

IN THE MATTER OF
STATE CREDIT CONTROL BUREAU, INC., ET AL.

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

Docket C-1000. Complaint, Oct. 8, 1965—Decision, Oct. 8, 1965

Consent order requiring a St. Louis, Mo., seller and remailer of debt collection forms to cease misleading debtors into believing a State agency is involved in collecting their overdue accounts.

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 State Credit Control Bureau, Inc., a corporation, and Stephen W. Conger, Thomas W. Collins, and Gertrude R. Conger, individually and as officers 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 State Credit Control Bureau, Inc., is

a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 450 West Hanley Industrial Court, St. Louis, Missouri.

Respondents Stephen W. Conger, Thomas W. Collins, and Gertrude R. Conger, are officers of the corporate respondent. 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, sale and distribution of collection forms to dealers for resale to businessmen and to businessmen directly. Respondents are also engaged in the operation of a remailing service with respect to such forms.

PAR. 3. In the course and conduct of their aforesaid business, respondents now cause, and for some time last past have caused, their said forms, when sold, to be shipped from their place of business in the State of Missouri to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents' forms are designed and intended to be used, and are used, by businessmen and others to whom they are sold for the purpose of inducing the payment of alleged delinquent accounts, with the aid and assistance of the respondents as hereinafter set forth.

Respondents' forms are of two types: (1) those which are designed to accompany a statement of account made by the creditor under his own name; and (2) those which are designed to be inserted in envelopes provided by the respondents, which envelopes show a return address in the capital city of one of the states of the United States.

Among the forms of the first type is one which contains the following statement: "We MUST hear from you within Ten Days or this account will be turned over to—STATE CREDIT CONTROL BUREAU."

All of the forms of the second type bear the letterhead of "State Credit Control Bureau" together with a post office box number in the capital city of one of the States of the United States. A user of this type of form fills in the appropriate data in the spaces provided, including the name and address of the alleged debtor

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or other addressee, together with the amount of the alleged indebtedness, and sends the completed form to respondents' agent in the capital city of the appropriate state. Respondents' agent then mails the form from that location.

Among and illustrative of respondents' forms, although not all inclusive thereof, are the following:

STATE CREDIT CONTROL BUREAU

P.O. Box 2064, Springfield, Illinois

TO: Date

Creditor

Address

Name

Address

Amount Claimed

Collection Charges

City State

A routine examination of delinquent accounts is being made for the above named creditor for the consideration of legal action in effecting settlements.

An unpaid account in the above amount, which is stated to be just and legally due, appears against you.

Since this may be an oversight on your part, we are sending you this notice Ten (10) Days in advance of any proceedings to afford you an opportunity to settle *with your creditor*.

This account must be paid or arrangements made for payment within the prescribed time limit. Contact your creditor immediately to avoid further action.

Yours truly,

Oliver F. Brimmer
State Collection Officer

Referred to file of County Collection Officer

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STATE CREDIT CONTROL BUREAU
P.O. Box 2064, Springfield, Illinois

TO:

Date

Creditor

Address

Amount Claimed

Name

Collection Charges

Address

Date Serving Writ

Writ Returnable

City

State

Name of Court Judge

You have been advised on several occasions to contact your
creditor for settlement of the above account.

Since we have had no word that this has been done, we have advised
your creditor to file suit after Five (5) Days involving the taking of
judgment, levy and garnishment.

You should therefore assert yourself immediately if you feel you
have a legitimate reason for not paying this account.

Do NOT contact this office. We cannot, in the length of time involved,
stop further action. To avoid expensive litigation you *must make*
arrangements with your creditor immediately.

Yours truly,

Oliver F. Brimmer
State Collection Officer

Referred to file of County Collection Officer

PAR. 5. By and through the use of the aforesaid statements and
representations, and others of similar import but not specifically
set forth herein, the respondents represent, and place in the hands
of others the means and instrumentalities by and through which
they may represent, directly or by implication, that:

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(a) A request for payment or other request regarding an allegedly delinquent account is being made by an agency of state government.

(b) A request for payment or other request regarding an allegedly delinquent account originates with a party other than the creditor.

(c) An allegedly delinquent account has been or is about to be referred to "State Credit Control Bureau" for collection.

(d) Legal action with respect to an allegedly delinquent account has been or is about to be initiated.

PAR. 6. In truth and in fact:

(a) The request for payment or other request regarding an allegedly delinquent account is not being made by an agency of state, federal or local government.

(b) The request for payment or other request regarding an allegedly delinquent account originates with the creditor.

(c) The allegedly delinquent account has not been, nor is it about to be referred to "State Credit Control Bureau" for collection.

(d) Legal action with respect to the allegedly delinquent account has not been, nor in many cases is it about to be, initiated.

Therefore, the statements and representations referred to 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 and representations has had, and now has, the capacity and tendency to mislead members of the 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 by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of the 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents 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 considera-

tion and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents 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 respondents have 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. Respondent State Credit Control Bureau, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 450 West Hanley Industrial Court, in the city of St. Louis, State of Missouri.

Respondents Stephen W. Conger, Thomas W. Collins and Gertrude R. Conger are officers of the corporation and their address is the same as that of the 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 State Credit Control Bureau, Inc., a corporation, and its officers, and Stephen W. Conger, Thomas W. Collins and Gertrude R. Conger, 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 collection of, or the attempt to collect, accounts, or with the solicitation of information concerning debts or debtors, or with the offering for sale, sale or distribution of forms, or other materials, for use in the collection of, or the attempt to collect, accounts, or in the solicitation of information concerning debts or debtors, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "State Credit Control Bureau," "State Collection Officer," "County Collection Officer," or any other

words of similar import or meaning to refer to respondents' business or any person connected therewith.

2. Representing, or placing in the hands of others the means and instrumentalities by and through which they may represent, directly or by implication, that:

a. Any communication with respect to an allegedly delinquent account is being made by, through, or in connection with an agency of government, whether state, federal, or local;

b. Any communication with respect to an allegedly delinquent account originates with any party other than the true originator thereof;

c. An allegedly delinquent account has been, or is about to be, or may be referred to any party for any purpose: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that at the time the representation was made (1) a bona fide referral had been effected, or was about to be effected, or was being seriously considered, as represented, and (2) the true nature of the referral was clearly and completely disclosed;

d. Legal action with respect to an allegedly delinquent account has been, or is about to be, or may be initiated: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that at the time the representation was made (1) legal action had been initiated, or was about to be initiated, or was being seriously considered, as represented, and (2) the true nature of the legal action was clearly and completely disclosed.

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.