

IN THE MATTER OF
W. E. MOSTELLER & CO., INC., ET AL.

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

Docket C-302. Complaint, Jan. 23, 1963—Decision, Jan. 23, 1963

Consent order requiring a number of associated corporations and their common officers, operating a collection agency in Memphis, Tenn., to cease using misleading mailing forms to obtain current information about delinquent debtors.

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 W. E. Mosteller & Co., Inc., a corporation; Dixie Collection Agencies, Inc., a corporation, trading and doing business as Shelby County Adjustment Bureau and as Associated National Credit Bureaus; Progress, Inc., a

corporation; Physicians Business Bureau, Inc., a corporation; National Adjustment Bureau, Inc., a corporation; Medical Society Business Service, Inc., a corporation; and William E. Mosteller and Mary A. Mosteller, individually and as officers of the said corporations, 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 W. E. Mosteller & Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street, in the city of Memphis, State of Tennessee.

Respondent Dixie Collection Agencies, Inc., is a corporation organized, existing and doing business under the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street in the city of Memphis, State of Tennessee. In the course and conduct of its business, hereinafter set forth, Dixie Collection Agencies, Inc., employs the following trade names: Shelby County Adjustment Bureau and Associated National Credit Bureaus.

Respondent Progress, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street in the city of Memphis, State of Tennessee.

Respondent Physicians Business Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street in the city of Memphis, State of Tennessee.

Respondent National Adjustment Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street in the city of Memphis, State of Tennessee.

Respondent Medical Society Business Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee with its principal office and place of business located at 22 South Second Street in the city of Memphis, State of Tennessee.

Respondents William E. Mosteller and Mary A. Mosteller are officers of each of the aforesaid corporations. They formulate, direct

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and control the acts and practices of each of the aforesaid corporate respondents including the acts and practices hereinafter set forth.

The aforesaid corporate respondents and the individual respondents share the same address, namely, 22 South Second Street in the city of Memphis, State of Tennessee.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the operation of a collection agency and in collecting debts owed to others, upon a commission basis, contingent upon collection.

PAR. 3. In the course and conduct of their business, respondents are now, and for some time last past have been, receiving accounts for collection from persons, firms and corporations and have been collecting accounts owed by persons, firms and corporations located outside the State of Tennessee.

In carrying on their aforesaid business, respondents have caused certain forms, hereinafter referred to, letters, checks and other papers, to be transported from their place of business in the State of Tennessee to other States in the United States and have sent and received, by means of the United States mail, letters, checks and documents to and from States other than the State of Tennessee and maintain, and all times herein mentioned have maintained, a substantial course of trade in said business in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business respondents frequently desire to obtain certain information such as the current addresses, places of employment and similar information concerning the persons whose alleged delinquent accounts the respondents are seeking to collect. For this purpose they use, and have used, certain printed forms.

These are principally of three types or kinds. Typical, but not all inclusive of said forms, are the following:

1. On the back of a standard United States postcard, respondents stamp, type or print the following:

PLEASE CALL ME AT ONCE ABOUT YOUR CLAIM. CALL JA 6-6541,
JA 5-5356. ASK FOR _____, MEMPHIS, TENN.

2. On the inside flap of a common or typical stationery envelope, respondents stamp, type or print the following:

YOUR PAPERS ARE READY, CALL MR. _____, AT JA. 6-6541,
MEMPHIS, TENN.

3. On the inside flap of a common or typical stationery envelope, respondents stamp, type or print the following:

SEVERAL NOTICES HAVE BEEN SENT YOU REGARDING YOUR CLAIM.
HOWEVER, TO DATE WE HAVE HAD NO RESPONSE. IT NOW BE-
COMES NECESSARY THAT CLAIM BE SETTLED. THEREFORE, WON'T

YOU PLEASE CALL _____ at JA 6-6541 IN ORDER THAT
PROMPT SETTLEMENT CAN BE MADE

PAR. 5. Through the use of the aforesaid statements, legends or messages, respondents have represented, directly or by implication, to the recipients of the aforesaid forms that the addressee has an undisclosed claim which will inure to his or her benefit if the aforesaid telephone numbers are called.

As a result of the aforesaid statements, legends or messages, recipients of said forms have telephoned the aforesaid numbers in the belief that something of value is being held for them or that a claim or papers pertaining to their Social Security benefits, life insurance, tort claims, sales of personal property, official rewards, etc., is involved.

PAR. 6. In truth and in fact, nothing of value is being held, no "claim" exists and no "papers" are involved which pertain to Social Security benefits, life insurance, tort claims, sales of personal property, official rewards, etc. The sole purpose of the aforesaid statements, legends and messages is to locate delinquent debtors by subterfuge. The practice constitutes a scheme to mislead and conceal the purpose for which the information is sought.

Therefore, the aforesaid statements, legends and messages were, and are, false, misleading, and deceptive.

PAR. 7. The use, as hereinbefore set forth, containing the false, misleading and deceptive statements and representations has had, and now has, the tendency and capacity to mislead and deceive persons to whom said forms are sent into the erroneous and mistaken belief that said statements, representations and implications were true and induce the recipients thereof to supply information to respondents 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 in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by

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respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondents W. E. Mosteller & Co., Inc., Dixie Collection Agencies, Inc., Progress, Inc., Physicians Business Bureau, Inc., National Adjustment Bureau, Inc., Medical Society Business Service, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Tennessee with their office and principal place of business located at 22 South Second Street, Memphis, Tennessee.

Respondents William E. Mosteller and Mary A. Mosteller are officers of the said corporations, and their address is the same as that of said corporations.

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 W. E. Mosteller & Co., Inc., a corporation; Dixie Collection Agencies, Inc., a corporation, trading and doing business as Shelby County Adjustment Bureau and Associated National Credit Bureaus or under any other name or names; Progress, Inc., a corporation; Physicians Business Bureau, Inc., a corporation; National Adjustment Bureau, Inc., a corporation; Medical Society Business Service, Inc., a corporation; and their officers and William E. Mosteller and Mary A. Mosteller, individually and as officers of each of the aforesaid corporations and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the collection of, or the attempt to collect, delinquent accounts in commerce, as "commerce" is defined in the Federal Trade Commission Act do forthwith cease and desist from:

1. Using, or placing in the hands of others for use, any forms, letters or any other materials, printed or written, which do not clearly and conspicuously reveal thereon that the purpose thereof is to obtain information concerning alleged delinquent debtors.

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2. Representing, or placing in the hands of others, any means by which they may represent, directly or by implication, that any claim exists in favor of the person from whom the information is sought, or that any other thing of value or of benefit to such person is being held by respondents.

3. Using postcards, forms, letters or other material which represent, directly or by implication, that respondents' business is other than that of collecting delinquent debts for themselves or for others.

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.
