

Complaint

48 F. T. C.

IN THE MATTER OF

DAVID BERNSTEIN DOING BUSINESS AS AFFILIATED
CREDIT EXCHANGE AND BUSINESS RESEARCHCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5804. Complaint, Sept. 5, 1950—Decision, July 9, 1951*

Where an individual engaged in California in collecting business and professional accounts upon a contingent basis, including many sent to him from other states;

In attempting to ascertain the current addresses of persons owing money to his clients, the names and addresses of their employers and other information concerning them, through "skip tracing," involving the use of double post cards upon which was set forth, "Return to BUSINESS RESEARCH," (followed by the Washington address of his agent who mailed the cards out and received and forwarded the replies to him), together with the advice that "the information requested on the attached card" was necessary "to enable us to complete our records;"

Falsely and misleadingly represented that he was engaged in conducting a business research bureau or office or in compiling business and labor statistics, and that the information requested was for such purposes, through the use of the name "Business Research" and the form and phraseology of the cards, upon the side of which was included a box of figures similar to the arrangement appearing on "punch cards" commonly used for statistical purposes;

The facts being his sole purpose and business was the obtaining of information for use in connection with the collection of unpaid accounts; he had no Washington office; and his sole purpose in employing said agent and in making use of said subterfuge was to locate the debtors and get as much information as possible in order to recover money for the creditors who employed him;

With capacity and tendency to mislead and deceive many persons to whom said cards were sent into the erroneous belief that said individual was engaged in conducting a research bureau or office or in compiling business and labor statistics, and to induce the recipients thereof to give information to him which otherwise they would not supply;

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

Before *Mr. Everett F. Haycraft*, trial examiner.

Mr. J. W. Brookfield, Jr., for the Commission.

Mr. Carl J. Mooslin, of Los Angeles, Calif., for respondent.

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 David Bernstein,

an individual trading and doing business as Affiliated Credit Exchange and Business Research, 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 David Bernstein is an individual trading and doing business under the names Affiliated Credit Exchange and Business Research, with his office and principal place of business located at 326 West Third St., in the city of Los Angeles, Calif.

PAR. 2. Respondent is now, and for more than 2 years last past, has been engaged in conducting a collecting agency and in collecting accounts owed to others upon a commission basis contingent upon collection. Many of these accounts are sent to respondent from persons residing in States other than California.

PAR. 3. In the course and conduct of his business, respondent frequently desires to ascertain the current addresses of persons from whom he is endeavoring to collect moneys due to his clients, the names and addresses of the employers of such persons and other information about such persons. For this purpose he uses, and has used, post cards of the type commonly referred to as "double post cards." These cards are mailed in bulk by respondent to his agent in Washington, D. C., and are in turn mailed by said agent at Washington, D. C., to the addresses located in various States. One part of the card is addressed to and contains a message for the debtor. On the other side of the debtor's address there appears the following:

Return to
BUSINESS RESEARCH
703 Albee Building,
Washington 5, D. C.

The card reads:

Washington, D. C.

To Addressee:

To enable us to complete our records it is necessary that you furnish the information requested on the attached card.

Do this at once and mail to us.

BUSINESS RESEARCH
By D. Bernstein.

The other, or "reply" part of the post card, is addressed to "Business Research, 703 Albee Building, Washington 5, D. C." and is intended to be detached, filled out and mailed by the debtor. The following is a copy:

Complaint

48 F. T. C.

Subject _____
 Subject's Address _____
 Subject's Employer _____
 Address : _____
 Monthly Salary : _____ Does this include
 room, board or services? _____
 Employed Since (Approximate Date) : _____
 Own Home? _____ Rent? _____ Own Auto? _____
 If married, spouse's name : _____
 Spouse's employment, if any : _____
 Number of dependents : _____
 Your name : _____

Along the right side of the card a box of figures similar to the arrangement appearing on "punch cards" commonly used for statistical purposes, is printed. Such cards as are completed and mailed to the Washington, D. C., address are forwarded from Washington, D. C., to respondent in the State of California, by his said agent.

