

Complaint

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IN THE MATTER OF

GOLDEN PRESS, INC.

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

Docket C-757. Complaint, June 11, 1964—Decision, June 11, 1964

Consent order requiring New York City distributors of books and other merchandise to the public to cease representing falsely to purportedly delinquent customers that if payment was not made, their name would be referred to a bona fide credit reporting agency and the customer's credit rating would be adversely affected; and, through use on letterheads of the fictitious "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", that an independent collection agency of that name was handling the account.

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 Golden Press, 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 Golden Press, 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 850 Third 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 books and other merchandise to the general public.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, its said books and other merchandise, when sold, to be shipped from its places of business and sources of supply 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 maintains, and at all times mentioned herein has maintained, a substantial course of trade in said books and other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business, respondent offers certain books and other merchandise for sale through the United

States mails. Said books are sold, shipped and payment made therefor through the United States mails.

For the purpose of inducing the payment of purportedly delinquent accounts that have arisen from the sale of the aforesaid books and other merchandise, respondent has made certain statements and representations in letters and other notices sent through the United States mails to purportedly delinquent customers through the United States.

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

a. On the letterhead: "GOLDEN PRESS INC."

Dear Subscriber:

We extended you credit—the amount is small. We would appreciate it if you would send us your check now.

This will relieve you of an obligation and it will keep your credit in good standing. * * *

We have reminded you several times and asked you to send us your check for the amount shown on the attached invoice. I know you will want to keep your credit in good standing. * * *

IMPORTANT

Dear Customer:

More than two months ago, we mailed you an attractive book with the understanding that you would either return the book within two weeks or else pay a special reduced price.

But despite the fact that we have sent you four notices, we have not received any payment from you.

* * * * *

PLEASE NOTE: Normally delinquent accounts are turned over to a collection agency at the end of three months. I am instructing our accounting department to hold your account for another ten days before taking further action. I do hope that you will make it unnecessary for me to take such a drastic step. * * *

* * * Unless we hear from you within the next ten days, your account will be turned over to the Mail Order Credit Reporting Association which is a professional collection agency. * * *

b. On the letterhead:

THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC. CREDIT
REPORTS—COLLECTIONS NEW YORK 18, N.Y.

We have been notified by one of our members, GOLDEN PRESS, of your failure to pay a past-due account. * * *

IMMEDIATE ACTION REQUIRED

* * * * *

We are giving you a final opportunity to make payment. Although the sum is small, it is our business to collect our client's delinquent accounts regardless of size. * * *

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:

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a. If payment is not made, the delinquent customer's name is transmitted to a bona fide credit reporting agency with the result that the customer's general or public credit rating will be adversely affected.

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

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

d. The letters and notices on the letterhead of "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 and the customer's general or public credit rating is not adversely affected.

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

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

d. The letters and notices on the letterhead of "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." have not been prepared and 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, are 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by the respondent that the law has been violated as alleged in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having reason to believe that the respondent has violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings and enters the following order:

1. Golden Press, 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 850 3rd 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 Golden Press, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of books 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 will be 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 delin-

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quency is referred to a separate, bona fide credit reporting agency;

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

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 other fictitious name, or any trade name owned in whole or in part by respondent or over which respondent exercises direction or control, is an independent, bona fide collection or credit reporting agency;

5. Letters, notices or other communications in connection with the collection of respondent's accounts which have been prepared or originated by respondent have been prepared or originated by 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.
