

reporting agency:

5. Notices or other communications which respondent has, or have caused to be, prepared, written or mailed, have been sent by "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", or any other person, firm or agency.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

POPULAR SCIENCE PUBLISHING CO., INC.

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

Docket C-741. Complaint, Apr. 30, 1964—Decision, Apr. 30, 1964

Consent order requiring New York City publisher of a "Popular Science Monthly" and "Outdoor Life Magazine", also operating the "Outdoor Life Book Club" and the "Popular Science Living Library", to cease representing falsely in letters to purportedly delinquent customers that if payment was not made the delinquent's account would be turned over to a bona fide collection agency with consequent injury to his credit rating, and by use of the fictitious letterhead "The Mail Order Credit Reporting Association, Inc.", that a separate organization had received the account for collection and prepared the notice.

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 Popular Science Publishing Co., Inc., a corporation, 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 Popular Science Publishing Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and

place of business located at 355 Lexington Avenue in the city of New York, State of New York.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of publications, books and merchandise to the general public. Respondent publishes two monthly magazines, "Popular Science Monthly" and "Outdoor Life Magazine", and operates two book clubs, the "Outdoor Life Book Club" and the "Popular Science Living Library". The aforesaid publications, books and merchandise are advertised, sold and payment made therefor through the United States Mails.

PAR. 3. In the course and conduct of its business, respondent now causes and for some time last past has caused, its said publications, books, and merchandise when sold, to be shipped from its place of business in the State of New York to purchasers and subscribers thereto located in the various other States of the United States and in the District of Columbia, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said publications, books and merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business and for the purpose of inducing the payment of purportedly delinquent accounts, respondent has made certain statements and representations in letters and materials sent through the United States mails to purportedly delinquent customers who have purchased respondent's publications, books or merchandise.

Typical, but not all inclusive of said statements and representations, are the following:

a. On respondent's letterheads:

IMPORTANT—FINAL NOTICE

**YOUR ACCOUNT IS BEING TURNED OVER TO A COLLECTION AGENCY
UNLESS WE HEAR FROM YOU IMMEDIATELY**

Dear Customer:

In order that there can be no misunderstanding concerning your failure to pay the enclosed statement, we are sending you this final letter. Unless we hear from you within the next ten days, your account will be turned over to THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC., which is a professional collection agency.

Dear Customer:

Your payment for the Outdoor Life Magazine subscription you ordered is now *TWO MONTHS PAST DUE* and we need your *HELP* to straighten out your account.

* * * * *

Otherwise, won't you please *HELP* us—and help keep your own credit standing in good shape—by sending your payment at once in the enclosed envelope.

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FINAL NOTICE—This is the last letter we can send you about your unpaid account.

* * * * *

We do not like to turn over names of our subscribers to a collection agency, but if we do not receive your payment we will have no alternative. * * *

b. On the letterhead of:

The Mail Order Credit Reporting Association, Inc.

CREDIT REPORTS—SPECIAL INVESTIGATIONS—COLLECTIONS
NEW YORK 18, N.Y.

We have been notified by one of our clients, the POPULAR SCIENCE PUBLISHING COMPANY, INCORPORATED, of your failure to pay a long past-due account for a magazine subscription you ordered.

* * * * *

Before we proceed further, we are giving you a final opportunity to make payment. Although the amount involved is small, it is our business to collect our clients' delinquent accounts regardless of size. And we are organized for this purpose. * * *

Re: OUTDOOR LIFE BOOK CLUB

* * * * *

The above firm, as a member of THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC., has reported to us your long past due account so that we may inform other members of their experience with you upon request. * * *

PAR. 5. By and through the use of the aforesaid statements, representations and practices, and others of similar import not specifically set out herein, respondent represents and has represented that:

a. If payment is not made, the delinquent customer's account is turned over to a separate, bona fide collection agency.

b. If payment is not made, the customer's general or public credit rating will be adversely affected.

c. "THE MAIL ORDER CREDIT REPORTING AGENCY, INC.," is a separate, bona fide collection and credit reporting agency located in New York City.

d. Respondent has turned over to said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION INC.," the delinquent account of the customer for collection and other purposes.

e. The letters and notices on the letterhead of the said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," have been prepared and mailed by said organization.

