
IN THE MATTER OF
LENDERS SERVICE CORPORATION ET AL.

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

Docket 7449. Complaint, Mar. 17, 1959—Decision, Aug. 6, 1959

Consent order requiring a lending concern in Los Angeles, Calif., to cease misrepresenting the services it rendered in helping businessmen to obtain loans by such false representations as that it was an affiliate or agent of banks and other lending institutions which would make loans to anyone it recommended, that upon payment of a fee it would get clients larger loans than they applied for and would refund the fee if the loan was not obtained, and that it often made loans from its own funds or would get clients loans from the Small Business Administration.

Mr. John W. Brookfield, Jr., for the Commission.
Respondents for themselves.

INITIAL DECISION BY ABNER E. LIPSCOMB, HEARING EXAMINER

The complaint herein was issued March 17, 1959, charging respondents with violation of the Federal Trade Commission Act by the use of false, misleading and deceptive statements and representations in their business of soliciting fees for services to be rendered in connection with obtaining loans for, or financing, businessmen and others.

Thereafter, on April 24, 1959, respondents William VanPinsker, Charles McCarthy and William Mitchell, and counsel supporting the complaint herein, entered into an Agreement Containing Consent Order To Cease And Desist, and on May 28, 1959, respondents Lenders Service Corporation, Ralph L. Sampson, Leonard Miller, Herbert Ruttenberg and U. T. Thompson, and counsel supporting the complaint herein, entered into a similar Agreement. Both agreements were approved by the Director and an Assistant Director of the Commission's Bureau of Litigation, and thereafter submitted to the hearing examiner for consideration.

The first agreement identifies Respondents William VanPinsker, Charles McCarthy and William Mitchell as individuals who are or were formerly Regional Directors of corporate respondent Lenders Service Corporation, with offices located in the cities of Chicago, Illinois, Atlanta, Georgia, and Denver, Colorado, respectively, their addresses being: William VanPinsker, 1521 Sherwin Avenue, Chicago, Illinois; Charles McCarthy, 795 Peachtree Street, Atlanta, Georgia; and William Mitchell, 621 17th Street, Denver, Colorado.

The second agreement identifies Respondent Lenders Service Corporation as a California corporation, with its office and principal place of business located at 5723 Melrose Avenue, Los Angeles, California; Respondents Ralph L. Sampson, Leonard Miller, Herbert Ruttenberg and Harvey Cova as individuals and officers of said corporation; and Respondent U. T. Thompson as an individual and Executive Vice President of said corporation; all of said individual Respondents having their office and principal place of business at the same location as said corporate Respondent.

Respondents admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations.

Respondents waive any further procedure before the hearing examiner and the Commission; the making of findings of fact and

conclusions of law; and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement. All parties agree that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and the agreement; that the order to cease and desist, as contained in the agreement, when it shall have become a part of the decision of the Commission, shall have the same force and effect as if entered after a full hearing, and may be altered, modified or set aside in the manner provided for other orders; that the complaint herein may be used in construing the terms of said order; and that the agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

After consideration of the allegations of the complaint and the provisions of the two agreements and the proposed orders, the hearing examiner is of the opinion that such orders constitute a satisfactory disposition of the proceeding. Accordingly, in consonance with the terms of the aforesaid agreements, the Hearing Examiner accepts the two Agreements Containing Consent Order To Cease And Desist; finds that the Commission has jurisdiction over the respondents and over their acts and practices as alleged in the complaint; and finds that this proceeding is in the public interest. Therefore,

It is ordered, That Respondents Lenders Service Corporation, a corporation, and its officers; Ralph L. Sampson, Leonard Miller, Herbert Ruttenberg and Harvey Cova, individually and as officers of said corporation; U. T. Thompson, individually and as Executive Vice President of said corporation; and William VanPinsker, Charles McCarthy and William Mitchell, individually, and Respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising of or offering for sale or sale of their services in obtaining loans or financial assistance for businessmen or others, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. Respondents will obtain loans within a short period of time; or in any other period of time that is not in accordance with the fact;
2. Respondents will refund the fee paid in the event they do not obtain a loan, unless such is the fact;
3. Respondents can or will obtain larger loans than the loans applied for;

150

Decision

4. Respondents are affiliated with banks or lending institutions;
5. Banks or other lending institutions will make loans to every-one recommended by Respondents;
6. Respondents are the agents of banks, insurance companies or other lending or financial institutions;
7. Respondents will obtain loans from the Small Business Administration for those who pay respondents for their service;
8. Respondents will make loans to clients from their own funds.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 6th day of August, 1959, become the decision of the Commission; and, accordingly:

It is ordered. That the respondents named in the caption hereof 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 the order to cease and desist.