

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

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

Docket C-845. Complaint, Oct. 7, 1964—Decision, Oct. 7, 1964

Consent order requiring a Stamford, Conn., book club to cease falsely representing in the collection of its delinquent accounts that such accounts are being turned over to an independent collection agency, or that an attorney is about to take legal action.

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 The History Book Club, Inc., a corporation, and Frank Melville and John R. Gibb, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it

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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 The History Book Club, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 40 Guernsey Street in the city of Stamford in the State of Connecticut.

Respondents Frank Melville and John R. Gibb are individuals and officers of said corporation. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of books, publications and other merchandise to the general public by and 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, publications and other merchandise, when sold, to be shipped from their places of business and sources of supply located in the States of New York and Connecticut to purchasers thereof located in the various other States of the United States and in the District of Columbia, and they 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, respondents offer for sale the aforesaid books, publications and other merchandise through the United States mails. Said books, publications and other merchandise are distributed 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 aforesaid transactions, respondents have made certain statements and representations in letters and notices disseminated through the United States mails to purportedly delinquent customers.

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

(a) On respondents' letterheads:

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OVERLOOKED?

WE HAVE NOT YET RECEIVED YOUR PAYMENT FOR
LAST MONTH. WON'T YOU SEND IT NOW? THANK YOU.

A REMINDER

At the date printed on the enclosed statement your account was substantially in arrears. * * *

We have sent you several statements and reminders that you are not keeping your account up to date. It has now reached the point where there is an amount overdue by more than three months. Can't we get this straightened out before it gets more complicated? * * *

The important thing is that the account not be allowed simply to slide further in arrears. Unexplained failure to pay a just debt is bound to damage your credit with others as well as with us.

We must therefore take whatever action is necessary to assure prompt collection of the amount due. I do not like to proceed in this direction, but I cannot do otherwise unless I hear from you. * * *

I am informed by our Audit Department that your account has fallen in arrears to the point where it must be referred to the Mail Order Credit Reporting Association.

This is a state of affairs that surely neither of us intended or enjoys, but in the absence of an explanation from you we can only regard the amount outstanding as a debt long overdue, to be collected promptly by whatever legal means may be necessary.

If we do not hear from you one way or the other within two weeks, your account must be turned over to outside agencies for investigation and collection. We sincerely hope you will not force us to adopt procedures that can only lead to additional expense and trouble for you, but we assure you that we will collect what is rightfully due by whatever legal means may prove necessary.

(b) On the following letterhead:

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

Your account with The History Book Club, a member of the Association, is recorded as long overdue.

We hope you will not take too lightly the matter of this past-due indebtedness. To have your name listed on our member's record of undersirable accounts can certainly do your credit standing no good.

Furthermore, our members cannot continue indefinitely to send reminder letters. More direct steps to collect the monies rightfully due must follow.

It is very much to your advantage to settle this matter *now*. Kindly send your check or money order directly to our member by return mail, enclosing our card. Further action will then be unnecessary.

Despite many previous reminders and requests, your account remains unsettled. Our member therefore serves notice hereby that your account will be turned over at the end of fifteen days from this date for whatever legal steps may be necessary to enforce collection.

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Such action may result in court costs far in excess of the amount presently due; and your refusal to communicate with our member means that you, and you alone, must be held responsible for any action that may be taken.

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

D. Respondents have turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." the delinquent account of the customer for collection and other purposes.

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

F. 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.

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 fictitious name utilized by respondents and others for the purpose of disseminating collection letters.

D. Respondents have not turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." the delinquent account of the customer for collection or any other purpose.

E. 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.

F. The letters and notices on the letterhead of "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 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 haveing 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 The History Book Club, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut, with its principal office and place of business located at 40 Guernsey Street, in the city of Stamford, State of Connecticut.

Respondents Frank Melville and John R. Gibb are officers of said corporation and their address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject

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matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered. That respondent The History Book Club, Inc., a corporation, and its officers, and Frank Melville and John R. Gibb individually and as officers of said corporation, 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 will be or 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 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 respondents in fact turn such accounts over to such agencies.

3. Delinquent accounts will be turned over to an attorney to institute suit or other legal action where payment is not made, unless respondents establish that such is the fact.

4. Delinquent accounts will be or have been 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 other 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. Letters, notices or other communications in connection with the collection of respondents' accounts which have been prepared or originated by respondents, have been prepared or originated by any other person, firm or corporation.

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

ALFRED BOGE FURRIERS ET AL.

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

Docket C-846. Complaint, Oct. 7, 1964—Decision, Oct. 7, 1964

Consent order requiring a Spokane, Wash., retail furrier to cease falsely invoicing and deceptively advertising its fur products and failing to keep required records.

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 Alfred Boge Furriers, a corporation, and Alfred Boge, 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 Alfred Boge Furriers is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington.

Alfred Boge is president of said corporate respondent and formulates, directs and controls the acts, practices and policies of said corporate respondent.

Respondents are retailers of fur products with their office and principal place of business located at North 8 Post Street, in the city of Spokane, State of Washington.

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 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 falsely and deceptively invoiced by the respondents in that they were not invoiced as required