

Complaint

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IN THE MATTER OF

WEST COAST CREDIT CORPORATION t/a FIDELITY
FINANCE CO., INC.CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-2600. Complaint, Nov. 19, 1974 - Decision, Nov. 19, 1974*

Consent order requiring a Seattle, Wash., money lender, among other things to cease instituting collection lawsuits except in the county where the defendant either resides or where the contract was signed, and using promissory notes, etc., containing provisions governing the choice of forum county in the event of suit.

Appearances

For the Commission: *Randall H. Brook.*
For the respondent: *Betty B. Fletcher and Jonathan Blank, Preston, Thorgrimson, Ellis, Holman & Fletcher, Seattle, Wash.*

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent West Coast Credit Corporation, a corporation doing business as Fidelity Finance Co., Inc., has violated Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the public interest, issues this complaint.

PARAGRAPH 1. Respondent is a Washington corporation with its principal office located at 2005 Fifth Ave., Seattle, Wash.

PAR. 2. Respondent is engaged in the business of extending loans to consumers at various offices located throughout the State of Washington. Allegations below of respondent's present acts and practices include past acts and practices.

PAR. 3. In the course of its business, respondent extends loans to persons resident in Wash. and Idaho, and receives payments from, pursues collection activities against, and institutes legal actions against, debtors resident in Wash., Idaho, Oreg. and other states. Thus respondent maintains a course of business in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course of collecting allegedly defaulted obligations, respondent regularly resorts to use of judicial process in matters not resolved by private settlement. The defendant debtors in such cases are

predominantly low-income or middle-income persons not represented by counsel. Respondent usually obtains default judgments.

PAR. 5. Respondent commences collection lawsuits in the Superior Court of King County, Wash. In many such suits defendants reside, and have incurred the underlying obligations, outside of King County, in places up to 300 or more miles from the court. Courts located in the county where defendants reside or where they signed the contracts sued upon could be used for these suits. Through this use of distant or inconvenient forum, respondent effectively deprives defendants of a reasonable opportunity to appear, answer and defend the lawsuits. Therefore, such use of a distant or inconvenient forum is unfair.

PAR. 6. Almost all the defendants described in Paragraph Five would be entitled under state venue laws to be sued in the county of their residence and to move for a change of venue to that county, except for them having previously waived this right. Respondent elicits and causes such waiver by requiring borrowers to sign a form promissory note containing the following "venue waiver" provision:

The undersigned agree the venue of any action instituted hereon, at election of payee hereof, may be laid in King County.

PAR. 7. The venue waiver provision is not a bargained-for part of the promissory note and is not generally understandable to persons without legal background or experience. By requiring borrowers to waive statutory venue provisions, respondent effectively deprives them of rights otherwise available to move for a change of forum. Therefore, such use of venue waiver provisions is unfair.

PAR. 8. For its superior court lawsuits, respondent uses confusingly worded summonses which give defendants inadequate and misleading directions as to the proper procedure for responding. These summonses have the tendency to mislead defendants into defaulting. Thus respondent effectively deprives defendants of a reasonable opportunity to appear, answer and defend the lawsuits. Therefore, such use of confusingly worded summonses is unfair and deceptive.

PAR. 9. The acts and practices alleged above are all to the prejudice and injury of the public and constitute unfair or deceptive acts or 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 hereto 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 required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty 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 West Coast Credit Corporation, a corporation doing business as Fidelity Finance Co., Inc., is a Washington corporation with its principal office located at 2005 Fifth Ave., Seattle, Wash.
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 West Coast Credit Corporation, a corporation doing business as Fidelity Finance Co., Inc., and its successors, officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the extension or collection of credit obligations of consumers, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Instituting suits except in the county where the defendant resides at the commencement of the action, or in the county where the defendant signed the contract sued upon. This provision shall not preempt any rule of law which further limits choice of forum or which requires, in actions involving real property or fixtures attached to real property, that suit be instituted in a particular county. The term "county" includes the equivalent political subdivision where no county exists.

2. Using promissory notes or other contracts containing any provision which governs or purports to govern choice of forum county in the event of suit.