PAR. 4. Through the use of the name "Business Research" and the form and phraseology of the cards, respondent represents that he is engaged in conducting a business research bureau or office, or in compiling business and labor statistics and that the information requested is for such purposes.

PAR. 5. The aforesaid representations and the implications arising therefrom are false and misleading.

In truth and in fact, respondent is not conducting and is in no way connected with any research bureau, business or labor statistical office. His business and the sole purpose in sending said cards is in connection with the collection of accounts, and he is not engaged in business or labor research or the compiling of statistics of any nature.

PAR. 6. The uses hereinabove set forth of the aforesaid cards has, and has had, the capacity and tendency to mislead and deceive, and has misled and deceived, many persons to whom the said cards were sent into the erroneous and mistaken belief that the trade name used by respondent indicated the true nature of his business; that he was engaged in conducting a research bureau or office or in compiling business and labor statistics, and induced the recipient thereof to give information to respondent which otherwise they would not have supplied.

PAR. 7. The aforesaid acts and practices of respondent, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on September 5, 1950, issued and subsequently served its complaint in this proceeding upon the respondent, David Bernstein, an individual trading and doing business as "Affiliated Credit Exchange" and as "Business Research," charging said respondent with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the issuance of said complaint and the filing of the respondent's answer thereto, hearings were held at which testimony and other evidence in support of the complaint were introduced before a trial examiner of the Commission theretofore designated by it, and a stipulation by and between counsel was entered on the record to the effect that the material allegations of fact set forth in the complaint were correct. The aforesaid testimony and other evidence were duly recorded and filed in the office of the Commission, and on December 26, 1950, the trial examiner filed his initial decision.

Within the time permitted by the Commission's Rules of Practice the respondent filed with the Commission an appeal from said initial decision; and thereafter this proceeding regularly came on for final consideration by the Commission upon the record herein, including the respondent's brief in support of its appeal and the brief in opposition thereto filed by counsel in support of the complaint (oral argument not having been requested); and the Commission, having issued its order sustaining in part and denying in part the respondent's appeal, and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusion drawn therefrom, and order, the same to be in lieu of the findings as to the facts, conclusion, and order included in the initial decision of the trial examiner.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent David Bernstein is an individual trading and doing business under the names of Affiliated Credit Exchange and Business Research, with his office and principal place of business located at 326 West Third Street in the city of Los Angeles, State of California.

PAR. 2. Said respondent is now, and for more than 2 years last past has been, engaged in operating a collection agency and in collecting accounts owed to business and professional individuals, partnerships, and corporations, including doctors, dentists, garages, and grocery stores, upon a commission basis contingent upon collection.

Findings

48 F. T. C.

Many of these accounts are sent to respondent from persons residing in States other than California. Most of respondent's said accounts are in the western States of Oregon, Washington, Wyoming, and California, and the creditors are scattered about in many States.

PAR. 3. Said respondent, in the course and conduct of his said business, attempts to ascertain the current addresses of persons from whom he is endeavoring to collect money due his clients, the names and addresses of the present employers of such persons and other information about such persons. For this purpose he has used and now uses double post cards which are mailed in bulk by said respondent to his agent in Washington, D. C., who, in turn, mails said post cards to the addressees located in various States of the United States. One part of the card is addressed to the debtor with the following message:

Return to
BUSINESS RESEARCH
703 Albee Building,
Washington 5, D. C.

The card reads:

Washington, D. C.

To Addressee:

To enable us to complete our records it is necessary that you furnish the information requested on the attached card.

Do this at once and mail to us.

BUSINESS RESEARCH
By D. Bernstein.

The other or "reply" part of the post card is addressed to "Business Research, 703 Albee Building, Washington 5, D. C.," and is intended to be detached, filled out and mailed by the debtor. The following is a copy:

Subject.....
Subject's Address.....
Subject's Employer.....
Address.....
Monthly Salary..... Does this include room, board or
services?.....
Employed Since (Approximate Date).....
Own Home?..... Rent?..... Own Auto?.....
If married, spouse's name.....
Spouse's employment, if any.....
Number of dependents.....
Your name.....

