

IN THE MATTER OF

R. E. NYE DOING BUSINESS AS INTERNATIONAL
SERVICE BUREAU & ASSOCIATES

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

Docket 5912. Complaint, Aug. 8, 1951—Decision, Oct. 9, 1951

Where an individual engaged under the trade name "International Service Bureau and Associates," in locating delinquent debtors, for his clients, involving business intercourse among persons in various states;

In attempting to secure information concerning their addresses, which he might in turn sell to his clients, through a form letter sent to debtors, together with a form for their use in supplying their address, occupation, etc., and return envelope addressed to "Disbursement Office, International Service Bureau and Associates" at his Washington address—

Falsely represented through said form letters, mailed to the persons concerning whom information was sought at their last known address, that he was holding a sum of money for the recipients or persons of identical name, and that the information was requested in order to positively identify the recipients so that said money might be paid to them;

The facts being nothing of value, excepting a few postage stamps, was sent to the addressees; the whole plan was designed and intended to obtain information by subterfuge; and the addressees' understanding that he was holding money for them was enhanced by the misleading and deceptive expression "Disbursement Office";

With capacity and tendency to mislead and deceive many persons to whom said form letters were sent into the erroneous belief that said representations were true and thereby induce them to supply information which they otherwise would not 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. Frank Hier*, trial examiner.

Mr. J. W. Brookfield, Jr. 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 R. E. Nye, an individual trading and doing business as International Service Bureau & Associates, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a pro-

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Complaint

ceeding 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 R. E. Nye is an individual trading and doing business under the name International Service Bureau & Associates, with his office and principal place of business located at 400 Fifth Street, NW., in the city of Washington, D. C. Respondent is now and for more than one year last past has been engaged in the business of locating delinquent debtors, obtaining information concerning them and in selling such information to his clients.

PAR. 2. In the course and conduct of his business respondent causes letters and other material to be transported by the United States mails in the District of Columbia to the recipients thereof located in the District of Columbia and also in various States of the United States and the recipients of said letters in turn cause letters and other materials to be transported by the United States mails from their respective locations in the District of Columbia and various other States to respondent at his place of business in the District of Columbia. Respondent's business as thus conducted involves intercourse of a business and commercial nature between himself and his clients and the persons from whom information is sought located in various States of the United States and in the District of Columbia.

PAR. 3. The form letter sent by respondent to debtors and the form to be used in supplying information are as follows:

International Service Bureau & Associates

400 FIFTH STREET, NORTHWEST—WASHINGTON 1, D. C.

Date

Addressee

Dear Mr: -----

There has come into our custody a sum of money which we believe should be paid to a person of your name. Will you kindly fill out and return to us the enclosed form to assist us in determining if you are the person to whom payment should be made.

If identification is satisfactory, you will receive our check within fifteen days. A self-addressed envelope is enclosed for convenience in making reply.

Very truly yours,

(Signed) R. E. Nye,

R. E. NYE,

Disbursement Officer.

Claim No. 012860

REN: lg

DISBURSEMENT OFFICE

INTERNATIONAL SERVICE BUREAU & ASSOCIATES

400 5th Street, N. W.

Washington 1, D. C.

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Below is the requested information. Please send the check.

Name.....
 Street and No.....
 City..... State.....
 Occupation.....
 Employer.....
 Employer's Address.....
 Home Phone..... Business Phone.....
 Husband or Employer.....
 Address.....
 Bank.....
 Address.....
 Reference.....
 Address.....
 Reference.....
 Address.....
 Claim Number.....

Fill in and return this blank within 30 days.

Allow two weeks for mailing the check.

Please Type or Print Information

Give Complete Information to Expedite Mailing of Check

PAR. 4. Respondent mails the said form letters to the persons concerning whom information is sought at their last-known address, together with an envelope addressed to International Service Bureau & Associates, 400 Fifth Street N. W., Washington, D. C. for use in returning said information form, if and when completed.