It is further ordered, That, where respondent learns subsequent to institution of a suit that Paragraph 1 above has not been complied with, it shall forthwith terminate the suit and vacate any default judgment entered thereunder. In lieu of such termination, respondent may effect a change of forum to a county permitted by Paragraph 1; Provided, That respondent gives defendant notice of such action and opportunity to defend equivalent to that which defendant would receive if a new suit were being instituted. In all cases respondent shall provide defendants with a clear explanation of the action taken and of defendants' rights to appear, answer and defend in the new forum.

It is further ordered, That, where respondent terminates a suit or vacates a judgment pursuant to the preceding paragraph, it shall give notice to such termination or vacation to each "consumer reporting agency," as such term is defined in the Fair Credit Reporting Act (15 U.S.C. Section 603), which respondent has been informed or has reason to know has recorded the suit or judgment in its files. Additionally, respondent shall furnish such notice to any other person or organization upon request of the defendant.

It is further ordered, That when respondent institutes suit in any superior court in Washington State, it shall attach, to any summons served upon defendants, a notice or explanation to defendants which gives clear and adequate directions as to the proper procedure for responding to the summons without defaulting. The notice or explanation shall use clear and unconfusing language, and shall appear clearly, conspicuously, and in type at least as large as typewriter pica type. Should superior court rules or procedures change respondent shall forthwith modify the notice accordingly. The initial form of the notice, and any modifications thereof, shall be subject to approval by the Seattle Regional Office or other authorized representative of the Federal Trade Commission.

It is further ordered, That respondent prepare and maintain a summary of Washington superior court suits instituted, pending, terminated, or acted upon subsequent to judgment. This summary shall contain each defendant's 1) name, 2) address, and 3) county of residence; 4) county where the contract sued upon was signed by the defendant, if the suit was not instituted in the residence county; 5) date served; 6) date filed; 7) docket number; 8) name and location of court in which filed; 9) amount claimed; and 10) whether a default judgment has been entered. Where a suit has been instituted in a county other than where

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defendant resides or signed the contract, the reason for this choice of forum shall be explained. This summary shall cover a continuous two-year period commencing with service upon respondent of this order. A summary of suits instituted in King County Superior Court shall be prepared for the year immediately prior to this service, including only items 1-4 and 10, above. A copy of this summary shall be submitted to the Federal Trade Commission on a semiannual basis except that the summary of activity for the year preceding service of this order upon respondent shall be submitted within sixty days after service.

It is further ordered, That respondent shall forthwith deliver a copy of this order to each of its branches, subsidiaries, and operating divisions.

It is further ordered, That respondent notify the Commission at least thirty 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 herein shall within sixty days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

DILLINGHAM DEVELOPMENT COMPANY

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

Docket C-2601. Complaint, Nov. 19, 1974 - Decision, Nov. 19, 1974

Consent order requiring a Los Angeles, Calif., developer and seller of recreational land in Calif. and Nev., among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Appearances

For the Commission: *Jon R. Calhoun.*

For the respondent: *Pro se.*

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COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and of the Truth in Lending Act, and the implementing regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Dillingham Development Company, a corporation, hereinafter sometimes referred to as respondent, has violated the provisions of said Acts, and the implementing regulation promulgated under the Truth in Lending Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Dillingham Development Company is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Nevada with its principal office and place of business located at 10850 Wilshire Boulevard, Suite 800, Los Angeles, Calif.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the development and sale of recreational land in California and Nevada.

PAR. 3. In the regular course and conduct of its business as aforesaid respondent regularly arranges for the extension of consumer credit or offers to extend or arrange for the extension of such 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 extending or arranging for such consumer credit, respondent made certain cost of credit disclosures, including the actual interest rate to be charged, but failed to comply with the disclosure requirements of the Truth in Lending Act as defined and set forth in Regulation Z, in that respondent:

a) Failed to make the required disclosures clearly, conspicuously, and in meaningful sequence, as prescribed by Section 226.6(a) of Regulation Z.

