
IN THE MATTER OF
THE CHILD'S WORLD, INC., ET AL.

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

Docket C-1452. Complaint, Nov. 14, 1968—Decision, Nov. 14, 1968

Consent order requiring a Chicago, Ill., door-to-door seller of children's books and encyclopedias and its collection affiliate to cease misrepresenting that it is conducting surveys relating to children, that its reading programs are created by university training centers, and that its prices are reduced for a limited time, and to cease using collection letters which simulate court documents.

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 Child's World, Inc., a corporation, and Warren H. Ward, Jr., and J. Robert Coffield, individually and as officers or directors of said corporation, and Publishers Collection Service, Inc., a 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 The Child's World, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 300 West Washington Street in the city of Chicago, State of Illinois.

Respondents Warren H. Ward, Jr., and J. Robert Coffield are individuals and are officers or directors of the corporate respondent, including the acts and practices hereinafter set forth. Their business address is the same as that of the corporate respondent, The Child's World, Inc.

Respondent Publishers Collection Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 130 North Wells Street in the city of Chicago, State of Illinois.

PAR. 2. Respondents The Child's World, Inc., Warren H. Ward, Jr. and J. Robert Coffield are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of children's books, encyclopedias and other books and a consultation service in connection therewith to the public.

Respondent Publishers Collection Service is now, and for some time last past have been, engaged in the business of operating a data processing center. Among other services rendered to its clients, it now, and at all times mentioned herein, has operated a collection service for and in conjunction with the respondents The Child's World, Inc., Warren H. Ward, Jr., and J. Robert Coffield.

PAR. 3. In the course and conduct of their business, as aforesaid, respondents The Child's World, Inc., Warren H. Ward, Jr., and J. Robert Coffield now cause, and for some time last past have caused, their said products, when sold, to be shipped from their suppliers, located in the State of Illinois, to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have main-

tained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

In the course and conduct of its business, as aforesaid, respondent Publishers Collection Service for and in conjunction with respondents The Child's World, Inc., Warren H. Ward, Jr., and J. Robert Coffield, has engaged, and is now engaged, in extensive commercial intercourse in commerce among and between the various States of the United States, including the transmission and receipt of monies, checks, collection letters, forms, demands for payment, contracts and other written instruments and maintains, and at all times mentioned herein has 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 aforesaid business, at all times mentioned herein, respondents have been in substantial competition in commerce with corporations, firms and individuals in the sale of encyclopedias, children's books and other books of the same general kind and nature as those sold by respondents and in the business of collecting delinquent accounts.

PAR. 5. In the course and conduct of their business, as aforesaid, respondents The Child's World, Inc., Warren H. Ward, Jr., and J. Robert Coffield sell said books at retail to the general public. Sales are made by the said respondents' agents, representatives or employees who contact prospective purchasers in their homes.

Said respondents have formulated, developed and carried out a plan for the purpose of selling said books. In furtherance of this plan, the said respondents supply their agents, representatives or employees with a "sales pitch" and material in connection therewith and instruct them to use and follow same. Said agents, representatives or employees employ said sales presentation and material in orally soliciting the purchase of respondents' books.

Said respondents, in said sales presentation and in advertising and promotional literature and other printed materials, and respondents' agents, representatives or employees, in the course of their sales talks, make many statements and representations concerning their own status and employment, the quality and characteristics, the offer and price of respondents' books. Some of these statements and representations are made orally by said agents, representatives or employees to prospective purchasers and some are contained in advertising and promotional literature displayed by said agents, representatives or employees to prospec-

tive customers.

PAR. 6. Through the use of such statements and representations and others similar thereto, but not specifically set forth herein, separately or in connection with the oral sales presentations of respondents' sales personnel as used variously by the said respondents in the advertising and promotion of their products, said respondents represent, and have represented, directly or by implication:

1. That respondents' sales personnel are visiting the homes of families who have small children for the purpose of conducting tests or surveys relating to children.

2. That respondents' sales personnel are "educational consultants" or "educational representatives."

3. That respondents' books, described as an Educational Program, was created by leading educators "in university training centers."

