

3. Misrepresenting in any manner the kind or character of the services they render.

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.

IN THE MATTER OF
BOOK CLUB GUILD, INC., ET AL.

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

Docket C-749. Complaint, May 27, 1964—Decision, May 27, 1964

Consent order requiring a corporate book seller and its subsidiaries in Manhasset, N.Y., operating under a variety of trade names such as "Ministers Book Service", "Pastoral Psychology Book Club", etc., to cease representing falsely through their various letterheads and other materials. that delinquent customers' names have been transmitted to a bona fide credit reporting agency and that their credit rating will be adversely affected.

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 Book Club Guild, Inc., Evangelical Books, Inc., Medic-Way, Inc., and Religious Book

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Club, Inc., corporations, and Lester L. Doniger, Ralph Raughley and Jonathan Springer, as officers of each of 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 Book Club Guild, 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 400 Community Drive, in the Village of Manhasset, State of New York.

Respondents Evangelical Books, Inc., Medic-Way, Inc., and Religious Book Club, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York with their principal offices and places of business located at 400 Community Drive in the Village of Manhasset, State of New York. Respondents Evangelical Books, Inc., Medic-Way, Inc., and Religious Book Club, Inc., are wholly owned subsidiaries of respondent Book Club Guild, Inc.

Respondents Lester L. Doniger, Ralph Raughley and Jonathan Springer are officers of each of said corporate respondents. They as corporate officers, formulate, direct and control the acts and practices of the said corporate respondents including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of books, publications and other merchandise to the general public. Respondent Book Club Guild, Inc., engages in the aforesaid activity under the names, "Ministers Book Service", "The Minister's Dollar Book Club" and the "Pastoral Psychology Book Club". Respondent Evangelical Books, Inc., engages in the aforesaid activity under the name "Evangelical Books". Respondent Medic-Way, Inc., engages in the aforesaid activity under the name "CIHU Club of Inspirational Books". Respondent Religious Book Club, Inc., engages in the aforesaid activity under the name "Religious Book Club". All of the aforesaid activities are conducted as one business operation under the direction, control and supervision of the individual respondents.

The books, publications and other merchandise are advertised, offered for sale, sold and payment made therefor through the United States mails.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said books, pub-

lications and other merchandise when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in the various other States of the United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said books, publications and other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

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

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

a. On the letterhead of the Pastoral Psychology Book Club and the Religious Book Club:

PLEASE NOTE! I have intervened temporarily to prevent your account from going to a collection agency because I am sure you *intended* to pay this bill. * * *

b. On the letterhead of the Pastoral Psychology Book Club, Religious Book Club, The Minister's Dollar Book Club, and the CIHU Club of Inspirational Books and Evangelical Books:

* * * As members of the Mail Order Credit Reporting Association, we are obliged to report from time to time, for the benefit of other members, all names of subscribers who have failed to pay as they have agreed.

* * * I notice that your name appears on a list which is ready to be forwarded in such a report. . . .

* * * I am equally sure that you will want to help us protect your credit standing by taking care of your account at once.

c. On the letterhead of Evangelical Books:

We are going to have to turn your account over to a collection agency.

d. On the letterhead of CIHU Club of Inspirational Books:

* * * The amount is quite small, and I am sure you would like to clean it up once and for all. Then both of us will have it out of the way, and we can avoid the more formal and less pleasant procedures which must be taken.

e. On the following letterhead:

The Mail Order Credit Reporting Association, Inc.
Credit Reports Collections
New York 18, N.Y.

ATTENTION PLEASE!

Our client has asked us to write to you in hope that we can help bring about a friendly settlement of your long overdue account. * * *

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IMMEDIATE ACTION IMPERATIVE!

Again we bring up the matter of your past due account. We are still hopeful that this matter can be settled on a friendly basis.

Which will it be? * * *

TAKE NOTICE THAT—

We have been authorized by our clients to collect the amount you owe them for books they delivered to you at your specific instance and request.

Prompt payment will clear the slate without any unpleasantness. * * *

URGENT!

Your failure to settle your account leaves our client no choice but to act as follows:

If, within fifteen days from this date, settlement in full is not in our hands, our client has stated that they will unconditionally turn your account over to a regional collection agency.

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

- a. If payment is not made, the delinquent customer's name is transmitted to a bona fide credit reporting agency.
- b. If payment is not made, the customer's general or public credit rating will be adversely affected.
- c. If payment is not made, respondents are required to refer the information of such delinquency to The Mail Order Credit Association, Inc.
- d. If payment is not made, the delinquent customer's account is turned over to a separate, bona fide collection agency.
- e. The Mail Order Credit Reporting Association, Inc., is a separate, bona fide collection and credit reporting agency located in New York City.
- f. Respondents have turned over to said The Mail Order Credit Reporting Association, Inc., the delinquent account of the customer for collection and other purpose.
- g. 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 name is not transmitted to a bona fide credit reporting agency.
- b. If payment is not made, the customer's general or public credit rating will not be adversely affected.
- c. If payment is not made, respondents are not required to refer the information of such delinquency to The Mail Order Credit Reporting Association, Inc., or any other organization or agency.
- d. If payment is not made, the delinquent customer's account is not turned over to a separate, bona fide collection agency.

e. 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 respondents and others for purposes of disseminating collection letters.

f. Respondents have not turned over to said The Mail Order Credit Reporting Association, Inc., the delinquent account of the customer for collection or any other purpose.

g. 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 by respondents. Replies in response to said letters and notices are forwarded unopened to respondents.

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 respondents 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 respondents by reason of said erroneous and mistaken belief.

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 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 Book Club Guild, Inc., Evangelical Books, Inc., Medic-Way, Inc. and Religious Book Club, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York, with their principal offices and place of business located at 400 Community Drive, in the Village of Manhasset, State of New York.

Respondents Lester L. Doniger, Ralph Raughley and Jonathan Springer are officers of each of said corporate respondents and their address is the same as that of said corporate respondents.

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 Book Club Guild, Inc., Evangelical Books, Inc., Medic-Way, Inc., and Religious Book Club, Inc., corporations and their respective officers, and Lester L. Doniger, Ralph Raughley, and Jonathan Springer, as officers of each of said corporations, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of books, publications 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. 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 respondents establish that where payment is not received, the information of said delinquency is referred to what respondents in good faith believe to be a separate, bona fide credit reporting agency;

2. Respondents are required to refer information of a customer's delinquency to The Mail Order Credit Reporting Association, Inc., or any other agency or bureau;

3. Delinquent accounts will be or have been turned over to a bona fide, separate collection agency unless respondents in fact turn over such accounts to such agencies;

4. Delinquent accounts have been or will be turned over to The Mail Order Credit Reporting Association, Inc., for collection or any other purpose;

5. The Mail Order Credit Reporting Association, Inc., any fictitious name, or any trade name owned in whole or in part by respondents or over which respondents exercise any direction or control, is an independent bona fide collection or credit reporting agency;

6. Notices or other communications which respondents have, or have caused to be prepared, written or mailed in connection with the collection of respondents' accounts, have been sent by The Mail Order Credit Reporting Association, Inc., or any other fictitious person, firm or agency.

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.
