such list is the name, address and occupation of the customer. Only customers that earn more than a certain stated income are included on this list. Other lists contain only the names and addresses of the customers. This data is of both a personal and financial nature and is private and confidential.

The aforesaid list which includes the name, address and occupation, and is limited with respect to the income of the customer is then furnished by respondent, through J.B. Grossman, Inc., to H & R Block Financial Services, a joint venture between respondent and Pennsylvania Life Insurance Company. The aforesaid joint venture, H & R Block Financial Services, is engaged in the sale of life insurance and mutual funds to the general public. Persons on the list provided by respondent to H & R Block Financial Services are contacted by direct mail literature and various other means for the purpose of soliciting the purchase of mutual funds and life insurance from H & R Block Financial Services.

The other lists which include the names and addresses of the customers of respondent and its representatives are sold or rented by J.B. Grossman, Inc., to various other business concerns, either directly or through mailing list brokers. Persons on these lists are contacted by the various business concerns which purchase the lists, through direct mail literature and other means, for the purpose of soliciting the purchase of various products and services.

Respondent uses, and has used, the aforesaid information gathered as a result of the preparation by respondent and its representatives of its customers' income tax returns in the manner hereinabove described without the prior knowledge and consent of its customers, and respondent has failed to disclose such use and intended use to its customers.

PAR. 9. The aforesaid acts and practices of the respondent, and the special relationship created by respondent with its customers as described in Paragraph Eight hereof, had had, and now has, the capacity and tendency to mislead respondent's customers into the erroneous and mistaken belief that the information they provided respondent will only be used for the purpose of preparation of their income tax returns and will remain confidential.

Therefore, the respondent's failure to disclose the use of the aforesaid information for purposes other than the preparation of its customers' tax returns is false, misleading and deceptive.

Furthermore, respondent's use of the aforesaid information for purposes other than the preparation of its customers' tax returns without the prior knowledge and consent of its customers is contrary to, and in substantial disregard of, the special relationship between respondent and its customers as described in Paragraph Eight, hereof, and is, and was, unfair.

PAR. 10. In the course and conduct of its business, and at all times mentioned herein, respondent and its representatives have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of income tax preparation services of the same general kind and nature.

PAR. 11. The use by respondent and its representatives of the aforesaid false, misleading and deceptive statements and representations, and unfair acts and practices, 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 into the purchase of respondent's and its representatives' income tax preparation services by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of the respondent and its representatives as herein alleged, were and are all to the prejudice and injury of the public and of respondent's and its representatives' 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 Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as are required by the Commission's rule's; 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 having duly considered the comments filed thereafter pursuant to Section 2.34(b) of its rules, 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 H&R Block, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4410 Main Street in the city of Kansas City, State of Missouri.

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 H&R Block, Inc., a corporation, and its officers, and respondent's employees, agents, representatives, or successors and assigns, directly or through any corporate or other device, in connection with the preparation of income tax returns or the compilation of customer mailing lists, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using any guarantee without clearly and conspicuously disclosing the terms, conditions and limitations of any such guarantee; or misrepresenting, in any manner, the terms and conditions of any guarantee.

2. Representing, directly or by implication, that respondent will reimburse its customers for any payments the customer may be required to make in addition to his initial tax payment, in instances where such additional payments result from an error by respondent in the preparation of the tax return; *Provided, however,* nothing herein shall prevent truthful representations that respondent will reimburse its customers for interest or penalty payments resulting from respondent's error.

3. Failing to disclose, clearly and conspicuously, whenever respondent makes any representation, directly or by implication, as to its responsibility for, or obligation resulting from, errors attributable to respondent in the preparation of tax returns, that respondent will not assume the liability for additional taxes assessed against the taxpayer.

4. Representing, directly or by implication, that respondent will provide legal representation to customers whose tax returns may be audited; or misrepresenting, in any manner, the type or manner of assistance provided by respondent to customers whose returns may be audited.

5. Using any information concerning any customer of respondent, including the name and/or address of the customer, obtained as a result of the preparation of the customer's tax return for any purpose which is not essential or necessary to the preparation of said tax return, without clearly and conspicuously disclosing to the customer, prior to the obtaining of any information relative to the preparation of the tax return, that respondent intends to use the information for purposes other than the preparation of the customer's return, the exact information which will be used, the particular use which will be made of such information and a description of the parties or entities to whom the information will be made available: *Provided, however,* That nothing herein shall prohibit respondent from using names and addresses only of customers for the purpose of communication with such customers solely concerning respondent's income tax preparation business.

6. Failing to provide each customer in instances where the information described in Paragraph 5 hereof will be used for any purpose other than the preparation of the tax return, with a form to be signed by the customer prior to the obtaining of any such information clearly stating that respondent intends to use the information for purposes other than the preparation of the return, the exact information to be used, the particular use to be made of such information, a description of the parties or entities to whom the information will be made available, and a statement that the customer consents to the use of such information.