PAR. 5. Through the use of the said form letters, respondent represents, directly and by implication, that he is holding a certain sum of money or other funds for the recipients of the form letters or persons of identical names and that the information requested in the form letters is desired by him in order to positively identify the recipients of the letters as the persons for whom he is holding the money so that said money may be paid to them.

Said representations are misleading and deceptive. In truth and in fact, respondent does not receive money and does not hold any money in his custody for the recipient of the form letters. On the contrary, the sole and only purpose in mailing said letters with enclosures is to secure information concerning the addressee which in turn may be sold to respondent's clients. No check, money, or anything of value except a few postage stamps is sent to the addressee of said letters and respondent's whole plan is designed for the purpose of and intended to obtain information by subterfuge. The use of the expression "Disbursement Office" on the form to be returned enhances the

understanding in the minds of the addressees that respondent is holding money or other funds for them and is misleading and deceptive in and of itself.

PAR. 6. The use of the foregoing misleading and deceptive statements, representations, and designations has the capacity and tendency to mislead and deceive many persons to whom the said form letters are sent into the erroneous and mistaken belief that the said statements and representations are true and to induce them to supply information to respondent which they otherwise 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

Pursuant to rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance," dated October 9, 1951, the initial decision in the instant matter of trial examiner Frank Hier, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY FRANK HIER, TRIAL EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on August 8, 1951, issued and subsequently served its complaint in this proceeding upon the respondent, R. E. Nye, an individual trading and doing business as International Service Bureau & Associates, charging him with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On August 22, 1951, respondent filed his answer, in which answer he admitted all the material allegations of facts set forth in said complaint and waived all intervening procedure and and further hearing as to the said facts. Thereafter, the proceeding regularly came on for final consideration by the above-named trial examiner theretofore duly designated by the Commission upon said complaint and answer thereto, all intervening procedure having been waived, and said trial examiner, having duly considered the record herein, 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:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent R. E. Nye is an individual trading and doing business under the name International Service Bureau & Associates, with his office and principal place of business located at 400 Fifth Street, NW., in the city of Washington, D. C. Respondent is now and for more than one year last past has been engaged in the business of locating delinquent debtors, obtaining information concerning them and in selling such information to his clients.

PAR. 2. In the course and conduct of his business respondent causes letters and other material to be transported by the United States mails in the District of Columbia to the recipients thereof located in the District of Columbia and also in various States of the United States and the recipients of said letters in turn cause letters and other materials to be transported by the United States mails from their respective locations in the District of Columbia and various other States to respondent at his place of business in the District of Columbia. Respondent's business as thus conducted involves intercourse of a business and commercial nature between himself and his clients and the persons from whom information is sought located in various States of the United States and in the District of Columbia.

PAR. 3. The form letter sent by respondent to debtors and the form to be used in supplying information are as follows

International Service Bureau & Associates

400 FIFTH STREET, NORTHWEST—WASHINGTON 1, D. C.

Date

Addressee

Dear Mr-----:

There has come into our custody a sum of money which we believe should be paid to a person of your name. Will you kindly fill out and return to us the enclosed form to assist us in determining if you are the person to whom payment should be made.

If identification is satisfactory, you will receive our check within fifteen days. A self-addressed envelope is enclosed for convenience in making reply.

Very truly yours,

Claim No. 012860

REN:lg

(Signed) R. E. Nye,

R. E. NYE,

Disbursement Officer.

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Findings

DISBURSEMENT OFFICE

INTERNATIONAL SERVICE BUREAU & ASSOCIATES

400 5th Street, N. W.

Washington 1, D. C.

Below is the requested information. Please send the check.

Name _____
 Street and No. _____
 City _____ State _____
 Occupation _____
 Employer _____
 Employer's Address _____
 Home phone _____ Business Phone _____
 Husband or employer _____
 Address _____
 Bank _____
 Address _____
 Reference _____
 Address _____
 Reference _____
 Address _____
 Claim Number _____

Fill in and return this blank within 30 days. Allow two weeks for mailing the check.