b) Failed, in the course of disclosing the cost of credit expressed as a percentage rate, to use the term "annual percentage rate," as prescribed by Section 226.8(b)(2) of Regulation Z.

c) Failed to set forth the number, amount, due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term, "total of payments," and to identify the amount of any "balloon payment" and state the conditions, if any, under

which a "balloon payment" may be refinanced if not paid when due, as prescribed by Section 226.8(b)(3) of Regulation Z.

d) Failed to describe the method of computing unearned portions of finance charges and amounts deducted from any rebate or credit to the customer of such charges in the event of prepayment of the obligation, as prescribed in Section 226.8(b)(7) of Regulation Z.

e) Failed, in the course of disclosing the sales price to use the term "cash price," as prescribed by Section 226.8(c)(1) of Regulation Z.

f) Failed to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total down payment, as prescribed by Section 226.8(c)(3) of Regulation Z.

g) Failed to disclose and itemize on a timely basis all other charges included in the amount financed, but which are not part of the finance charge, as prescribed by Section 226.8(c)(4) of Regulation Z.

h) Failed to use the term "unpaid balance" to describe the sum of the unpaid balance of cash price and all other charges which are included in the amount financed but which are not part of the finance charge, as prescribed by Section 226.8(c)(5) of Regulation Z.

i) Failed to use the term "amount financed" to describe the difference between the unpaid balance and any amounts required to be deducted under Paragraph (e) of Section 226.8 of Regulation Z, as prescribed by Section 226.8(c)(7) of Regulation Z.

j) Failed to disclose and itemize the total amount of the finance charge using the term "finance charge," as prescribed by Section 226.8(c)(8)(i) of Regulation Z.

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

l) Failed, in any consumer credit transaction to make all 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, 226.8, 226.9, and 226.10 of Regulation Z.

PAR. 5. By the aforesaid failure to make disclosures, respondent has 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 Truth in Lending Act, respondent's aforesaid failure to comply with Regulation Z constitutes violations of that Act and, pursuant to Section 108 thereof, respondent has thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Los Angeles Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and of the Truth in Lending Act; and

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) 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 Dillingham Development Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nevada, with its office and principal place of business located at 10850 Wilshire Boulevard, Suite 800, Los Angeles, Calif.

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

ORDER

It is ordered, That respondent, Dillingham Development Company, a corporation, its successors and assigns, and respondent's officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension or arrangement for the extension of consumer credit, or any advertisement to aid, promote or assist, directly or indirectly, any

extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. §226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

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

2. Failing to set forth the finance charge expressed as an annual percentage rate, using the term "annual percentage rate," as prescribed by Section 226.8(b)(2) of Regulation Z.

3. Failing to set forth the number, amount, due dates or periods of payments scheduled to repay the indebtedness and the sum of such payments using the term, "total of payments," and to identify the amount of any "balloon payment" and state the conditions, if any, under which a "balloon payment" may be refinanced if not paid when due, as prescribed by Section 226.8(b)(3) of Regulation Z.

4. Failing to describe the method of computing unearned portions of finance charges and amounts deducted from any rebate or credit to the customer of such charges in the event of prepayment of the obligation, as prescribed in Section 226.8(b)(7) of Regulation Z.

5. Failing to use the term "cash price" to describe the cash price of the property purchased, as prescribed by Section 226.8(c)(1) of Regulation Z.

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

7. Failing to disclose and itemize on a timely basis all other charges included in the amount financed, but which are not part of the finance charge, as prescribed by Section 226.8(c)(4) of Regulation Z.

8. Failing to use the term "unpaid balance" to describe the sum of the unpaid balance of cash price and all other charges which are included in the amount financed but which are not part of the finance charge, as prescribed by Section 226.8(c)(5) of Regulation Z.

9. Failing to use the term "amount financed" to describe the difference between the unpaid balance and any amounts required to be deducted under Paragraph (e) of Section 226.8 of Regulation Z, as prescribed by Section 226.8(c)(7) of Regulation Z.

10. Failing to disclose and itemize the total amount of the finance charge using the term "finance charge," as prescribed by Section 226.8(c)(8)(i) of Regulation Z.

