

Complaint

IN THE MATTER OF

LEWIS APPAREL STORES, INC., ET AL.

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

Docket 8442. Complaint, June 28, 1961—Decision, Oct. 16, 1961

Consent order requiring operators of a large number of retail clothing stores in eastern and midwestern States to cease attempting to obtain information concerning alleged delinquent debtors by subterfuge through such practices as use, on printed cards requesting the current address and employment of such delinquents, of the name "Regional Statistical Bureau" and a return address in Washington, D.C., both of which, together with the setup and phraseology of the form, represented and implied to the recipient that the request was being made by a branch of the United States Government.

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 Lewis Apparel Stores, Inc., a corporation, and Morris Lewis, Leon Lewis and David Lewis, individually and as officers of said corporation, 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 Lewis Apparel Stores, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 275 Seventh Avenue, in the City of New York, State of New York.

Respondents Morris Lewis, Leon Lewis and David Lewis are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the retail sale of clothing and other merchandise through a large number of retail stores located in Eastern and Midwestern States.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped in commerce between and among the various States of the United States, and maintain, and at all

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times mentioned herein have maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business respondents sell large quantities of their merchandise on a credit basis, and when sales are made on credit, respondents secure information from the purchasers as to their place of employment, residence address, names and addresses of references and other pertinent information. Thereafter, respondents frequently desire to obtain information as to the current address and employment of persons to whom they have sold merchandise on credit and who are delinquent in their payments. For this purpose they use, and have used, a printed card with simulated perforations on the left and right sides with the caption "Eastern Office. Regional Statistical Bureau. Washington, D.C." This form is designed to be forwarded to the addressee in a brown, window-type envelope. The front side of said form is a returned addressed, postage-free card which contains the following address, "Regional Statistical Bureau, 4512-44th St., N.W., Washington 16, D.C." The forms, which contain the last known address of the delinquent debtors, are mailed from New York, New York, with the return address at the aforementioned Washington, D.C. address. If the addressee completes the form and mails it to Washington, D.C., an agent of respondents located in Washington, D.C. receives the form and mails it back to respondents at their New York address.

Typical of the printed matter on the form sent to the debtor is shown on p. 801.

PAR. 5. Through the use of the name "Regional Statistical Bureau" and the form and phraseology of said form, respondents represented and implied to those to whom said forms were addressed that the request for information was being made by an agency or branch of the United States Government. The fact that such form, when completed by the addressee, was returned to an address in Washington, D.C., enhances such representation and implication.

PAR. 6. The aforesaid representations and implications arising therefrom are false, misleading and deceptive. In truth and in fact, respondents are not connected with the United States Government in any respect. This practice is a transparent scheme to mislead, and conceal the purpose for which the information is sought and the use of such form is to attempt to obtain information concerning alleged delinquent debtors by subterfuge.

PAR. 7. The use, as hereinabove set forth, of said form, has had, and now has, the tendency and capacity to mislead persons to whom said form is sent into the erroneous and mistaken belief that the said

Do not fold, pin, staple or mutilate.

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EASTERN OFFICE.	REGIONAL STATISTICAL BUREAU. WASHINGTON, D.C.	DO NOT WRITE IN THIS SPACE
IT IS IMPORTANT THAT ALL BLANK SPACES BE FILLED IN AND RETURNED IMMEDIATELY	DEPT. S. MUST HAVE ACCURATE & CURRENT INFORMATION	Employed ☐
Social Security No.	Employed by (Please Print)	On Workman's Compensation ☐
Folio	Employer's Address	Self Empl ☐
Wife's Name	City _____ State _____	On Unempl. Insurance ☐
Employer	Dept. _____ Check No. _____	☐ ☐ ☐ ☐
Address	ALL QUESTION PERTAINING TO THE PERSON NAMED BELOW	RETURN THIS FORM IMMEDIATELY
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐
IT IS NECESSARY FOR THIS OFFICE TO HAVE THE EXACT INFORMATION FOR REVERIFICATION		

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representations and implications are true and to induce the recipient thereof to supply information which they otherwise would not have supplied.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and constituted, and now constitute, unfair and deceptive acts and practices, in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

This matter having come on to be heard by the Commission upon a record consisting of the Commission's complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act and an agreement by and between respondents and counsel supporting the complaint, which agreement contains an order to cease and desist, an admission by the respondents of all the jurisdictional facts alleged in the complaint, a statement that the signing of said 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, and waivers and provisions as required by the Commission's rules; and

The Commission having considered the agreement and order contained therein and being of the opinion that the agreement provides an adequate basis for appropriate disposition of the proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Lewis Apparel Stores, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 275 Seventh Avenue, in the City of New York, State of New York.

Respondents Morris Lewis, Leon Lewis and David Lewis are officers of the corporate respondent. Their address is the same as that of the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Lewis Apparel Stores, Inc., a corporation, and its officers, and Morris Lewis, Leon Lewis and David Lewis, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the obtaining of informa-

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tion concerning delinquent debtors, or in the collection of, or attempting to collect, accounts, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the name "Regional Statistical Bureau", or any other name of similar import, to designate, describe, or refer to respondents' business.

2. Representing, directly or by implication, that requests for information concerning delinquent debtors are from the United States Government, or any agency or branch thereof, or that their business is in any way connected with the United States Government.

3. Using, or placing in the hands of others for use, any forms, questionnaires or other materials, printed or written, which do not clearly and expressly state that the purpose for which the information is requested is that of obtaining information concerning delinquent debtors.

It is further ordered, That the respondents herein 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 this order.