

3. Furnishing any distributor, dealer or retailer with any means whereby to deceive the purchasing public in the manner forbidden by the above provisions of this order.

*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.

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IN THE MATTER OF

WALTER J. BLACK, INC.

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

*Docket C-777. Complaint, June 30, 1964—Decision, June 30, 1964*

Consent order requiring a Roslyn, N.Y., seller to the general public of publications, books and other merchandise under its own name and under the names "The Classics Club", "Black's Readers Service Company" and "The Detective Book Club", to cease representing falsely in letters and other materials sent to purportedly delinquent customers that, if payment was not made, customer's name would be transmitted to a credit reporting agency and his credit rating adversely affected; and, by use of letterheads of the fictitious "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC", and "John J. Murphy, Attorney at Law", that accounts would be or had been turned over to a bona fide collection agency or an outside attorney for collection or legal proceedings.

#### 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 Walter J. Black, 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 Walter J. Black, 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 Northern Boulevard, in the city of Roslyn, 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 other merchandise to the general public. Respondent sells the aforesaid publications, books and other merchandise under its own name and under the names "The Classics Club", "Black's Readers Service Company" and "The Detective Book Club". 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 other merchandise.

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

a. On respondent's letterheads:

Is there any reason \* \* \* WHY PAYMENT OF THIS PAST DUE ACCOUNT HAS BEEN WITHHELD?

MEMO FROM: TREASURER'S OFFICE PLEASE NOTE:

It is with regret that we send you the attached notice. However, we have been instructed to do so by our Auditor because of the delinquent condition of your account.

Complaint

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## FINAL NOTICE:

On date mentioned above your account will be placed with THE MAIL ORDER CREDIT REPORTING ASSN. INC., 15 West 38th Street, New York 18, N.Y.

Our firm is a subscriber to the Mail Order Credit Reporting Association, 15 West 38th Street, New York, N.Y. Like all other subscribers, we are entitled to check any names against their master file of mail order non-payers. Under the terms of our subscription, we are also required to make available to the Association the names of persons who have ordered and received books from us, and who have failed to settle their account with us after repeated notifications over a period of time \* \* \*.

## b. On the letterhead:

THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.

Credit Reports \* \* \* Collections

New York 18, N.Y.

Case No. 72-C

Claim of THE CLASSICS CLUB

## ATTENTION PLEASE!

The Classics Club has requested us to write you in the hope that we can help bring about a *friendly settlement of your long over due account.*

## TAKE NOTICE THAT:

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

You may or may not know that there are legal means open to our client of enforcing payment of a debt of this kind. Whether or not they must employ such measures in your case is entirely up to you.

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

## FINAL NOTICE!

Your failure to settle your account leaves our client no choice but to take immediate action against you.

If, within *fifteen days* from date of attached invoice, settlement in full is not in the hands of The Classics Club, our client has stated that they will unconditionally turn your account over to their legal representative with instructions to proceed with the necessary steps to enforce collection.

You realize, of course, that such action may result in court costs payable by you in addition to the amount due.

## c. On the letterhead:

John J. Murphy, Attorney at Law, 15 West 38th St., New York 18, N.Y.

Re: THE CLASSICS CLUB

## TAKE NOTICE THAT:

I have been consulted by my client in connection with their claim against you for goods sold and delivered, in the amount shown on the enclosed statement.

My client advises that this claim arises out of books ordered by you, shipped to you but not paid for despite several demands by my client.

I have been requested to write you to offer one final opportunity to pay this small bill \* \* \*

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 has 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, respondent is required to refer the information of such delinquency to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC."

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

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

(f) If payment is not made, the delinquent customer's account will be transferred to an outside attorney with instructions to institute suit or take other legal steps to collect the outstanding amount due.

(g) "Mr. John J. Murphy" is an outside attorney at law, located in New York City, to whom the delinquent customer's account has been transferred for institution of suit or other legal steps.

(h) Letters and notices on the letterheads of the said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." and "John J. Murphy, Attorney at Law" have been prepared and mailed by said organization or named attorney.

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 is not adversely affected.

(c) If payment is not made, respondent is not required to refer the information of such delinquency to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", or any other organization or agency.

(d) "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 purposes of disseminating collection letters.

(e) Respondent has not turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." the delinquent account of the customer for collection or any other purposes.

(f) If payment is not made, the delinquent customer's account is not transferred to an outside attorney with instructions to institute suit or other legal steps to collect the outstanding amount due.

(g) The delinquent customer's account has not been transferred to "Mr. John J. Murphy" for institution of suit or other legal steps.

(h) The letters and notices on the letterheads of "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." and "John J. Murphy, Attorney at Law" have not been prepared and mailed by said organization or named attorney. Said letters and notices have been prepared and mailed or caused to be mailed by respondent. Replies and responses 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 com-

plaint, 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 Walter J. Black, 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 Northern Boulevard, in the city of Roslyn, 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 Walter J. Black, 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 publications, 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. A customer's name will be or has been turned over to a bona fide credit reporting agency unless respondent establishes that where payment is not received, the information of said delinquency is referred to a separate, bona fide credit reporting agency;

b. 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 or other business organizations;

2. a. Respondent is required to refer information of a customer's delinquency to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.";

b. Respondent is required to refer information of a customer's delinquency to any other agency or bureau, unless respondent establishes that such is the fact;

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

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 respondent or over which respondent exercises operating control, is an independent, bona fide collection or credit reporting agency;

6. "John J. Murphy" or any other person or firm is an outside, independent attorney at law or firm of attorneys representing respondent for collection of past due accounts, unless respondent establishes that a bona fide attorney-client relationship exists between respondent and said attorney or attorneys, for purposes of collecting such accounts;

7. Delinquent accounts have been or will be turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." with instructions to institute suit or other legal action to collect amounts purportedly due; or that any accounts have been or will be turned over to any organization, attorney, or firm of attorneys, or persons with instructions to institute suit or other legal action unless respondent establishes that such is the fact;

8. 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 corporation.

