

IN THE MATTER OF

WILLIAM H. KAMPF AND EARL H. WILSON

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 4988. Complaint, June 30, 1943—Decision, June 15, 1944

Where an individual engaged in interstate sale and distribution of printed mailing cards designed and intended for use by creditors and collection agencies in obtaining information concerning debtors, including (1) cards making use of "Character Reference Bureau" which advised recipient that it was "very important that" the "subject be properly identified," and on the attached self-addressed post cards called for information as to his name, age, nationality, marriage state, address, employer and home ownership and whether "worthy of a responsible position," and (2) cards making use of name "U. S. Pencil Sales" which advised addressee "A Pencil Free To Advertise Our Pencils," that "All we ask is that you show our pencil to your friends and fellow-employees," that "To avoid duplication, name of employer must be given," counseled prompt action since only a limited number would be given away and stated "Your pencil will be sent you as soon as this card is returned," following which provision was made for name and address of the debtor and that of his employer, followed by notice that "This Advertising Offer is Not Transferable, For You Only";

Making use of a plan under which purchasers addressed said "Character Reference" cards to those believed able to furnish the desired information, purchasers of the "U. S. Pencil" cards addressed them to those concerning whom information was sought, at their last known address, and caused them to be stamped and delivered to the Chicago address made use of by said individual, who there mailed them and forwarded to the appropriate purchasers such reply cards, identified by code numbers, as were received by him or forwarded to him by an individual compensated for such services and the use of his office—

- (a) Falsely represented through said "Pencil Sales" cards and placed in the hands of purchasers thereof means of falsely representing, directly and by implication, to the addressees of said cards, that the pencils referred to were of such a character that the friends and fellow employees of the recipients of the cards might be interested in purchasing them; that the advertising offer of a free pencil was made for the purpose of introducing the pencils to prospective purchasers; and that only a limited number of pencils would be given away; and
- (b) Falsely represented through use of name "U. S. Pencil Sales" and placed in the hands of purchasers of said cards the means of representing, directly and by implication, that he was in the business of selling and distributing pencils;

The facts being that the pencils sent to those who returned said cards were not such as to be of any possible interest to persons to whom they might be exhibited and were readily obtainable in any community; the whole scheme was a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts by his customers; and the said name was merely a disguise for the true nature of the business; and

- (c) Falsely represented through said "Character Reference" cards, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication, to persons from whom information concerning others was sought, that the inquiry was for the purpose of identifying the person concerning whom it was made, and determining whether his character was such as to make him worthy

of a responsible position; and that he was engaged in the business of obtaining information concerning the characters of individuals;

Facts being the scheme was like that preceding, a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts;

With effect of misleading and deceiving many persons to whom said cards were sent into the erroneous belief that the said representations were true, and by reason thereof to give information which they would not otherwise have supplied:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. Arthur F. Thomas*, trial examiner.

Mr. Randolph W. Branch for the Commission.

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 William H. Kampf, an individual, trading as The Tracer System, and using the names Character Reference Bureau, and U. S. Pencil Sales, and Earl H. Wilson, an individual, herein-after referred to as the 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. Respondents, William H. Kampf and Earl H. Wilson, are individuals, with an office and principal place of business at 330 South Wells Street, Chicago, Ill. Respondent, William H. Kampf, in the conduct of his business, has traded under the name The Tracer System, and has also used the names Character Reference Bureau and U. S. Pencil Sales.

PAR. 2. Respondent, Kampf, is now, and has been for more than three years last past, engaged in the business of selling and distributing, under the name The Tracer System, printed mailing cards designed and intended to be used by creditors and collection agencies in obtaining information concerning debtors.

Respondent, Kampf, causes said cards to be transported from his afore-said place of business in the State of Illinois to purchasers thereof in various States of the United States and in the District of Columbia. Said respondent maintains, and at all times mentioned herein has maintained, a course of trade in said cards in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. The said cards sold and distributed by respondent Kampf when using the name Character Reference Bureau are substantially in the form exemplified by a photostatic copy thereof, marked Exhibit A, and when using the name U. S. Pencil Sales, the cards are substantially in the form exemplified by a photostatic copy thereof marked Exhibit B.

The said Exhibits A and B are attached hereto and by this reference are incorporated herein and made a part hereof.¹

Upon the said cards were placed code numbers by which the respondents were enabled to identify the different purchasers.

¹ Not published. For identical exhibits included with the findings, see pp. 657, 658 infra.

The purchasers of the Character Reference Bureau cards addressed them to persons whom they believed able to furnish the desired information concerning the persons with reference to whom the inquiry was made. The purchasers of the U. S. Pencil Sales cards addressed them to the persons concerning whom the information was sought at their last known addresses. The purchasers placed on the cards the postage necessary for their delivery to the addressees and return, and caused them to be delivered to respondents at Chicago, Ill.

