

form in which it has complied with this order.

IN THE MATTER OF
ILLINOIS FRATERNAL NEWS, INC., ET AL.

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

Docket C-791. Complaint, July 16, 1964—Decision, July 16, 1964

Consent order requiring four affiliated corporations and their officers with a common Chicago, Ill., address, and whose income is derived from the sale of advertising space in the National Fraternal Club News and from a variety of other publications for which they act as advertising brokers, to cease representing falsely that their publications are endorsed by, affiliated with, is an official publication of any fraternal, religious, social or any other similar organization; to cease printing any advertising without prior authorization, seeking to collect for advertising without a bona fide order for such, misrepresenting the extent of circulation of their publications, using threats of legal action or other forms of intimidation to induce persons to pay for unauthorized advertising, attempting to collect such alleged debts by using letterheads or other stationery purporting to be that of a lawyer, and misrepresenting that the Continental Credit and Collection Agency, Inc., is an independent and unaffiliated collection agency.

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

Complaint

66 F.T.C.

Trade Commission, having reason to believe that the parties named in the caption hereof, and 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. Respondents Illinois Fraternal News, Inc., Woods-Illinois Agency, Inc., Illinois Clubwoman's Agency, Inc., and Continental Credit and Collection Agency, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Illinois, with their principal offices and places of business located at 1020 N. Rush Street in the city of Chicago, State of Illinois.

Respondents Frederick Woods Bodoff, also known as Frederick Woods, hereinafter referred to as Frederick Woods, and Anita Lefton are officers of corporate respondents Illinois Fraternal News, Inc., and Woods-Illinois Agency, Inc.; respondent Frederick Woods is an officer of corporate respondent Illinois Clubwoman's Agency, Inc.; respondents Anita Lefton and Rosalie Feig are officers of corporate respondent Continental Credit and Collection Agency, Inc. The individual respondents formulate, direct and control the acts and practices of the respective corporate respondents, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

All of the aforesaid respondents operate and act together in carrying out the acts and practices hereinafter alleged.

PAR. 2. Respondent Illinois Fraternal News, Inc., is now, and for some time last past has been, engaged in the publication of a magazine called the National Fraternal Club News (formerly called the Illinois Fraternal Club News) and the Masonic News. All of the respondents, including the Illinois Fraternal News, Inc., are engaged in extensive transactions involving the transmission of letters, advertising proofs, checks and other business instrumentalities and extensive transactions by longdistance telephone, all between and among various states of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said publications in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. The respondents' income is derived from the sale of advertising space in the magazine published by respondent Illinois Fraternal News, Inc., and a variety of other publications for which the respondents act as advertising brokers. Respondents, through their

employees and representatives, contact prospective advertisers by telephone and seek to induce them to purchase advertising space in one of the publications. In the course of said telephone solicitations, respondents represent, directly or by implication, to prospective advertisers that the particular publication for which the solicitation is being made is endorsed by, affiliated with or an official publication of the Masons, Eastern Star, Rotarians, Kiwanians, and other national or State organizations.

PAR. 4. In truth and in fact, neither the respondents nor the publications for which they solicit advertising are endorsed by, affiliated with nor are they official publications of the Masons, Eastern Star, Rotarians, Kiwanians, or any other national or State organization, but are independently organized and operated publishing companies.

Therefore, the statements and representations referred to in Paragraph Three hereof are false, misleading and deceptive.

PAR. 5. In the course and conduct of their business, and for the purpose of inducing the purchase of their advertising space, respondents have made certain statements and representations by oral representations through their salesmen or representatives with respect to the extent of the circulation of the periodicals in which such advertisements were to be published. Among and typical of such representations are the following:

1. That the National Fraternal News had a paid circulation of over 50,000, or 100,000.

2. That the National Fraternal News goes to members of fraternal organizations, including the Eagles, Elks, and Masons and that 20,000 people in the Milwaukee area would receive a copy.

3. That the Triune magazine has a circulation of 250,000.

PAR. 6. In truth and fact:

1. The National Fraternal News does not have a paid circulation that approximates 50,000 or 100,000.

2. The National Fraternal News is not distributed to any individual because of their affiliation with the Eagles, Elks or Masons, and very few members of such organizations subscribe to the publications. Furthermore, the circulation in the Milwaukee area does not approximate 20,000.