It is further ordered, That:

(a) respondent herein deliver a copy of this decision and order to each of its present and future franchisees and any other person, partnerships or corporations authorized by respondent to engage in the commercial preparation of income tax returns;

(b) respondent inform each such person so described in Paragraph (a) above that respondent is obligated by the terms of this order to notify the Commission of persons who continue on their own the deceptive practices prohibited by this order;

(c) respondent, in its continuing business dealings with each said person described in Paragraph (a), take note of any failure to observe the requirements of this order and advise the Federal Trade Commission of such failure.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, send a letter to the last known address of each of its customers and the customers of its franchisees for the most recent past year, clearly and accurately explaining (1) the terms, conditions and limitations of respondent's policy regarding its responsibility for, or obligation resulting from errors attributable to respondent in the preparation of tax returns; and, (2) the type or manner of assistance provided by respondent to customers whose returns may be audited.

It is further ordered, That respondent herein shall notify the Commission at least 30 days prior to any proposed change in the structure of 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 respondent 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.

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IN THE MATTER OF

CANAVERAL INTERNATIONAL CORP., ET AL.

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

Docket C-2163. Complaint, March 2, 1972—Decision, March 2, 1972

Consent order requiring a Miami, Fla., seller and distributor of mobile homes and other associated respondents to cease violating the Truth in Lending Act by failing to disclose to customers the annual finance charge, the total payments, the method of computing penalty charges, the cash price, the unpaid balance of cash price, the deferred payment price, the cash downpayment, and other disclosures required by Regulation Z of the 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 Canaveral International Corp., a corporation, Baker Mobile Homes, Inc., a corporation, Colonial Coach Estates, Inc., a Florida corporation and Colonial Coach Estates, Inc., a Georgia 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 Canaveral International Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 7100 Biscayne Boulevard, Miami, Florida.

Respondent Baker Mobile Homes, 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 2089 N.W. 79th Street, Miami, Florida.

Respondent Colonial Coach Estates, 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 9315 Memorial Highway, Tampa, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

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of the State of Georgia, with its principal office and place of business located at 8000 State Highway 85, Riverdale, Georgia.

Respondent Canaveral International Corp. owns all of the shares of the other respondents and controls the policies, acts and practices of the other respondents, including the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of mobile homes 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 their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost disclosures. Respondents do not provide these customers with any other consumer credit cost disclosures prior to the consummation of the "credit sale" as required by Section 226.8(a) of Regulation Z.

By and through use of the contract, respondents:

1. Fail to provide customers with the following consumer credit cost disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z in the manner, form and amount required by Section 226.6 and 226.8 of Regulation Z:

- a. The finance charge expressed as an annual percentage rate.
- b. The "total of payments."
- c. The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments.
- d. A description of the penalty charge that may be imposed by respondents or their assignee for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed.
- e. An identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation.
- f. The "cash price."

- g. The "unpaid balance of cash price."
 - h. All other charges which are included in the amount financed but which are not part of the finance charge.
 - i. The "unpaid balance" and "amount financed."
 - j. The "finance charge."
 - k. The "deferred payment price."
2. Fail to clearly and conspicuously disclose the type of security interest acquired in connection with their credit sales and the property to which the security interest relates as required by Sections 226.6(a) and 226.8(b)(5) of Regulation Z.
 3. Fail to use the term "cash downpayment" to describe the downpayment in money made in connection with their credit sales, as required by Section 226.8(c)(2) of Regulation Z.
 4. Fail to use the term "trade-in" to describe the downpayment in property made in connection with their credit sales, as required by Section 226.8(c)(2) of Regulation Z.
 5. Fail to use the term "total downpayment" to describe the sum of the "cash downpayment" and "trade-in" as required by Section 226.8(c)(2) of Regulation Z.

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

DECISION AND ORDER

The 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 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 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, 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 Canaveral International Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 7100 Biscayne Boulevard, Miami, Florida.

Respondent Baker Mobile Homes, 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 2089 N.W. 79th Street, Miami, Florida.

Respondent Colonial Coach Estates, 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 9315 Memorial Highway, Tampa, Florida.

Respondent Colonial Coach Estates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia, with its principal office and place of business located at 8000 State Highway 85, Riverdale, Georgia.

Respondent Canaveral International Corp. owns all of the shares of the other respondents and controls the policies, acts and practices of the other 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 respondents Canaveral International Corp., a corporation, Baker Mobile Homes, Inc., a corporation, Colonial Coach Estates, Inc., a Florida corporation, and Colonial Coach Estates, Inc., a Georgia corporation, their successors and assigns, and respondents' officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 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. Failing to provide customers with the following consumer credit cost disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z in the manner, form and amount required by Sections 226.6 and 226.8 of Regulation Z:

a. The finance charge expressed as an annual percentage rate.

b. The "total of payments."

c. The amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments.

d. A description of the penalty charge that may be imposed by respondents or their assignee for prepayment of the principal of the obligation with an explanation of the method of computation of such penalty and the conditions under which it may be imposed.

e. An identification of the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation.

f. The "cash price."

g. The "unpaid balance of cash price."

h. All other charges which are included in the amount financed but which are not part of the finance charge.

i. The "unpaid balance" and "amount financed."

j. The "finance charge."

k. The "deferred payment price."

2. Failing to clearly and conspicuously disclose the type of security interest acquired in connection with their credit sales and the property to which the security interest relates as required by Sections 226.6(a) and 226.8(b)(5) of Regulation Z.

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

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

5. Failing to use the term "total downpayment" to describe the sum of the "cash downpayment" and "trade-in" as required by Section 226.8(c)(2) of Regulation Z.

6. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with