At Chicago, Ill., they were received by respondent, Wilson, who deposited the individual cards in the United States mail.

Such of the reply cards as were returned were received by respondent, Wilson, the purchasers identified by the code numbers, and the reply cards sent by Wilson to the appropriate purchasers. To the persons who returned the U. S. Pencil Sales cards, respondent Wilson sent ordinary lead pencils about three and one-half inches in length, supplied by respondent, Kampf.

For the services rendered by Wilson he was compensated by Kampf.

PAR. 4. By means of the U. S. Pencil Sales cards respondents have falsely represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication, to the addresses of said cards, that the pencils referred to were of such a character that the friends and fellow employees of the recipients of the cards might be interested in purchasing said pencils; that the proposal of a free pencil was made as an advertising offer for the purpose of introducing the pencils to prospective purchasers, and that only a limited number of pencils would be given away.

PAR. 5. Through the use of the name "U. S. Pencil Sales" respondents have represented, and placed in the hands of purchasers of said cards the means of representing directly and by implication, that respondent, Kampf, is in the business of selling and distributing pencils.

PAR. 6. The said representations were false and misleading. In truth and in fact the pencils sent to those who returned the U. S. Pencil Sales cards were not of such a character as to be of any possible interest to persons to whom they might be exhibited, were readily obtainable in any community, and were not sent as a method of getting their merits before possible purchasers. The said cards were not sent as a means of promoting the sale of pencils, but had as their sole purpose the obtaining of information concerning the recipients. The number of pencils to be given away was not limited. Respondent, Kampf, was not engaged in the business of selling and distributing pencils. The whole scheme was merely a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts by Kampf's customers, and the said name was merely a disguise for the true nature of the business.

PAR. 7. By means of the "Character Reference Bureau" cards, respondents have falsely represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication to persons from whom information concerning others was sought, that the inquiry was for the purpose of identifying the person concerning whom it was made, and determining whether his character was such as to make him worthy of a responsible position.

Through the use of the name "Character Reference Bureau" respondents have represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication, that respondent,

Kampf, was engaged in the business of obtaining information concerning the characters of individuals.

The said representations were false and misleading. In truth and in fact respondent, Kampf, was not engaged in the business of obtaining information concerning the characters of individuals. The information sought by means of the "Character Reference Bureau" cards was not for the purpose of identifying the persons concerning whom the information was sought or of determining whether the characters of said persons were such as to render them worthy of employment in responsible positions. The sole purpose of said cards was the obtaining of information concerning the persons named therein. The whole scheme was merely a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts by Kampf's customers and the said name was merely a disguise for the true nature of the business.

PAR. 8. The use, as hereinabove set forth, of the foregoing false and misleading statements, representations and designations had had the capacity and tendency to, and has, misled and deceived many persons to whom said cards were sent into the erroneous and mistaken belief that the said statements, representations and designations were true, and by reason thereof to give information which they would not otherwise have supplied.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce with the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on June 30, 1943, issued and subsequently served its complaint in this proceeding upon the respondents, William H. Kampf and Earl H. Wilson, individuals, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of that act. After the service of said complaint, and no answers thereto having been filed, testimony and the evidence in support of the allegations of said complaint were introduced by R. W. Branch, attorney for the Commission, and in opposition to the allegations of the complaint by the respondents, before Arthur F. Thomas, an examiner of the Commission theretofore duly designated by it, which was duly recorded and filed in the office of the Commission. At the said hearing respondents waived the filing of a report upon the evidence by the examiner, and thereafter waived all intervening procedure and further hearing as to the facts, and agreed that the matter might be disposed of by the Commission upon the record. Thereafter the proceeding regularly came on for final hearing upon the said complaint and testimony, and the Commission having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondents, William H. Kampf and Earl H. Wilson, are individuals, with an office and principal place of business at 330 South Wells Street, Chicago, Ill. Respondent, William H. Kampf, in the

conduct of his business, has traded under the name The Tracer System, and has also used the names Character Reference Bureau and U. S. Pencil Sales; he resides at Clifton, Ill.

PAR. 2. Respondent, Kampf, is now, and has been for more than three years last past, engaged in the business of selling and distributing, under the name The Tracer System, printed mailing cards designed and intended to be used by creditors and collection agencies in obtaining information concerning debtors.

Respondent, Kampf, causes said cards to be transported from his afore-said place of business in the State of Illinois to purchasers thereof in various States of the United States and in the District of Columbia. Said respondent maintains, and at all times mentioned herein has maintained, a course of trade in said cards in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. The said cards sold and distributed by respondent, Kampf, when using the name Character Reference Bureau are substantially in the form exemplified by a copy thereof, marked Exhibit A, and when using the name U. S. Pencil Sales, the cards are substantially in the form exemplified by a copy thereof marked Exhibit B.