PAR. 6. In truth and in fact:

a. If payment is not made, the delinquent customer's account is not turned over to a separate, bona fide collection agency.

b. If payment is not made, the customer's general or public credit rating is not adversely affected.

c. "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," is not a separate, bona fide collection or credit reporting agency. Said organization is a name utilized by respondent and others for the purpose of disseminating collection letters.

d. Respondent has not turned over to said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," the delinquent account of the customer for collection or any other purpose.

e. The letters and notices on the letterhead of the said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," have not been prepared or mailed by said organization. Said letters and notices have been prepared and mailed or caused to be mailed by respondent. Replies in response to said letters and notices are forwarded unopened to respondent.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the payment of substantial sums of money to respondent by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondent, 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 respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent 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 respondent 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. Respondent Popular Science Publishing Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 355 Lexington Avenue, in the city of New York, State of New York.

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

ORDER

It is ordered, That respondent Popular Science publishing Co., Inc., a corporation, and its officers, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of books, magazines or other merchandise, 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. Delinquent customer's accounts will be or have been turned over to a bona fide, separate collection agency for collection unless respondent in fact turns such accounts over to such an agency;

2. A customer's name has been turned over to a bona fide credit reporting agency or that a customer's general or public credit rating will be adversely affected unless respondent establishes that where payment is not received, the information of said delinquency is referred to a separate, bona fide credit reporting agency;

3. Delinquent accounts have been or will be turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," for collection or any other purpose;

4. "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," any fictitious name, or any trade name owned in whole or in part by respondent or over which respondent exercises any direction or control, is an independent, bona fide collection or credit reporting agency;

5. Notices or other communications which respondent has or has caused to be prepared, written or mailed, have been sent by "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.," or any other person, firm or agency.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission

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a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

LOUIS FURS INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket C-742. Complaint, Apr. 30, 1964—Decision, Apr. 30, 1964

Consent order requiring retail furriers in Hammond, Ind., to cease violating the Fur Products Labeling Act by labeling, invoicing and advertising furs improperly as "Broadtail," failing to show the true animal name of furs on invoices, failing to disclose when furs are used or second-hand; falsely representing that prices are reduced, and failing to keep adequate records as a basis for pricing claims.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Louis Furs Inc., a corporation, and Louis Carmen, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Louis Furs Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana.

Respondent Louis Carmen is an officer of the corporate respondent and formulates, directs, and controls the acts, practices, and policies of the said corporate respondent including those hereinafter set forth.

Respondents are retailers of fur products with their office and principal place of business located at 5258 Hohman Avenue, city of Hammond, State of Indiana.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been and are now engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received

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in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled or otherwise falsely or deceptively identified with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured, in violation of Section 4(1) of the Fur Products Labeling Act.

Among such misbranded fur products, but not limited thereto, were fur products labeled as "Broadtail" thereby implying that the furs contained therein were entitled to the designation "Broadtail Lamb" when in truth and in fact they were not entitled to such designation.

PAR. 4. Certain of said fur products were falsely and deceptively invoiced by the respondent in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to show the true animal name of the fur used in the fur product.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured in violation of Section 5(b)(2) of the Fur Products Labeling Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products which were invoiced as "Broadtail" thereby implying that the furs contained therein were entitled to the designation "Broadtail Lamb" when in truth and in fact they were not entitled to such designations.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) The term "Dyed Broadtail-processed Lamb" was not set forth on invoices in the manner required by law, in violation of Rule 10 of said Rules and Regulations.

(b) The term "natural" was not used on invoices to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(c) Required item numbers were not set forth on invoices, in violation of Rule 40 of said Rules and Regulations.

PAR. 7. Certain of said fur products were falsely and deceptively advertised in violation of the Fur Products Labeling Act in that certain advertisements intended to aid, promote and assist, directly or indirectly, in the sale and offering for sale of such fur products were not in accordance with the provisions of Section 5(a) of the said Act.

Among and included in the aforesaid advertisements but not limited thereto, were advertisements of respondents which appeared in issues of the Hammond Times, a newspaper published in the city of Hammond, State of Indiana.

Among such false and deceptive advertisements, but not limited thereto, were advertisements which failed:

1. To show the true animal name of the fur used in the fur product.
2. To show that fur products were composed of used fur, when such was the fact.

PAR. 8. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised fur products in that certain of said fur products were falsely or deceptively identified with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured, in violation of Section 5(a)(5) of the Fur Products Labeling Act.

Among such falsely and deceptively advertised fur products, but not limited thereto, were fur products advertised as "Broadtail" thereby implying that the furs contained therein were entitled to the designation "Broadtail Lamb" when in truth and in fact they were not entitled to such designation.