4. That the prices at which respondents' books and services are offered for sale are reduced, special, or introductory prices.

5. That respondents' offer of books and services at the claimed reduced, special or introductory price is limited as to time.

6. That an extra book, to be selected by the purchaser, is to be given free with the purchase of the Child's World Program, provided that the customer purchase said books and services at the first visit of the sales personnel.

7. That the sales personnel are instructed not to make return calls.

PAR. 7. In truth and in fact:

1. Respondents' sales personnel are not visiting the homes of families who have small children for the purpose of conducting tests or surveys, but for the purpose of selling respondents' books. Furthermore, respondents are not engaged in the conduct of surveys or tests in any manner.

2. Respondents' sales personnel are not "educational consultants" or "educational representatives" but sales personnel selling respondents' products.

3. Respondents' books, described as an Educational Program, were not created by leading educators "in university training centers" but were the work product of individual writers who dealt directly with the representatives of the respondents' organization.

4. The prices at which respondents' books and services are offered for sale are not reduced, special or introductory prices but are the usual and regular prices at which these books have been

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sold by the respondents in the recent regular course of their business.

5. Respondents' offer of books and services at the claimed reduced, special or introductory price is not limited as to time; but can be obtained from the respondent at the same prices at any time.

6. An extra book, selected by the purchaser is given "free" regardless of whether the purchase of respondents' books and services are made on the first visit or a subsequent visit.

7. Respondents' sales personnel are not instructed that they should not make return calls. This representation is made to the prospective purchaser merely as a part of the "sales pitch" to close a quick sale. Respondents' representatives will return to complete a sale.

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

PAR. 8. 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 and other printed materials.

Typical and illustrative of certain of respondents' collection forms, but not all inclusive thereof, are the following:

FINAL NOTICE BEFORE SUIT

Re: Claim of	{	The Child's World, Inc.-----	Creditor
			vs.
		-----	Debtor

TO THE ABOVE NAMED DEBTOR:

You will take notice that the above named creditor has a valid claim against you to the sum of -----Dollars, for Child's World Books.

That although long overdue and duly demanded, the same has not been paid.

Now, therefore, unless you remit to the office of Publishers Collection Service, Inc., Chicago, Illinois, on or before the -----day of -----, 19---- and make payment of said claim, suit will be brought immediately for the full amount with interest, together with the costs of said suit.

Dated at CHICAGO, ILLINOIS 60606 this ----- day of -----, 19----

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74 F.T.C.

PUBLISHERS COLLECTION SERVICE, INC.

130 No. Wells St.

Chicago, Ill.

AFFIDAVIT OF ACCOUNT

STATE OF ILLINOIS }

County of Cook }

I hereby certify that I am the Manager for the above mentioned Creditor, and that the above statement regarding this Debtor's account is correct to the best of his knowledge and belief.

R. J. TAYLOR

MANAGER

Subscribed and sworn to before me this _____ day of _____, 19____

LOUIS S. EARING

Notary Public

No. _____

FINAL NOTICE BEFORE SUIT

THE CHILD'S WORLD, INC.

Creditor

vs.

Debtor

NOTICE TO DEBTOR

Amount _____ \$ _____

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Interest-----\$-----

Total-----\$-----

PUBLISHERS COLLECTION SERVICE

130 No. Wells Street

Chicago, Ill.

DEMAND FOR PAYMENT

THE CHILD'S WORLD, INC.,
 300 W. Washington St.,
 Chicago, Illinois 60606

CREDITOR

vs.

DEBTOR

TO THE ABOVE NAMED DEBTOR

TAKE NOTICE! That the above named CREDITOR hereby makes demand for the sum of \$-----with interest at the rate of 6 per cent per Annum.

NOW THEREFORE, unless said amount is paid to the creditor in the City of Chicago, County of Cook, State of Illinois, within 10 days from the date hereof; or you SHOW REASON why said claim is unpaid and make satisfactory adjustment thereof. Legal action will be necessary, incurring COSTS and EXPENSES in addition to amount of said claim. Dated at Chicago, Illinois 60606, this-----day of -----A.D., 19----

FINAL NOTICE

Publishers Collection Service, Inc., 130 North Wells Street, Chicago, Ill. 60606.