The said Exhibits A and B are attached hereto and by this reference are incorporated herein and made a part hereof.

Upon the said cards were placed code numbers by which the said respondent was enabled to identify the different purchasers.

The purchasers of the Character Reference Bureau cards addressed them to persons whom they believed able to furnish the desired information concerning the persons with reference to whom the inquiry was made. The purchasers of the U. S. Pencil Sales cards addressed them to the persons concerning whom the information was sought at their last known addresses. The purchasers placed on the cards the postage necessary for their delivery to the addresses and return, and caused them to be delivered to 330 So. Wells St., at Chicago, Ill.

Respondent, Kampf, deposited the individual cards in the United States mail.

Such of the reply cards as were returned were received by respondent, Kampf, or forwarded to him by respondent, Wilson, the purchasers identified by the code numbers, and the reply cards sent to the appropriate purchasers. To the persons who returned the U. S. Pencil Sales cards, were sent ordinary lead pencils about three and one-half inches in length.

For the services rendered by Wilson he was compensated by Kampf. These services consisted of furnishing Kampf with an office at which mail addressed to U. S. Pencil Sales and Character Reference Bureau could be delivered, and on occasion sending to Kampf bundles of cards sent by his customers for mailing and reply cards which had been received at the office. Other than this, respondent, Wilson, had nothing to do with the conduct of the enterprise.

PAR. 4. By means of the U. S. Pencil Sales cards respondent, Kampf, has falsely represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication, to the addressees of said cards, that the pencils referred to were of such a character that the friends and fellow employees of the recipients of the cards might be interested in purchasing said pencils; that the proposal of a free pencil was made as an advertising offer for the purpose of introducing the pencils



A PENCIL FREE To Advertise Our Pencils

We Will Send You One of Them
**ABSOLUTELY FREE—NO
OBLIGATION**

All we ask is that you show our pencil to your friends and fellow-employees where you work. To avoid duplication, name of employer must be given.

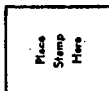
Act promptly. Only a limited number of these pencils will be given away. Your pencil will be sent you as soon as this card is returned.

**FILL OUT AND MAIL THIS CARD AT
ONCE**

Name.....
Address.....
Town.....
State.....
Phone Number.....
Employed by.....
Address.....

**THIS ADVERTISING OFFER IS NOT
TRANSFERABLE. FOR YOU ONLY.**

This is your No.



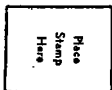
U. S. PENCIL SALES
706 Insurance Center Bldg., Chicago, Ill.

OL

U. S. PENCIL SALES

706 Insurance Center Bldg.

CHICAGO, ILLINOIS



U. S. PENCIL SALES

Copyright 1935 by U. S. Pencil Sales

*No Obligation
No Postage Required*

**CLIP AND
MAIL IT TO US
TODAY**

Is a Free Advertising Offer

**The
ATTACHED
CARD**



Findings

652

WILLIAM H. KAMPE ET AL.

657

Findings

FILE NO. _____

Name _____

Age? _____

Nationality? _____

Married or Single? _____

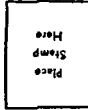
Present Address? _____

Where Employed? _____

Own Home or Rent? _____

Is this party worthy of a responsible position? _____

Remarks: _____



CHARACTER REFERENCE BUREAU
330 SO. WELLS ST., CHICAGO, ILL.

TO _____

CHARACTER REFERENCE BUREAU

CHICAGO, ILLINOIS

In reference to _____

It is very important that the above subject be properly identified.
Kindly send us by return mail, as fully as possible, the information requested on the attached card regarding the above party (no postage required).
Your immediate attention will be appreciated.

Yours very truly,

CHARACTER REFERENCE BUREAU

Place
Stamp
Here

CHARACTER REFERENCE BUREAU

330 SO. WELLS STREET

CHICAGO, ILLINOIS

to prospective purchasers; and that only a limited number of pencils would be given away.

PAR. 5. Through the use of the name "U. S. Pencil Sales" respondent, Kampf, has represented, and placed in the hands of purchasers of said cards the means of representing, directly and by implication, that he is in the business of selling and distributing pencils.

PAR. 6. The said representations were false and misleading. In truth and in fact the pencils sent to those who returned the U. S. Pencil Sales cards were not of such a character as to be of any possible interest to persons to whom they might be exhibited, were readily obtainable in any community, and were not sent as a method of getting their merits before possible purchasers. The said cards were not sent as a means of promoting the sale of pencils, but had as their sole purpose the obtaining of information concerning the recipients. The number of pencils to be given away was not limited. Respondent, Kampf, was not engaged in the business of selling and distributing pencils. The whole scheme was merely a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts by Kampf's customers, and the said name was merely a disguise for the true nature of the business.

