

IN THE MATTER OF
LIQUIDATION CORPORATION OF AMERICA ET AL.

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

Docket C-1060. Complaint, April 26, 1966—Decision, April 26, 1966

Consent order requiring a Springfield, Mo., debt collection agency to cease misrepresenting the nature, size and scope of its business, deceptively using the term "liquidation" in its trade name, and using other false and deceptive practices.

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 Liquidation Corporation of America, a corporation, and Gladys Wasson and Roy Wasson, individually and as officers and directors of said corporation, and Earl Gardner, individually and as an employee and a director 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 Liquidation Corporation of America, 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 1531 Sunshine Street, in the city of Springfield, State of Missouri.

Respondents Gladys Wasson and Roy Wasson are individuals

and officers and directors of said corporation. Respondent Earl Gardner is an individual employee and a director of said corporation. They formulate, control and direct the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The addresses of the individual respondents are the same as that of the corporate respondent.

PAR. 2. Respondents now operate, and have operated for more than one year last past, a collection agency under the name Liquidation Corporation of America. Business is secured by respondents through the solicitations of agents.

Respondents use blank assignment forms upon which the creditor lists each delinquent account, showing the name of the debtor, address, date of indebtedness and the amount allegedly due. These assignment forms are sent from respondents' place of business in the State of Missouri to creditors located in various States of the United States. Said forms are executed and returned by the creditor, assigning the accounts, so listed, to respondents for collection on a commission basis.

The debtors concerned reside in various States other than the State of Missouri. Respondents send demands for payment and other documents to said debtors and receive money from debtors located in States other than Missouri and transmit it, less their commission, to creditors who reside elsewhere than in Missouri. Respondents often receive checks from creditors representing debts paid directly to the creditor.

In carrying on their aforesaid business, respondents maintain, and at all times hereinafter mentioned have maintained, a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. 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 delinquent accounts.

PAR. 4. Through the use of the word "Liquidation" as a part of their trade name, said respondents represented, and now represent, directly or by implication, that they are liquidators of companies or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise.

PAR. 5. In truth and in fact, the corporate respondents are not engaged in the liquidation of companies or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or

other distress or surplus merchandise, but, on the contrary, the sole business of the respondents is the operation of an agency for the collection of alleged delinquent accounts.

Therefore, the statements and representations set forth in Paragraph Four hereof were and are false, misleading and deceptive.

PAR. 6. Respondents, in the course and conduct of their aforesaid business, and for the purpose of inducing individuals, firms and corporations to sign the aforesaid assignments, as well as aiding in making collections from debtors, have made certain statements and representations, directly or by implication, with respect to their business. Typical, but not all inclusive of such statements and representations, are the following:

1. Nation-wide corresponding attorneys and collectors.
2. Karl Knight, Manager, Investigation Department.
3. W. R. Davis, Accounting Department.
4. A. L. Clark, Credit Department.
5. Dear Member.

PAR. 7. By and through the use of the aforesaid statements and representations set forth in Paragraph Six hereof, and others of similar import and meaning, not expressly set out herein, respondents represented, and now represent, directly or by implication, that:

1. The business of the respondents is nationwide in scope and that they have nationwide corresponding attorneys and collectors directly affiliated and connected with them.
2. The business of respondents is departmentalized and they employ a large staff of employees.
3. The corporate respondent is an organization having members.

PAR. 8. In truth and in fact:

1. The business of the respondents is not nationwide in scope and does not have nationwide corresponding attorneys and collectors directly affiliated and connected with them.
2. The business of the respondents is not departmentalized and they do not employ a large staff of employees. Actually there are only about a dozen employees and various fictitious names and titles are used in signing forms and correspondence.
3. The corporate respondent has no members, but, on the contrary, those designated as "members" are persons who have assigned alleged delinquent accounts to the respondent for collection.

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

628

Complaint

PAR. 9. In the course and conduct of their collection business, and for the purpose of inducing the payment of alleged delinquent accounts, respondents transmit and mail, and cause to be transmitted and mailed to alleged delinquent debtors, various form letters, demands for payment, requests for information, and other printed material.

Typical and illustrative of respondent's forms, but not all inclusive thereof, are the following:

Liquidation Corporation of America
Executive Offices — 1531 E. Sunshine — Box 3358 Glenstone Sta.
Phone TUXedo, 1-6565
SPRINGFIELD, MO. 65804

In Re: Claim of

Creditor

Versus

Debtor

File No. _____
C.C.: Investigator

Final Demand

To the above named Debtor

TAKE NOTICE, that the above named Creditor claims an indebtedness from you of _____/100 Dollars; payment has been duly demanded, no part thereof has been paid and the same is now due and owing said Creditor.

UNLESS a remittance is received IN OUR OFFICE, in the City of Springfield, County of Greene and State of Missouri on or before the _____ day of _____ A.D., 19____ or you SATISFACTORILY EXPLAIN why said claim is unpaid and make arrangements for settlement thereof, action will be necessary, thereby adding expenses to the amount of said claim.

THIS DEMAND is made for the purpose of giving you a final opportunity to pay and to advise of further action on said claim if the same is not paid within the time aforesaid.

DATED, this _____ day of _____ in the Year of Our Lord, One Thousand Nine Hundred and _____

Liquidation Corporation of America
Per *J. Kerns*

Attorney in Fact

TO DEBTOR: To settle this matter without further procedure and added expense remit the full amount of this claim direct to this office within Ten Days from date.

IMPORTANT: Your Account has been assigned to this office for collection.
ALL PAYMENTS MUST COME DIRECT TO OUR OFFICE.