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

12. Failing, in any consumer credit transaction to make all 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, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That the respondent corporation shall establish and maintain at its offices copies of relevant executed documents for all future and post-January 1, 1973, sales of real property for inspection and review upon request by the Federal Trade Commission. Such documents shall include, where appropriate, copies of the initial Purchase Agreement, Note Secured by Deed of Trust, Deed of Trust and Truth in Lending Disclosure Form.

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

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

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

IN THE MATTER OF

MONTGOMERY WARD & CO., INCORPORATED

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

Docket C-2602. Complaint, Nov. 19, 1974 - Decision, Nov. 19, 1974

Consent order requiring a Chicago, Ill., general merchandise and catalog retailer, among other things to cease instituting collection lawsuits in distant or inconvenient courts. The suit must be filed in the county where the defendant either lives or the contract was signed.

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Appearances

For the Commission: *Randall H. Brook.*
For the respondent: *Edward S. Berger*, Chicago, Ill.

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent Montgomery Ward & Co., Incorporated, has violated Section 5 of the Federal Trade Commission Act, and that a proceeding in respect thereof would be in the public interest, issues this complaint:

PARAGRAPH 1. Montgomery Ward & Co., Incorporated, is an Illinois corporation with its principal office located at 619 West Chicago Ave., Chicago, Ill.

PAR. 2. Respondent is a general merchandise and catalog retailer, engaged in the advertising, offering for sale, sale and distribution of clothing, household goods, appliances, tools, tires and various other articles of merchandise. Allegations below of respondent's present acts or practices include past acts or practices.

PAR. 3. Respondent sells, ships and distributes its products throughout the United States, and is thus in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course of its business, respondent regularly extends credit (hereinafter referred to as retail credit accounts) for the purpose of facilitating consumers' purchases of respondent's products.

PAR. 5. In the course of its collection of retail credit accounts, respondent regularly sues, directly or through collection agencies, allegedly defaulting purchasers in courts located far from where the purchaser defendants reside or from where they signed the contracts sued upon. Courts located closer to where defendants reside or where they signed the contracts sued upon could be used for these suits. In Alaska, for example, many defendants are low income Alaskan natives who reside in small villages five hundred or more miles from the forum court. The distance, cost and inconvenience of defending such suits place a virtually insurmountable burden on defendants. Respondent thus effectively deprives many defendants of a reasonable opportunity to appear, answer and defend. Therefore, such use of distant or inconvenient forum is unfair.

PAR. 6. In its pursuit of post-judgment remedies in Alaska, respondent regularly causes orders for judgment debtor examinations to be issued. Through these orders, respondent requires defendants to appear in person in Anchorage, at their own expense, to testify as to their

assets. Such orders have been issued in midwinter against defendants residing in northern Alaska, five hundred or more miles from Anchorage. Such defendants could readily be examined by local magistrates or through sworn written interrogatories. Thus, the use of such burdensome orders against distantly-residing defendants is unfair.

PAR. 7. The aforesaid acts and practices of respondent are all to the prejudice and injury of the public and constitute unfair acts or 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 hereto 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 required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of sixty 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 Montgomery Ward & Co., Incorporated, is an Illinois corporation with its principal office located at 619 West Chicago Ave., Chicago, Ill.
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 Montgomery Ward & Co., Incorporated, a corporation, and its successors, assigns, officers, agents, repre-

sentatives and employees, directly or through any corporation, subsidiary, division or other device, including any collection agency, in connection with the collection of retail credit accounts in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Instituting suits except in the county (or, in Alaska, in the court closest to) where defendant resides at the commencement of the action, or in the county (or, in Alaska, in the court closest to) where the defendant signed the contract sued upon. If defendant cannot be located by diligent efforts, suit may be instituted in the county of defendant's last known residence. These provisions shall not preempt any rule of law which further limits choice of forum or which requires, in actions quasi in rem or involving real property or fixtures attached to real property, that suit be instituted in a particular county.

Provided, That, with respect to collection suits filed on behalf of respondent by any third party relating to accounts assigned for collection to that third party prior to the date of service of this order, failure of such third party to bring such suits in the appropriate location as set forth above shall not constitute noncompliance with this paragraph.