3. The Triune magazine circulation does not approximate 250,000.

Therefore, the statements and representations referred to in Paragraph Five were and are exaggerated, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business as aforesaid, respondents have further engaged in the unfair practice of publishing advertisements without having received an order therefor, and then

seeking to exact payment for said unauthorized advertising through repeated "demand letters" and by threatening legal action to collect. In an effort to enforce collection of claims arising out of the telephone solicitations referred to above for advertisements, some of which are not authorized by the business organizations being billed, respondents have, in concert with various lawyers, devised and used a series of forms and letterheads which have the capacity to mislead the recipients into the mistaken belief that their accounts have been referred to a lawyer and that they were being sued for the outstanding balances allegedly due on their accounts, and cause said recipients, in their mistaken belief, to pay such amounts.

PAR. 8. In the course and conduct of their aforesaid business, and for the purpose of enforcing payments allegedly due them for advertisements allegedly published, both authorized and unauthorized, respondents have formed a subsidiary and used the name "Continental Credit and Collection Agency, Inc.," and by the use of such name, and by letters, and fictitious addresses and notices, have represented it to be a bona fide collection agency in no way connected with respondents. Under this guise respondents employ various methods of intimidation and harassment to induce payment for advertising, regardless of whether the alleged advertiser has authorized the publication to print the advertisement.

PAR. 9. In truth and in fact, "Continental Credit and Collection Agency, Inc.," is not a bona fide collection agency nor is it independent of and distinct from the other respondents herein, but is a subsidiary whose stock is wholly owned by respondent Frederick Woods and is used for making and enforcing collections as set forth herein.

Therefore, the representation contained in Paragraph Eight is false, misleading and deceptive.

PAR. 10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of advertising space of the same general kind and nature as that sold by respondents.

PAR. 11. 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 prospective advertisers into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of advertising space by reason of said erroneous and mistaken belief. The unfair and deceptive practice engaged in by respondents of publishing unordered or unauthorized advertisements has subjected firms and individuals to harassment and unlawful demands for payment of nonexistent debts.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and 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 Illinois Fraternal News, Inc., Woods-Illinois Agency, Inc., Illinois Clubwoman's Agency, Inc., and Continental Credit and Collection Agency, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Illinois, with their principal offices and places of business located at 1020 N. Rush Street in the city of Chicago, State of Illinois.

Respondents Frederick Woods Bodoff, also known as Frederick Woods, hereinafter referred to as Frederick Woods, and Anita Lefton are officers of corporate respondents Illinois Fraternal News, Inc., and Woods-Illinois Agency, Inc.; respondent Frederick Woods is an officer of corporate respondent Illinois Clubwoman's Agency, Inc.; respondents Anita Lefton and Rosalie Feig are officers of corporate respondent Continental Credit and Collection Agency, Inc. Their address is the same as that of the 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 the respondents Illinois Fraternal News, Inc., a corporation, and Woods-Illinois Agency, Inc., a corporation, and Frederick Woods Bodoff, also known as Frederick Woods, and Anita Lefton, individually and as officers of said corporations, and Illinois Clubwoman's Agency, Inc., a corporation, and Frederick Woods Bodoff, also known as Frederick Woods, individually and as an officer of said corporation, and Continental Credit and Collection Agency, Inc., a corporation and Anita Lefton and Rosalie Feig, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the soliciting, offering for sale or sale in commerce of advertising space in any newspaper, magazine or other publication, and in connection with the offering for sale, sale, or distribution of such publications in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any of said publications is endorsed by, is affiliated with, is an official publication of, or is otherwise connected with, any fraternal, religious, social or any other organization, unless respondents establish that such is the fact; or representing, directly or by implication, that any of the respondents is endorsed by, affiliated with, or is otherwise connected with, any fraternal, religious, social or any other organization, unless respondents establish that such is the fact.
2. Placing, printing or publishing any advertisement on behalf of any person or firm in any publication without a prior order or agreement to purchase said advertisement.
3. Sending or causing to be sent, bills, letters or other collection notices to any person or firm with regard to an advertisement which has been or is to be printed, inserted or published on behalf of said person or firm, or in any other manner seeking to exact payment for any such advertisement, without a bona fide order or agreement to purchase said advertisement.
4. Misrepresenting in any manner the extent of the circulation of any publication for which an advertisement is being solicited.
5. Using threats of legal action or other forms of coercion and intimidation to induce any person or firm to pay for advertising which has not been authorized by such person or firm.
6. Using the letterheads, billheads or other stationery of any lawyer,

or the letterheads, billheads or other stationery purporting to be that of a lawyer in attempting to enforce the collection of accounts.

7. Representing, directly or indirectly, that the Continental Credit and Collection Agency is an independent and unaffiliated collection agency.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Court a verified petition, setting forth in detail the manner and