Along the right side of the card a box of figures similar to the arrangement appearing on "punch cards" commonly used for statistical purposes is printed. Such cards as are completed and mailed to the

Washington, D. C., address are forwarded from Washington, D. C., by the respondent's agent to respondent in the State of California.

Through the use of the name "Business Research" and the form and phraseology of the cards, respondent represents that he is engaged in conducting a business research bureau or office or in compiling business and labor statistics and that the information requested is for such purposes.

PAR. 4. The aforesaid representations and the implications arising therefrom are false and misleading. In truth and in fact, respondent is not conducting and is in no way connected with any research bureau or any business or labor statistical office. The respondent's sole purpose in sending the post cards is to obtain information for use in connection with the collection of unpaid accounts. The respondent is not engaged in any other business.

PAR. 5. The method used by respondent in ascertaining the location of debtors is known as "skip tracing." Said respondent has no office in Washington, D. C., and employs an agent for the sole purpose of distributing the double post cards, hereinbefore described, to locate the debtors and to get as much information as possible in order to make a recovery of money for the creditor who has employed said respondent for that purpose. This subterfuge is used to get the desired information because if respondent should write to them in the name of the creditor or in the name of Affiliated Credit Exchange the debtor never would answer.

PAR. 6. The use by said respondent, as hereinabove set forth, of the false, deceptive and misleading representations and designations has the capacity and tendency to mislead and deceive many persons to whom the said cards are sent into the erroneous and mistaken belief that the respondent is engaged in conducting a research bureau or office or in compiling business and labor statistics, and to induce the recipients thereof to give information to said respondent which otherwise they would not supply.

CONCLUSION

The aforesaid acts and practices of respondent are all to the prejudice of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER

It is ordered, That the respondent, David Bernstein, an individual trading and doing business as Affiliated Credit Exchange and as Business Research, or trading under any other name or trade designa-

Order

48 F. T. C.

tion, and his representatives, agents and employees, directly or through any corporate or other device, in connection with the use of post cards or other written or printed material in carrying on the business of collecting or aiding in the collection of debts in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Business Research," or any other word or words of similar import, to designate, describe or refer to the respondent's business; or otherwise representing, directly or by implication, that the respondent is engaged in research in business or in other forms of research.

2. Representing, directly or by implication, that the respondent's said business is other than that of collecting accounts or debts, or that the information sought by means of the respondent's devices is for any purpose other than for use in the collection of accounts or debts.

3. Representing, for the purpose of misleading debtors or others as to the respondent's place of business, that his business is located in Washington, D. C., or any place other than its actual location.

It is further ordered, That 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.

Complaint

IN THE MATTER OF

CLIFTWOOD COATS, INC., AND MAX SHAPIRO

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN
ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 5855. Complaint, Mar. 1, 1951—Decision, July 11, 1951

Where a corporation and its president, engaged in the introduction into commerce and in the offer, sale and distribution therein of wool products as defined in the Wool Products Labeling Act—

- (a) Misbranded certain of said wool products in that they (1) were falsely and deceptively labeled "100% wool", notwithstanding the fact they contained substantial quantities of rayon fiber; and (2) did not have affixed thereto tags or labels showing their constituent fibers and the percentages thereof as required by said act and the rules and regulations promulgated thereunder; and
- (b) Misbranded certain of said wool products in that (1) the interlinings were falsely and deceptively labeled as "100% wool" or as "all wool" when they contained 100% reused wool or substantial quantities of other fibers; and (2) they similarly did not have affixed thereto the tags or labels supplying the aforesaid required information:

Held, That such acts, practices and methods, under the circumstances set forth, were in violation of sections 3 and 4 of the Wool Products Labeling Act of 1939, and Rule 24 of the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices.

Before *Mr. Frank Hier*, trial examiner.

Mr. Jesse D. Kash for the Commission.

Mr. Robert S. Olnick, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said acts, the Federal Trade Commission, having reason to believe that Cliftwood Coats, Inc., a corporation, and Max Shapiro, individually and as an officer of said corporation, have violated the provisions of said acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, 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 Cliftwood Coats, Inc., is a corporation organized, existing, and doing business under and by virtue of the