PAR. 7. By means of the "Character Reference Bureau" cards, respondent Kampf has falsely represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication to persons from whom information concerning others was sought, that the inquiry was for the purpose of identifying the person concerning whom it was made, and determining whether his character was such as to make him worthy of a responsible position.

Through the use of the name "Character Reference Bureau" respondent, Kampf, has represented, and placed in the hands of purchasers of said cards means of falsely representing, directly and by implication, that he was engaged in the business of obtaining information concerning the characters of individuals.

The said representations were false and misleading. In truth and in fact respondent, Kampf, was not engaged in the business of obtaining information concerning the characters of individuals. The information sought by means of the "Character Reference Bureau" cards was not for the purpose of identifying the persons concerning whom the information was sought or of determining whether the characters of said persons were such as to render them worthy of employment in responsible positions. The sole purpose of said cards was the obtaining of information concerning the persons named therein. The whole scheme was merely a subterfuge for obtaining information to facilitate the collection of alleged delinquent accounts by Kampf's customers and the said name was merely a disguise for the true nature of the business.

PAR. 8. The use, as hereinabove set forth, of the foregoing false and misleading statements, representations and designations had the capacity and tendency to, and has, misled and deceived many persons to whom said cards were sent into the erroneous and mistaken belief that the said statements, representations and designations were true, and by reason thereof to give information which they would not otherwise have supplied.

Order

38 F. T. C.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon complaint of the Commission and testimony taken before Arthur F. Thomas, an examiner of the Commission theretofore duly designated by it, in support of the allegations of the complaint, and in opposition thereto, respondents having waived all intervening procedure and further hearing as to the facts, and the Commission having made its findings as to the facts and its conclusion that respondent, William H. Kampf, has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, William H. Kampf, an individual, his representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of post cards or other mailable matter in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "U. S. Pencil Sales," or any other word or words of similar import, to designate, describe or refer to respondent's business; or otherwise representing, directly or by implication, that respondent's business is that of selling or distributing pencils.

2. Using the words "Character Reference Bureau," or other word or words of similar import, to designate, describe or refer to respondent's business; or otherwise representing, directly or by implication, that respondent's business is that of obtaining information concerning the characters of individuals.

3. Representing, directly or by implication, that the giving of information requested by such post cards or mailable matter by the recipients thereof is for the acceptance of an advertising or introductory offer of free goods, or that the amount of such goods is limited.

4. Representing, directly or by implication, that the information sought from the recipients of such post cards or mailable matter is for the purpose of identifying any person and determining his fitness of character for a responsible position.

5. Selling or distributing post cards or other mailable matter which represent, directly or by implication, that respondent's business is other than that of obtaining information to be used in the collection of debts; or which represent, directly or by implication, that the information sought through such letters is for any purpose other than for use in the collection of debts.

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

And it is further ordered, That the proceeding be, and the same hereby is, dismissed as to respondent, Earl H. Wilson.

Complaint

IN THE MATTER OF

MOTLOID COMPANY, INC. AND WALLACE A. ERICKSON

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 5042. Complaint, Sept. 7, 1943—Decision, June 21, 1944

Where a corporation and an individual engaged in the manufacture and interstate sale and distribution of a denture base designated "Moldent"; by advertisements in trade periodicals and advertising circulars, and labels on the boxes or containers thereof—

Falsely represented to the members of the dental profession and to those engaged in dental laboratory work that the product "Moldent" was superior to all other denture bases and particularly acrylic denture bases, and complied with a certain specification set up by the American Dental Association known as Revised A.D.A. Specification No. 12 of January 1, 1942;

With effect of misleading and deceiving a substantial portion of the members of said profession and those engaged in said laboratory work into the erroneous belief that such representations were true and into the purchase of substantial quantities of such product because of such mistaken belief:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. Miles J. Furnas*, trial examiner.

Mr. Joseph Callaway for the Commission.

Mr. John R. Hackett, of Chicago, Ill., for respondents.

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 Motloid Company, Inc., and Wallace A. Erickson, 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, Motloid Company, Inc., is a corporation, organized and existing under and by virtue of the laws of the State of Illinois with its office and principal place of business located at 325 West Huron Street, Chicago, Ill. Respondent, Wallace A. Erickson, is an individual, with his place of business at 325 West Huron Street, Chicago, Ill.

PAR. 2. The respondent, Motloid Company, Inc., is now and for more than one year last past, has been engaged in the sale and distribution of a denture base designated as Moldent. Respondent, Wallace A. Erickson, was for a considerable period of time prior to January 1, 1943, vice president of said corporation. Since about January 1, 1943, he has been engaged as an individual, in the business of manufacturing the product Moldent, and selling and distributing it through Motloid Company, Inc.