

CREDIT AND INVESTIGATION BUREAU OF MARYLAND
ET AL.

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

Docket C-887. Complaint, Mar. 4, 1965—Decision, Mar. 4, 1965

Consent order requiring a Baltimore, Md., collection agency to cease misrepresenting that it is a credit rating organization, that its creditor customers are "members" of such organization, that it has a "legal" or "personnel" department, and that it maintains a staff of investigators.

Complaint

67 F.T.C.

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 Credit and Investigation Bureau of Maryland, a corporation, and S. Bruce Elieson, individually and as an officer of said corporation, 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 Credit and Investigation Bureau of Maryland is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 825 N. Howard Street in the city of Baltimore, State of Maryland.

Respondent S. Bruce Elieson is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His 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 business of operating a collection agency.

PAR. 3. Respondents solicit and receive accounts for collection from business and professional people located in Maryland and other States. In carrying out their aforesaid collection business, respondents have engaged, and are now engaged, in extensive commercial intercourse in commerce among and between the various States of the United States, and the District of Columbia, including the transmission and receipt of monies, checks, collection letters and forms, contracts and other written instruments. In carrying out their aforesaid collection business, respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with other corporations, firms and individuals engaged in the business of collecting alleged delinquent accounts.

PAR. 5. In the course of conducting their collection business, respondents transmit and mail, and cause to be transmitted and mailed, to alleged delinquent debtors, attorneys, and employers various form letters and other printed material:

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

1. Form letters which are captioned:

Credit and Investigating Bureau of Maryland

And bearing the following language:

Reference is made to the above captioned claim of one of our Bureau members. * * *

* * * you wrote to us relative to the above captioned claim of one of our Bureau members. * * *

and signed by: Lawrence A. Lake, Legal Liaison Department

Our records indicate that the above named individual, who claims to be an employee of your firm, is indebted as follows to the following member of our Bureau.

and signed by: Ernest M. Parker Personnel Director

2. IBM cards which are captioned: Credit and Investigation Bureau of Maryland and bearing the following language:

Our member, shown below, has referred your account to the *BUREAU* for *IMMEDIATE COLLECTION*.

* * * * *

Mail or bring your payment in full to the *BUREAU* at once.

Return this card to the *BUREAU* immediately with check, cash or money order to stop further procedure.

PAR. 6. By and through the use of the name "Credit and Investigation Bureau of Maryland," and by and through the use of the aforesaid form letters and I.B.M. cards, bearing the statements and representations, aforesaid, and others of similar import and meaning but not specifically set forth herein, respondents have represented and now represent, directly or by implication:

1. That respondents' business is an association engaged in conducting a credit rating and credit reporting agency and operates as a credit bureau for its members.

2. That respondents' organization include bona fide legal and personnel departments with qualified employees serving in those departments.

PAR. 7. In truth and in fact:

1. Respondents' business is not an association of members conducting a credit rating and credit reporting agency and does not operate as a credit bureau for members. Respondents' sole business is that of a collection agency.

2. Respondents' organization does not include bona fide legal and personnel departments with qualified employees serving in those departments and the names appended to the letters are fictitious.

Decision and Order

67 F.T.C.

Therefore, the statements and representations set forth in Paragraphs Five and Six hereof were, and are, false, misleading and deceptive.

PAR. 8. By and through the use of the words "Credit Investigation Bureau," and words of similar import, the respondents induce the public to believe and understand that respondents operate an organization, association or institute engaged primarily in the gathering, recording and disseminating of information relative to the credit worth and financial responsibility, paying habits and character of individuals being considered for credit extension by members of said organization, a fact of which the Commission takes official notice.

In truth and in fact:

The respondents do not operate a "Credit Bureau," nor an investigational agency and are not engaged in gathering, recording or in the dissemination of information relative to the credit worth, financial responsibility, paying habits and character of individuals, for purposes of extending credit to them. Respondents' sole business is that of a collection agency.

Therefore, the aforesaid statements or representations were, and are, false, misleading and deceptive.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the tendency and capacity to mislead and deceive members of the public into the erroneous and mistaken belief that said statements and representations were, and are, true and to induce the recipients thereof to supply information which they otherwise would not have supplied and to the payment of accounts by reason of said erroneous and mistaken belief.

PAR. 10. 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. Respondent Credit and Investigation Bureau of Maryland is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 825 N. Howard Street, in the city of Baltimore, State of Maryland.

Respondent S. Bruce Elieson is an officer of said corporation and his address is the same as that of said corporation.

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 Credit and Investigation Bureau of Maryland, a corporation, and its officers, and S. Bruce Elieson, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the solicitation of accounts for collection, or the collection of, or attempts to collect accounts, or to obtain information concerning delinquent debtors, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the corporate name "Credit and Investigation Bureau of Maryland" or any other trade or corporate name of similar import or meaning to designate, describe or refer to respondents' business or otherwise representing, directly or by implication, that respondents' business is a credit bureau or credit rating or credit reporting agency, unless respondents are able

Syllabus

67 F.T.C.

to establish that their business is that of an organization, association or institute engaged primarily in gathering, recording and disseminating information relative to the credit worth and financial responsibility, paying habits and character of individuals being considered for credit extension by members of said organization.

2. Representing, directly or by implication, that any creditor customer of respondents is a "member" of respondents' organization unless respondents are able to establish that such customer is in fact a "member" of the organization.

3. Using fictitious names in connection with respondents' business; or representing, directly or by implication, that respondents' organization has or maintains a "legal" or "personnel" department; or misrepresenting in any manner any departmentalization of respondents' organization.

4. Representing, directly or by implication, that respondents operate an investigative agency or maintain an investigational staff, or have agents for investigating the assets, and other matters affecting the credit rating, employment status or sources of income of alleged delinquent debtors, unless respondents are able to establish that such is the fact.

5. Misrepresenting, through the use of any trade or corporate name, or in any other manner, directly or by implication, the nature or organization of respondents' business or the type of business activity engaged in by respondents.

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

FOREMOST DAIRIES, INC.

MODIFIED ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

Docket 6495. Complaint, Jan. 17, 1956—Decision Mar. 5, 1965

Order modifying by banning other acquisitions for a period of ten years without the prior approval of the Federal Trade Commission, pursuant to a decision of the Court of Appeals, Fifth Circuit, dated February 24, 1965,