Complaint

69 F.T.C.

For Office Use Only

FINAL DEMAND

Matter of

Creditor

VERSUS

Debtor

COMMENT

COPY

Liquidation Corporation of America
1531 E. Sunshine
SPRINGFIELD, MISSOURI

Liquidation Corporation of America
EXECUTIVE OFFICES, SUITE G-20
1531 E. Sunshine — Nat'l Sta. Box 2341
SPRINGFIELD, MISSOURI
Phone TUXedo 1-1911

We have been asked to compile a credit report on the subject whose name appears above. Your cooperation in completing this form will be greatly appreciated. If we can at any time reciprocate, please call on us.

ADDRESS OF SUBJECT
EMPLOYER'S NAME
EMPLOYER'S ADDRESS
IS SUBJECT RELIABLE?
ARE HABITS SOBER AND TEMPERATE?
NUMBER OF CHILDREN
SUBJECT'S BANK
NAMES AND ADDRESSES OF PEOPLE WHO KNOW SUBJECT PERSONALLY
.....
.....

We are enclosing a stamped envelope for your reply.

Yours very truly,
LIQUIDATION CORPORATION OF AMERICA
A. L. Clark
Credit Department

628

Complaint

Liquidation Corporation of America
EXECUTIVE OFFICES, SUITE G-20
1531 E. Sunshine — Box 3358 Glenstone Sta.
SPRINGFIELD, MISSOURI 65804
Phone TUXedo 1-1911

In Re:

We have some very unfortunate news for you, news which will be costly and embarrassing to you.

Your failure to reply to our previous final audit notice has placed you in a position where we must now take the following steps. We are prepared to have our Investigator in your locality conduct a complete personal investigation as to your source of income, ownership or equity in attachable assets, i.e., real estate and/or personal property, automobile, livestock, farm machinery, etc.

Our Investigator is also prepared to visit your place of employment, if employed, and also inquire of the local merchants and others in the community as to your standing in the community, paying habits, etc.

When this investigation is completed the results will be reported to your Creditor.

Completion of the above arrangements will require approximately fifteen (15) days. If within that time you decide to pay this account in full, or send us a substantial payment thereon with your proposed plan to make installment payments on the balance, the above action can be averted.

Suit yourself, either you act or we shall.

Very truly yours,

Karl Knight

Karl Knight, Mgr.

Investigation Dept.

KK/eg

cc: Complete file to Investigator in

PAR. 10. By and through the use of the aforesaid forms and the statements and representations set forth therein and others of similar import and meaning, not expressly set out herein, respondents represented, and now represent, directly or by implication, that:

1. Said "Final Demand" document in form and content is an official document duly issued or approved by a court of law.

2. Respondents' questionnaire requesting information concerning an alleged debtor is for the purpose of compiling a credit report.

3. Respondents compile and issue credit reports of alleged delinquent debtors.

PAR. 11. In truth and in fact:

1. Said "Final Demand" form is not an official document duly

issued or approved by a court of law, but on the contrary is wholly private in its origin.

2. Respondents' questionnaire requesting information concerning an alleged debtor is not for purposes of compiling a credit report, but on the contrary is a device used by respondents to locate and to secure information regarding an alleged debtor for the purpose of attempting to collect an alleged overdue debt.

3. Respondents do not compile or issue credit reports and do not operate as a credit bureau for members. Respondents' sole business is that of a collection agency.

Therefore, the statements and representations as set forth in Paragraphs Nine and Ten hereof were, and are, false, misleading and deceptive.

PAR. 12. The use by respondents of the foregoing false, misleading and deceptive representations and practices has had, and now has, the tendency and capacity to mislead a substantial number of creditors and debtors into the erroneous and mistaken belief that such representations were, and are, true, and into the assignment of accounts to it for collection and in the collection of monies from debtors because of such mistaken and erroneous belief.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondent's 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 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 consideration 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 Liquidation Corporation of America 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 1531 Sunshine Street, in the City of Springfield, State of Missouri.

Respondents Gladys Wasson and Roy Wasson are officers and directors of said corporation, and respondent Earl Gardner is an employee and a director of said corporation. Their 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 Liquidation Corporation of America, a corporation, and its officers and directors, and Gladys Wasson and Roy Wasson, individually and as officers and directors of said corporation, and Earl Gardner, individually as an employee and as a director 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, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Liquidation" or any other word or words of similar import or meaning, in or as a part of respondents' trade or corporate name, or otherwise representing, directly or by implication, that they are liquidators or agents engaged in the sale or disposition of bankrupt, estate, salvage, distrained or other distress or surplus merchandise; or misrepresenting, in any manner, their trade or business status or the nature of respondents' enterprise;

2. Representing, directly or by implication, that their business is nationwide in scope or that they have nationwide

corresponding attorneys and collectors affiliated or connected with them;

3. Representing, directly or by implication, that respondents' business is departmentalized or that respondents' business employs a large number of employees; or misrepresenting, in any manner, the organization, size or staff of respondents' business;

4. Representing, directly or by implication, that the corporate respondent has members; or designating the persons who assign accounts to them for collection as "members";

5. Using any unofficial or unauthorized document which simulates or is represented to be a document authorized, issued or approved by a court of law or any other official or legally constituted or authorized authority; or misrepresenting, in any manner, the source, authorization or approval of any document;

6. Using any questionnaire or similar material which does not clearly reveal the purpose for which the information is requested;

7. Representing, directly or by implication, that respondents compile or issue credit reports: *Provided, however*, That it shall be a defense in any enforcement action hereunder for respondents to establish that they provide such service.

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.