Please Type or Print Information

Give complete Information to Expedite Mailing of Check

PAR. 4. Respondent mails the said form letters to the persons concerning whom information is sought at their last-known address, together with an envelope addressed to International Service Bureau & Associates, 400 Fifth Street, NW., Washington, D. C., for use in returning said information form, if and when completed.

PAR. 5. Through the use of the said form letters, respondent represents, directly and by implication, that he is holding a certain sum of money or other funds for the recipients of the form letters or persons of identical names and that the information requested in the form letters is desired by him in order to positively identify the recipients of the letters as the persons for whom he is holding the money so that said money may be paid to them.

PAR. 6. Said representations are misleading and deceptive. In truth and in fact, respondent does not receive money and does not hold any money in his custody for the recipient of the form letters. On the

Order

48 F. T. C.

contrary, the sole and only purpose in mailing said letters with enclosures is to secure information concerning the addressee which in turn may be sold to respondent's clients. No check, money or anything of value except a few postage stamps is sent to the addressee of said letters and respondent's whole plan is designed for the purpose of and intended to obtain information by subterfuge. The use of the expression "Disbursement Office" on the form to be returned enhances the understanding in the minds of the addressees that respondent is holding money or other funds for them and is misleading and deceptive in and of itself.

PAR. 7. The use of the foregoing misleading and deceptive statements, representations and designations has the capacity and tendency to mislead and deceive many persons to whom the said form letters are sent into the erroneous and mistaken belief that the said statements and representations are true and to induce them to supply information to respondent which they otherwise would not have supplied.

CONCLUSION

The aforesaid acts and practices of respondent, as herein found, 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.

ORDER

It is ordered, That the respondent, R. E. Nye, an individual, trading as International Service Bureau & Associates, or any other name, his agents, representatives and employees, directly or through any corporate or other device, in connection with the use in commerce, as "commerce" is defined in the Federal Trade Commission Act, of form letters, reply forms, or any other printed or written material of a substantially similar nature, do forthwith cease and desist from:

(1) Representing directly or by implication that respondent is holding a sum of money or any other thing of value for the recipients of said form letters, or other letters, or that the information requested is desired by respondent for the purpose of enabling respondent to make delivery of any such sum of money;

(2) Using form letters or other material which represents directly or by implication that respondent's business is other than that of locating delinquent debtors.

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Order

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondent herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of October 9, 1951].

IN THE MATTER OF
ELBERT W. BISHOP ET AL. TRADING AS SILOGERM
COMPANY

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

Docket 5186. Complaint, Mar. 6, 1944—Decision, Oct. 19, 1951

Where four partners engaged in the interstate sale and distribution, under the trade name "Silogerm," of a culture containing lactic acid-producing bacteria for use in making silage; in advertising their said product in newspapers and periodicals and through circulars, leaflets and other advertising material—

- (a) Represented that the treatment of silage with their product prevented mold and decay; notwithstanding the fact that lactic acid bacteria will not prevent mold or decay in silage which is not properly packed, or prevent spoilage due to putriferous organisms in the absence of sufficient carbohydrate material—which is available in many forage crops and can be added to others—for said bacteria to feed on; formation of mold and resultant decay is prevented by proper packing of the chopped forage to exclude air and prevention of the growth of putriferous organisms is insured by the presence of sufficient acid, furnished in the fermenting process, when sufficient carbohydrate materials are available;
- (b) Falsely represented that both grain and corn silage were substantially improved by its use, that it made corn silage more palatable, and rendered more minerals in such silage available to animals; and
- (c) Falsely represented that the use of their said product substantially increased the feed value of silage and was of significant value in keeping animals in good condition;

The facts being that neither lactic acid nor lactic acid-producing bacteria in silage increase its value except to the extent that they prevent spoilage as above described; and use of said culture would not result in the final product having a higher lactic acid content than untreated silage;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that said representations were true and thereby induce its purchase of their said product:

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. Earl J. Kolb*, trial examiner.

Mr. Edward L. Smith and *Mr. George M. Martin* for the Commission.

Darby & Darby, of New York City, for respondents.