

approval, to a proposed consent order from The Money Tree, Inc. ("Money Tree"), and Vance R. Martin, individually and as an officer of Money Tree (collectively referred to as "respondents").

The proposed order would settle charges that Money Tree, which also does business as Money To Lend, Inc. and Money To Lend, violated the Truth in Lending Act ("TILA") and its implementing Regulation Z. The proposed order would also resolve allegations that Money Tree and Vance R. Martin violated the Federal Trade Commission Act ("FTC Act") and the Fair Credit Reporting Act ("FCRA"). The TILA and Regulation Z require creditors to provide consumers with written disclosures of the costs and credit terms associated with loans. Section 5 of the FTC Act prohibits unfair or deceptive acts or practices in or affecting commerce. The FCRA requires creditors to provide applicants who are denied credit due to information contained in a credit report with a notice containing the name and address of the credit reporting agency that supplied the report.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

The complaint alleges that Money Tree required consumers to purchase credit-life insurance, credit-disability insurance, accidental death and dismemberment insurance and/or an auto club membership (collectively referred to as "extras") in connection with its loans, but (1) failed to include the costs of these extras in the finance charge and annual percentage rate ("APR") disclosed to consumers, and (2) wrongfully included the premiums and fees in the amount financed, causing customers to pay interest on the premiums and fees for these extras. These practices, according to the complaint, violate sections 106, 107, and 128 of the Truth in Lending Act ("TILA"), 15 U.S.C. §§ 1605, 1606, and 1638, as amended, respectively, and sections 226.4, 226.4(d), 226.22, and 226.18 (b), (d), and (e) of Regulation Z, 12 C.F.R. §§ 226.4, 226.4(d), 226.22, and 226.18(b), (d) and (e), respectively.

The complaint further alleges that respondents violated section 5 of the FTC Act, 15 U.S.C. § 45(a), by inducing consumers to execute documents stating

that they voluntarily chose the extras when, in fact, the extras were mandatory to obtain a loan. Finally, the complaint alleges that respondents violated section 615(a) of the FCRA, 15 U.S.C. § 1681m(a), by denying credit to consumers either wholly or partly because of information in a report from a consumer reporting agency but failing to: (a) advise the applicant, at the time the applicant was informed of such adverse action, that the adverse action was based in whole or in part on information contained in a consumer report; and (b) supply the applicant with the name and address of the consumer reporting agency making the report.

The proposed order contains injunctive provisions designed to remedy the violations charged and to prevent respondents from engaging in similar acts and practices in the future. Specifically, the order would require that Money Tree: (1) make all disclosures in accordance with the TILA; (2) include in the finance charge and the APR disclosed to consumers the costs of extras that consumers are required to purchase in connection with their loans; and (3) exclude from the amount financed disclosed to consumers the costs of extras that consumers are required to purchase in connection with their loans.

The proposed order would also prohibit respondents from referring to the availability of any extra without at the same time disclosing orally: (1) that the consumer has already been approved for the loan, (2) the amount of the loan, (3) that the extras are optional, (4) that the consumer's decision about the extras does not affect the amount of their loan or whether the consumer will receive a loan, (5) the amount of the premium or fee for each extra, and (6) that Money Tree will add premiums and fees for the extras to the consumer's loan amount. The proposed order would further require respondents to provide future customers with a separate document that states, *inter alia*, that the consumer has already been approved for the loan and that the consumer should not sign the form unless they want to buy one of the extras. The proposed order would also require that respondents: (a) advise rejected applicants that they have been denied credit in whole or in part because of information in a consumer report; and (b) give rejected applicants the name and address of the consumer reporting agency making the report.

The proposed order would provide Money Tree customers with an opportunity to receive refunds. Under the proposed order, Money Tree must

offer its customers an opportunity to cancel the credit-life insurance, credit-disability insurance, and accidental death and dismemberment insurance written on their loans and obtain cash refunds or credits to their accounts.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way its terms.

Donald S. Clark,

Secretary.

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## GENERAL ACCOUNTING OFFICE

### Federal Accounting Standards Advisory Board

#### Notice of Meeting

**SUMMARY:** Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. No. 92-463), as amended, notice is hereby given that the Federal Accounting Standards Advisory Board will meet on Thursday, February 27, 1997, from 9:00 a.m. to 4:00 p.m. in room 7C13 of the General Accounting Office building, 441 G St., NW., Washington, DC.

The purpose of the meeting is to discuss (1) the appropriate classification of certain Coast Guard cutters and aircraft, (2) options for social insurance programs, (3) the cost-of-capital work plan, and (4) an interpretation issue from the Environmental Protection Agency's Superfund Accounting Branch related to proper classification of recoveries of clean-up costs.

Any interested person may attend the meeting as an observer. Board discussions and reviews are open to the public.

**FOR FURTHER INFORMATION CONTACT:** Wendy Comes, Executive Director, 750 First St., NE., Room 1001, Washington, DC 20002, or call (202) 512-7350.

Authority: Federal Advisory Committee Act, Pub. L. No. 92-463, Section 10(a)(2), 86 Stat. 770, 774 (1972) (current version at 5 U.S.C. app. section 10(a)(2) (1988)); 41 CFR 101-6.1015 (1990).

Dated: February 11, 1997.

Wendy M. Comes,

Executive Director.

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