For purposes of this order, in open end credit transactions (for example, "revolving charge accounts"), the "contract sued upon" is the document (commonly called "sales slip" or "purchase order") evidencing the actual credit sale.

2. Causing the issuance of any order for judgment debtor examination which requires the personal appearance of a defendant, unless the appearance may be made in the county of the defendant's residence or, in Alaska, in a location no more distant from the defendant's residence than the nearest court.

It is further ordered, That, where respondent learns subsequent to institution of a suit that Paragraph 1 above has not been complied with, it shall forthwith terminate the suit and vacate any default judgment entered thereunder. In lieu of terminating a suit, respondent may effect a change of forum to a county or court permitted by the preceding Paragraph 1, provided that respondent gives defendant notice of such action and opportunity to defend equivalent to that which defendant would receive if a new suit were being instituted. *Further*, Where respondent learns that Paragraph 2 above has not been complied with, it shall forthwith vacate the judgment-debtor examination order. In all cases respondent shall provide defendants with a clear explanation of the action taken and of defendants' rights to appear, answer and defend in the new forum. Compliance with this paragraph, where suit has been

instituted in the county appearing from respondent's business records to be where defendant resides, shall be considered compliance with the preceding Paragraph 1.

It is further ordered, That, where respondent terminates a suit or vacates a judgment pursuant to the preceding Paragraph, it shall give notice of such termination or vacation to each "consumer reporting agency," as such term is defined in the Fair Credit Reporting Act (15 U.S.C. Section 603), which respondent has been informed or has reason to know has recorded the suit or judgment in its files. Additionally, respondent shall furnish such notice to any other person or organization upon request of the defendant.

It is further ordered, That respondent prepare and maintain a summary of suits instituted, pending, terminated, or acted upon subsequent to judgment. This summary shall contain each defendant's (1) name, (2) address, and (3) county of residence; (4) county where the contract sued upon was signed by the defendant, if the suit was not instituted in the residence county; (5) county where served; (6) date served; (7) date filed; (8) docket number; (9) name and (10) location of court in which filed; (11) name of plaintiff (if a collection agency suing in its own name); (12) amount claimed; and (13) disposition (including garnishment or execution, if any). Where a suit has been instituted in a county other than where defendant resides or signed the contract sued upon, the reason for this choice of forum shall be explained. This summary shall cover a continuous two-year period commencing with service upon respondent of this order. A summary of suits instituted by respondent's principal collection counsel for its Central Credit Units in Oakland, Los Angeles, Kansas City, Chicago, Albany, and Baltimore shall also be prepared for a year period immediately prior to such service, with information limited to items 1, 3, 4 and 10 above, and a notation of whether a default judgment has been entered. A copy of this summary shall be submitted to the Federal Trade Commission on a semiannual basis except that the summary of activity for the year preceding service of this order upon respondent shall be submitted within sixty days after service.

It is further ordered, That respondent shall forthwith deliver a copy of this order to each of its subsidiaries and operating divisions, to each collection agency currently collecting any of respondent's retail credit accounts, and to any other collection agency prior to referral to it of any of respondent's retail credit accounts. Respondent shall obtain and preserve signed and dated statements from each collection agency, acknowledging receipt of the order and willingness to comply with it.

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

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

IN THE MATTER OF

TRU-VIEW PLASTICS, INC., ET AL.

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

Docket C-2603. Complaint, Nov. 19, 1974 -- Decision, Nov. 19, 1974

Consent order requiring a Brooklyn, N. Y., retailer and distributor of plastic slip covers, among other things to cease using misleading sales plans; misrepresenting guarantees; disparaging advertised merchandise and using bait and switch tactics.

Appearances

For the Commission: *Carol H. Katz.*

For the Respondents: *Arthur Teichberg, New York, N. Y.*

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 Tru-View Plastics, Inc., a corporation, and Martin Simon and Dennis Simon, individually and as officers of said corporation, 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 Tru-View Plastics, 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 5606 Church Avenue, Brooklyn, N. Y.