PAR. 9. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein respondents falsely and deceptively advertised fur products in violation of Section 5(a)(5) of the Fur Products Labeling Act in that the said advertisements represented through statements such as "Public Sale of Fur Cancellations and uncalled for storage." "A large number of fur coats, fur capes, stoles and scarfs which were partly paid in layaway and storage. On sale at 10 a.m. Tomorrow, payment of balance due—Makes it yours" either directly or by implication, that the prices of such fur products were reduced from the prices at which the respondents regularly and usually sold such fur products in the recent regular course of business and the amount of such purported reduction constituted savings to the purchasers of respondents' products, when in fact such fur products were not fur cancellations uncalled for or partly paid in layaway and storage and were not reduced in price from the price at which the respondents regularly and usually sold such

fur products and savings were not afforded purchasers of respondents' products as represented.

PAR. 10. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised fur products in violation of the Fur Products Labeling Act in that the said fur products were not advertised in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) The term "Dyed Broadtail-processed Lamb" was not set forth in the manner required, in violation of Rule 10 of the said Rules and Regulations.

(b) The term "natural" was not used to describe fur products which were not pointed, bleached dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of the said Rules and Regulations.

(c) The disclosure "second-hand", where required, was not set forth, in violation of Rule 23 of the said Rules and Regulations.

(d) All parts of the information required under Section 5(a) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder were not set forth in type of equal size and conspicuousness and in close proximity with each other, in violation of Rule 38(a) of the aforesaid Rules and Regulations.

PAR. 11. In advertising fur products for sale, as aforesaid, respondents made pricing claims and representations of the types covered by subsections (a), (b), (c), and (d) of Rule 44 of the Regulations under the Fur Products Labeling Act. Respondents in making such claims and representations failed to maintain full and adequate records disclosing the facts upon which such pricing claims and representations were based, in violation of Rule 44(e) of the said Rules and Regulations.

PAR. 12. The aforesaid acts and practices of respondent, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce under 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 Fur Products Labeling 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 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. Respondent Louis Furs Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business located at 5258 Hohman Avenue, in the city of Hammond, State of Indiana.

Respondent Louis Carmen is an officer of said corporation, and his address is the same as that of said corporation.

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 respondent Louis Furs Inc., a corporation, and its officers, and respondent Louis Carmen, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by falsely or deceptively labeling or otherwise identifying any such fur product as to the name or designation of the animal or animals that produced the fur contained in the fur product.

B. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices to purchasers of fur products showing in words and figures plainly legible all the information required to be disclosed in each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Setting forth on invoices pertaining to fur products any false or deceptive information with respect to the name or designation of the animal or animals that produced the fur contained in such fur product.

3. Failing to set forth the term "Dyed Broadtail-processed Lamb" in the manner required where an election is made to use that term instead of the words "Dyed Lamb".

4. Failing to set forth the term "Natural" as part of the information required to be disclosed on invoices under the Fur Products Labeling Act and Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

5. Failing to set forth on invoices the item number or mark assigned to fur products.

C. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement or notice which is intended to aid, promote or assist, directly or indirectly, in the sale, or offering for sale of any fur product, and which:

1. Fails to set forth in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(a) of the Fur Products Labeling Act.

2. Falsely or deceptively identifies any such fur product as to the name or designation of the animal or animals that produced the fur contained in the fur product.

3. Fails to set forth the term "Dyed Broadtail-processed Lamb" in the manner required where an election is made to use that term instead of the words "Dyed Lamb".

4. Fails to set forth the term "Natural" as part of the information required to be disclosed in advertisements under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

5. Fails to disclose that fur products contain or are composed of second-hand used furs.

6. Fails to set forth all parts of the information required under Section 5(a) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in type of equal size and conspicuousness and in close proximity with each other.

7. Misrepresents in any manner the savings available to purchasers of respondents' fur products.

8. Falsely or deceptively represents in any manner that prices of respondents' fur products are reduced.

9. Represents directly or by implication contrary to fact that any such fur products are fur cancellations, uncalled for or partly paid in layaway and storage.

D. Making claims and representation of the types covered by subsections (a), (b), (c) and (d) of Rule 44 of the Rules and Regulations promulgated under the Fur Products Labeling Act unless there are maintained by respondents full and adequate records disclosing the facts upon which such claims and representations are based.