*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.

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IN THE MATTER OF

ROBERT M. SPELLMAN TRADING AS BOB SPELLMAN  
FURS, ETC.

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

*Docket C-778. Complaint, June 30, 1964—Decision, June 30, 1964*

Consent order requiring a retail furrier in Los Angeles to cease violating the Fur Products Labeling Act by failing to use the term "natural" for furs that were not artificially colored, in advertising, invoicing and labeling; failing to set forth the term "Dyed Broadtail-processed Lamb" on labels as

required; failing to show the true animal name of fur and the country of origin of imported furs in invoicing; failing to maintain adequate records as a basis for pricing claims; substituting non-conforming labels for those originally affixed to fur products and failing to preserve the records required; and failing in other respects to comply with requirements of the Act.

## 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 Robert M. Spellman, individually and trading as Bob Spellman Furs, Furs by Bob Spellman, and Mordell Furs, hereinafter referred to as respondent has 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 Robert M. Spellman is an individual trading as Bob Spellman Furs, Furs by Bob Spellman, and Mordell Furs who formulates the acts, practices and policies of said business.

Respondent is a retailer of fur products with his office and principal place of business located at 3710 Wilshire Boulevard, Los Angeles 5, California.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondent has been and is 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 has 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 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 violation of the Fur Products Labeling Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respects:

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

2. The term "natural" was not used on labels 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.

3. Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was not set forth in the required sequence, in violation of Rule 30 of said Rules and Regulations.

4. Required item numbers were not set forth on labels, in violation of Rule 40 of said Rules and Regulations.

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:

1. To show the true animal name of the fur used in the fur product.
2. To show the country of origin of imported furs used in fur products.

PAR. 5. 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) Information required under Section 5(b) (1) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was set forth on invoices in abbreviated form, in violation of Rule 4 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. 6. 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 respondent which appeared in issues of the Los Angeles Times, a newspaper published in the City of Los Angeles, State of California.

PAR. 7. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondent falsely and deceptively advertised fur products in violation of the Fur Products Labeling Act in that 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.

PAR. 8. In advertising fur products for sale, as aforesaid, respondent 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. Respondent 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. 9. Respondent in introducing, selling, advertising, and offering for sale, in commerce, and in processing for commerce, fur products; and in selling, advertising, offering for sale and processing fur products which have been shipped and received in commerce, has misbranded such fur products by substituting thereon, labels which did not conform to the requirements of Section 4 of the Fur Products Labeling Act, for the labels affixed to said fur products by the manufacturer or distributor pursuant to Section 4 of said Act, in violation of Section 3(e) of said Act.

PAR. 10. Respondent in substituting labels as provided for in Section 3(e) of the Fur Products Labeling Act, has failed to keep and preserve the records required, in violation of said Section 3(e) and Rule 41 of the Rules and Regulations promulgated under the said Act.

PAR. 11. 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 respondent named in the caption hereof with violation of the Federal Trade Commission Act and the Fur Products Labeling 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 Robert M. Spellman is an individual trading as Bob Spellman Furs, Furs by Bob Spellman, and Mordell Furs, with his office and principal place of business located at 3710 Wilshire Boulevard, in the city of Los Angeles, State of California.

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 Robert M. Spellman, individually and trading as Bob Spellman Furs, Furs by Bob Spellman, and Mordell Furs and respondent's 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 "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

#### A. Misbranding fur products by:

1. Failing to set forth the term "Dyed Broadtail-processed Lamb" on labels in the manner required where an election is made to use that term in lieu of the term "Dyed Lamb".

2. Failing to set forth the term "natural" as part of the information required to be disclosed on labels 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.

3. Failing to set forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder on labels in the sequence required by Rule 30 of the aforesaid Rules and Regulations.

4. Failing to set forth on labels the item number or mark assigned to a 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 information required under Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in abbreviated form.

3. 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.

4. 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 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.

D. Making claims and representations 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 respondent full and adequate records disclosing the facts upon which such claims and representations are based.

*It is further ordered,* That respondent Robert M. Spellman, individually and trading as Bob Spellman Furs, Furs by Bob Spellman, and Mordell Furs and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, sale, advertising or offering for sale, in commerce, or the processing for commerce, of fur products; or in connection with the selling, advertising, offering for sale, or processing of fur products which have been shipped and received in commerce, do forthwith cease and desist from:

A. Misbranding fur products by substituting for the labels affixed to such fur products pursuant to Section 4 of the Fur Products Labeling Act labels which do not conform to the requirements

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of the aforesaid Act and the Rules and Regulations promulgated thereunder.

B. Failing to keep and preserve the records required by the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in substituting labels as permitted by Section 3(e) of the said Act.

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