PAR. 9. By and through the use of the aforesaid forms and statements and representations set forth therein and others of similar import and meaning but not expressly set out herein, respondents represented, and now represent, directly or by implication that said "Final Notice Before Suit" and "Demand For Payment" documents in form and content are official documents duly issued or approved by a court of law.

PAR. 10. In truth and in fact, said "Final Notice Before Suit" and "Demand For Payment" forms are not official documents

duly issued or approved by a court of law, but on the contrary are wholly private in their origin.

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

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 members of the purchasing public into the erroneous and mistaken belief that such statements and representations were and are true and to enter into contracts for the purchase of and to purchase respondents' products because of such erroneous and mistaken belief.

Further, the use by respondents of the foregoing false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead a substantial number of debtors into the erroneous and mistaken belief that said statements and representations were, and are true and into the payment of monies because of such mistaken and erroneous belief.

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 the 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 alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the agreement and having

accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of 30 days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent The Child's World, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 300 West Washington Street, in the city of Chicago, State of Illinois.

Respondents Warren H. Ward, Jr., and J. Robert Coffield are officers or directors of said corporation and their address is the same as that of said corporation.

Respondent Publishers Collection Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 130 North Wells Street, in the city of Chicago, State of Illinois.

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 The Child's World, Inc., a corporation, and its officers, and Warren H. Ward, Jr., and J. Robert Coffield, individually and as officers or directors of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of encyclopedias, children's books or any other books 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:

(a) Respondents' agents, representatives or employees are visiting the homes of families for the purpose of conducting tests or surveys or for any other purpose, other than the sale of books;

(b) Respondents' sales agents, representatives or employees are "educational consultants" or "educational representatives" or representing, in any manner, that

said personnel are anything other than sales personnel;

(c) Respondents' books, supplements, publications or supplementary services are an Educational Program created in or with the cooperation of "university training centers"; or misrepresenting, in any manner, the persons, organizations or educational institutions which assisted or participated in the formulation of the program, books or publications offered by respondents to prospective purchasers;

(d) Any price at which respondents' books, supplements, publications or supplementary services or other products are offered for sale is a special, reduced or introductory price: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that said special or reduced price constitutes a substantial reduction from the price at which the aforesaid books, supplements, publications or supplementary services or other products were sold or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent regular course of their business or that said introductory price applies to new material or a new combination of material and is less than the price to which the respondents in good faith expect to increase the price at a later date;

(e) Any offer is limited in point of time or in any manner: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for the respondents to establish that any represented limitation or restriction was actually imposed and in good faith adhered to;

(f) An extra book, or any other product or service, is offered "Free" with the purchase of respondents' books or services provided the customer purchase said books or services at the first visit of the sales personnel or for any other reason: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that "free" merchandise is offered only in connection with the said provision or reason and in good faith is adhered to.

(g) Sales personnel are instructed not to make return calls.

2. Misrepresenting, in any manner, the purpose, number, conditions or manner of salesmen's calls or return calls on purchasers or prospective purchasers.

3. Failing to deliver a copy of this order to cease and desist to all present and future supervisors or other persons engaged in the supervision or training of respondents' salesmen, failing to secure from each such supervisor or other person a signed statement acknowledging receipt of said order, failing to fully inform by a letter all present and future salesmen or other persons engaged in the sale of respondents' products or services of the terms and conditions of said order and failing to secure from each such sales person a signed statement acknowledging receipt of said letter.

It is further ordered, That respondents The Child's World, Inc., a corporation, and its officers, and Warren H. Ward, Jr., and J. Robert Coffield, individually and as officers or directors of said corporation, and Publishers Collection Service, Inc., a corporation, and its officers, and respondents' agents, representatives and employees, directly or through any corporate or other device in connection with 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:

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.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

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.
